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SUBMITTED BY EMAIL

October 18, 2016

Committee on Payment and Settlement Systems and
the Technical Committee of the International Organization of Securities Commissions

CPSS secretariat (cpmi@bis.org)
IOSCO secretariat (consultation-2016-01@iosco.org)

RE: CPMI-IOSCO Consultative report on Resilience and recovery of central counterparties (CCPs): Further guidance on the PFMI

Dear Sir or Madam:

Canadian Derivatives Clearing Corporation, The Canadian Depository for Securities Ltd. and Natural Gas Exchange Inc. (collectively the **"TMX CCPs"**) appreciate the opportunity to submit their views in response to the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions - *Resilience and recovery of central counterparties (CCPs): Further guidance on the PFMI* (the **"Guidance"**). Our principal concerns relate to prescriptive requirements set out in the governance section of the Guidance.

TMX Group

The TMX CCPs are subsidiaries of TMX Group Limited (**"TMX Group"**). TMX Group's key subsidiaries operate cash and derivative markets for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, Alpha Exchange, The Canadian Depository for Securities, Montréal Exchange, Canadian Derivatives Clearing Corporation, Natural Gas Exchange, Boston Options Exchange, Shorcan, Shorcan Energy Brokers and other TMX Group companies provide listing markets, trading markets, clearing facilities, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montreal, Calgary and Vancouver), in key U.S. markets (New York, Houston, Boston and Chicago) as well as in London, Beijing and Singapore.

Governance (section 2)

TMX Group is of the view that this section should provide more high level guidance. As it stands, not only is it far too prescriptive for a guidance, but it imposes on the board of directors explicit responsibilities, which are too granular and managerial in nature. This would essentially put the board into the position of management, leaving no one at the organization to provide the additional checks and balances and oversight responsibilities that a board would normally fulfill. Further, because the board's ability to delegate is explicitly set out in a few sections, but not in most, this suggests that with respect to most requirements, it is not clear that the board would even be able to delegate these tasks. It is also unlikely that, unlike at the risk management level, board members would have all the necessary skills and experience to be best suited to carry out all of the explicit responsibilities set out in section 2 of the Guidance. A board member's role is not intended to be a full-time job, but effectively fulfilling all responsibilities listed would require almost a full-time level of commitment. Further, while the board's responsibilities may extend beyond risk management oversight, the extensive explicit risk responsibilities may weigh the board down and leave them little time to consider other issues.

With respect to disclosure requirements, it is unclear precisely what is meant by subsection 2.2.17(iv) which states that an effective disclosure and feedback mechanism to review the CCP's margin and stress-testing framework should include the identification of the disclosure methods appropriate for each category of recipient. CCPs already provide extensive disclosure through their PFMI disclosure documents – an additional layer of disclosure that is tailored to a variety of different entities has unclear additional benefits while imposing an additional burden of CCPs both in terms of disclosure and considering how to tailor such disclosure for various entities.

The TMX CCPs appreciate the opportunity to respond to the Guidance and look forward to further dialogue on the quantitative disclosure standards. We hope that you will consider our concerns and suggestions and would be happy to discuss these at greater length with the staff. Please feel free to contact Louise Waterhouse at louise.waterhouse@ngx.com or George Kormas at george.kormas@tmx.com if you have any questions regarding our comments.

Respectfully submitted,

Steve Lappin

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Glenn Goucher
President
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