

# CANADIAN SECURITIES ADMINISTRATORS' REQUEST FOR COMMENT

## PROPOSED NATIONAL INSTRUMENT 24-101 INSTITUTIONAL TRADE MATCHING AND SETTLEMENT

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**PROPOSED  
NATIONAL INSTRUMENT 24-101  
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT**

**PART 1      DEFINITIONS AND INTERPRETATION**

**1.1      Definitions —**

In this Instrument,

“custodian” means a person or company<sup>1</sup> that holds securities for the benefit of another under a custodial agreement, but does not include a registered dealer;<sup>2</sup>

“DAP or RAP trade” means a trade in a security for which settlement is made on a delivery against payment or receipt against payment basis;

“institutional investor” means

- (a) a person or company, other than an individual, that has net investment assets of at least \$10,000,000 as shown on its most recently prepared financial statements, or
- (b) a person or company that holds securities through a custodian;

“marketplace” has the same meaning as in National Instrument 21-101 *Marketplace Operation*;

“matching service utility” means a person or company that provides centralized facilities for matching, but does not include

- (a) a regulated clearing agency, or
- (b) an exchange, stock exchange or quotation and trade reporting system that is recognized or authorized by a securities regulatory authority<sup>3</sup> to carry on business as an exchange, stock exchange or quotation and trade reporting system or that is exempted by a securities regulatory authority from a requirement under securities legislation<sup>4</sup> to be so recognized or authorized;

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<sup>1</sup> The term “person or company” is defined for clarification in certain jurisdictions in National Instrument 14-101 — *Definitions*.

<sup>2</sup> This definition of custodian is derived in part from the definition found in OSC Rule 14-501 - *Definitions*.

<sup>3</sup> The term “securities regulatory authority” is defined in National Instrument 14-101 — *Definitions*.

<sup>4</sup> The term “securities legislation” is defined in National Instrument 14-101 — *Definitions*.

“regulated clearing agency” means,

- (a) in Ontario, a clearing agency<sup>5</sup> recognized by the securities regulatory authority under section 21.2 of the *Securities Act* (Ontario),
- (b) in Quebec, a clearing agency for securities authorized by the securities regulatory authority, and
- (c) in every other jurisdiction,<sup>6</sup> a clearing agency that is subject to regulation under the securities legislation of another jurisdiction in Canada;<sup>7</sup>

“self-regulatory entity” has the same meaning as in National Instrument 21-101 *Marketplace Operation*;

“settlement day” means a day on which deliveries of securities and payments of money may be made through the facilities of a regulated clearing agency;

“trade-matching party” means, in relation to a trade executed with or on behalf of an institutional investor,

- (a) a registered adviser acting for the institutional investor in the trade,
- (b) if a registered adviser is not acting for the institutional investor in the trade, the institutional investor,
- (c) a registered dealer executing or clearing the trade, or
- (d) a custodian of the institutional investor settling the trade;

“T” means the day on which a trade is executed;

“T+1” means the next settlement day following the day on which a trade is executed.

## **1.2 Interpretation — trade matching and Eastern Time —**

- (1) In this Instrument, 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.

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<sup>5</sup> The term “clearing agency” is defined in the securities legislation of certain jurisdictions (see, for example, s. 1(1) of the *Securities Act* (Ontario)).

<sup>6</sup> The term “jurisdiction” is defined in National Instrument 14-101 — Definitions.

<sup>7</sup> The Canadian Depository for Securities Limited (CDS) is recognized as a clearing agency for securities in Ontario and as a self-regulatory organization in Quebec. No other CSA jurisdiction regulates CDS.

- (2) A reference to a time in this Instrument is to Eastern Time.

## **PART 2 APPLICATION**

**2.1** This Instrument does not apply to

- (a) a distribution of a security,
- (b) a trade in a security of a mutual fund to which National Instrument 81-102—*Mutual Funds* applies,
- (c) a trade in a security to be settled outside Canada, or
- (d) a trade in an option or futures contract that is cleared through a clearing house.

