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VIA EMAIL

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Re: Proposed Amendments Respecting the Reasonable Expectation to Settle a Short Sale (the “Consultation”)

The Canadian Advocacy Council of CFA Societies Canada (the “**CAC**”)¹ appreciates the opportunity to provide the following general comments on the Consultation.

As noted in our previous commentary to the Joint CSA/IIROC Staff Notice 23-329 *Short Selling in Canada*, we reiterate our position that new regulatory initiatives relating to short selling should only be suggested in response to specific identified issues, supported by sufficient data that concludes that a particular response is warranted and that existing regulatory mechanisms are insufficient to address a problematic practice.

In line with the foregoing and our specific prior comments, we are supportive of the targeted reforms introduced in the Consultation. We view the proposed positive requirement to establish a reasonable expectation to settle a short sale under UMIR 3.3 to be of an incremental and targeted nature, and therefore will not create an undue compliance burden or serve as a general deterrent to short-selling activity.

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit <http://www.cfacanada.org> to access the advocacy work of the CAC.

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors' interests come first, markets function at their best, and economies grow. There are nearly 200,000 CFA® charterholders worldwide in 160 markets. CFA Institute has ten offices worldwide, and over 150 local societies. For more information, visit www.cfainstitute.org or follow us on LinkedIn and X at @CFAInstitute.



We would encourage CIRO to review or facilitate reviews and publish data on how easy-to-borrow lists are generated by lenders/dealers, how buy-side firms use them in practice on a universe and security-specific basis, related market and technology developments, and the reliability and potential market impact of such lists on price discovery and liquidity over time. Constraints on short selling have long been criticized (including by us) for their potential to negatively impact market functioning and price formation, and we believe wider awareness of developments in these markets and related technology and practices should be tracked for the benefit of regulators, stakeholders, and market participants.

We are pleased with CIRO's proactive approach to clarity in regulation and view the reordering and consolidation of like provisions in a common area of the rules to be helpful.

Concluding Remarks

We are supportive of the Consultation as the requirement to establish a reasonable expectation to settle a short sale is an appropriate and targeted response, and will not place an unnecessary burden on industry or deter short selling generally. While reliance on easy-to-borrow lists will better ensure an adequate locate for securities and may reduce the number of failed trades, given that short selling is vital to fostering efficient markets and the promotion of price discovery and liquidity, we stress that any regulation in this area should be subject to ongoing data-based reviews.

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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