



September 10, 2003

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Commission des valeurs mobilières du Québec
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Denise Brousseau, Secretary
Commission des valeurs mobilières du Québec
800 Victoria Square, Stock Exchange Tower
P.O. Box 246, 22nd floor
Montreal, Quebec
H4Z 1G3

Dear Sir and Madam:

Re: Notice of Proposed Amendments to National Instrument 21-101 Marketplace Operation and Companion Policy 21-101CP and National Instrument 23-101 Trading Rules and Companion Policy 23-101CP

Further to your request for comments regarding the Proposed Amendments to National Instrument 21-101 Marketplace Operation and Companion Policy 21-101CP and National Instrument 23-101 Trading Rules and Companion Policy 23-101CP (collectively, "Rule ATS"), and the IDA Capital Markets Committee comment letter of September 20, 2000 on CSA Transparency Proposals for Debt Markets, the Investment Dealers Association of Canada ("IDA") is pleased to provide the following comments.

The IDA commends the efforts of the Canadian Securities Administrators (“CSA”) in developing these amendments through extensive consultations with market participants over the last eighteen months. The proposed changes are sensitive to the fundamental structural differences between debt and equity markets, while preserving and enhancing the transparency improvements that have evolved in the fixed income area over the last several years. The IDA is pleased that the CSA has removed the requirement for a market integrator for fixed income markets, and proposes to approve CanPX as the Information Processor for corporate debt securities. While it was not possible to achieve consensus among market participants as to the appropriate levels of transparency for government debt securities, we are pleased that the CSA will seek out comments and consensus on appropriate transparency for government securities markets, and will support efforts that safeguard existing standards and improve transparency without jeopardizing market efficiency. The IDA agrees with the Bank of Canada and Department of Finance that this process should not be subject to unnecessary constraints.

While the proposed amendments to Rule ATS recognize the structural differences that exist between debt and equity markets, Rule ATS, as so amended, would continue to maintain a bright line distinction between listed and unlisted debt. There are debt securities in the market that trade in over-the-counter markets, and which were intended to trade as such by their issuers even though they may have been originally listed on stock exchanges for tax and other investment-related reasons. To accommodate the trading of these securities in fixed income markets, the stock exchanges provided an exemption from equity trading rules for these securities. Rule ATS, now effective, generally mandates that debt securities listed on exchanges must trade on a marketplace in compliance with UMIR rules, rules not designed for over-the-counter market trading. Requiring the trading of all listed debt securities on a marketplace in accordance with UMIR rules will damage the liquidity in these listed debt securities.

The IDA is preparing a detailed submission on this matter and will request an opportunity to meet with officials of the CSA and Market Regulation Services Inc. There is an urgent need to find a solution to the aforementioned problem to safeguard liquidity and ensure integrity under the debt market rules of IDA Policy 5.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Joseph J. Oliver', written over a horizontal line.

Joseph J. Oliver

CC: Members of the Capital Markets Committee
Ross MacKinnon, Bank of Canada