## **PART 3 TRADE MATCHING REQUIREMENTS**

**3.1 Matching deadlines for registered dealer —**

A registered dealer shall not execute a DAP or RAP trade with or on behalf of an institutional investor unless the dealer has established reasonable policies and procedures to achieve matching as soon as practicable after the trade has been executed and in any event no later than

- (a) 7:30 p.m. on T if the trade is executed before 4:30 p.m., or
- (b) 7:30 p.m. on T+1 if the trade is executed after 4:30 p.m.

**3.2 Compliance agreement or signed written statement —**

A registered dealer shall not open an account to execute a DAP or RAP trade for an institutional investor or accept an order to execute a DAP or RAP trade for the account of an institutional investor unless each trade-matching party has either

- (a) entered into a written agreement with the dealer that sets out the roles and responsibilities of the trade-matching parties in the matching of trades, and includes, without limitation, a term by which the trade-matching parties agree to establish policies and procedures to achieve matching as soon as practicable after the trade is executed and in any event no later than
  - (i) 7:30 p.m. on T if the trade is executed before 4:30 p.m., or
  - (ii) 7:30 p.m. on T+1 if the trade is executed after 4:30 p.m., or

- (b) provided a signed written statement to the dealer that confirms that the trade-matching party has established policies and procedures to achieve matching as soon as practicable after the trade is executed and in any event no later than
  - (i) 7:30 p.m. on T if the trade is executed before 4:30 p.m., or
  - (ii) 7:30 p.m. on T+1 if the trade is executed after 4:30 p.m.

### **3.3 Matching deadlines for registered adviser —**

A registered adviser shall not give an order to a dealer to execute a DAP or RAP trade on behalf of an institutional investor unless the adviser has established reasonable policies and procedures to achieve matching as soon as practicable after the trade is executed and in any event no later than

- (a) 7:30 p.m. on T if the trade is executed before 4:30 p.m., or
- (b) 7:30 p.m. on T+1 if the trade is executed after 4:30 p.m.

### **3.4 Compliance agreement or signed written statement —**

A registered adviser shall not open an account to execute a DAP or RAP trade for an institutional investor or give an order to a dealer to execute a DAP or RAP trade for the account of an institutional investor unless each trade-matching party has either

- (a) entered into a written agreement with the adviser that sets out the roles and responsibilities of the trade-matching parties in the matching of trades, and includes, without limitation, a term by which the trade-matching parties agree to establish policies and procedures to achieve matching as soon as practicable after the trade is executed and in any event no later than
  - (i) 7:30 p.m. on T if the trade is executed before 4:30 p.m., or
  - (ii) 7:30 p.m. on T+1 if the trade is executed after 4:30 p.m., or
- (b) provided a signed written statement to the adviser that confirms that the trade-matching party has established policies and procedures to achieve matching as soon as practicable after the trade is executed and in any event no later than
  - (i) 7:30 p.m. on T if the trade is executed before 4:30 p.m., or

- (ii) 7:30 p.m. on T+1 if the trade is executed after 4:30 p.m.

#### **PART 4 REPORTING REQUIREMENT FOR REGISTRANTS**

- 4.1** A registrant shall file a completed Form 24-101F1 no later than 45 days after the end of a calendar quarter if
- (a) less than 98 percent of the DAP or RAP trades executed by or for the registrant during the quarter matched within the time required in Part 3; or
  - (b) the DAP or RAP trades executed by or for the registrant during the quarter that matched within the time required in Part 3 represent less than 98 percent of the aggregate value of the securities purchased and sold in those trades.

#### **PART 5 REPORTING REQUIREMENTS FOR REGULATED CLEARING AGENCIES**

- 5.1** A regulated clearing agency shall file a completed Form 24-101F2 no later than 30 days after the end of a calendar quarter.

