



February 21, 2025,

VIA EMAIL

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Re: Proposed Amendments Respecting Mandatory Close-Out Requirements (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada (the “**CAC**”)¹ appreciates the opportunity to provide the following general comments on the Consultation.

Short selling performs important market functions, such as being critical to price discovery, enhancing the overall efficiency of capital markets, increasing market liquidity, and serving as a tool for risk management. Considering its numerous benefits, our general position is that regulatory changes impacting short selling should be data-driven and focused on redressing clearly identifiable issues in a cautious manner, to ensure that such reforms do not have unintended consequences such as being generally suppressive of short-selling activity.

As such, reforms that solve for specific regulatory concerns relating to short selling and that better align Canadian capital markets regulation with the regulatory regimes of comparable and highly connected market jurisdictions is a general approach we support. We believe the proposed regulatory changes would not unduly undermine short selling generally or its principal functions, and that the proposals should have identifiable outcomes that can be examined for effectiveness.

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

As the global association of investment professionals, CFA Institute sets the standard for professional excellence and credentials. The organization is a champion of ethical behaviour in investment markets and serves as the leading source of learning and research for the investment industry. CFA Institute believes in fostering an environment where investors' interests come first, markets function at their best, and economies grow. With more than 200,000 charterholders worldwide across 160 markets, CFA Institute has ten offices and 160 local societies. Find us at www.cfainstitute.org or follow us on LinkedIn and X at @CFAInstitute.



We were pleased that the Canadian Investment Regulatory Organization (“**CIRO**”) did not limit its consideration and analysis to any single jurisdiction with its discussion regarding the approaches of other regulatory jurisdictions in making its proposals.

We support the proposals in the Consultation, including the introduction of mandatory close-out requirements. In our view, the introduction of these requirements as proposed will not impede or counteract the principal functions of short selling by responsible market participants, but rather support the regulatory regime for short selling and its effectiveness by limiting opportunities for exploiting gaps in existing regulatory requirements and their scope of application. As noted in the Consultation, we expect the introduction of these proposals to increase market efficiency and regulatory effectiveness overall, and believe the guidelines regarding timelines for close-outs will be clear to participants and increase confidence in the system. We are also in agreement that aligning the amendments with U.S. regulatory requirements is reasonable and should minimize burden to the dealer community and market participants broadly. Given the degree of our interconnectedness with U.S. markets and the familiarity that Investment Dealer Members and other market participants have with U.S. regulatory requirements and settlement mechanisms, aligning with the U.S. approach regarding close-outs should be effective in ensuring a smooth transition.

Concluding Remarks

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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