



## 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

June 22, 2007

Dear Stakeholder,

**Subject: Canadian Securities Administrators'  
National Instrument 24-101 *Institutional  
Trade Matching and Settlement* (NI 24-101)**

We are writing to update you on NI 24-101, which came into force on April 1, 2007.<sup>1</sup> You can obtain a copy of NI 24-101 and related Companion Policy 24-101CP from the following Website links:

*English version:*

[http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part2/csa\\_20070112\\_24-101\\_ni-trade-match.pdf](http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part2/csa_20070112_24-101_ni-trade-match.pdf)

*French version:*

<http://www.lautorite.qc.ca/reglementation/valeurs-mobilières/autres-reglements-textes-vigieur.fr.html>

NI 24-101 is a rule developed by the Canadian Securities Administrators (CSA) to ensure more efficient and timely settlement processing of trades in securities. The central feature of NI 24-101 is the requirement that market participants establish, maintain and enforce policies and procedures designed to achieve matching of institutional trades no later than the end of the day on which the trade was executed (referred to as "T").

<sup>1</sup> See our previous notice on this topic dated April 19, 2006 at <http://www.jointforum.ca/JF-WWWSite/attachment/news%20releases/2006/Joint%20Forum%20Letter%20-%20CSA%20National%20Instrument%2024-101%20-%20English.pdf>.

NI 24-101 affects financial intermediaries and institutional investors. As of October 1, 2007, dealers and advisers will be prohibited from opening a DAP/RAP trading account or accepting an order to execute a DAP/RAP trade for an *institutional investor* unless each *trade-matching party* has either entered into a *trade-matching agreement* with the dealer or adviser or, alternatively, provided a signed *trade-statement* to the dealer or adviser. Such documentation is intended to confirm that the trade-matching party has established, maintains and enforces policies and procedures designed to achieve timely matching of institutional trades.

*Matching* is generally the process by which the details and settlement instructions of an executed DAP/RAP trade are reported, verified, confirmed and affirmed or otherwise agreed to among the trade-matching parties. The rule's benchmark of matching on T for 95% of all institutional trades is being gradually phased in over approximately a three-year period.

*Institutional investor* and *trade-matching parties* may include, among others, pension plans, mutual funds, trust corporations and insurance companies that engage in trading activities or that hold investment assets as custodians for institutional investors. These entities must be in a position to confirm, by October 1, 2007, that they have such policies and procedures in place

The Joint Forum of Financial Market Regulators (Joint Forum) encourages stakeholders, in particular those that are directly affected by NI 24-101, to pay close attention to the new rule.

For further information regarding NI 24-101, please contact a CSA member securities commission directly.

Sincerely,

**ORIGINAL SIGNED BY:**

Bob Christie Chair, Joint Forum of Financial Market Regulators Chief Executive Officer & Superintendent of Financial Services, Financial Services Commission Ontario	Jean St-Gelais Chair, Canadian Securities Administrators President & Chief Executive Officer Autorité de marchés financier Québec
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