#### **PART 6 REQUIREMENTS FOR MATCHING SERVICE UTILITIES**

##### **6.1 Initial filing —**

- (1) A person or company shall not carry on business as a matching service utility unless
  - (a) the person or company has filed a completed Form 24-101F3; and
  - (b) at least 90 days have passed since the person or company filed the completed Form 24-101F3.
- (2) During the 90 day period referred to in subsection (1), a person or company that files Form 24-101F3 shall inform in writing the securities regulatory authority immediately of any significant change to the information provided in Form 24-101F3 and the person or company shall file an amendment to the information provided in Form 24-101F3 in the manner set out in Form 24-101F3 no later than seven days after a change takes place.

##### **6.2 Anticipated change to operations —**

At least 45 days before implementing a significant change involving a matter set out in Form 24-101F3, a matching service utility shall file an amendment to the information provided in Form 24-101F3 in the manner set out in Form 24-101F3.

### **6.3 Ceasing to carry on business as a matching service utility —**

- (1) If a matching service utility intends to cease carrying on business as a matching service utility, the matching service utility shall file a report on Form 24-101F4 at least 30 days before ceasing to carry on that business.
- (2) If a matching service utility involuntarily ceases to carry on business as a matching service utility, the matching service utility shall file a report on Form 24-101F4 as soon as practicable after it ceases to carry on that business.

### **6.4 Ongoing filing and record keeping —**

- (1) A matching service utility shall file a completed Form 24-101F5 no later than 30 days after the end of a calendar quarter.
- (2) A matching service utility shall keep such books, records and other documents as are reasonably necessary for the proper recording of its business.

### **6.5 System requirements —**

For all of its core systems supporting the matching of trades, a matching service utility shall

- (a) consistent with prudent business practice, on a reasonably frequent basis, and, in any event, at least annually,
  - (i) make reasonable current and future capacity estimates,
  - (ii) conduct capacity stress tests of those systems to determine the ability of the systems to process transactions in an accurate, timely and efficient manner,
  - (iii) implement reasonable procedures to review and keep current the testing methodology of those systems,
  - (iv) review the vulnerability of those systems and data centre computer operations to internal and external threats, including breaches of security, physical hazards and natural disasters, and
  - (v) maintain adequate contingency and business continuity plans;
- (b) annually cause to be performed an independent review and written report, in accordance with generally accepted auditing standards, of the stated internal control objectives of those systems; and

- (c) promptly notify the securities regulatory authority of
  - (i) a material failure of those systems, and
  - (ii) a material change to those systems.

## **PART 7 TRADE SETTLEMENT**

### **7.1 Trade settlement by registered dealer —**

- (1) A registered dealer shall not execute a trade unless the dealer has established reasonable policies and procedures to facilitate settlement of the trade on a date that is no later than the standard settlement date for the type of security traded prescribed by a self-regulatory entity.
- (2) Subsection (1) does not apply to a trade in respect of which terms of settlement have been expressly agreed to by the counterparties to the trade at or before the trade was executed.

## **PART 8 EQUIVALENT REQUIREMENTS OF SELF-REGULATORY ENTITIES AND OTHERS**

- 8.1** A regulated clearing agency, marketplace or matching service utility shall have rules or other instruments to promote compliance by its members, participants or users with the requirements of Parts 3 and 7.
- 8.2** A member of a self-regulatory entity may comply with a requirement of this Instrument by complying with a rule or other instrument of the self-regulatory entity dealing with the same subject matter as that requirement that has been approved by a securities regulatory authority and published by the self-regulatory entity.

## **PART 9 EXEMPTION**

### **9.1 Exemption —**

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite



the name of the local jurisdiction.

