



**CIBC**  
**World Markets**

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January 16, 2009

**John Stevenson, Secretary**  
**Ontario Securities Commission**  
**20 Queen Street West**  
**19<sup>th</sup> Floor, Box 55**  
**Toronto, ON M5H 3S8**

**Me Anne-Marie Beaudoin**  
**Directrice du secretariat**  
**Autorité du marchés financiers**  
**Tour de la Bourse**  
**800, square Victoria**  
**C.P. 246, 22e étage**  
**Montréal QC, H4Z 1G3**

Dear Sirs/Mesdames:

**Re: Proposed Amendments to National Instruments 21-101 and 23-101**

CIBC World Markets Inc. ("CIBC WM") appreciates the opportunity to comment on the proposed amendments to National Instruments 21-101 and 24-101 (the "Proposals") and, in general, CIBC WM supports the concepts contained within in the Proposals.

More specifically, CIBC WM believes that:

- Marketplaces should assume responsibility for preventing "trade throughs" from the Participants, by protecting "better priced" limit orders at the Marketplace level. Our firm believes that despite the Participants' best efforts to prevent "trade throughs", the volume and complexity of operational and technological challenges render the Participants' efforts ineffective and inefficient, regardless of the size and scope of a Participant's operations. CIBC WM believes that responsibility for preventing "trade throughs" must, in all cases, lie with the Marketplaces as this is the most effective and practical solution to an issue that has plagued the Canadian equity market since the inception of multiple marketplaces. Accordingly, a marketplace should not be permitted to pass on the "trade through" protection obligation to their marketplace participants;
- Participants should be entitled to consider all fees that a Marketplace charges a Participant for executing a trade on that Marketplace ("Market Fees"), when determining which Marketplace offers the "best price". Currently, the trading rules do not allow Participants to consider Market Fees when evaluating "best price". That fact allows Marketplaces to charge whatever Market Fees they chose without having to be concerned that they will price themselves out of the market. CIBC WM supports the concept of a fair and competitive marketplace and urges the CSA to amend the rules relating to the definition of "best price" in order to protect against potentially abusive fee structures;

- The question of whether there has been a failure, malfunction or material delay of systems or equipment on a Marketplace, cannot be determined by applying a single set of measures. Rather, the question of whether a Marketplace is operating with acceptable parameters should be determined by measuring the Marketplace's performance, based on a set of objective criteria and comparing those results to the results obtained from the other Marketplaces in its group. In other words, the question of whether a specific Marketplace is operating within acceptable parameters can only be determined by measuring the Marketplace's performance against the industry norm;
- Intentionally entering an order with the sole intention of "locking" or "crossing" a market is manipulative and deceptive in nature and therefore, leads to an artificial price for the security in question. In light of that, our firm believes that this practice should be prohibited under the proposed rule amendments, which if implemented, would be consistent with the current US regulatory requirement; and
- With the introduction of an Information Processor, it is essential that the market data that is consolidated and disseminated be complete. For instance, if only "top of book" order information were available, trade through protection would be limited to top of book orders. In order to ensure that "trade through protection" is afforded to all orders, the consolidated data provided must include information on the full depth of the "book".

Once again, CIBC WM appreciates the opportunity to comment on the CSA's proposal and thanks you in advance for considering our firm's views. Should you have any questions regarding this submission, please feel free to contact the writer or Kevin McCoy at (416) 956-3963 at your convenience.

**Sincerely,**

*"Paul Riccardi"*

**Paul Riccardi**  
**Vice-President, Head of Institutional Compliance**