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*To: IIROC Market Policy and Canadian Securities Administrators, via e-mail*

December 7, 2020

**Re: Proposed Amendments Respecting the Trading of Derivatives on a Marketplace**

Dear Sirs and Mesdames:

TD Securities and TD Waterhouse welcome the opportunity to comment on the IIROC Proposed Amendments to the Universal Market Integrity Rules and the Dealer Member Rules that would regulate the trading of listed derivatives on a marketplace for which IIROC acts as the regulation services provider.

TD Securities is a leading securities dealer in Canada and a top 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 second largest brokerage firm in Canada.

TD Waterhouse provides investors and financial advisors with a broad range of brokerage services and mutual fund and other investment opportunities. In Canada, TD Waterhouse consists of TD Waterhouse Direct Investing, TD Waterhouse Private Investment Advice and TD Waterhouse Financial Planning.

We support competition in the Canadian derivatives market. We believe the introduction of multiple marketplaces for derivatives trading would bring benefits in liquidity, innovation, client engagement, and costs of execution and clearing.

In our view the ideal approach for derivatives market regulation is to form a single independent Regulation Services Provider to oversee trading of listed derivatives in Canada.

Currently, the TMX Montreal Exchange ("MX") is recognised as a self-regulatory organization. Trading of equity derivatives listed on the exchange is regulated by the MX Regulatory Division. A similar model was in place for the Canadian equity market prior to 2002 when the Toronto Stock Exchange acted the primary exchange and self-regulatory organization for equity trading.

When the Alternative Trading System rules were drafted it was recognized that independent governance was required for market regulation. Market Regulation Services was created in March 2002 as an independent and neutral body to monitor and enforce compliance with trading rules on Canadian equity marketplaces including exchanges, QTRSs and ATSS. Market Regulation Services later merged with the Investment Dealers Association of Canada to form IIROC.<sup>1</sup>

We recommend a similar path be taken for regulation of listed derivatives trading. As a dealer, we manage a single set of policies, procedures and systems for the trading of listed derivatives in Canada. We are concerned the creation of two regulatory bodies responsible for the same set of products will create complexity, duplication of effort and undue regulatory burden.

We thank IIROC for the opportunity to comment on the Proposed Amendments and welcome any questions that staff may have.

Respectfully,



David Panko  
Executive Managing Director, Global Head of Equity Derivatives  
TD Securities Inc.



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Group Head, Wealth Management and TD Insurance  
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<sup>1</sup> [https://www.iiroc.ca/about/Documents/InformationCircular\\_en.pdf](https://www.iiroc.ca/about/Documents/InformationCircular_en.pdf)