## **PART 10 EFFECTIVE DATE AND TRANSITION**

**10.1 Effective date** — This Instrument comes into force on July 1, 2006.

### **10.2 Transition —**

- (1) A reference to “7:30 p.m. on T” in sections 3.1(a), 3.2(a)(i) and (b)(i), 3.3(a), and 3.4(a)(i) and (b)(i) shall each be read as a reference to:
  - (a) “12:00 p.m. (Noon) on T+1”, for trades executed after December 31, 2006 but before July 1, 2007.
- (2) A reference to “98 percent” in sections 4.1(a) and (b) shall each be read as a reference to:
  - (a) “70 percent”, for trades executed after December 31, 2006, but before July 1, 2007,
  - (b) “80 percent”, for trades executed after June 30, 2007, but before January 1, 2008, and
  - (c) “90 percent”, for trades executed after December 31, 2007, but before July 1, 2008.

**NATIONAL INSTRUMENT 24-101  
(the "Instrument")**

**FORM 24-101F1**

**REGISTRANT  
EXCEPTION REPORT OF  
DAP OR RAP TRADE MATCHING**

**CALENDAR QUARTER PERIOD COVERED:**

From: \_\_\_\_\_ to: \_\_\_\_\_

**REGISTRANT IDENTIFICATION AND CONTACT INFORMATION:**

1. Full name of registrant (if sole proprietor, last, first and middle name):
2. Name(s) under which business is conducted, if different from item 1:
3. Address of registrant's principal place of business:
4. Mailing address, if different from business address:
5. Type of business:  Dealer  Adviser
6. Category of registration:
7. Registrant NRD number:
8. Contact employee name:  
Telephone number:  
E-mail address:

**INSTRUCTIONS:**

File this form together with Exhibits A and B pursuant to section 4.1 of the Instrument, covering the calendar quarter indicated above, within 45 days of the end of the calendar quarter if

- (a) less than 98 percent\* of the DAP or RAP trades executed by or for you during the quarter matched within the time\*\* required in Part 3 of the Instrument, or
- (b) the DAP or RAP trades executed by or for you during the quarter that matched within the time\*\* required in Part 3 of the Instrument represent less than 98 percent\* of the aggregate value of the securities purchased and sold in those trades.

Determine the percentages above separately for (i) DAP or RAP trades that are settled by custodians on behalf of institutional investors and (ii) DAP or RAP trades that are settled by registered dealers on behalf of institutional investors.

***Transition***

\* This percentage is effective as of July 1, 2008, and is being gradually phased-in for trades executed after the Instrument comes into force on July 1, 2006 and before July 1, 2008 as follows:

- (a) for trades executed after December 31, 2006, but before July 1, 2007, the percentage is 70 percent,
- (b) for trades executed after June 30, 2007, but before January 1, 2008, the percentage is 80 percent, and
- (c) for trades executed after December 31, 2007, but before July 1, 2008, the percentage is 90 percent.

See transitional provisions in Part 10 of the Instrument.

\*\* The timelines set out in Part 3 of the Instrument are:

7:30 p.m. on T if the trade was executed before 4:30 p.m., or

7:30 p.m. on T+1 if the trade was executed after 4:30 p.m.

These timelines are effective as of July 1, 2007. During a transitional phase, certain longer timelines are permitted for trades executed after the Instrument comes into force on July 1, 2006 and before July 1, 2007. If a trade is executed before 4:30 p.m., the transitional timeline is:

12:00 p.m. (Noon) on T+1, for trades executed after December 31, 2006 but before July 1, 2007.

See transitional provisions in Part 10 of the Instrument.

**EXHIBITS:**

**Exhibit A – Reasons for non-compliance**

Describe the circumstances or underlying causes that resulted in or contributed to the failure to achieve the percentage target for matched DAP or RAP trades within the maximum time prescribed by Part 3 of the Instrument.

**Exhibit B – Steps to address delays**

Describe what specific steps you are taking to resolve delays in the trade reporting and matching process in the future. Indicate when each of these steps is expected to be implemented.

