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**DELIVERED BY EMAIL**

Mr. Robert Day  
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Dear Mr. Day:

**Re: OSC Notice 11-777 – Statement of Priorities for Financial Year to End March 31, 2018**

TMX Group Limited (“**TMX Group**” or “**we**”) welcomes the opportunity to provide comments on the OSC’s Statement of Priorities. TMX Group’s key subsidiaries operate cash and derivative markets for multiple asset classes, including equities, fixed income and energy. Toronto Stock Exchange (“**TSX**”), TSX Venture Exchange (“**TSXV**”), TSX Alpha Exchange, The Canadian Depository for Securities, Montreal Exchange, Canadian Derivatives Clearing Corporation, NGX, BOX Options Exchange, Shorcan, Shorcan Energy Brokers, AgriClear and other TMX Group companies provide listing markets, trading markets, clearing facilities, data products and other services to the global financial community and play a central role in Canadian capital markets.

**Alignment with OSC Priorities**

TMX Group’s interests are aligned with the OSC as it is vital to our clients and to all investors that the capital markets in Ontario and Canada remain fair, efficient and competitive. Our businesses rely on our customers’ continued confidence and participation in Ontario’s and Canada’s capital markets. TMX Group believes that achieving the right balance between investor protection and regulatory burden is essential to creating an environment where companies and the Canadian economy can grow and successfully and sustainably compete on an international level. We are pleased that each of the OSC’s priorities are informed by this focus on achieving regulatory balance. With respect to the specific priorities identified by the OSC, first, we particularly support the OSC’s efforts to identify and address areas of securities legislation that duplicate other requirements, are not achieving regulatory objectives or where the regulatory burden is disproportionate to the regulatory objectives that are achieved. Second, as part of our vision of being a technology-driven solutions provider that puts clients first, TMX Group supports the OSC’s efforts to work with fintech businesses to support innovation and promote capital formation. Finally, TMX Group continues to be supportive of efforts to make Canada’s capital markets more efficient through effective CSA oversight. In this regard, we note that we bring a unique perspective to the Capital Markets Regulatory Authority (“**CMRA**”) and the OSC’s efforts to

identify and monitor trends across various market segments and participants through our central and multifaceted role in Canadian capital markets.

### **Reducing Unnecessary Regulatory Burden**

TMX Group is extremely supportive of OSC initiatives to alleviate regulatory burden without impeding the ability of the OSC to fulfill its responsibility to protect investors. We note that this OSC priority aligns with work undertaken by TMX Group, particularly TSXV, in the past year and a half. TMX Group looks forward to working with the OSC on initiatives in this area and sharing our expertise with the OSC. In early 2016, the TSXV leadership team embarked on a cross-Canada series of town hall meetings to discuss the actions to help support, revitalize and grow Canada's public venture marketplace. Over 1,000 clients and key stakeholders took part in the meetings. In March 2016, we provided a progress report on our detailed plans to enhance Canada's public venture market, which were published in a white paper in December 2015. TSXV is making progress in executing against these plans and remains committed to making a positive, tangible impact in three important areas:

- reducing our clients' administrative and compliance costs, in a meaningful way, without compromising investor confidence;
- expanding the base of investors financing companies and generally enhance liquidity; and
- diversifying and growing the stock list to increase the attractiveness of the marketplace.

TMX Group therefore applauds the CSA and OSC for considering options to reduce the regulatory burden associated with both capital raising in the public markets and the ongoing costs of remaining a reporting issuer, while not compromising investor protection or the efficiency of the capital market. We note that the CSA and OSC have already taken an important step in this regard by publishing a consultation paper on reducing regulatory burden for non-investment fund reporting issuers. We expect to provide detailed comments in response to this consultation paper and look forward to identifying meaningful regulatory changes that will reduce the regulatory burden and compliance costs for our listed issuers.

TSXV's revitalization initiative has provided TMX Group with deep insights, and TMX Group is now focusing our internal efforts on key initiatives arising from these insights. We believe our efforts in this area align with the CSA's and OSC's priorities. In particular, both TSX and TSXV are focusing on enhancing our clients' experience and continually improving our services.

