



April 25, 2007

TO: All Banks
Trust and Loan Companies
Life Insurance Companies
Fraternal Benefit Societies
Property and Casualty Insurance Companies
Co-operative Credit Associations
Trustees and Sponsors of Federally Regulated Pension Plans

Attention: Chief Executive Officer

All Foreign Bank Branches
Foreign Life Insurance Companies
Foreign Fraternal Benefit Societies
Foreign Property and Casualty Insurance Companies

Attention: Principal Officer/Chief Agent

RE: Institutional Trade Matching in a Straight-Through Processing Environment

We would like to bring to your attention National Instrument 24-101 *Institutional Trade Matching and Settlement* (NI 24-101) of the Canadian Securities Administrators (CSA), which came into force on April 1, 2007. The central feature of NI 24-101 is to require that market participants establish, maintain and enforce policies and procedures designed to achieve matching of institutional trades by no later than the end of the day on which the trade was executed or "T". Commencing October 1, 2007, the relevant parties to the matching process will need to execute agreements or state in documentation that they have such policies and procedures in place. The rule that mandates matching on T is being gradually phased in over approximately a three-year period.

NI 24-101 will affect federally regulated financial institutions (FRFIs) and affiliates of FRFIs that are market participants, engage in trading activities or hold investment assets as custodians for institutional investors and pension plans. We appreciate that many FRFIs, affiliates of FRFIs, and pension plans have been devoting significant

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resources to achieving necessary efficiencies in their operations. We encourage FRFIs and pension plans, in particular those that are directly affected by NI 24-101, to pay close attention to the new rule.

Key highlights of NI 24-101 can be found on the Web site of the Canadian Capital Markets Association (CCMA) at:

In English: http://www.ccma-acmc.ca/en/key_priorities/national24101.html

In French: http://www.ccma-acmc.ca/fr/key_priorities/national24101.html

An *English* version of NI 24-101 can be found on the Web site of the Ontario Securities Commission (OSC) at:

http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part2/csa_20070112_24-101_ni-trade-match.pdf

A *French* version of NI 24-101 can be found on the Web site of the Autorité des marchés financiers (AMF) at:

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

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

Robert Hanna
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Regulation Sector