



**CANADIAN SECURITY TRADERS ASSOCIATION, INC.**  
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Dear Sir:

**Re: IIROC Proposed Guidance on Marketplace Thresholds**

The Canadian Security Traders Association, Inc. (CSTA), is a professional trade organization that works to improve the ethics, business standards and working environment for members who are engaged in the buying, selling and trading of securities (mainly equities). The CSTA represents over 850 members nationwide, and is led by Governors from each of three distinct regions (Toronto, Montreal and Vancouver). The organization was founded in 2000 to serve as a national voice for our affiliate organizations. The CSTA is also affiliated with the Security Traders Association (STA) in the United States of America, which has approximately 4,200 members globally, making it the largest organization of its kind in the world.

This letter was prepared by the CSTA Trading Issues Committee (the "Committee"), a group of 22 appointed members from amongst the CSTA. This committee has an approximately equal proportional number of buy-side and sell-side representatives with various areas of market structure expertise, in addition to 1 independent member. It is important to note that there was no survey sent to our members to determine popular opinion; the Committee was assigned the responsibility of presenting the opinion of the CSTA as a whole. The opinions and statements provided below do not reflect the opinions of all CSTA members or the opinion of all members of the Trading Issues Committee.

The CSTA appreciates the opportunity to comment on the proposed changes to Marketplace Thresholds. We commend IIROC for continuing to be proactive in their efforts to control short-term price volatility in the Canadian marketplace.

We are fully supportive of IIROC's position that all marketplaces in Canada should have mechanisms and controls in place to preclude the execution of an order that could otherwise trigger regulatory intervention. We note that the proposed implementation appears to carry minimal technological implications for the majority of participants other than the marketplaces affected. However, we

question whether minimizing technological impact excludes the best course of action to be undertaken to ensure that the perception of “fair and orderly markets” is maintained. We believe this course of action is the coordination of thresholds across all marketplaces.

As participants in capital markets and users of marketplaces, we believe that all exchanges and ATSS should be required to harmonize their marketplace threshold mechanisms, ensuring predictability and decreasing unnecessary ambiguity. While we acknowledge that there are costs to harmonization, we believe those costs are justified to achieve the goal of ensuring that most participants can easily understand how short-term volatility is managed across all markets.

Further, we believe that all marketplaces should be subject to common requirements for thresholds designed to prevent the trigger of regulatory intervention, including non-displayed markets (“dark pools”). For example, based on the NBBO mid-point pricing mechanism, it is possible for a dark pool to execute a trade outside of SSCB parameters if the NBBO is wide enough to allow for this. We believe dark pools should be held to the same standards as protected marketplaces, especially since their execution prices do set the last price.

Regarding securities not covered by a SSCB, we believe that IIROC should establish a lower limit at which marketplace thresholds should be triggered to ensure that there is a base line standard and consistency for all markets.

Finally, we do not believe that there is a need for volume controls on orders at the marketplace level, as outsized orders affecting prices would be captured by price controls.

We appreciate the opportunity to comment on this matter.

Respectfully,

*“Signed by the CSTA Trading Issues Committee”*

c.c. to:

**OSC:**

Ms. Susan Greenglass, Director, Market Regulation

Ms. Tracey Stern, Manager, Market Regulation

**AMF:**

M<sup>e</sup> Anne-Marie Beaudoin, Secrétaire générale

**BCSC:**

Ms. Sandra Jakab, Director, Capital Markets Regulation

**IIROC:**

Ms. Susan Wolburgh Jenah, President and CEO

Ms. Wendy Rudd, SVP, Market Regulation & Policy

Mr. Victoria Pinnington, Vice President, Trading Review and Analysis

Ms. Deanna Dobrowsky, Vice President, Market Regulation Policy

Mr. Mike Prior, Vice President, Surveillance