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### **Re: CNSX Market's Proposed Trading Fee Model (the "Fee Proposal")**

CIBC World Markets Inc. ("CIBC") thanks you for this opportunity to comment on CSE's proposed changes to their trading fee model. We support the Fee Proposal as a means of providing potentially larger and more stable guarantees to active retail orders (in the form of GMF orders in Designated Securities). We believe the use of differentiated fees may prove to be an effective motivator to indirectly ensure that GMF size is displayed and preserved for retail given the moderate dissuasion an active fee would represent to non-GMF eligible active traders. We are also in favour of CSE's decision to apply the fee based on a clearly defined "GMF" term as a fair method of determining who would be eligible for the proposed active credit. Below we summarize our thoughts on the topics raised by the OSC in relation to this Fee Proposal.

#### **Information Leakage**

We see no overriding concern regarding information leakage and we understand the CSE will not be informing their market maker in real time when a specific GMF order has been executed. We understand that any information that would be provided by CSE would be after the close. Even if the billing information were provided in real-time we would not flag this as a potential concern since Market Makers would naturally have a desire to know when to adjust their displayed size so that they can effectively manage their position and continue to provide liquidity to the retail community throughout the day. We also support the current practice that billing information should be granular enough for trading member dealers to assess trading fees and allocate costs to different trading groups and/or trading clients. At minimum transparency into the trading fees by product code and traderID on a monthly basis is critical for a trading member dealer to performing this cost allocation function. A lack of transparency into the billing summary reports at a traderID level could result in potentially unintended cross subsidies between internal trading groups and/or trading clients.

## **Fair Access**

We see no overriding concern regarding fair access as we understand that all retail clients from all trading member dealers would continue to be eligible to use the CSE GMF order type. We believe it is appropriate that non-retail traders should continue to be non-GMF eligible. We are in favour of CSE's GMF definition as a fair means to differentiate fees that is not without precedent in Canada. We also believe the regulator's active trading fee cap would be an effective measure to prevent a non-GMF active trading fee from becoming an unreasonable barrier to access for those that are not GMF eligible.

Finally we note that an active trader would always appear to have fee certainty under the Fee Proposal based on trader type (GMF or non-GMF eligible) and security (Designated or Non-Designated Security). The fee uncertainty that a CSE passive provider would need to accept under the Fee Proposal would appear to be an acceptable "risk" for liquidity providers intending to interact more with active retail orders without limiting an ability to also trade with non-retail active orders.

Sincerely,

<digitally signed>

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