

## Annex C

### Proposed Amendments to Companion Policy 24-101CP *Institutional Trade Matching and Settlement*

1. **Companion Policy 24-101CP is amended by this Instrument.**
2. **Part 1 is amended by:**
  - (a) **striking out** “Investment Dealers Association of Canada (IDA) Regulation” **in footnote 3 and substituting** “Investment Industry Regulatory Organization of Canada (IIROC) Member Rule”,
  - (b) **striking out** “IDA Regulation” **in footnote 5 and substituting** “IIROC Member Rule”,
  - (c) **striking out subsection 1.3(3) and substituting the following:**
    - (3) Institutional investor — A client of a dealer that has been granted DAP/RAP trading privileges is an institutional investor. This will likely be the case whenever a client’s investment assets are held by or through securities accounts maintained with a custodian instead of the client’s dealer that executes its trades. While the expression “institutional trade” is not defined in the Instrument, we use the expression in this Companion Policy to mean broadly any DAP/RAP trade.
  - (d) **striking out subsection 1.3(5) and substituting the following:**
    - (5) Trade-matching party — An institutional investor, whether Canadian or foreign-based, may be a trade-matching party. As such, it, or its adviser that is acting for it in processing a trade, should enter into a trade-matching agreement or provide a trade-matching statement under Part 3 of the Instrument. However, an institutional investor that is an individual or a person or company that has net investment assets under administration or management of less than \$10,000,000, is not a trade-matching party. A custodian that settles a trade on behalf of an institutional investor is also a trade-matching party and should enter into a trade-matching agreement or provide a trade-matching statement. However, a foreign global custodian or international central securities depository that holds Canadian portfolio assets through a local Canadian sub-custodian would not normally be considered a trade-matching party if it is not a clearing agency participant or otherwise directly involved in settling the trade in Canada.
3. **Part 2 is amended by:**
  - (a) **adding** “or settlement instructions” **before** “are usually made” **in the second sentence of section 2.2,**
  - (b) **adding the following at the end of section 2.2:**

These deadlines are being transitioned into effect over time as described in Part 7.
  - (c) **striking out subsection 2.3(1) and substituting the following:**
    - (1) Establishing, maintaining and enforcing policies and procedures --
      - (a) Under sections 3.2 and 3.4, a registered dealer’s or registered adviser’s policies and procedures must be designed to encourage trade-matching parties to either (i) enter into a trade-matching agreement with the dealer or adviser or (ii) provide or make available a trade-matching statement to the dealer or adviser. The purpose of the trade-matching agreement or trade-matching statement is to ensure that all trade-matching parties have established, maintain, and enforce appropriate policies and procedures designed to achieve matching of a DAP/RAP

trade as soon as practical after the trade is executed. If the dealer or adviser is unable to obtain a trade-matching agreement or statement from a trade-matching party, it should document its efforts in accordance with its policies and procedures.

- (b) The parties described in paragraphs (a), (b), (c) and (d) of the definition “trade-matching party” in section 1.1 of the Instrument need not necessarily all be involved in a trade for the requirements of sections 3.2 and 3.4 of the Instrument to apply. There is no need for an adviser to be involved in the matching process of an institutional investor’s trades for the requirement to apply. In this case, the trade-matching parties that should have appropriate policies and procedures in place would be the institutional investor, the dealer and the custodian.
- (c) The Instrument does not provide the form of a trade-matching agreement or trade-matching statement other than it be in writing. Subsections (2) and (3) below provide some guidance on these documents. A trade-matching agreement or trade-matching statement should be signed by a senior executive officer of the entity to ensure its policies and procedures are given sufficient attention and priority within the entity’s senior management. A senior executive officer would include any individual who is (a) the chair of the entity, if that individual performs the functions of the office on a full time basis, (b) a vice-chair of the entity, if that individual performs the functions of the office on a full time basis, (c) the president, chief executive officer or chief operating officer of the entity, and (d) a senior vice-president of the entity in charge of the entity’s operations and back-office functions.

- (d) **adding “the” after “account allocations to” in the third bullet under the heading “For the institutional investor or its adviser:” in paragraph 2.3(2)(b),**
- (e) **adding “in accordance with their policies and procedures” at the end of the first sentence in subsection 2.3(4),**
- (f) **striking out the second and third sentences in subsection 2.3(4),**
- (g) **striking out “Dealers” and substituting “Registered dealers” at the beginning of the fourth sentence in subsection 2.3(4),**
- (h) **striking out footnote 8,**
- (i) **renumbering footnote 9 as footnote 8 and striking out “IDA By-Law No.” in that footnote and substituting “IIROC Member Rule”,**
- (j) **renumbering footnote 10 as footnote 9.**

4. **Part 3 is amended by:**

- (a) **adding the following after the first sentence in paragraph 3.1(a):**

The percentage for equity trades is to be determined on the number of trades, while the percentage for debt trades must be based on the aggregate value of trades for each quarter.

(b) **striking out section 3.4 and substituting the following:**

**3.4 Forms delivered in electronic form**

Registered firms may complete their Form 24-101F1 online on the CSA's website at the following URL addresses:

In English: [http://www.securities-administrators.ca/industry\\_resources.aspx?id=52](http://www.securities-administrators.ca/industry_resources.aspx?id=52).

In French: [http://www.autorites-valeurs-mobilieres.ca/ressources\\_professionnelles.aspx?id=52](http://www.autorites-valeurs-mobilieres.ca/ressources_professionnelles.aspx?id=52).

5. **Part 5 is amended by renumbering footnote 11 as footnote 10 and striking out "IDA Regulation" in that footnote and substituting "IIROC Member Rule".**

6. **Part 7 is struck out and substituted by the following:**

**PART 7 TRANSITION**

7.1 **Transitional dates and percentages** — The following table summarizes the transitional provisions of the Instrument for most DAP/RAP trades governed by the Instrument. For DAP/RAP trades that result from an order to buy or sell securities received from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the western hemisphere, the same table can be read to apply to such trades except that references in the second column (matching deadline) to "T+1" and "T" should be read as references to "T+2" and "T+1" respectively.

<b>For DAP/RAP trades executed:</b>	<b>Matching deadline for trades executed anytime on T (Part 3 of Instrument)</b>	<b>Percentage trigger of DAP/RAP trades for registered firm exception reporting (Part 4 of Instrument)</b>
before July 1, 2012	2:00 p.m. on T+1	Less than 90% matched by deadline
after June 30, 2012 but before July 1, 2015	12:00 p.m. (noon) on T+1	Less than 90% matched by deadline
after June 30, 2015 but before July 1, 2016	11:59 p.m. on T	Less than 70% matched by deadline
after June 30, 2016 but before July 1, 2017	11:59 p.m. on T	Less than 80% matched by deadline
after June 30, 2017	11:59 p.m. on T	Less than 90% matched by deadline

7. **This Instrument becomes effective on July 1, 2010.**