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Dear CIRO, OSC and BCSC:

Re: PROPOSED AMENDMENTS RESPECTING NET ASSET VALUE ORDERS AND INTENTIONAL CROSSES

We commend CIRO on its positive amendments to Universal Market Integrity Rules (UMIR) regarding net asset value orders and intentional crosses.

We provide the following in response to the questions posed:

Question 1: Should we impose any restrictions on the entry of a Net Asset Value Order? (e.g., should we restrict the entry of a Net Asset Value Order to orders greater than a minimum size?) If so, please explain why and set out what the minimum size should be.

Response: No. The expectation is transactions will be institutional.

Question 2: Should we impose any restrictions on the use of an intentional cross with jitney? (e.g., should we impose a minimum size threshold that would apply when entering an intentional cross with jitney on one side of the trade?) If you believe a minimum size threshold is appropriate, please explain why and set out what the threshold should be.

Response: The current prohibition on an intentional cross with jitney is too restrictive in today's current market structure and practices. Single stock crosses may be subject to price improvement over the National Best Bid and Offer or a requirement to satisfy any same priced orders in the book(s) of protected markets. This would address the situation where there could be a security that only trades on a single marketplace and ensure that the jitney marker is not used to avoid displacement. Trades such as ETFs at NAV would be exempt.

Question 3: While CIRO would generally expect that a Net Asset Value Order should be executed as soon as is practical after publication of NAV by the issuer of the ETF, should this be directly included as a requirement for entry of a Net Asset Value Order (i.e., where NAV is published after trading hours have ended on all Canadian marketplaces, should Participants be required to execute those trades as soon as trading hours begin on a Canadian marketplace the following trading day)?

Response: Any "Next Day" NAV Trades should be executed within a predefined time window, ideally before the opening of the primary marketplace for that ETF. This ensures that these trades are executed on a timely basis once the NAV has been published.

Question 4: The Proposed Amendments would add a new designation of a "Net Asset Value Order" in UMIR 6.2(1)(b) that would be required to be applied with the entry of a "Net Asset Value Order" on a marketplace, and which would be required to be disclosed for display by the marketplace on which the "Net Asset Value Order" is entered. Have you identified any concerns with public disclosure of an order that is a "Net Asset Value Order"?

Response: Agreed. Any NAV trades should be identified on the marketplace

Question 5: The definition of a "Net Asset Value Order" as proposed does not require the execution price to be the exact NAV as published by the issuer of the ETF, but instead at a price that references the published NAV. This reference price may include fees incurred by the executing Participant and/or commissions embedded in the execution price. Please identify any concerns with this proposed approach.

Response: Should the "Net Price" of the trade be published on the marketplace which varies from the calculated NAV, this would effectively disclose the fees charged by the member, which is of concern.

Question 6: Have we identified all the material impacts on clients, issuers, Participants, Access Persons, marketplaces or CIRO as a result of the Proposed Amendments? If not, please list any other impacts that you believe will materially impact one or more parties and why. In particular, please provide comments on the potential costs associated with the proposed introduction of a Net Asset Value Order, and associated designation requirements under UMIR 6.2.

Response: Material impacts have been identified.

Question 7: Overall, do you agree with CIRO’s qualitative assessment that the benefits of the Proposed Amendments are proportionate to their costs? Please provide reasons for your views.

Response: This is a required step to update regulation to reflect current market structure and business processes.

Question 8

Would 90 days for implementation be sufficient time for Participants and marketplaces to undertake required systems changes to support the new “Net Asset Value Order” designation, and Participants to update their processes and policies and procedures to ensure the use, and supervision of, the new “Net Asset Value Order” designation as appropriate?

Response: We are advised that implementation may require a minimum of 180 days or more.

Respectfully Submitted,

INVESTMENT INDUSTRY ASSOCIATION OF CANADA