

**CSA Multilateral Notice and Request for Comments**  
**Proposed Amendments to Multilateral Instrument 96-101**  
*Trade Repositories and Derivatives Data Reporting*  
**and**  
**Proposed Changes to Companion Policy 96-101CP**  
*Trade Repositories and Derivatives Data Reporting*

**February 16, 2016**

## **Introduction**

The securities regulatory authorities (each an **Authority** and collectively the **Authorities** or **we**) in Alberta, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan and Yukon (together with the British Columbia Securities Commission, the **Participating Jurisdictions**) are publishing the following for a 60-day comment period expiring April 17, 2016:

- proposed amendments (the **Proposed TR Rule Amendments**) to Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* (the **TR Rule**), and
- proposed changes (the **Proposed TR CP Changes**) to Companion Policy 96-101CP *Trade Repositories and Derivatives Data Reporting* (the **TR CP**).

Together, the Proposed TR Rule Amendments and the Proposed TR CP Changes are referred to as the **Proposed Amendments**. We are issuing this notice to solicit comments on the Proposed Amendments.

While British Columbia Securities Commission is not an Authority publishing the Proposed Amendments under this notice, it anticipates that, subject to receiving the necessary approvals, it will, in the coming weeks, publish for comment proposed amendments to the TR Rule that are identical to the Proposed Amendments described in this notice. The Participating Jurisdictions anticipate that the Proposed Amendments will be fully harmonized.

## **Background**

The Participating Jurisdictions published the TR Rule on January 22, 2016, with an effective date of May 1, 2016 subject to Ministerial approval and legislative amendments in certain participating jurisdictions.

The Proposed Amendments have been developed in cooperation with staff from the securities regulatory authorities in Manitoba, Ontario and Québec. The Proposed Amendments are intended to be substantively harmonized with proposed amendments (collectively, the **Proposed**

**Local TR Rule Amendments**) to corresponding instruments in Manitoba, Ontario and Québec<sup>1</sup> (collectively, the **Local TR Rules**). The Proposed Local TR Rule Amendments were published for comment on November 5, 2015.

In developing the Proposed TR Rule Amendments and the Proposed Local TR Rule Amendments, Canadian Securities Administrators (**CSA**) Derivatives Committee has considered comment letters received in relation to previous publications of the TR Rule.

### *Harmonization*

We intend to work together with staff of the securities regulatory authorities in Manitoba, Ontario and Québec in the context of the CSA Derivatives Committee to review all comments received on the Proposed Amendments and the Proposed Local TR Rule Amendments. Our objective is to seek harmonized amendments in all CSA jurisdictions, in particular with respect to reporting of derivatives between affiliated entities and public dissemination of transaction-level data.

### **Substance and Purpose**

The key objectives of the Proposed TR Rule Amendments are to:

- make explicit the requirement that a local counterparty have a legal entity identifier (**LEI**), and revise the provisions relating to LEIs to reflect international developments;
- provide relief from the reporting obligations under the TR Rule for derivatives between two end-users (i.e., not derivatives dealers or affiliates of derivatives dealers, or clearing agencies or affiliates of clearing agencies) that are affiliated entities if either
  - each is a local counterparty in at least one jurisdiction in Canada, or
  - reporting is done in compliance with equivalent trade reporting laws of specified foreign jurisdictions or under the securities legislation of another jurisdiction of Canada;
- provide a transition period before the reporting obligations under the TR Rule become effective for an end-user that previously qualified for an exclusion from reporting derivatives under the TR Rule and becomes the reporting counterparty for the first time;
- set out the requirements for public dissemination of transaction-level data, balancing the objective of providing price information on the Canadian over-the-counter (**OTC**) derivatives market and the need to preserve the anonymity of counterparties to limit the negative impact of transparency on market participants; and

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<sup>1</sup> Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* and Québec Regulation 91-507 respecting trade repositories and derivatives data reporting, CQLR, c. I-14.01, r. 1.1

- specify certain laws, regulations or instruments of foreign jurisdictions in Appendix B, for the purpose of providing that, for certain derivatives, reporting in compliance with these specified laws, regulations or instruments is deemed to also be in compliance with the reporting obligations under the TR Rule.

The Proposed TR CP Changes correspond to the Proposed TR Rule Amendments.

#### *Implementation*

At present, the TR Rule provides that the reporting obligations for derivatives between affiliated entities and the requirements with respect to public dissemination of transaction-level data do not take effect until January 1, 2017. Staff anticipate making a determination on whether to recommend adoption of the Proposed Amendments by the respective securities regulatory authorities before the provisions relating to the reporting of derivatives between affiliated entities and public dissemination of transaction-level data take effect.

#### **Summary of the Proposed TR Rule Amendments**

##### *(a) Subsection 26(3): Duty to report – substituted compliance for inter-affiliate derivatives*

We are proposing to amend subsection 26(3) to extend the availability of substituted compliance. Local counterparties will be deemed to comply with the TR Rule where a derivative is between affiliated entities that are end-users if the derivative is reported to a trade repository that is recognized in that local jurisdiction and the reporting is done pursuant to trade reporting laws of another jurisdiction of Canada or a foreign jurisdiction specified in Appendix B (**proposed substituted compliance for inter-affiliate derivatives**). This is intended to alleviate the reporting burden for certain derivatives that are reported under prescribed foreign trade reporting legislation. To benefit from substituted compliance, the conditions set out in paragraphs 26(3)(a) through (c) of the TR Rule must be satisfied.

#### *Question:*

1. The corresponding provision in the Proposed Local TR Rule Amendments would make the proposed substituted compliance for inter-affiliate derivatives available to an affiliate of a derivatives dealer or of a clearing agency. Is it appropriate to permit an affiliate of a derivatives dealer or of a clearing agency to avail itself of the proposed substituted compliance for inter-affiliate derivatives?

##### *(b) Subsection 26(4): Duty to report – locations to report data*

We are proposing to amend the requirement under subsection 26(6) of the TR Rule to provide that all derivatives data in respect of a derivative must be reported to the same recognized trade repository, but not necessarily to the recognized trade repository to which the initial report relating to the derivative was made. This amendment is intended to facilitate the porting of derivatives data from one recognized trade repository to another while ensuring that all data relating to a derivative is available in a single facility.

(c) *Section 28: Legal entity identifiers*

The identification of counterparties by LEI is an initiative endorsed by G20 nations and provides a globally recognized and standardised identification system of legal entities engaged in financial transactions. LEIs support authorities and market participants in identifying and managing financial risks and simplify reporting and accessing reported data across jurisdictions.

Under proposed paragraph 28(2)(a), each local counterparty, other than an individual, to a derivative that is required to be reported under the TR Rule would, if eligible, be required to have an LEI issued in accordance with the standards set by the Global LEI System. Absent this proposed requirement, the reporting counterparty would be responsible for ensuring that both counterparties to a derivative were identified using an LEI. Reporting counterparties have indicated that they have encountered challenges in complying with the Local TR Rules as some of their counterparties did not have LEIs. This amendment ensures that all local counterparties to reportable derivatives are under a direct obligation to have an LEI.

Proposed subsection 28(3) would require the reporting counterparty to identify a counterparty that is ineligible to receive an LEI by an alternate identifier. Proposed subsection 28(4) would require a recognized trade repository to identify the counterparty with the alternate identifier supplied by the reporting counterparty.

*Questions:*

2. Proposed subsection 28(2) excludes an individual from the requirement to obtain an LEI. Is it appropriate to exclude individuals from the requirement to obtain an LEI? Please identify and discuss any specific privacy law related concerns.
3. Proposed subsection 28(3) would require the reporting counterparty to identify a counterparty that is ineligible to receive an LEI by an alternate identifier. Proposed subsection 28(4) would require a recognized trade repository to identify a counterparty that is ineligible to receive an LEI with this alternate identifier assigned by the reporting counterparty.
  - a. Is it appropriate to place the responsibility on the reporting counterparty to assign the alternate identifier? Would a recognized trade repository be better situated to assign the alternate identifier?
  - b. Would current practices and technological capabilities permit a recognized trade repository to identify a counterparty by an alternate identifier supplied by the reporting counterparty?
  - c. Would current practices and technological capabilities permit a recognized trade repository to assign an alternate identifier to a counterparty, and to notify the reporting counterparty of the alternate identifier assigned?
4. Requiring a trade repository to identify a counterparty using an alternate identifier supplied by the reporting counterparty may result in a particular counterparty being

identified by different alternate identifiers supplied by multiple reporting counterparties – within a single trade repository’s database and across the databases of multiple trade repositories. Do recognized trade repositories have the technological capability to reconcile, within their own databases, different alternate identifiers that have been reported for a particular counterparty?