## CERTIFICATE OF REGISTRANT

The undersigned certifies that the information given in this report on behalf of the registrant is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
(Name of registrant - type or print)

\_\_\_\_\_  
(Name of director, officer or partner - type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - type or print)

**NATIONAL INSTRUMENT 24-101  
(the "Instrument")**

**FORM 24-101F2**

**REGULATED CLEARING AGENCY  
QUARTERLY OPERATIONS REPORT OF  
INSTITUTIONAL TRADE REPORTING AND MATCHING**

**CALENDAR QUARTER PERIOD COVERED:**

From: \_\_\_\_\_ to: \_\_\_\_\_

**IDENTIFICATION AND CONTACT INFORMATION:**

1. Full name of regulated clearing agency:
2. Name(s) under which business is conducted, if different from item 1:
3. Address of regulated clearing agency's principal place of business:
4. Mailing address, if different from business address:
5. Contact employee name:

Telephone number:

E-mail address:

**INSTRUCTIONS:**

File this form together with all exhibits pursuant to section 5.1 of the Instrument, covering the calendar quarter indicated above, within 30 days of the end of the calendar quarter.

Exhibits shall be provided in an electronic file, in the following file format: "CSV" (Comma Separated Variable) (e.g., the format produced by Microsoft Excel).

**EXHIBITS:**

**1. DATA REPORTING**

**Exhibit A – Operating Data**

For client trades with a T+3 settlement period, provide the information to complete Tables 1 and 2 below for each month in the quarter. Complete separate Tables 1 and 2 for client trades settled (i) by a custodian on behalf of an institutional investor and (ii) by a dealer on behalf of an institutional investor. These two tables can be integrated into one report. Provide separate aggregate information for trades that have been reported or entered into your facilities as matched trades by a matching service utility or other service provider.

Month/Year: \_\_\_\_\_ (MMM/YYYY)

Table 1—Entered:

	<u>CAD Equity</u>		<u>USD Equity</u>		<u>CAD Debt</u>		<u>USD Debt</u>	
	#	\$	#	\$	#	\$	#	\$
T								
T+1								
T+2								
T+3								
>T+3								

Table 2—Matched:

	<u>CAD Equity</u>		<u>USD Equity</u>		<u>CAD Debt</u>		<u>USD Debt</u>	
	#	\$	#	\$	#	\$	#	\$
T								
T+1								
T+2								
T+3								
>T+3								

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**Legend**

- (#) is the total number of transactions in the month;
- (\$) is the total value of the transactions (purchases and sales) in the month;
- "T" is the day on which a trade is executed;
- "T+1" is the next settlement day following T;
- "T+2" is the second settlement day following T;
- "T+3" is the third settlement day following T.

**Exhibit B - Exceptions**

Using the format below, for each participant of the regulated clearing agency provide the percent of client trades during the quarter that have been entered and matched by the participant within the time required in Part 3 of the Instrument. The percentages given should relate to both the number of client trades that have been matched within the time and the aggregate value of the securities purchased and sold in the client trades that have been matched within the time.

Determine the percentages below separately for client trades settled (i) by a custodian on behalf of an institutional investor and (ii) by a dealer on behalf of an institutional investor.

	<b>Percentage matched within timelines</b>	
<u>Participant</u>	<u>By # of transactions</u>	<u>By value</u>



## **CERTIFICATE OF REGULATED CLEARING AGENCY**

The undersigned certifies that the information given in this report on behalf of the regulated clearing agency is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
(Name of regulated clearing agency - type or print)

\_\_\_\_\_  
(Name of director, officer or partner - type or print)

\_\_\_\_\_  
(Signature of director or officer)

\_\_\_\_\_  
(Official capacity - type or print)

**NATIONAL INSTRUMENT 24-101  
(the "Instrument")**

**FORM 24-101F3**

**MATCHING SERVICE UTILITY  
NOTICE OF OPERATIONS**

**DATE OF COMMENCEMENT INFORMATION:**

Effective date of commencement of operations: \_\_\_\_\_ (DD/MMM/YYYY)

