

Note: [05 Sep 2017] – Changes to 24-101CP. Refer to Annex D of CSA Notice announcing amendments to NI 24-101 dated 27 Apr 2017.

**CHANGES TO COMPANION POLICY 24-101
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT**

1. ***Companion Policy 24-101 Institutional Trade Matching and Settlement is changed by this Document.***

2. ***The title of the Companion Policy is replaced by the following:***

**COMPANION POLICY 24-101
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT**

3. ***Subsection 1.2(2) is changed by replacing, in the last sentence of footnote 3, the words “within one hour of the execution of the trade” with “by no later than 6 pm on the day of the trade”.***

4. ***Paragraph 1.2(3)(c) is changed by replacing footnote 5 by the following:***

⁵ See, for example, section 14.12 of NI 31-103 and IIROC Member Rule 200.1(h)..

5. ***Subsection 1.3(1) (including footnotes) is replaced by the following (including a footnote):***

(1) *Clearing agency*

While the terms “clearing agency” and “recognized clearing agency” are generally defined in securities legislation,⁶ we have defined *clearing agency* for the purposes of the Instrument to narrow its scope to a recognized clearing agency that operates as a securities settlement system. The term *securities settlement system* is defined in National Instrument 24-102 *Clearing Agency Requirements* as a system that enables securities to be transferred and settled by book entry according to a set of predetermined multilateral rules. Today, the definition of *clearing agency* in the Instrument applies to CDS Clearing and Depository Services Inc. (CDS). For the purposes of the Instrument, a clearing agency includes, in Québec, a clearing house and settlement system within the meaning of the *Securities Act* (Québec). See subsection 1.2(2). [footnote 6: See, for example, s. 1(1) of the *Securities Act* (Ontario).].

6. ***Subsection 1.3(4) is changed by replacing the words “the Joint Regulatory Financial Questionnaire and Report of the Canadian SROs” with “IIROC Form 1, Part II”.***

7. ***Section 2.2 is changed by***

(a) ***adding “Eastern Time” after “12p.m. (noon)”***,

- (b) deleting the second and third sentences, and**
- (c) adding after the first sentence the following new sentence (including a footnote):**

The policies and procedures requirement of Part 3 of the Instrument is consistent with the overarching obligation of a registered firm to manage the risks associated with its business in accordance with prudent business practices.⁷ [footnote 7: See s. 11.1 of NI 31-103, which requires registered firms to establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to manage the risks associated with their business in accordance with prudent business practices.]

8. Section 3.1 is changed by

- (a) replacing in paragraph (a), the words “a percentage target of the DAP/RAP trades” with “90 percent of the DAP/RAP trades (by volume and value)”, and**
- (b) replacing the first word “They...” in the second sentence of paragraph (b) with the following:**

DAP/RAP trades in exchange-traded funds are reportable in the equities category of DAP/RAP trades.

Form 24-101F1 should only be submitted for DAP/RAP trades for the type of security (equity or debt) that did not meet the 90 percent threshold by the relevant timeline. If a registered firm does not meet the threshold for both equity and debt DAP/RAP trades, then it should submit the Form for both equity and debt DAP/RAP trades (i.e., by completing both tables in Exhibit A of Form 24-101F1). If the firm does not meet the threshold only for one type of security (i.e., for equity but not debt, or for debt but not equity), it should only submit the Form for the one type of security, by completing only one of the tables in Exhibit A of Form 24-101F1. A registered firm ...

9. Paragraph 3.2(b) is changed by

- (a) replacing the first sentence with the following:**

The Canadian securities regulatory authorities may consider the consistent inability to meet the matching percentage target as evidence that either the policies and procedures of one or more of the trade matching parties have not been properly designed or, if properly designed, have been inadequately complied with., **and**

- (b) replacing, in the second sentence, the word “will” with “may”.**

10. **Section 3.3 is changed by replacing “participants or users/subscribers” with “participants, users or subscribers”.**
11. **Section 3.4 is changed by replacing “may” with “are encouraged to”.**
12. **Subsection 4.1(1) is changed by**
 - (a) **replacing the first word (“The...”) in the second sentence with the following “For the purposes of the Instrument, the...”, and**
 - (b) **adding the following text (including a footnote) after the last sentence:**

In Québec, a person or company that seeks to provide centralized facilities for matching must, in addition to the requirements of the Instrument, apply for recognition as a matching service utility or for an exemption from the requirement to be recognized as a matching service utility pursuant to the *Securities Act* (Québec) or *Derivatives Act* (Québec). In certain other jurisdictions, in addition to the requirements of the Instrument, such person or company may be required to apply either for recognition as a clearing agency or for an exemption from the requirement to be recognized as a clearing agency.¹⁰ [footnote 10: See, for example, the scope of the definition of “clearing agency” in s. 1(1) of the *Securities Act* (Ontario), which includes providing centralized facilities “for comparing data respecting the terms of settlement of a trade or transaction”.].
13. **Section 4.2 is changed by replacing “Sections 6.1(1) and 10.2(4) of the Instrument require ...” with “Subsection 6.1(1) of the Instrument requires”.**
14. **Section 5.1 is changed by**
 - (a) **replacing “T+3” with “T+2”, and**
 - (b) **renumbering footnote 10 to 11.**
15. This Document becomes effective on the same day as the instrument amending National Instrument 24-101 *Institutional Trade Matching and Settlement* (see Annex C of this Notice) becomes effective.