



November 8, 2018

Delivered Via Email

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Dear Sirs/Mesdames,

RE: Proposed Amendments to Dealer Member Rules and Form 1 regarding securities concentration test and designated rating organizations

We are writing in response to IIROC notice 18-0153. We are appreciative of the opportunity to comment on this proposed rule change.

Relying on credit ratings to determine concentration charges is complex and expensive in comparison to other solutions that sufficiently address the issue of concentrations in debt securities. The proposed rule is also more complex than comparable rules in the United Kingdom and the United States; neither jurisdiction requires reference to credit ratings.

To implement the proposed rule, our brokerage accounting system would have to obtain credit rating information from an applicable credit rating agency. Software for obtaining similar information can cost upwards of \$100,000 annually, and we would expect that development and ongoing costs of a subscription to a credit rating feed would cost around the same. Considering most Dealer Members will not incur a concentration charge from this rule change, this seems to be a significant cost to bear.

We believe the best solution to the shortcomings we have identified would be to amend the current rule to include all debt in the calculation of concentration charge, while excluding certain government debt from consideration. This solution is more comparable to rules in the United States and United Kingdom. Most brokerage accounting systems already separate debt by asset class, which would be a more cost-effective way to separate debt securities. We believe this solution would still be in the public's interest and would limit the impact implementation of the rule would have on Dealer Members.

We appreciate the opportunity to comment on this proposed rule change. If you have any questions or further inquiry, please feel free to contact us.

Sincerely,

Leede Jones Gable Inc.

A handwritten signature in blue ink, appearing to read 'Jason Jardine', with a stylized flourish at the end.

Jason Jardine, CPA, CA

Manager, Regulatory & New Initiatives