**TYPE OF FILING:**             INITIAL SUBMISSION             AMENDMENT

**MATCHING SERVICE UTILITY IDENTIFICATION AND CONTACT INFORMATION:**

1. Full name of matching service utility:
2. Name(s) under which business is conducted, if different from item 1:
3. Address of matching service utility's principal place of business:
4. Mailing address, if different from business address:
5. Contact employee name:  
Telephone number:  
E-mail address:
6. Legal counsel:  
Firm name:  
Telephone number:  
E-mail address:

**GENERAL INFORMATION:**

7. Website address:
8. Date of financial year-end: \_\_\_\_\_ (DD/MMM/YYYY)
9. Indicate the form of your legal status (e.g., corporation, limited or general partnership), the date of formation, and the jurisdiction under which you were formed:

Legal status:             CORPORATION                       PARTNERSHIP  
                                  OTHER (SPECIFY):

(a) Date of formation: \_\_\_\_\_ (DD/MMM/YYYY)

(b) Jurisdiction and manner of formation:

10. From the following list, specify the types of securities for which information will be received and processed by you for transmission of matched trades to a regulated clearing agency.

(a) Exchange-traded securities:

<u>Domestic traded</u>	<u>Foreign traded</u>
<input type="radio"/> EQUITY SECURITIES	<input type="radio"/> EQUITY SECURITIES
<input type="radio"/> DEBT SECURITIES	<input type="radio"/> DEBT SECURITIES

(b) OTC securities:  EQUITY  
 GOVERNMENT DEBT  
 CORPORATE DEBT

(c) Specify other types of securities:

## INSTRUCTIONS:

File this form together with all exhibits pursuant to section 6.1 of the Instrument.

For each exhibit, include your name, the date of filing of the exhibit and the date as of which the information is accurate (if different from the date of the filing). If any exhibit required is not applicable, a full statement describing why the exhibit is not applicable shall be furnished in lieu of the exhibit.

If you are filing an amendment to Form 24-101F3 pursuant to section 6.1(2) or 6.2 of the

Instrument, and the amended information relates to an exhibit that was filed with such form, you shall provide a description of the change and complete and file an updated exhibit. Significant changes to the information in this form should be briefly noted in the quarterly filing of Form 24-101F5.

## **EXHIBITS:**

### **1. CORPORATE GOVERNANCE**

#### **Exhibit A - Constatng documents**

Provide a copy of your constating documents, including corporate by-laws and other similar documents, as amended from time to time.

#### **Exhibit B – Ownership**

List any person or company that owns 10 percent or more of your voting securities or that, either directly or indirectly, through agreement or otherwise, may control your management. Provide the full name and address of each person or company and attach a copy of the agreement or, if there is no written agreement, briefly describe the agreement or basis through which the person or company exercises or may exercise control or direction.

#### **Exhibit C – Officials**

Provide a list of the partners, officers, directors or persons performing similar functions who presently hold or have held their offices or positions during the current and previous calendar year, indicating the following for each:

1. Name.
2. Title.
3. Dates of commencement and expiry of present term of office or position and length of time the office or position held.
4. Type of business in which each is primarily engaged and current employer.
5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.
6. Whether the person is considered to be an independent director.

#### **Exhibit D - Organizational structure**

Provide a narrative or graphic description of your organizational structure.

#### **Exhibit E - Affiliated entities**

For each person or company affiliated to you, provide the following information:

1. Name and address of affiliated entity.
2. Form of organization (e.g., association, corporation, partnership)
3. Name of jurisdiction and statute under which organized.
4. Date of incorporation in present form.
5. Brief description of nature and extent of affiliation or contractual or other agreement with you.
6. Brief description of business services or functions.
7. If a person or company has ceased to be affiliated with you during the previous year or ceased to have a contractual or other agreement relating to your operations during the previous year, provide a brief statement of the reasons for termination of the relationship.