### **Supporting Innovation and Capital Formation**

TMX Group supports the OSC's efforts to work with fintech businesses to support innovation and promote capital formation. We note that TMX Group has undertaken important work in this area over the past several months. In October 2016, TMX Group announced the members of the Advancing Innovation Roundtable (the "**Innovation Roundtable**"), a 12-member independent working group that includes prominent senior leaders from Canada's financial services sector, including finance, investment and capital formation. The Innovation Roundtable's mission is to deliver actionable recommendations on how to increase access to growth capital for Canadian innovation economy companies as they grow beyond the seed and start-up stages. In February 2017, the Innovation Roundtable published a comprehensive report containing recommendations, sourced from both public and private markets, on how to close the growth capital gap in Canada. This report is publicly available on our website. We look forward to working closely with the OSC LaunchPad and Fintech Advisory Committee to share the knowledge gained from the Innovation

Roundtable and to provide insights on the unique challenges faced by innovation economy businesses.

We note that the OSC's focus on supporting innovation and promoting capital formation is another area where the OSC's priorities are closely aligned with those of TMX Group, particularly TSXV. TSXV is a uniquely Canadian platform for the incubation and growth of emerging companies, including innovation economy companies. The public venture market works both in conjunction with, and instead of, private growth capital. TSXV serves the role exceptionally well for the resource sector and we believe TSXV can perform in the same fashion for innovation economy companies. Accordingly, TSXV is considering ways to adapt its policies, rules and associated ecosystem to more directly assist innovation economy companies as they scale up, including attracting renewed retail investor interest. Therefore, TMX Group believes that it will be an important partner with the OSC in achieving the OSC's goals regarding working with fintech businesses.

The Innovation Roundtable and related capital markets sub-committees identified increased risk capital formation as a key desire. The Innovation Roundtable discussed incentives for retail accredited and non-accredited investors to participate in earlier stage innovation companies, along with related tax incentives. Several participants also stated that the "flight to de-risk" seems to be pervasive through the broker-dealer community based on the accredited investor experience perspective. We believe that the OSC, TSX and TSXV should work together to better understand these points due to the critical importance of risk capital formation in Canada's efforts to innovate and scale, and to create jobs, intellectual property, patents and economic development in general.

Finally, we note that as part of our vision of being a technology-driven solutions provider that puts clients first, TMX Group has itself identified a digital strategy to maximize efficiencies and solve day-to-day client challenges across its various business areas. In this regard, TMX Group recently announced a shareholder voting system prototype based on distributed ledger technology in collaboration with Accenture, a leading global professional services company. Designed as a public company solution for TSX Trust, TMX Group's transfer agency and corporate trust services provider, this shareholder voting system prototype aims to significantly improve the efficiency and accuracy of the voting process during annual shareholder meetings, while also enhancing security through advancements in cryptography. TMX Group believes that the CSA Regulatory Sandbox initiative may be a useful way test novel products and services, such as this shareholder voting system prototype, and for TMX Group to work collaboratively with the CSA and OSC to develop innovative solutions for market challenges.

### **Efficient Markets through Effective Oversight**

As the owner and operator of businesses that compete in a global marketplace, TMX Group is keenly aware of how critical it is for the OSC to ensure that our markets are positioned to compete internationally. TMX Group reiterates concerns it previously submitted to the OSC and other members of the CSA on specific legislative and policy proposals, including on exchange and clearing agency exemptions, which relate to the need for regulators to ensure that foreign entities operating in Ontario are subject to the same level of regulatory oversight as domestic entities. The OSC has rightly acknowledged that globalization and the sustained growth of cross-border activities means that it must deal with regulatory matters that have both national and international dimensions, and that it should help to shape international standards that are aligned with the needs of our capital markets. We support the OSC in these endeavours, in particular the active role that it plays with respect to IOSCO.

We note that the harmonization of regulation with all members of the CSA and, where appropriate, with regulation abroad is an important component of all of the OSC's priorities. TMX Group continues to be supportive of efforts to make Canada's capital markets more efficient and brings a unique perspective to the CMRA process through our central and multifaceted role in Canadian capital markets. Our interests are aligned in maintaining the integrity and stability of the financial system, preserving fair, efficient and competitive capital markets and ensuring appropriate management of systemic risks. Efficient and intelligent regulation helps ensure capital market global competitiveness and a strong national economy. We have a strong, vested interest in ensuring that CMRA can achieve its intended objectives. We believe that any undue complexity or regulatory fragmentation across Canada may deter participation in the capital markets, especially for start-ups and small and medium sized enterprises. We look forward to continuing to provide input to the participating jurisdictions to ensure a smooth transition to the CMRA and a cooperative interface with the CSA.

Thank you for the opportunity to comment on the OSC's Statement of Priorities. We would be pleased to discuss our comments or any aspect of the TMX Group initiatives discussed in this letter in more detail.

Yours truly,



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Capital Formation, Equity Capital Markets



Brady Fletcher  
Managing Director