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via e-mail

March 23, 2015

Re: Chi-X Canada ATS Notice of Proposed Rule Amendments and Request for Comments

Dear Sirs and Mesdames:

TD Securities welcomes the opportunity to comment on the Chi-X Canada ATS Notice of Proposed Rule Changes relating to the introduction of Market-on-Close (MOC) orders.

TD Securities is a leading securities dealer in Canada and the number one ranked block trader in Canadian equities and options based on dollar value and shares traded. TD Securities also acts as the executing dealer for TD Waterhouse, the largest discount brokerage firm in Canada. TD Securities is also a significant user of the TSX Market-on-Close facility.

We believe that price discovery in the closing auction is of paramount importance to the Canadian markets. The TSX Market-on-Close facility is the single most meaningful daily price benchmark for Canadian equity trades, being used for end-of-day valuations, index level calculations and derivative contract pricing. The integrity of the MOC must be protected.

We view the price discovery of the TSX closing auction as entirely a function of the imbalance between closing buy and selling interest, and do not believe that paired-off orders – whether matched in the TSX MOC book or elsewhere – impact price discovery at the close. The structure of the Chi-X MOC proposal would not compromise the integrity of the closing auction on the TSX, as order imbalances (across an aggregate set of flows) would be directed to the TSX MOC and only the netted portion would remain at Chi-X. We do not believe the TSX MOC facility will be meaningfully fragmented, and we do not believe that price discovery would be compromised.

We acknowledge and respect the contribution of the TSX MOC facility to the Canadian equity ecosystem. However, we are concerned that the level of fees charged for the use of the TSX MOC facility, particularly for portions of orders that do not contribute to price discovery, is not commensurate with the value provided or competitive with comparable global marketplaces. Due

to the natural monopoly function of the TSX MOC, to date there has not been sufficient pressure from market forces for the TMX to offer competitive pricing on the Market-on-Close facility. The Chi-X Canada MOC order proposal is the first credible competitive mechanism for directly addressing the high level of fees charged by the TMX.

We commend Chi-X Canada for proposing a solution which would offer price competition without introducing fragmentation into the closing auction price discovery process.

Respectfully,



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