



## Joint Forum of Financial Market Regulators

## Forum conjoint des autorités de réglementation du marché financier

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Lois Broder  
General Manager  
Insurance Council of Manitoba

April 19, 2006

Dear Stakeholder,

**Subject: Proposed National Instrument 24-101 *Institutional Trade Matching and Settlement* (NI 24-101)**

We are writing to inform you that the Canadian Securities Administrators (CSA) have recently published proposed NI 24-101 for a 60 day comment period ending May 2, 2006. You can obtain a copy of NI 24-101 and related Companion Policy 24-101CP and Notice of Publication and Request for Comments from the Website of the Ontario Securities Commission at the following link:

[http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part2/csa\\_20060303\\_24-101\\_rfc-institutional-trade.jsp](http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part2/csa_20060303_24-101_rfc-institutional-trade.jsp)

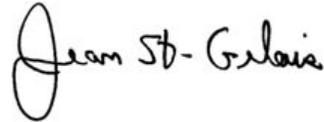
NI 24-101 has been developed by the CSA to ensure more efficient and timely settlement processing of trades in securities. In particular, the rule would require registered dealers and advisers regulated by the CSA to have reasonable policies and procedures in place to achieve *matching* of institutional trades as soon as practicable after the trade has been executed and, in any event, no later than certain prescribed timelines.

NI 24-101 would have a significant impact on financial intermediaries and institutional investors. Among other things, NI 24-101 would prohibit registered dealers and advisers from opening a trading account for an *institutional investor* unless each *trade matching party* has either entered into a written compliance agreement with the dealer and adviser or, alternatively, provided a signed written statement to the dealer and adviser that **confirms that each trade-matching party has policies and procedures in place to match institutional trades within the prescribed timelines**. The objective of the rule is to generally require the matching of all institutional trades **by 7:30 p.m. on trade date, or "T", by July 1, 2008**. *Matching* is the process by which the details and settlement instructions of an executed trade are reported, verified, confirmed and affirmed or otherwise agreed to among the trade-matching parties, i.e., the various participants involved in the processing of the trade.

The terms *institutional investor* and *trade matching party* in NI 24-101 would include, among others, pension funds, mutual funds, trust corporations and insurance companies that engage in trading activities or that hold investment assets as custodians for institutional investors. NI 24-101 would require these entities to have policies and procedures in place to match institutional trades within the prescribed timelines—and would also require them to confirm that they have such policies and procedures in place in a compliance agreement or, alternatively, in a written statement—before they can trade.

The Joint Forum of Financial Market Regulators (Joint Forum) supports this CSA initiative because it promises to improve the securities clearing and settlement process in Canada, thereby increasing market efficiency and reducing risk to the Canadian capital markets. The Joint Forum is interested in stakeholders' efforts to develop appropriate policies and procedures for matching institutional trades within the timelines of NI 24-101, and generally encourages more efficient settlement of institutional trades in Canada.

Sincerely,



David Wild Chair, Joint Forum of Financial Market Regulators Superintendent of Pensions, Saskatchewan		Jean St-Gelais Chair, Canadian Securities Administrators President & Chief Executive Officer Autorité des marchés financiers Québec
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