



Via Email: tlam@iiroc.ca; marketregulation@osc.gov.on.ca

November 15, 2017

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Market Regulation
Ontario Securities Commission
19th Floor, Box 55
20 Queen Street West
Toronto, Ontario, M5H 3S8

Dear Sirs/Mesdames:

Re: Proposed Provisions Respecting Client Identifiers

We are writing in response to a request for comments on the Investment Industry Regulatory Organization of Canada ("IIROC") Notice 17-0199 Proposed Provisions Respecting Client Identifiers (Client Identifiers) published on May 17, 2017. This letter is submitted on behalf of RBC Dominion Securities Inc. (both the Institutional and Retail divisions) and RBC Direct Investing Inc., an order execution-only firm (collectively "RBC" or "we").

We appreciate the opportunity to provide our comments related to the client identifiers. While IIROC has recognized the potential benefits of using client identifiers to enhance IIROC's ability to perform a range of regulatory functions, we are pleased that IIROC is undertaking an extensive review of the impacts on the Dealer Members.

RBC has also assisted with the preparation of the Investment Industry Association of Canada's ("IIAC") comment letter and we support the comments provided by IIAC on behalf of its members.

RBC recognizes that the movement toward the inclusion of real time client identifiers on orders to the market place not only benefits regulator's analytical needs but is also consistent with a practice which has already been or is being adopted in jurisdictions that host many of the globe's largest marketplaces. Consequently, we are supportive of the Canadian domestic markets being brought up to international standards.

We are of the opinion the process adopted in Canada be carefully constructed to ensure that the requirements are achievable, realistic and accomplish the needs of the Canadian regulatory environment.

Aside from many relevant challenges detailed in the IIAC comment letter, the intent of the initiative needs to be clearly understood by all participants. As mentioned, the application of the framework needs to consider the unique Canadian Operating environment. Specifically, considerations need to be made for both Institutional and Wealth management order flow whereby orders are combined at time of execution and allocation of these transactions occurs after the execution of the trade on the exchange. Attempts to engineer a solution in real time to the aforementioned complexity maybe untenable. Whereby multiple orders are combined into a single exchange order, RBC proposes a unique LEI representing a “combined order state”. Notwithstanding the above, similar to other initiatives, post transaction and allocation only solutions have served the community well.

In addition to the recommendations above, RBC is of the opinion the requirement to provide client identifiers for reportable trades in debt securities is already being adequately captured through recently established Market Trade Reporting System 2.0 (MTRS 2.0). All over-the-counter (“OTC”) debt market transactions executed by a Dealer Member, including those executed on an Alternative Trading System (“ATS”) or through an Inter-Dealer Bond Broker (“IDBB”), are currently being reported to IIROC on a post-trade basis. IIROC’s MTRS 2.0 User Guide states that the “Transaction information reported under Rule 2800C enables IIROC to undertake surveillance and oversight of OTC debt market trading.” Consequently, it appears that debt reporting, when reported at the “bulk level”, prior to any allocations, appears to adequately address the risks of electronic trading in addition to providing IIROC with data for their analysis needs. Furthermore, given that the vast majority of debt trading is undertaken by large trading partners, which include financial institutions and pension funds, benefits gained by reporting the trades at the “client level” are questionable. Finally, the proposed change to require the Dealer Member to provide client identifiers in debt securities at the end client allocation level would involve significant development efforts to the current MTRS 2.0 system, resulting in significant costs for development, testing and implementation.

Thank you for the opportunity to provide our views and recommendations regarding the Proposed Provisions Respecting Client Identifiers. Should you require any further information or have any concerns regarding the foregoing, please do not hesitate to contact RBC. We look forward to continued engagement with you on this initiative.

Yours sincerely,

“Blair Morton”

Blair Morton
Managing Director, RBC Capital Markets