(d) *Section 34: Pre-existing derivatives*

The purpose of the proposed amendments to paragraph 34(1)(b) and 34(2)(b) is to correct an error. The proposed amendments reflect our intention that transactions entered into before the reporting obligation commences for new transactions, for which there are contractual obligations outstanding as of a prescribed date, be reported to a recognized trade repository on or before that prescribed date.

(e) *Section 41.1: Derivative between affiliated entities*

We are proposing an exclusion from the reporting requirements in the TR Rule for a derivative between local counterparties that are end-users and that are also affiliated entities (the **proposed exclusion for inter-affiliate derivatives**). We have received feedback that many end-users, trade exclusively with derivatives dealers, other than inter-affiliate derivatives; under the TR Rule, the derivatives dealer would be the reporting counterparty. End-users would then be required to incur the cost of developing reporting systems and subscribing to trade repository services exclusively for the purpose of reporting inter-affiliate derivatives. We have weighed these costs against the benefits of requiring these derivatives to be reported. We think that the primary source of risk to a corporate group may arise from its market-facing derivatives, i.e., derivatives with counterparties that are not affiliated with the corporate group. While inter-affiliate derivative reporting may provide some valuable information regarding the redistribution of risk between affiliated entities, we think this value may be outweighed by the costs of end-users reporting inter-affiliate derivatives where one of the counterparties or another affiliated entity is responsible for the liabilities of the two affiliated counterparties.

The proposed exclusion for inter-affiliate derivatives applies to a derivative involving two affiliated entities where each is a local counterparty in any jurisdiction of Canada. This allows corporate groups with affiliates in Canada to benefit from the exclusion while ensuring that one or more securities regulatory authorities in Canada has access to reports relating to all of the corporate group’s market-facing derivatives, including a market-facing derivative related to the inter-affiliate derivative. This exclusion is also available to affiliates located in foreign jurisdictions that qualify as local counterparties pursuant to paragraph (c) of the definition of “local counterparty”.

The proposed exclusion for inter-affiliate derivatives is not available for inter-affiliate derivatives involving an affiliate that is not a local counterparty pursuant to the trade reporting rules of a jurisdiction of Canada. As discussed above, we think that it is important for securities regulatory authorities in Canada to have a comprehensive view of a corporate group’s exposure to over-the-counter derivatives, and therefore to have access to reports relating to all relevant market-facing derivatives. For example, a corporate group might consolidate its risk

management program by transacting with a third party (e.g., a derivatives dealer) through a single market-facing entity for the corporate group. The market-facing entity might then enter into an identical back-to-back derivative with an affiliated entity to hedge the risk of the affiliated entity. Where both the market-facing entity and the affiliated entity are local counterparties in a jurisdiction of Canada, at least one securities regulatory authority in Canada would have access to reports relating to the market-facing derivative. However, this would not be the case if the market-facing entity was not a local counterparty in a jurisdiction of Canada.

We are interested in hearing market participants' views on whether the combination of the proposed substituted compliance for inter-affiliate derivatives and the proposed exclusion for inter-affiliate derivatives will be effective in reducing the reporting burden for end-users corporate groups with respect to inter-affiliate derivatives.

*Question:*

5. Inter-affiliate derivatives that involve an affiliated entity that is not a local counterparty in a Canadian jurisdiction do not qualify for the proposed exclusion in section 41.1. Would a requirement to report creation data on a quarterly basis, instead of the current creation data reporting requirement, be of significant assistance in reducing the burden with respect to reporting these derivatives?

*(f) Section 44.1: Reporting by a local counterparty that ceases to benefit from an exclusion*

We are proposing a transition period (the **proposed transition period**) for an end-user counterparty that has previously qualified for an exclusion from reporting derivatives under the TR Rule and has not previously acted as the reporting counterparty under the TR Rule or a similar rule in another jurisdiction of Canada. We are aware that some local counterparties may not be required to act as the reporting counterparty for a derivative because they are currently under the \$250 000 000 aggregate month-end gross notional outstanding threshold in the commodity derivative exemption in section 40 of the TR Rule. Additionally, other local counterparties may not be required to act as the reporting counterparty as a result of the proposed exclusion for inter-affiliate derivatives.

For such a local counterparty, the reporting obligations under the TR Rule would become effective 180 days after the date on which the local counterparty no longer qualifies for the relevant exclusion. Immediately following the expiry of the 180-day transition period, the local counterparty would be required to report all of its outstanding derivatives that have not already been reported pursuant to the TR Rule – for example, by its counterparty – as of the date the transition period expires.

We think that 180 days would be a sufficient period of time to prepare for fulfilling the reporting obligations under the TR Rule.

(g) *Section 45: Effective date – Requirement for public dissemination of transaction-level data*

The Authorities are proposing to revise the effective date of subsection 39(3) of the Instrument, which sets out the requirement that a recognized trade repository make transaction-level reports available to the public. Under the Proposed TR Rule Amendments, a recognized trade repository would be required to begin making transaction-level reports publicly available on July 29, 2016. The July 29, 2016 date is the intended start date for transaction-level public dissemination under the Local TR Rules; harmonizing the effective date for public dissemination of transaction-level data will facilitate a single, Canada-wide report of transaction-level data, and will help to mitigate the risk that a particular local counterparty's derivatives activity could be identified within the public reports. We note that the reporting requirements for end-users take effect on November 1, 2016. Derivatives that are subject to the transaction-level public dissemination requirements as set out in subsection 39(3) and proposed Appendix C and that are reported by an end-user would be included in the public dissemination report once they are reported, in accordance with the timing set out in Appendix C.

(h) *Appendix B: Trade Reporting Laws of Foreign Jurisdictions*

Subsection 26(3) provides that, in certain circumstances, a derivative that is reported pursuant to trade reporting laws of a jurisdiction of Canada or a foreign jurisdiction specified in Appendix B to the TR Rule is deemed to comply with the reporting requirements under the TR Rule (**substituted compliance**).

We have proposed to include in Appendix B the European Union (**EU**) trade reporting rules and the U.S. Commodity Futures Trading Commission (**CFTC**) swap data reporting rules. This amendment would permit certain OTC derivatives market participants that are subject to the reporting obligation under the TR Rule to benefit from substituted compliance when they report pursuant to the EU trade reporting rules or the CFTC swap data reporting rules.

The Authorities will review and assess the EU trade reporting rules and the CFTC swap data reporting rules during the comment period and will take into account any comments received.

The inclusion of the EU trade reporting rules and the CFTC swap data reporting rules in Appendix B will harmonize the operation of substituted compliance under the TR Rule with the corresponding provision in the Local TR Rules, and alleviate the burden of certain obligations in the TR Rule on certain market participants. The inclusion does not impose any new obligations on market participants.

(i) *Appendix C: Requirements for the Public Dissemination of Transaction-level Data*

Subsection 39(3) of the TR Rule requires a recognized trade repository to publicly disseminate transaction-level data for certain derivatives reported to it. The TR Rule currently provides that this requirement becomes effective January 1, 2017. Under the Proposed Amendments, this requirement would become effective approximately 5 months earlier, on July 29, 2016.

At present, subsection 39(3) does not establish any criteria with respect to this requirement. We are proposing to amend subsection 39(3) to refer to proposed Appendix C, and to establish specific requirements relating to the types of OTC derivatives that will be subject to public dissemination of transaction-level data, and the data required to be publicly disseminated, in proposed Appendix C.

Public dissemination of derivatives data provides important information to the OTC derivatives market by facilitating price discovery. This will allow market participants to value existing derivatives more accurately and to assess whether they are achieving quality execution when entering into new derivatives.

Despite the importance of transparency, we appreciate the importance of maintaining the anonymity of OTC derivative counterparties in the context of public dissemination of transaction-level data. The publication of transaction-level data, even anonymised data, could potentially allow market participants to determine the identity and amount of exposure under derivatives of one or both of the counterparties to a specific derivative through, for example, the size and/or underlying interest of the derivative. The indirect identification of counterparties to a derivative could make future transactions in derivatives, including derivative hedging the risks of a particular published derivative, more difficult and expensive as market participants adjust pricing in anticipation of the counterparties' immediate hedging needs. This is a particularly relevant risk for counterparties engaged in derivatives related to asset classes that are relatively illiquid in the Canadian market.

