

BY EMAIL ONLY

April 19, 2016 .

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Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Ontario Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Re: Proposed NI 94-102 Derivatives: Customer Clearing and Protection of Customer Collateral and Positions

Dear Sirs/Mesdames:

BMO Nesbitt Burns Inc. ("NBI") welcomes the opportunity to comment on Proposed *NI 94-102 Derivatives: Customer Clearing and Protection of Customer Collateral and Positions* ("NI 94-102"). NBI supports international guidelines such as BCBS/IOSCO's Principles for Financial Market Infrastructure ("PFMI") to ensure that Canada's financial derivatives market continues to maintain the confidence of its participants. We also support creating a domestic regime for customer protection that is appropriately calibrated for the Canadian market.

We would like to have the scope of NI 94-102 clarified regarding the treatment of OTC options market -- specifically, the range of customized financial instruments that are cleared at CDCC. Equity options that are cleared at CDCC offer institutional clients the ability to customize certain eligible single-name equities and exchange-traded funds (ETF) in order to meet the client's unique hedging needs. Bringing equity options within the scope of NI 94-102 would be inconsistent with their treatment under other developed regimes.

NBI endorses the views expressed in the response letter submitted by TMX Group in relation to the "Treatment of the Option Market". To the extent that the CSA see benefit in including equity options within the scope of NI 94-102, we respectfully ask that an impact assessment be conducted to determine the operational, technological and legal impact of such a change. NBI welcomes the opportunity to discuss this response with you to further the dialogue on protection of customer collateral and position. Please feel free to contact Herman Gonzalez, Market Infrastructure, at herman.gonzalez@bmo.com.

Yours sincerely,



Lino Morra

Managing Director - Sales, Global Equity Products