

February 21, 2014

Jamie Bulnes
Director, Member Regulation Policy
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, ON M5H 3T9
Email: jbulnes@iroc.ca

Manager of Market Regulation
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
marketregulation@osc.gov.on.ca

Dear Sirs/Mesdames:

Re: IIROC Request for Comments – Proposed Requirements for Debt Securities Transaction Reporting

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to provide additional comments on IIROC's Proposed Rule 2800C – Transaction Reporting for Debt Securities as set out in IIROC Notice #14-0004, and IIROC's careful consideration of our comments on the request for comments in February, 2013.

As an initial comment, we support IIROC's intention to require extensive reporting on the Canadian debt market in order to build up a robust debt transaction database. While we are cognizant of and sympathetic to dealer confidentiality concerns, we remain convinced of the importance of sharing pricing data with the investing public, particularly information on the bid/ask prices and volume. We agree that stakeholder and industry consultation would be helpful in moving forward with any initiative regarding public transparency of transaction data and would be pleased to participate in any such consultation.

We support the inclusion of the required data elements in the Proposed Rule itself. We continue to be of the view that it would be preferable for IIROC to require the dealers to provide some

¹ The CAC represents the 13,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfasociety.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 113,000 members in 140 countries and territories, including 102,000 CFA charterholders, and 137 member societies. For more information, visit <http://www.cfainstitute.org/>.

additional data elements, which we believe would already be readily available to them, in order to help improve price transparency. As dealers should already have access to information such as the spread on the security, credit rating, optionality and liquidity (which are often used to determine the trade price), we do not believe reporting the data would be unduly burdensome. IIROC may be required to spend a lot of time working with the data provided by its service provider(s) in order to arrive at the calculation which would already have been performed by its dealer members.

The CAC supports the requirement to report the pricing benchmark that has been used. Bonds are priced off of a spread to the benchmark, and in the event an inappropriate benchmark is used, the price can be made to look more favourable (or, potentially, more suitable than it should be for a particular client).

We respectfully disagree with the statement that IIROC need not require information on the mark-up or yield of an instrument if they are not specifically referenced in the trade confirmation. One of the stated regulatory objectives in proposing the new rule is best execution and fair pricing. As the bond market commission may be rolled into the spread, it becomes an element of pricing, which is important to know if a determination is to be made with respect to fair pricing.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

Sincerely,

(Signed) *Ada Litvinov*

Ada Litvinov, CFA
Chair, Canadian Advocacy Council