To effectively protect the anonymity of counterparties while providing appropriate transparency, we propose to limit, through proposed Appendix C, the application of the transaction-level public dissemination requirement to OTC derivatives relating to only certain asset classes and underlying benchmarks that exhibit sufficient market activity to make it difficult to identify a specific counterparty. Proposed Appendix C also provides for additional anonymising measures, such as the rounding and capping of notional amounts, to further protect counterparty identity without eliminating the value of the published information to the market.

The details for transaction-level public dissemination in proposed Appendix C were developed in conjunction with other members of the CSA Derivatives Committee including, in particular, staff of the securities regulatory authorities in Manitoba, Ontario and Québec. Those jurisdictions have had several months experience of derivatives data being reported under their respective Local TR Rules. Capping levels for each asset class and category were determined by assessing the unique market characteristics for each type of OTC derivative, including the relative size and frequency of derivatives transactions in Canada.

We anticipate coordinating harmonized amendments to Appendix C with the other members of the CSA over a series of phases following additional study of trade repository data and public consultation, to determine additional data and types of OTC derivatives that are appropriate for public dissemination and appropriate timing for publicly disseminating the data. We are particularly interested in the type of post-trade information that could be publicly disseminated for OTC derivatives involving less liquid underlying assets or that appear infrequently in the Canadian OTC derivatives market, without facilitating undue identification of the counterparties.



*Question:*

6. Do the Proposed TR Rule Amendments relating to public dissemination of transaction-level data appropriately balance (i) the protection of counterparty anonymity, and (ii) the benefits to the market of useful and timely transaction-level public transparency?

*(j) Proposed TR CP Changes corresponding to the Proposed TR Rule Amendments*

We propose to revise the guidance in the TR CP to correspond to the Proposed TR Rule Amendments.

**Request for Comments**

We welcome your comments on the Proposed Amendments. We invite any general comments you may have, in addition to any comments on the specific questions set out above.

Please submit your comments in writing on or before April 17, 2016. If you are not sending your comments by email, please send a CD containing the submissions.

We do not intend to keep submissions confidential. All comments received will be posted on the websites of the Alberta Securities Commission at [www.albertasecurities.com](http://www.albertasecurities.com). You should not include personal information directly in your comments. It is important that you state on whose behalf you are providing comments.

Thank you in advance for your comments. Please address your submission to the following:

Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Financial and Consumer Services Commission (New Brunswick)  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating jurisdictions.

Martin McGregor  
Legal Counsel  
Alberta Securities Commission  
Suite 600, 250 – 5<sup>th</sup> Street SW  
Calgary, Alberta T2P 0R4  
Fax: 1-403-297-2082  
Email: [martin.mcgregor@asc.ca](mailto:martin.mcgregor@asc.ca)

## Contents of Annexes

The following annexes form part of this CSA Notice:

- Annex A Proposed amendments to Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting*,
- Annex B Proposed changes to Companion Policy 96-101CP *Trade Repositories and Derivatives Data Reporting*,
- Annex C Blackline of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* showing the Proposed TR Rule Amendments, and
- Annex D Blackline of Companion Policy 96-101CP *Trade Repositories and Derivatives Data Reporting* showing the Proposed TR CP Changes.

## Questions

Please refer your questions to any of the following:

Martin McGregor  
Legal Counsel  
Alberta Securities Commission  
Tel: 403-355-2804  
Email: martin.mcgregor@asc.ca

Wendy Morgan  
Senior Legal Counsel, Securities  
Financial and Consumer Services Commission (New Brunswick)  
Tel: 506-643-7202  
Email: wendy.morgan@fcnb.ca

Abel Lazarus  
Senior Securities Analyst  
Nova Scotia Securities Commission  
Tel: 902-424-6859  
Email: abel.lazarus@novascotia.ca

Liz Kutarna  
Deputy Director, Capital Markets, Securities Division  
Financial and Consumer Affairs Authority of Saskatchewan  
Tel: 306-787-5871  
Email: liz.kutarna@gov.sk.ca

## ANNEX A

### **Proposed Amendments to Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting**

1. *Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting is amended by this Instrument.*
2. *Paragraph 26(3)(a) is amended by adding the following subparagraph (iii):*
  - (iii) the counterparties to the derivative are affiliated entities at the time of the transaction and none of the counterparties is one or more of the following:
    - (A) a clearing agency;
    - (B) a derivatives dealer;
    - (C) an affiliated entity of a person or company referred to in clause (A) or (B);.
3. *Paragraph 26(3)(b) is amended by adding the following subparagraph (iv):*
  - (iv) the laws of a foreign jurisdiction listed in Appendix B;.
4. *The Instrument is amended by replacing subsection 26(4) with the following:*
  - (4) A reporting counterparty must report all derivatives data relating to a derivative to the same recognized trade repository..
5. *The Instrument is amended by replacing section 28 with the following:*

#### **Legal entity identifiers**

28. (1) A recognized trade repository must identify each counterparty to a derivative that is required to be reported under this Instrument in all recordkeeping and all reporting required under this Instrument by means of a single legal entity identifier that is a unique identification code assigned to a counterparty in accordance with the standards set by the Global LEI System.
- (2) Each local counterparty to a derivative required to be reported under this Instrument that is eligible to receive a legal entity identifier as determined by the Global LEI System, other than an individual, must:
  - (a) prior to executing a transaction, obtain a legal entity identifier assigned

in accordance with the requirements imposed by the Global LEI System;

(b) for as long as it is a counterparty to a derivative required to be reported under this Instrument, renew and maintain the legal entity identifier referred to in paragraph (a).

(3) If a local counterparty to a derivative required to be reported under this Instrument is an individual, or is not eligible to receive a legal entity identifier as determined by the Global LEI System, the reporting counterparty must identify the counterparty by a single alternate identifier.

(4) Despite subsection (1), if subsection (3) applies to a counterparty to a derivative, the recognized trade repository to which a report has been made in relation to the derivative must identify such a counterparty with the alternate identifier supplied by the reporting counterparty..

**6. *The Instrument is amended by replacing paragraph 34(1)(b) with the following:***

(b) the transaction was entered into before July 29, 2016;.

**7. *The Instrument is amended by replacing paragraph 34(2)(b) with the following:***

(b) the transaction was entered into before November 1, 2016;.

**8. *The Instrument is amended by replacing subsection 39(3) with the following:***

(3) A recognized trade repository must make transaction-level reports available to the public at no cost, in accordance with the requirements in Appendix C..

**9. *The Instrument is amended by adding the following section:***

**Derivative between affiliated entities**

**41.1. (1)** Despite Part 3, a counterparty is not required to report derivatives data relating to a derivative if:

(a) the counterparties to the derivative are affiliated entities at the time the data is required to be reported;

(b) none of the counterparties to the derivative is one or more of the following:

(i) a clearing agency;

(ii) a derivatives dealer;

(iii) an affiliated entity of a person or company referred to in

subparagraph (i) or (ii);

- (c) each counterparty to the derivative is a local counterparty under the securities legislation of a jurisdiction of Canada..

**10. *The Instrument is amended by deleting subsection 44(4).***

**11. *The Instrument is amended by adding the following section:***

**Reporting by a local counterparty that ceases to qualify for an exclusion**

**44.1 (1)** Despite sections 40, 41, 41.1, and 42, and subject to subsection 44(2), a local counterparty is required to report creation data in relation to a derivative if:

- (a) the derivative was not previously reported as a result of the operation of section 40, 41, 41.1 or 42;
  - (b) the local counterparty no longer satisfies the condition or conditions in section 40, 41, 41.1 or 42, as applicable;
  - (c) the derivative was entered into after May 1, 2016 and before the date on which the local counterparty no longer satisfies the condition or conditions in section 40, 41, 41.1 or 42, as applicable;
  - (d) there were outstanding contractual obligations with respect to the derivative on the earlier of the date that the derivative is reported or the date that is 180 days following the date on which the local counterparty no longer satisfies the condition or conditions in section 40, 41, 41.1 or 42, as applicable.
- (2) Despite subsection (1) and subject to subsection 44(3), if the reporting counterparty to a derivative to which subsection (1) applies has not previously acted as a reporting counterparty under this Instrument or a similar instrument in another jurisdiction of Canada, the reporting counterparty is not required to report derivatives data in relation to the derivative, or any other derivative required to be reported under this Instrument, until the date that is 180 days following the date the local counterparty no longer satisfies the condition or conditions referred to in paragraph (1)(b).
- (3) Despite section 31, a reporting counterparty to a derivative to which subsection (1) applies is only required to report, in relation to the transaction resulting in the derivative, the creation data indicated in the column in Appendix A entitled “Required for Pre-existing Derivatives”.
- (4) Despite section 32, a reporting counterparty is not required to report life-cycle event data relating to a derivative to which subsection (1) applies until the

reporting counterparty has reported creation data in accordance with subsections (1) and (2).