## **2. FINANCIAL VIABILITY**

### **Exhibit F - Audited financial statements**

Provide your audited financial statements for the latest financial year and a report prepared by an independent auditor.

## **3. FEES**

### **Exhibit G – Fee list, fee structure**

Provide a complete list of all fees and other charges imposed, or to be imposed, by you for use of your services as a matching service utility, including the cost of establishing a connection to your systems.

## **4. ACCESS**

### **Exhibit H – Users**

Provide a list of all users or subscribers for which you propose to provide the services of a matching service utility. Identify the type(s) of business of each user or subscriber (e.g., custodian, dealer, advisor or other party).

If applicable, for each instance during the past year in which any user or subscriber of your services has been prohibited or limited in respect of access to such services, indicate the name of each such user or subscriber and the reason for the prohibition or limitation.

### **Exhibit I - User contract**

Provide a copy of each form of agreement governing the terms by which users or

subscribers may subscribe to your services of a matching service utility.

## **5. SYSTEMS AND OPERATIONS**

### **Exhibit J - System description**

Describe the manner of operation of your systems for performing your services of a matching service utility (including, without limitation, systems that collect and process trade execution details and settlement instructions for matching of trades). This description should include the following:

1. The hours of operation of the systems, including communication with a regulated clearing agency.
2. Locations of operations and systems (e.g., countries and cities where computers are operated, primary and backup).
3. A brief description in narrative form of each service or function performed by you.

## **6. SYSTEMS COMPLIANCE**

### **Exhibit K - Security**

Provide a brief description of the processes and procedures implemented by you to provide for the security of any system used to perform your services of a matching service utility.

### **Exhibit L - Capacity planning and measurement**

1. Provide a brief description of capacity planning/performance measurement techniques and system and stress testing methodologies.
2. Provide a brief description of testing methodologies with users or subscribers. For example, when are user/subscriber tests employed? How extensive are these tests?

### **Exhibit M - Business continuity**

Provide a brief description of your contingency and business continuity plans in the event of a catastrophe.

### **Exhibit N – Material systems failures and changes**

Provide a brief description of policies and procedures in place for reporting to regulators material systems failures and changes. Material systems failures include serious incidents that result in the interruption of the matching of trades for more than thirty minutes during

normal business hours.

### **Exhibit O - Independent systems audit**

1. Briefly describe your plans to provide an annual independent audit of your systems.
2. If applicable, provide a copy of the last external systems operations audit report.

### **7. INTER-OPERABILITY**

#### **Exhibit P – Inter-operability agreements**

List all other matching service utilities for which you have entered into an *inter-operability* agreement. Provide a copy of all such agreements.

### **8. OUTSOURCING**

#### **Exhibit Q - Outsourcing firms**

For each person or company (outsourcing firm) with whom or which you have an outsourcing agreement or arrangement relating to your services of a matching service utility, provide the following information:

1. Name and address of the outsourcing firm.
2. Brief description of business services or functions of the outsourcing firm.
3. Brief description of the outsourcing firm's contingency and business continuity plans in the event of a catastrophe.

### **9. CONFIDENTIALITY**

Label all confidential material as "**Confidential**". In submissions, do not include detailed, sensitive operational security information.

## CERTIFICATE OF MATCHING SERVICE UTILITY

The undersigned certifies that the information given in this report on behalf of the matching service utility is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_

\_\_\_\_\_  
(Name of matching service utility - type or print)

\_\_\_\_\_  
(Name of director, officer or partner - type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - type or print)



**NATIONAL INSTRUMENT 24-101  
(the "Instrument")**

**FORM 24-101F4**

**MATCHING SERVICE UTILITY  
NOTICE OF CESSATION OF OPERATIONS**

**DATE OF CESSATION INFORMATION:**

Type of filing:             VOLUNTARY CESSATION  
                                  INVOLUNTARY CESSATION

