ANNEX G

PROPOSED CHANGES TO COMPANION POLICY 96-101
DERIVATIVES: TRADE REPORTING

1. ***Companion Policy 96-101 Derivatives: Trade Reporting is changed by this Document.***

2. ***The chart under Section 2 is replaced by the following:***

Principle in the PFMI Report applicable to a recognized trade repository	**Relevant section(s) of the Rule**
Principle 1: Legal Basis	Section 7 – Legal framework Section 17 – Rules, policies and procedures (in part)
Principle 2: Governance	Section 8 – Governance Section 9 – Board of directors Section 10 – Management
Principle 3: Framework for the comprehensive management of risks	Section 19 – Comprehensive risk-management framework Section 20 – General business risk (in part)
Principle 15: General business risk	Section 20 – General business risk
Principle 17: Operational risk	National Instrument 26-101 *Information Technology System Integrity* Section 22 – Data security and confidentiality Section 24 – Outsourcing
Principle 18: Access and participation requirements	Section 13 – Access to recognized trade repository services Section 16 – Due process (in part) Section 17 – Rules, policies and procedures (in part)
Principle 19: Tiered participation arrangements	Section 7 – Legal framework Section 19 – Comprehensive risk-management framework National Instrument 26-101 *Information Technology System Integrity*
Principle 20: FMI links	Section 7 – Legal Framework Section 19 – Comprehensive risk-management framework National Instrument 26-101 *Information Technology System Integrity* Section 24 – Outsourcing
Principle 21: Efficiency and effectiveness	Section 7 – Legal framework Section 8 - Governance Section 11 - Chief compliance officer Section 12 – Fees

	National Instrument 26-101 *Information Technology System Integrity*
Principle 22: Communication procedures and standards	Section 15 – Communication policies, procedures and standards
Principle 23: Disclosure of rules, key procedures, and market data	Section 17 – Rules, policies and procedures (in part)
Principle 24: Disclosure of market data by trade repositories	Sections in Part 4 – Data Dissemination and Access to Data

3. Section 21 is deleted.

4. Section 24 is changed:

a) by replacing the text with the following:

Section 24 sets out requirements applicable to a recognized trade repository that outsources any of its material services or systems to a service provider. Material services and systems are services and systems that are necessary for a recognized trade repository to operate effectively and in compliance with regulatory requirements and appropriate standards. These may include, for example, a recognized trade repository's audit function. To promote a harmonized approach to the regulation of outsourcing, section 24 incorporates by reference the outsourcing requirements set out in section 21 of National Instrument 26-101 *Information Technology System Integrity*.

Generally, a recognized trade repository must establish policies and procedures to evaluate and approve these outsourcing arrangements. Such policies and procedures include assessing the suitability of potential service providers and the ability of the recognized trade repository to continue to comply with securities legislation in the event of bankruptcy, insolvency or the termination of business of the service provider. A recognized trade repository is also required to monitor the ongoing performance of a service provider to which it outsources a material service, system or facility. The requirements under section 24 apply regardless of whether the outsourcing arrangements are with a third-party service provider or affiliated entity of the recognized trade repository. A recognized trade repository that outsources its services or systems remains responsible for those services or systems and for compliance with securities legislation.

b) by adding a footnote after the words "audit function."***:***

Critical services and systems, a subset of material systems and services, are separately regulated by National Instrument 26-101 *Information Technology System Integrity*.

5. **These changes become effective on •**.