- (5) Despite section 33, a reporting counterparty is not a required to report valuation data relating to a derivative to which subsection (1) applies until the reporting counterparty has reported creation data in accordance with subsections (1) and (2)..

**12. The Instrument is amended by replacing subsection 45(4) with the following:**

- (4) Despite subsection (1) and, in Saskatchewan, subject to subsection (2), subsection 39(3) comes into force on July 29, 2016..

**13. The Instrument is amended by inserting the following as Appendix B:**

**APPENDIX B**  
to  
**MULTILATERAL INSTRUMENT 96-101**  
**TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING**

**Trade Reporting Laws of Foreign Jurisdictions**

<b>Jurisdiction</b>	<b>Law, Regulation and/or Instrument</b>
European Union	<p>Regulation (EU) 648/2012 of the European Parliament and Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as amended from time to time.</p> <p>Commission Delegated Regulation (EU) No 148/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards on the minimum details of the data to be reported to trade repositories, as amended from time to time.</p> <p>Commission Delegated Regulation (EU) No 151/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, with regard to regulatory technical standards specifying the data to be published and made available by trade repositories and operational standards for aggregating, comparing and accessing the data, as amended from time to time.</p> <p>Commission Implementing Regulation (EU) No 1247/2012 of 19 December 2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, as amended from time</p>

	to time.
United States of America	<p><i>CFTC Real-Time Public Reporting of Swap Transaction Data</i>, 17 C.F.R. pt. 43 (2013), as amended from time to time.</p> <p><i>CFTC Swap Data Recordkeeping and Reporting Requirements</i>, 17 C.F.R. pt. 45 (2013), as amended from time to time.</p> <p><i>CFTC Swap Data Recordkeeping and Reporting Requirements: Pre-Enactment and Transition Swaps</i>, 17 C.F.R. pt. 46 (2013), as amended from time to time.</p>

**14. The Instrument is amended by inserting the following as Appendix C:**

**APPENDIX C**  
to  
**MULTILATERAL INSTRUMENT 96-101**  
**TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING**

**Requirements for the Public Dissemination of Transaction-level Data**

**Instructions**

1. Subject to items 2 through 6, a recognized trade repository is required to disseminate to the public at no cost the information contained in Table 1 for a derivative in any of the Asset Classes and Underlying Asset Identifiers listed in Table 2 for:
  - (a) a derivative reported to the recognized trade repository under this Instrument;
  - (b) a life-cycle event that changes the pricing of an existing derivative reported to the recognized trade repository under this Instrument;
  - (c) a cancellation or correction of previously disseminated data relating to a transaction resulting in a derivative listed in paragraph (a) or a life-cycle event listed in paragraph (b).

**Table 1**

<b>Data field</b>	<b>Description</b>
Cleared	Indicate whether the derivative has been cleared by a clearing agency.
Electronic trading venue identifier	Indicate whether the transaction was executed on an electronic trading venue.
Collateralization	Indicate whether the derivative is collateralized.
Unique product	Unique product identification code based on the taxonomy of the product.

<b>Data field</b>	<b>Description</b>
identifier	
Contract or instrument type	The name of the contract of instrument type (e.g., swap, swaption, forward, option, basis swap, index swap, basket swap).
Underlying asset identifier 1	The unique identifier of the asset referenced in the derivative.
Underlying asset identifier 2	The unique identifier of the second asset referenced in the derivative, if more than one. If more than two assets identified in the derivative, report the unique identifiers for those additional underlying assets.
Asset class	Major asset class of the product (e.g., interest rate, credit, commodity, foreign exchange, equity).
Effective date or start date	The date the derivative becomes effective or starts.
Maturity, termination or end date	The date the derivative expires.
Payment frequency or dates	The dates or frequency the derivative requires payments to be made (e.g., quarterly, monthly).
Reset frequency or dates	The dates or frequency at which the price resets (e.g., quarterly, semi-annually, annually).
Day count convention	Factor used to calculate the payments (e.g., 30/360, actual/360).
Price 1	The price, rate, yield, spread, coupon or similar characteristic of the derivative. This should not include any premiums such as commissions, collateral premiums or accrued interest.
Price 2	The price, rate, yield, spread, coupon or similar characteristic of the derivative. This should not include any premiums such as commissions, collateral premiums or accrued interest.
Price notation type 1	The manner in which the price is expressed (e.g., percentage, basis points).



<b>Data field</b>	<b>Description</b>
Price notation type 2	The manner in which the price is expressed (e.g., percentage, basis points).
Notional amount leg 1	Total notional amount(s) of leg 1 of the derivative.
Notional amount leg 2	Total notional amount(s) of leg 2 of the derivative.
Currency leg 1	Currency of leg 1.
Currency leg 2	Currency of leg 2.
Settlement currency	The currency used to determine the cash settlement amount.
Embedded option	Indicate whether the option is an embedded option.
Option exercise date	The date(s) on which the option may be exercised.
Option premium	Fixed premium paid by the buyer to the seller.
Strike price (cap/floor rate)	The strike price of the option.
Option style	Indicate whether the option can be exercised on a fixed date or anytime during the life of the derivative. (e.g., American, European, Bermudan, Asian).
Option type	Put/call.
Action	Describes the type of event to the derivative (e.g., new transaction, modification or cancellation of existing derivative).
Execution timestamp	The time and date of execution of a derivative, including a novation, expressed using Coordinated Universal Time (UTC).

**Table 2**

<b>Asset Class</b>	<b>Underlying Asset Identifier</b>
Interest Rate	CAD-BA-CDOR
Interest Rate	USD-LIBOR-BBA

Interest Rate	EUR-EURIBOR-Reuters
Interest Rate	GBP-LIBOR-BBA
Credit	All Indexes
Equity	All Indexes

### Exclusions

2. Despite item 1, each of the following is excluded from the requirement to be publicly disseminated:
  - (a) a derivative that requires the exchange of more than one currency;
  - (b) a derivative resulting from a multilateral portfolio compression exercise;
  - (c) a derivative resulting from novation by a clearing agency.

### Rounding of notional amount

3. A recognized trade repository must round the notional amount of a derivative for which it disseminates transaction level data in accordance with the Instrument and item 1 of this Appendix in accordance with the rounding conventions contained in Table 3.

**Table 3**

<b>Reported Notional Amount Leg 1 or 2</b>	<b>Rounded Notional Amount</b>
<\$1,000	Round to nearest \$5
=>\$1,000, <\$10,000	Round to nearest \$100
=>\$10,000, <\$100,000	Round to nearest \$1,000
<\$1 million	Round to nearest \$10,000
=>\$1 million, <\$10 million	Round to nearest \$100,000
=>\$10 million, <\$50 million	Round to nearest \$1 million
=>\$50 million, <\$100 million	Round to nearest \$10 million
=>\$100 million, <\$500 million	Round to nearest \$50 million
=>\$500 million, <\$1 billion	Round to nearest \$100 million
=>\$1 billion, <\$100 billion	Round to nearest \$500 million
>\$100 billion	Round to nearest \$50 billion

### Capping of notional amount

4. Where the Rounded Notional Amount of a derivative, as set out in Table 3, would

exceed the Capped Rounded Notional Amount, in Canadian dollars (CAD), according to the Asset Class and Maturity Date less Execution Time Stamp Date of that derivative as set out in Table 4, a recognized trade repository must disseminate the Capped Rounded Notional Amount for the derivative in place of the Rounded Notional Amount.

5. When disseminating data in accordance with subsection 39(3) of this Instrument and this Appendix, a recognized trade repository must indicate if the Rounded Notional Amount for a derivative is a Capped Rounded Notional Amount.
6. For each derivative where the Capped Rounded Notional Amount is disseminated, a recognized trade repository must adjust, if part of the data to be disseminated, the option premium, in a consistent and proportionate manner.

