

OSC Investor Advisory Panel
c/o Ken Kivenko and Louise Tardif
Email: iap@osc.gov.on.ca

October 30, 2015

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority (Saskatchewan)
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax : 514-864-6381
consultation-en-cours@lautorite.qc.ca

CSA Staff Notice and Request for Comment 21-315

Next Steps in Regulation and Transparency of the Fixed Income Market

The Investor Advisory Panel is pleased to comment on this consultation regarding the CSA's plan to enhance fixed income regulation as set out in *CSA Staff Notice and Request for Comment 21-315, Next Steps in Regulation and Transparency of the Fixed Income Market*.

The Panel is an independent body formed by the Ontario Securities Commission (OSC) in August 2010. We are charged with providing input on the Commission's policy initiatives, including proposed rules and policies, the annual Statement of Priorities, concept papers and specific issues. Our mandate is to represent the views of investors. As such, we are pleased to see the Canadian Securities Administrator's proposed enhancements in fixed income regulation, which are designed to:

1. *facilitate more informed decision-making among all market participants, regardless of their size;*
2. *improve market integrity; and*
3. *evaluate whether access to the fixed income market is fair and equitable for all investors.*

Based on these stated outcomes, the Panel welcomes the changes outlined by the CSA insofar as they add transparency and fairness to Canada's \$2 trillion fixed income market. To date, retail investors have been at a disadvantage in the Canadian bond market, which is difficult for them to access due to limited transparency and information. Large institutions have traditionally had a greater advantage in the Canadian bond market because, unlike smaller retail investors, they have access to pre- and post-trade information.

The IAP has in the past encouraged the Commission to turn its attention to the growing role fixed income plays in individual Canadians' savings and to ensure that the market is accessible, transparent, and understandable from their perspective. According to the Investment Industry Association of Canada, nearly a quarter of retail client assets in Canada is invested in fixed income securities. Over the last few years, retail investors have broadened their exposure to fixed income securities as interest rates have fallen and as the demand for yield has grown. Fixed income is particularly important for seniors in or approaching retirement as they look to fixed income for capital preservation and income.

Corporate debt - dissemination delay

As the CSA notes, the corporate bond market has grown to \$500 billion in Canada. In light of the growing role corporate debt plays in portfolios, the Panel is dismayed to see what we feel is an excessive delay in reporting trades. As the CSA explains:

"information will not be disseminated in real-time. Data reported into MTRS 2.0 is reported to IIROC one day following the trade (T+1). As a result, by basing the platform for corporate debt transparency on MTRS 2.0, the information will be publicly disseminated no earlier than on T+1 and likely, on T+2, in order to give IIROC the time needed to process the information."

While we understand there are inherent challenges in how this information is processed, the Panel believes a two-day delay in delivering basic trade information does not

accomplish the above-noted goals of the new rules - to “*facilitate informed decision-making among all market participants.*” We urge the CSA to revisit and review this reporting lag in future.

Conclusion

The CSA’s proposal is a good first step for opening up the Canadian fixed income market to retail investors - and for levelling the playing field so investors, both large and small, can access this asset class. We look forward to seeing these concrete and meaningful changes implemented soon without undue delay.