

March 6, 2017

SENT BY E-MAIL

Carina Kwan
Legal Counsel, Regulatory Affairs (Equity Trading)
TMX Group
The Exchange Tower, 130 King Street West
Toronto, Ontario
M5X 1J2

Dear Ms. Kwan:

Re: TSX Inc. and TSX Venture Exchange Inc. – Request For Comments – Required Insider Reports

1832 Asset Management L.P. (“**1832 LP**”) is pleased to provide comments to the Request For Comments published by TSX Inc. (“**TSX**”) and TSX Venture Exchange Inc. (“**TSXV**”, and together with TSX, the “**Exchanges**”) on proposed changes under consideration with respect to the decisions (collectively, the “**Orders**”) of the Ontario Securities Commission, Alberta Securities Commission and British Columbia Securities Commission (collectively, the “**Securities Regulators**”) that require the Exchanges to publicly disseminate a consolidation of all trades that have an insider trading marker, on a per security basis, in summary form at the end of each trading day (the “**Required Insider Reports**”).

As a general comment, 1832 LP supports measures that protect the integrity and transparency of the Canadian capital markets and, subject to our comments below, the “insider” marker and transparency to retail client elements of the Required Insider Reports and the policy objectives of the Insider Trading Task Force.

1832 LP

1832 LP is one of Canada's largest asset managers with over \$100 billion in assets under management on behalf of retail clients (Dynamic Funds and Scotia Funds), institutional clients and private client investors.

Through these portfolio management activities, 1832 LP may, from time to time, acquire 10% or more of the voting securities of a reporting issuer on behalf of the investment portfolios of its clients. In this circumstance, 1832 LP would be deemed an “insider” of the reporting issuer for purposes of the early warning and insider reporting requirements set out in securities law.

However, similar to other portfolio managers of investment funds and managed account clients who have “insider” status, 1832 LP’s trading activities are typically done for investment purposes only and not with a view to take-over, re-organize, amalgamate or merge with the reporting issuer nor with knowledge of any non-public material fact or material change relating to the issuer.

Question 1: Are the Required Insider Reports useful for investors? If so, please explain why they are useful and how the Required Insider Reports are used.

1832 has no comment on the general usefulness of the Required Insider Reports to investors.

Question 2: Does the public dissemination of the Required Insider Reports on an end-of-day basis result in the potential harms to large securityholders of issuers identified above? Are there other concerns and issues we have not identified?

1832 LP shares the market integrity concerns noted by the Exchanges in the Request For Comments. More specifically, 1832 LP believes that the daily dissemination of the Required Insider Reports creates an opportunity for savvy market participants to use this information, along with other publicly available information, to “front-run” the trading activities of large securityholders. As noted in the Request For Comments:

“There is a potential that, with this knowledge, coupled with the public information that discloses the identity of large securityholders of a reporting issuer, sophisticated market participants are in a position to use the Required Insider Reports to deduce that a large securityholder may be changing its holdings in a particular security. The market participant could then use this educated guess, based on information from the Required Insider Report, to trade ahead of the large securityholder in subsequent days, hoping to profit from a future move in the direction the large securityholder is transacting.”

This concern is, in our view, especially acute for portfolio managers of public investment funds who are subject to other continuous disclosure obligations, including quarterly investment portfolio disclosure. In this circumstance, certain market participants could “connect the dots” using information from these public disclosures and trade ahead of a portfolio manager thereby increasing the market costs of the trades made by the portfolio manager on behalf of the investment fund. This, of course, could negatively impact the investment performance of the investment fund and the returns that investment fund holders are able to realize.

Question 3: Should information regarding trading by insiders continue to be provided through the Required Insider Reports on a more timely basis than is currently publicly available through SEDI? If it should be delayed from the current end-of-day reporting, what length of delay is appropriate to balance between any benefits and issues associated with the current end-of-day reporting? For example, would delaying publication until T+3 achieve that balance?

With respect to the current Required Insider Reports regime, 1832 LP believes that the Exchanges should seek to vary the Orders to incorporate the concepts and principles relating to “eligible institutional investors” and the Alternative Monthly Reporting System as set out under National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (“NI 62-103”).

As noted above, portfolio managers of investment funds and managed account clients who acquire 10% or more of the voting securities of a reporting issuer typically do so for investment purposes only and not with a view to take-over, re-organize, amalgamate or merge with the reporting issuer nor with knowledge of any non-public material fact or material change relating to the issuer. In these circumstances, the portfolio manager would be deemed an “eligible institutional investor” for purposes of NI 62-103 and would, as a result, be exempt from the stringent early warning and insider reporting requirements (press releases and expedited filings) so long as it complied with a less-onerous “within 10 days after the end of the month” reporting obligation.

We believe NI 62-103 imposes a lesser reporting obligation on “eligible institutional investors” because of the nature of their trading decisions (passive, for investment purposes only, etc.) which are often times driven by subscriptions in and redemptions out of the investment fund in contrast to investment decisions made for some other purposes (eg. take-over). Implicit in this distinction is the notion that the information relating to the trading activities of “insiders” who are “eligible institutional investors” may be less important to the investing public than trades of other kinds of “insiders” who may have a more activist intention.

For these reason, and for purposes of the Required Insider Reports, 1832 LP believes that the Exchanges and the Securities Regulators should take steps to vary the Orders to (i) delineate the trades of “insiders” who meet NI 62-103’s “eligible institutional investor” requirements from the trades of other “insiders”; and (ii) change the timing of dissemination of the summary report relating to trades of insiders who are “eligible institutional investors” from daily to “within 10 days after the end of the month”.

In circumstances where the Exchanges or the Securities Regulators do not support the notion of monthly dissemination of the summary trade report relating to “insiders” who are “eligible institutional investors”, 1832 LP would be supportive of a change from daily to T+3 as suggested in Question #3.

Question 4: If the Required Insider Reports are considered to be valuable to the public, do you agree that similar information should also be made available from all marketplaces? How would this be best achieved? Is there a benefit to having the information be provided on a consolidated basis?

1832 has no comment on whether the Required Insider Reports should be made available to all marketplaces.

Sincerely,

1832 Asset Management L.P.



By: Jim Morris – Chief Operating Officer