**Table 4**

<b>Asset Class</b>	<b>Maturity Date less Execution Time Stamp Date</b>	<b>Capped Rounded Notional Amount in CAD</b>
Interest Rate	Less than or equal to two years (746 days)	\$250 million
Interest Rate	Greater than two years (746 days) and less than or equal to ten years (3,668 days)	\$100 million
Interest Rate	Greater than ten years (3,668 days)	\$50 million
Credit	All dates	\$50 million
Equity	All dates	\$50 million

**Timing**

7. Subject to items 2 through 6, a recognized trade repository must disseminate the information contained in Table 1 no later than
  - (a) the end of the day following the day on which it receives the data from the reporting counterparty to the derivative, if one of the counterparties to the derivative is a derivatives dealer or a reporting clearing agency, or
  - (b) the end of the second day following the day on which it receives the data from the reporting counterparty to the derivative in all other circumstances..
15. This Instrument comes into force on [●].

## ANNEX B

### **Proposed Changes to Companion Policy 96-101 Trade Repositories and Derivatives Data Reporting**

1. *Companion Policy 96-101 Trade Repositories and Derivatives Data Reporting is changed by this Instrument.*
2. *The Policy is changed by replacing the guidance relating to subsection 26(3) with the following:*

(3) Subsection 26(3) provides for limited substituted compliance in three circumstances.

The first circumstance is where a counterparty to a derivative is organized under the laws of the local jurisdiction but does not conduct business in the jurisdiction other than activities incidental to being organized in the jurisdiction.

We are of the view that factors that would indicate that a person or company is conducting business in the jurisdiction would include the following:

- having a physical location in a jurisdiction;
- having employees or agents that reside in the jurisdiction;
- generating revenue in the jurisdiction;
- having customers or clients in the jurisdiction.

We are also of the view that activities that are incidental to being organized under the law of a jurisdiction would include instructing legal counsel to file materials with the government agency responsible for registering corporations and maintaining a local agent for service of legal documents.

The second circumstance is where the derivative involves a local counterparty that is a local counterparty solely on the basis that it is an affiliated entity of a person or company, other than an individual, that is organized in the local jurisdiction or has its head office and principal place of business in the local jurisdiction, and that person or company is liable for all or substantially all of the liabilities of the affiliated entity.

The third circumstance is where the derivative is between two affiliated entities, each of which is neither a derivatives dealer or a clearing agency, nor an affiliated entity of a derivatives dealer or a clearing agency.

In each instance, the counterparties can benefit from substituted compliance where the derivative has been reported to a recognized trade repository pursuant to the laws of a

province of Canada other than the local jurisdiction or of a foreign jurisdiction listed in Appendix B, provided that the additional conditions set out in paragraph 26(3)(c) are satisfied..

**3. *The Policy is changed by replacing the guidance relating to subsection 26(4) with the following:***

(4) Subsection 26(4) requires that all derivatives data reported for a derivative be reported to the same recognized trade repository or, with respect to a derivative reported under subsection 26(2), to the local securities regulatory authority.

For a bi-lateral derivative that is cleared by a clearing agency (novation), the recognized trade repository to which all derivatives data must be reported is the recognized trade repository to which the original bi-lateral derivative was reported.

The purpose of this requirement is to ensure the securities regulatory authority has access to all reported derivatives data for a particular derivative and its related transactions from the same entity. It is not intended to restrict counterparties' ability to report to multiple trade repositories..

**4. *The Policy is changed by replacing the guidance relating to subsection 26(6) with the following:***

(6) We interpret the requirement in subsection 26(6), to report errors or omissions in derivatives data "as soon as practicable" after it is discovered, to mean upon discovery and in any case no later than the end of the business day following the day on which the error or omission is discovered..

**5. *The Policy is changed by replacing the guidance relating to subsection 26(7) with the following:***

(7) Under subsection 26(7), where a local counterparty that is not a reporting counterparty discovers an error or omission in respect of derivatives data that has been reported to a recognized trade repository, such local counterparty has an obligation to report the error or omission to the reporting counterparty for the derivative. Once an error or omission is reported by the local counterparty to the reporting counterparty, the reporting counterparty then has an obligation under subsection 26(6) to report the error or omission to the recognized trade repository or to the securities regulatory authority in accordance with subsection 26(2). We interpret the requirement in subsection 26(7) to notify the reporting counterparty of errors or omissions in derivatives data to mean upon discovery and in any case no later than the end of the business day following the day on which the error or omission is discovered..

6. ***The Policy is changed by replacing the guidance relating to section 28 with the following:***

**28.** The Global LEI System is a G20 endorsed initiative<sup>6</sup> for uniquely identifying parties to financial transactions, designed and implemented under the direction of the LEI ROC, a governance body endorsed by the G20. The Global LEI System serves as a public-good utility responsible for overseeing the issuance of legal entity identifiers globally, including to counterparties who enter into derivatives or that are involved in a derivatives transaction.

(1) We are of the view that reporting counterparties will take steps to ensure that the non-reporting counterparty provides its LEI to facilitate reporting under the Instrument. If the reporting counterparty cannot, for any reason, obtain the LEI from the non-reporting counterparty, publicly accessible resources may be available for obtaining that information.

(2) Paragraph 28(2)(a) requires each local counterparty to a derivative that is required to be reported under the Instrument, other than an individual, to acquire an LEI, regardless of whether the local counterparty is the reporting counterparty.

(3) Some counterparties to a reportable derivative may not be eligible to receive an LEI. In such cases, the reporting counterparty must use an alternate identifier to identify each counterparty that is ineligible for an LEI when reporting derivatives data to a recognized trade repository..

7. ***The Policy is changed by replacing the guidance relating to subsection 39(3) with the following:***

(3) Subsection 39(3) requires a recognized trade repository to publicly disseminate transaction-level reports in accordance with the requirements set out in Appendix C..

8. ***The Policy is changed by adding the following new guidance immediately following the guidance relating to section 40:***

**Derivative between affiliated entities**

**41.1.** Section 41.1 provides an exclusion from the reporting requirement for derivatives between two affiliated entities that are each a local counterparty in a jurisdiction of Canada. The exclusion is not available to a person or company that is a derivatives dealer or a clearing agency, or is an affiliated entity of a derivatives dealer or a clearing agency..

<sup>6</sup> For more information, see FSB Report *A Global Legal Entity Identifier for Financial Markets*, June 8, 2012, online: Financial Stability Board <http://www.financialstabilityboard.org/publications/>.

9. *The Policy is changed by adding the following new guidance immediately following the guidance relating to section 42:*

**Reporting by a local counterparty that ceases to qualify for an exclusion**

**44.1. (1)** Subsection 44.1(1) provides that a derivative that was excluded under any of section 40, 41, 41.1 or 42 from the reporting requirements under the Instrument, but which no longer meets the applicable condition or conditions, must be reported once the applicable condition or conditions are no longer met.

Subsection 44.1(2) is intended to provide a person or company that has previously benefitted from an exclusion from trade reporting under Part 6, and has not previously acted as a reporting counterparty under the Instrument or a similar instrument in another jurisdiction of Canada, with a reasonable transition period to allow them to develop the resources and implement policies and procedures necessary to meet the requirements applicable to a reporting counterparty..

10. *The Policy is changed by replacing the guidance relating to section 45 with the following:*

**Effective date**

**45. (4)** The requirement under subsection 39(3) for a recognized trade repository to make transaction-level data reports available to the public does not apply until July 29, 2016..

11. *The Policy is changed by adding the following new guidance immediately following the guidance relating to section 45:*

**APPENDIX C**

**Instructions**

**1.** The instructions provided at item 1 of this Appendix describe the types of derivatives for which the data fields described in Table 1 must be publicly disseminated by a recognized trade repository.

Public dissemination is not required for life-cycle events that do not contain new price information compared to the original transaction.

**Table 1**

Table 1 lists the data fields that must be publicly disseminated. Table 1 is a subset of the information that the trade repository is required to submit to the regulator and does not include all the fields required to be reported to a recognized trade repository pursuant to Appendix A. For example, valuation data fields are not required to be publicly disseminated.

## Table 2

Only derivatives in any of the Asset Class and Underlying Asset Identifiers fields listed in Table 2 are subject to the public dissemination requirement under subsection 39(3) of the Instrument.

