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Via Email: tstforcomments@tsx.com; marketregulation@osc.gov.on.ca;
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Re: TSX and TSXV Request Comments on Insider Trading Reports

RBC Dominion Securities Inc. (RBC DS) appreciates the opportunity to comment on the TSX and TSXV review of the obligation to publically disseminate an insider trading market summary report. RBC DS believes that the dissemination of insider information should be managed in a fair and uniform manner, irrespective of listing marketplace, and consistent with rational regulatory policy objectives. It is our view that the existence of exchange-based insider reporting mechanisms (obligatory or otherwise) is inconsistent with these objectives.

The origination of the obligation at issue arose as a result of an Insider Trading Task Force report dating back to 2003. During the ensuing years there has been many developments including the ability to access SEDAR/SEDI filings and the advent of a multiple marketplace environment that render existing required reporting by TSX and TSXV redundant and in fact incomplete and misleading in nature.

It is clear that the obligation to generate these reports is a vestige of an earlier time and a near perfect example of regulatory deadwood. Due to the presence of multiple listing exchanges in Canada, the generation of such reports by individual exchanges makes little sense. We would go further by stating that the offering of such reports by individual markets increases the risk of uneven or inconsistent disclosure as well as market fairness and integrity issues.

For large institutional investors (many of which do not have routine access to material non-public information) the presence of these reports has resulted only in the need to manage the attendant market impact costs – a cost ultimately born by end investors. The beneficiaries of these imperfect reports on the other hand have been short-term players likely to utilize them for speculative purposes.

Any move to “modernize” existing reports by reporting insider and significant shareholder trading activity across Canadian markets would likely exasperate these problems. Logical unintended consequences of such a regime would include increased incentive for the avoidance of institutional investors to be covered under such rules by remaining below established thresholds or, in the case of interlisted securities, to trade in the U.S. to mitigate market impact costs – generally decreasing liquidity in Canada. None of these are desirable outcomes.

In our view, established regimes via SEDI and SEDAR Early Warning Alternative Monthly Reporting are the appropriate mediums for such disclosures. Accordingly, we would advocate the elimination of the obligation for the existing TSX and TSXV Required Insider Reports and the elimination of all existing exchange reports themselves. Should modifications around disclosure requirements for insider or significant shareholder be deemed needed, these channels are, in our view, the correct mechanism to effect such modifications with consistency irrespective of listing exchange.

Consistent with the goal of ensuring fair and uniform disclosure of insider trading information, we would encourage the CSA, in cooperation with IIROC to explore strengthening measures to validate that obligations to report via SEDI and SEDAR are being complied with in a consistent and timely manner. The goal of a healthy disclosure system is best dealt with through uniformity, consistency and compliance.

We thank the TSX and TSX Venture Exchanges for their attention in this matter. We copy the British Columbia Securities Commission and IIROC on this comment letter as we believe it is important for these regulatory bodies to be aware of our thoughts on the matters discussed.

Regards,

“Stephen A. Bain”

Stephen A. Bain, CFA
Managing Director