Effective date of operations cessation: \_\_\_\_\_ (DD/MMM/YYYY)

**MATCHING SERVICE UTILITY IDENTIFICATION AND CONTACT INFORMATION:**

1. Full name of matching service utility:
2. Name(s) under which business is conducted, if different from item 1:
3. Address of matching service utility's principal place of business:
4. Mailing address, if different from business address:
5. Legal counsel:  
Firm name:  
Telephone number:  
E-mail address:

**INSTRUCTIONS:**

File this form together with all exhibits pursuant to section 6.3 of the Instrument.

For each exhibit, include your name, the date of filing of the exhibit and the date as of which the information is accurate (if different from the date of the filing). If any exhibit required is

not applicable, a full statement describing why the exhibit is not applicable shall be furnished in lieu of the exhibit.

**EXHIBITS:**

**Exhibit A**

Provide the reasons for your cessation of business.

**Exhibit B**

Provide a list of all the users or subscribers for which you provided services during the last 30 days prior to you ceasing business. Identify the type(s) of business of each user or subscriber (e.g., custodian, dealer, adviser, or other party).

**Exhibit C**

List all other matching service utilities for which an *interoperability* agreement was in force immediately prior to cessation of business.

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DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_

\_\_\_\_\_  
(Name of matching service utility - type or print)

\_\_\_\_\_  
(Name of director, officer or partner - type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - type or print)

**NATIONAL INSTRUMENT 24-101  
(the "Instrument")**

**FORM 24-101F5**

**MATCHING SERVICE UTILITY  
QUARTERLY OPERATIONS REPORT OF  
INSTITUTIONAL TRADE REPORTING AND MATCHING**

**CALENDAR QUARTER PERIOD COVERED:**

From: \_\_\_\_\_ to: \_\_\_\_\_

**MATCHING SERVICE UTILITY IDENTIFICATION AND CONTACT INFORMATION:**

1. Full name of matching service utility:
2. Name(s) under which business is conducted, if different from item 1:
3. Address of matching service utility's principal place of business:
4. Mailing address, if different from business address:
5. Contact employee name:

Telephone number:

E-mail address:

**INSTRUCTIONS:**

File this form together with all exhibits pursuant to section 6.4 of the Instrument, covering the calendar quarter indicated above, within 30 days of the end of the calendar quarter.

Exhibits shall be reported in an electronic file, in the following format: "CSV" (Comma Separated Variable) (e.g., the format produced by Microsoft Excel).

If any information specified is not available, a full statement describing why the information is not available shall be separately furnished.



Table 2—Matched:

	<u>CAD Equity</u>		<u>USD Equity</u>		<u>CAD Debt</u>		<u>USD Debt</u>	
	#	\$	#	\$	#	\$	#	\$
T								
T+1								
T+2								
T+3								
>T+3								

**Legend**

- (#) is the total number of transactions in the month;
- (\$) is the total value of the transactions (purchases and sales) in the month;
- "T" is the day on which a trade is executed;
- "T+1" is the next settlement day following T;
- "T+2" is the second settlement day following T;
- "T+3" is the third settlement day following T.

**Exhibit E - Exceptions**

Using the format below, provide the percent of trades during the quarter for each user or subscriber that have been entered and matched within the time required in Part 3 of the Instrument. The percentages given should relate to both the number of trades that have been matched within the time and the aggregate value of the securities purchased and sold in the trades that have been matched within the time.

<b>Percentage matched within timelines</b>
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<u>User/ Subscriber</u>	<u>By # of transactions</u>	<u>By value</u>

#### 4. CONFIDENTIALITY

Label all confidential material as "**Confidential**". In submissions, do not include detailed and sensitive operational security information. No information under Exhibits D and E will be considered confidential.

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DATED at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
(Name of matching service utility- type or print)

\_\_\_\_\_  
(Name of director, officer or partner - type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - type or print)