For further clarification, the identifiers listed under the Underlying Asset Identifier in Table 2 refer to the following:

“CAD-BA-CDOR” means all tenors of the Canadian Dollar Offered Rate (CDOR). CDOR is a financial benchmark for bankers’ acceptances with a term to maturity of one year or less currently calculated and administered by Thomson Reuters.

“USD-LIBOR-BBA” means all tenors of the U.S. Dollar Intercontinental Exchange London Interbank Offered Rate (ICE LIBOR). ICE LIBOR is a benchmark currently administered by ICE Benchmark Administration and provides an indication of the average rate at which a contributor bank can obtain unsecured funding in the London interbank market for a given period, in a given currency.

“EUR-EURIBOR-Reuters” means all tenors of the Euro Interbank Offered Rate (Euribor). Euribor is a reference rate published by the European Banking Authority based on the average interest rates at which selected European prime banks borrow funds from one another.

“GBP-LIBOR-BBA” means all tenors of the GBP Pound Sterling Intercontinental Exchange London Interbank Offered Rate (ICE LIBOR). ICE LIBOR is a benchmark currently administered by ICE Benchmark Administration providing an indication of the average rate at which a contributor bank can obtain unsecured funding in the London interbank market for a given period, in a given currency.

“All Indexes” means any statistical measure of a group of assets that is administered by an organization that is not affiliated with the counterparties and whose value and calculation methodologies are publicly available. Examples of indexes that would satisfy this meaning are underlying assets that would be included in ISDA’s Unique Product Identifier Taxonomy<sup>9</sup> under (i) the categories of Index and Index Tranche for credit products and (ii) the Single Index category for equity products.

## Exclusions

2. Item 2 of this Appendix specifies the types of derivatives that are excluded from the public dissemination requirement in subsection 39(3) of the Instrument. An example of a derivative excluded under item 2(a) is a cross-currency swap. The type of derivative excluded under item 2(b) results from portfolio compression activity which occurs whenever a derivative is amended or entered into in order to reduce the gross notional amount of an outstanding derivative or group of derivatives without impacting the net

<sup>9</sup> ISDA’s Unique Product Identifier Taxonomy can be found at [www.isda.org](http://www.isda.org).



exposure. Item 2(c) excludes a derivative resulting from a novation on the part of a clearing agency when facilitating the clearing of a bi-lateral derivative.

### **Rounding of notional amount**

3. The rounding thresholds are to be applied to the notional amount of a derivative in the currency of the derivative. For example, a derivative denominated in United States dollars (USD) would be rounded and disseminated in USD and not the Canadian dollar (CAD) equivalent.

### **Capping of notional amount**

4. Item 4 of this Appendix requires a recognized trade repository to compare the Rounded Notional Amount of a derivative denominated in a non-CAD currency to the Capped Rounded Notional Amount in CAD that corresponds to the Asset Class and tenor of that derivative. Therefore, the recognized trade repository must convert the non-CAD currency into CAD in order to determine whether it would be above the capping threshold. The recognized trade repository must utilise a transparent and consistent methodology for converting to and from CAD for the purposes of comparing and publishing the capped notional amount.

For example, in order to compare the Rounded Notional Amount of a derivative denominated in UK Pounds (GBP) to the thresholds in Table 4, the recognized trade repository must convert this amount to a CAD-equivalent amount. If the CAD-equivalent notional amount of the GBP denominated derivative is above the capping threshold, the recognized trade repository must disseminate the Capped Rounded Notional Amount converted back into the currency of the derivative using a consistent and transparent process.

6. Item 6 of this Appendix requires a recognized trade repository to adjust the Option Premium field in a consistent and proportionate manner if the Rounded Notional Amount of a derivative is greater than the Capped Rounded Notional Amount. The Option Premium field adjustment should be proportionate to the size of the Capped Rounded Notional Amount compared to the Rounded Notional Amount.

### **Timing**

7. Item 7 of this Appendix sets out when a recognized trade repository must publicly disseminate the required information from Table 1. The purpose of the public reporting delays is to ensure that counterparties have adequate time to enter into any offsetting derivative that may be necessary to hedge their positions. These time delays apply to all derivatives, regardless of size..

12. These changes become effective on [●].

## ANNEX C

This Annex sets out a blackline showing the proposed amendments to Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting*, as set out in Annex A.

### MULTILATERAL INSTRUMENT 96-101 TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

#### PART 1 DEFINITIONS AND INTERPRETATION

##### Definitions and interpretation

##### 1. (1) In this Instrument

“accounting principles” means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“auditing standards” means auditing standards as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“asset class” means the category of the underlying interest of a derivative and includes, for greater certainty, interest rate, foreign exchange, credit, equity and commodity;

“board of directors” means, in the case of a recognized trade repository that does not have a board of directors, a group of individuals that acts in a capacity similar to a board of directors;

“creation data” means data resulting from a transaction which is within the classes of data described in the fields listed in Appendix A, other than valuation data;

“derivatives data” means all data that is required to be reported under Part 3;

“derivatives dealer” means a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in derivatives as principal or agent;

“Global LEI System” means the system for unique identification of parties to financial transactions developed by the Legal Entity Identifier Regulatory Oversight Committee;

“interim period” means interim period as defined in section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*;

“Legal Entity Identifier System Regulatory Oversight Committee” means the international working group established by the finance ministers and the central bank governors of the Group of Twenty nations and the Financial Stability Board, under the

Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012;

“life-cycle event” means an event that results in a change to derivatives data reported to a recognized trade repository in respect of a derivative;

“life-cycle event data” means data reflecting changes to derivatives data resulting from a life-cycle event;

“local counterparty” means a counterparty to a derivative if, at the time of the transaction, one or more of the following apply:

- (a) the counterparty is a person or company, other than an individual, to which one or more of the following apply:
  - (i) it is organized under the laws of the local jurisdiction;
  - (ii) its head office is in the local jurisdiction;
  - (iii) its principal place of business is in the local jurisdiction;
- (b) the counterparty is a derivatives dealer in the local jurisdiction;
- (c) the counterparty is an affiliated entity of a person or company to which paragraph (a) applies and the person or company is liable for all or substantially all of the liabilities of the counterparty;

“participant” means a person or company that has entered into an agreement with a recognized trade repository to access the services of the recognized trade repository;

“publicly accountable enterprise” means a publicly accountable enterprise as defined in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“reporting clearing agency” means either of the following:

- (a) a person or company recognized or exempted from recognition as a clearing agency under securities legislation;
- (b) a clearing agency that has provided a written undertaking to the regulator or securities regulatory authority to act as the reporting counterparty with respect to derivatives cleared by it that are subject to this Instrument;

“reporting counterparty” has the same meaning as in subsection 25(1);

“transaction” means any of the following:

- (a) entering into, assigning, selling or otherwise acquiring or disposing of a derivative;
- (b) the novation of a derivative;

“U.S. AICPA GAAS” means auditing standards of the American Institute of Certified Public Accountants, as amended from time to time;

“U.S. GAAP” means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X under the 1934 Act, as amended from time to time;

“U.S. PCAOB GAAS” means auditing standards of the Public Company Accounting Oversight Board (United States of America), as amended from time to time;

“user” means, in respect of a recognized trade repository, a counterparty to a derivative that has been reported to the recognized trade repository under this Instrument including, for greater certainty, a delegate of a counterparty acting in its delegated capacity;

“valuation data” means data within the classes of data described in the fields listed in Appendix A under Item E – “Valuation Data”.

- (2) In this Instrument, a person or company is an affiliated entity of another person or company if one of them controls the other or if each of them is controlled by the same person or company.
- (3) In this Instrument, a person or company (the first party) is considered to control another person or company (the second party) if any of the following apply:
  - (a) the first party beneficially owns or directly or indirectly exercises control or direction over securities of the second party carrying votes which, if exercised, would entitle the first party to elect a majority of the directors of the second party unless the first party holds the voting securities only to secure an obligation;
  - (b) the second party is a partnership, other than a limited partnership, and the first party holds more than 50% of the interests of the partnership;
  - (c) the second party is a limited partnership and the general partner of the limited partnership is the first party;
  - (d) the second party is a trust and a trustee of the trust is the first party.
- (4) In this Instrument, “derivative” means a “specified derivative” as defined in Multilateral Instrument 91-101 *Derivatives: Product Determination*.

- (5) In this Instrument, “trade repository” means
- (a) in British Columbia, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Yukon, a quotation and trade reporting system for derivatives, and
  - (b) in Nova Scotia, a derivatives trade repository.

## **PART 2**

### **TRADE REPOSITORY RECOGNITION AND ONGOING REQUIREMENTS**

#### **Filing of initial information on application for recognition as a trade repository**

2. (1) A person or company applying for recognition as a trade repository must file Form 96-101F1 *Application for Recognition – Trade Repository Information Statement* as part of its application.
- (2) A person or company applying for recognition as a trade repository whose head office or principal place of business is located in a foreign jurisdiction must file Form 96-101F2 *Trade Repository Submission to Jurisdiction and Appointment of Agent for Service of Process*.
- (3) No later than the 7<sup>th</sup> day after becoming aware of an inaccuracy in or making a change to the information provided in Form 96-101F1, a person or company that has filed Form 96-101F1 must file an amendment to Form 96-101F1 in the manner set out in Form 96-101F1.

#### **Change in information by a recognized trade repository**

3. (1) A recognized trade repository must not implement a significant change to a matter set out in Form 96-101F1 *Application for Recognition – Trade Repository Information Statement* unless it has filed an amendment to the information provided in Form 96-101F1 in the manner set out in Form 96-101F1 no later than 45 days before implementing the change.
- (2) Despite subsection (1), a recognized trade repository must not implement a change to a matter set out in Exhibit I (Fees) of Form 96-101F1 unless it has filed an amendment to the information provided in Exhibit I no later than 15 days before implementing the change.
- (3) For a change to a matter set out in Form 96-101F1 other than a change referred to in subsection (1) or (2), a recognized trade repository must file an amendment to the information provided in Form 96-101F1 by the earlier of

- (a) the close of business of the recognized trade repository on the 10th day after the end of the month in which the change was made, or
- (b) the time the recognized trade repository discloses the change.

#### **Filing of initial audited financial statements**

- 4. (1) A person or company applying for recognition as a trade repository must file audited financial statements for its most recently completed financial year as part of its application for recognition as a trade repository.
- (2) The financial statements referred to in subsection (1) must
  - (a) be prepared in accordance with one of the following:
    - (i) Canadian GAAP applicable to publicly accountable enterprises;
    - (ii) IFRS;
    - (iii) U.S. GAAP, if the person or company is incorporated or organized under the laws of the United States of America or a jurisdiction of the United States of America,
  - (b) identify in the notes to the financial statements the accounting principles used to prepare the financial statements,
  - (c) disclose the presentation currency, and
  - (d) be audited in accordance with one of the following:
    - (i) Canadian GAAS;
    - (ii) International Standards on Auditing;
    - (iii) U.S. AICPA GAAS or U.S. PCAOB GAAS, if the person or company is incorporated or organized under the laws of the United States of America or a jurisdiction of the United States of America.
- (3) The financial statements referred to in subsection (1) must be accompanied by an auditor's report that
  - (a) is prepared in accordance with the same auditing standards used to conduct the audit and,
    - (i) if prepared in accordance with Canadian GAAS or International Standards on Auditing, expresses an unmodified opinion, or

- (ii) if prepared in accordance with U.S. AICPA GAAS or U.S. PCAOB GAAS, expresses an unqualified opinion,
- (b) identifies all financial periods presented for which the auditor has issued the auditor's report,
- (c) identifies the auditing standards used to conduct the audit,
- (d) identifies the accounting principles used to prepare the financial statements, and
- (e) is prepared and signed by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

### **Filing of annual audited and interim financial statements by a recognized trade repository**

- 5. (1)** A recognized trade repository must file annual audited financial statements that comply with subsections 4(2) and (3) no later than the 90<sup>th</sup> day after the end of its financial year.
- (2)** A recognized trade repository must file interim financial statements no later than the 45<sup>th</sup> day after the end of each interim period.
- (3)** The interim financial statements referred to in subsection (2) must
- (a) be prepared in accordance with one of the following:
    - (i) Canadian GAAP applicable to publicly accountable enterprises;
    - (ii) IFRS;
    - (iii) U.S. GAAP, if the person or company is incorporated or organized under the laws of the United States of America or a jurisdiction of the United States of America, and
  - (b) identify in the notes to the financial statements the accounting principles used to prepare the financial statements.

### **Ceasing to carry on business**

- 6. (1)** A recognized trade repository that intends to cease carrying on business as a trade repository in the local jurisdiction must file a report on Form 96-101F3 *Cessation of Operations Report for Recognized Trade Repository* no later than the 180<sup>th</sup> day before the date on which it intends to cease carrying on that business.

- (2) A recognized trade repository that involuntarily ceases to carry on business as a trade repository in the local jurisdiction must file a report on Form 96-101F3 as soon as practicable after it ceases to carry on that business.

### **Legal framework**

7. (1) A recognized trade repository must establish, implement and maintain clear and transparent written rules, policies and procedures that are not contrary to the public interest and that are reasonably designed to ensure that
  - (a) each material aspect of its activities complies with applicable laws,
  - (b) its rules, policies, procedures and contractual arrangements applicable to its users are consistent with applicable laws,
  - (c) the rights and obligations of its users and owners with respect to the use of derivatives data reported to the trade repository are clear and transparent, and
  - (d) where a reasonable person would conclude that it is appropriate to do so, an agreement that it enters into clearly states service levels, rights of access, protection of confidential information, who possesses intellectual property rights and levels of operational reliability of the recognized trade repository's systems, as applicable.
- (2) Without limiting the generality of subsection (1), a recognized trade repository must implement rules, policies and procedures that clearly establish the status of records of contracts for derivatives reported to the trade repository and whether those records of contracts are the legal contracts of record.

### **Governance**

8. (1) A recognized trade repository must establish, implement and maintain clear and transparent written governance arrangements that set out a clear organizational structure with direct lines of responsibility and are reasonably designed to do each of the following:
  - (a) provide for internal controls;
  - (b) provide for the safety of the recognized trade repository;
  - (c) ensure oversight of the recognized trade repository;
  - (d) support the stability of the financial system and other relevant public interest considerations;
  - (e) balance the interests of relevant stakeholders.



- (2) A recognized trade repository must establish, implement and maintain written rules, policies and procedures reasonably designed to identify and manage or resolve conflicts of interest.
- (3) A recognized trade repository must disclose on its website, in a manner that is easily accessible to the public,
  - (a) the governance arrangements required under subsection (1), and
  - (b) the rules, policies and procedures required under subsection (2).

### **Board of directors**

- 9. (1) A recognized trade repository must have a board of directors.
- (2) The board of directors of a recognized trade repository must include
  - (a) individuals who have sufficient skill and experience to effectively oversee the management of its operations in accordance with all relevant laws, and
  - (b) reasonable representation by individuals who are independent of the recognized trade repository.
- (3) The board of directors of a recognized trade repository must, in consultation with the chief compliance officer of the recognized trade repository, manage or resolve conflicts of interest identified by the chief compliance officer.

### **Management**

- 10. (1) A recognized trade repository must establish, implement and maintain written policies and procedures that
  - (a) specify the roles and responsibilities of management, and
  - (b) ensure that management has sufficient skill and experience to effectively discharge its roles and responsibilities.
- (2) A recognized trade repository must notify the regulator or securities regulatory authority no later than the 5<sup>th</sup> business day after appointing or replacing its chief compliance officer, chief executive officer or chief risk officer.

### **Chief compliance officer**

- 11. (1) The board of directors of a recognized trade repository must appoint a chief compliance officer with sufficient skill and experience to effectively serve in that capacity.

- (2) The chief compliance officer of a recognized trade repository must report directly to the board of directors of the recognized trade repository or, if so directed by the board of directors, to the chief executive officer of the recognized trade repository.
- (3) The chief compliance officer of a recognized trade repository must
  - (a) establish, implement and maintain written rules, policies and procedures designed to identify and resolve conflicts of interest,
  - (b) establish, implement and maintain written rules, policies and procedures designed to ensure that the recognized trade repository complies with securities legislation,
  - (c) monitor compliance with the rules, policies and procedures required under paragraphs (a) and (b) on an ongoing basis,
  - (d) report to the board of directors of the recognized trade repository as soon as practicable upon becoming aware of a circumstance indicating that the recognized trade repository, or an individual acting on its behalf, has not complied with securities legislation in any jurisdiction, including a foreign jurisdiction, in which it operates and any of the following apply:
    - (i) the non-compliance creates a risk of harm to a user;
    - (ii) the non-compliance creates a risk of harm to the capital markets;
    - (iii) the non-compliance is part of a pattern of non-compliance;
    - (iv) the non-compliance could impact the ability of the recognized trade repository to carry on business as a trade repository in compliance with securities legislation,
  - (e) report to the board of directors of the recognized trade repository as soon as practicable upon becoming aware of a conflict of interest that creates a risk of harm to a user or to the capital markets, and
  - (f) prepare and certify an annual report assessing compliance by the recognized trade repository, and individuals acting on its behalf, with securities legislation and submit the report to the board of directors.
- (4) Concurrently with submitting a report under paragraph (3)(d), (e) or (f), the chief compliance officer must file a copy of the report with the regulator or securities regulatory authority.

## **Fees**

- 12.** A recognized trade repository must disclose on its website, in a manner that is easily accessible to the public, all fees and other material charges imposed by it on its participants for each service it offers with respect to the collection and maintenance of derivatives data.

## **Access to recognized trade repository services**

- 13. (1)** A recognized trade repository must establish, implement and maintain written objective risk-based criteria for participation that permit fair and open access to the services it provides.
- (2)** A recognized trade repository must disclose the criteria referred to in subsection (1) on its website in a manner that is easily accessible to the public.
- (3)** A recognized trade repository must not do any of the following:
- (a)** unreasonably prevent, condition or limit access by a person or company to the services offered by it;
  - (b)** unreasonably discriminate between or among its participants;
  - (c)** impose an unreasonable barrier to competition;
  - (d)** require a person or company to use or purchase another service to utilize the trade reporting service offered by the trade repository.

## **Acceptance of reporting**

- 14.** A recognized trade repository must accept derivatives data from a participant for all derivatives of an asset class set out in the recognition order for the trade repository.

## **Communication policies, procedures and standards**

- 15.** A recognized trade repository must use or accommodate relevant internationally accepted communication procedures and standards that facilitate the efficient exchange of data between its systems and those of
- (a)** its participants,
  - (b)** other trade repositories,
  - (c)** clearing agencies, exchanges and other platforms that facilitate derivatives transactions, and

- (d) its service providers.

### **Due process**

- 16. (1)** Before making a decision that directly and adversely affects a participant or an applicant that applies to become a participant, a recognized trade repository must give the participant or applicant an opportunity to be heard.
- (2)** A recognized trade repository must keep records of, give reasons for, and provide for reviews of its decisions, including, for each applicant, the reasons for granting, denying or limiting access.

### **Rules, policies and procedures**

- 17. (1)** A recognized trade repository must have rules, policies and procedures that
  - (a)** allow a reasonable participant to understand each of the following:
    - (i)** the participant's rights, obligations and material risks resulting from being a participant of the recognized trade repository;
    - (ii)** the fees and other charges that the participant may incur in using the services of the recognized trade repository,
  - (b)** allow a reasonable user to understand the conditions of accessing derivatives data relating to a derivative to which it is a counterparty, and
  - (c)** are reasonably designed to govern all aspects of the services it offers with respect to the collection and maintenance of derivatives data and other information relating to a derivative.
- (2)** The rules, policies and procedures of a recognized trade repository must not be inconsistent with securities legislation.
- (3)** A recognized trade repository must monitor compliance with its rules, policies and procedures on an ongoing basis.
- (4)** A recognized trade repository must establish, implement and maintain written rules, policies and procedures that provide appropriate sanctions for violations of its rules, policies and procedures applicable to its participants.
- (5)** A recognized trade repository must disclose on its website, in a manner that is easily accessible to the public,
  - (a)** the rules, policies and procedures required under this section, and

- (b) its procedures for adopting new rules, policies and procedures or amending existing rules, policies and procedures.

### **Records of data reported**

- 18. (1) A recognized trade repository must have recordkeeping procedures reasonably designed to ensure that it records derivatives data accurately, completely and on a timely basis.
- (2) A recognized trade repository must keep, in a safe location and in a durable form, records of derivatives data relating to a derivative required to be reported under this Instrument for 7 years after the date on which the derivative expires or terminates.
- (3) A recognized trade repository must create and maintain at least one copy of each record of derivatives data required to be kept under subsection (2), for the same period as referenced in subsection (2), in a safe location and in a durable form, separate from the location of the original record.

### **Comprehensive risk-management framework**

- 19. A recognized trade repository must establish, implement, and maintain a written risk-management framework reasonably designed to comprehensively manage risks including general business, legal and operational risks.

### **General business risk**

- 20. (1) A recognized trade repository must establish, implement and maintain appropriate systems, controls and procedures reasonably designed to identify, monitor, and manage its general business risk.
- (2) Without limiting the generality of subsection (1), a recognized trade repository must hold sufficient insurance coverage and liquid net assets funded by equity to cover potential general business losses in order that it can continue operations and services as a going concern and in order to achieve a recovery or an orderly wind-down if those losses materialize.
- (3) For the purposes of subsection (2), a recognized trade repository must hold, at a minimum, liquid net assets funded by equity equal to 6 months of current operating expenses.
- (4) A recognized trade repository must have policies and procedures reasonably designed to identify scenarios that could potentially prevent it from being able to provide its critical operations and services as a going concern and to assess the effectiveness of a full range of options for an orderly wind-down.

- (5) A recognized trade repository must establish, implement and maintain written rules, policies and procedures reasonably designed to facilitate its orderly wind-down based on the results of the assessment required by subsection (4).
- (6) A recognized trade repository must establish, implement and maintain written rules, policies and procedures reasonably designed to ensure that it or a successor entity, insolvency administrator or other legal representative will be able to continue to comply with the requirements of subsection 6(2) and section 37 in the event of the bankruptcy or insolvency of the recognized trade repository or the wind-down of the recognized trade repository's operations.

### **System and other operational risk requirements**

- 21. (1) A recognized trade repository must establish, implement and maintain appropriate systems, controls and procedures reasonably designed to identify and minimize the impact of the plausible sources of operational risk, both internal and external, including risks to data integrity, data security, business continuity and capacity and performance management.
- (2) The systems, controls and procedures required under subsection (1) must be approved by the board of directors of the recognized trade repository.
- (3) Without limiting the generality of subsection (1), a recognized trade repository must
  - (a) develop and maintain
    - (i) an adequate system of internal controls over its systems, and
    - (ii) adequate information technology general controls, including, without limitation, controls relating to information systems operations, information security and integrity, change management, problem management, network support and system software support,
  - (b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually,
    - (i) make reasonable current and future capacity estimates, and
    - (ii) conduct capacity stress tests to determine the ability of those systems to process derivatives data in an accurate, timely and efficient manner, and
  - (c) promptly notify the regulator or securities regulatory authority of a material systems failure, malfunction, delay or other disruptive incident, or a breach of data security, integrity or confidentiality, and provide a post-incident report that includes a root-cause analysis as soon as practicable.

- (4) Without limiting the generality of subsection (1), a recognized trade repository must establish, implement and maintain business continuity plans, including disaster recovery plans, reasonably designed to

  - (a) achieve prompt recovery of its operations following a disruption,
  - (b) allow for the timely recovery of information, including derivatives data, in the event of a disruption, and
  - (c) provide for the exercise of authority in the event of an emergency.
- (5) A recognized trade repository must test its business continuity plans, including disaster recovery plans, at least annually.
- (6) For each of its systems for collecting and maintaining reports of derivatives data, a recognized trade repository must annually engage a qualified party to conduct an independent review and prepare a report in accordance with established audit standards to ensure that the recognized trade repository is in compliance with paragraphs (3)(a) and (b) and subsections (4) and (5).
- (7) A recognized trade repository must provide the report referred to in subsection (6) to

  - (a) its board of directors or audit committee promptly upon the completion of the report, and
  - (b) the regulator or securities regulatory authority not later than the 30<sup>th</sup> day after providing the report to its board of directors or audit committee.
- (8) A recognized trade repository must disclose on its website, in a manner that is easily accessible to the public, all technology requirements regarding interfacing with or accessing the services provided by the recognized trade repository

  - (a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and
  - (b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.
- (9) A recognized trade repository must make available testing facilities for interfacing with or accessing the services provided by the recognized trade repository,

  - (a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and

- (b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.
- (10) A recognized trade repository must not begin operations in the local jurisdiction unless it has complied with paragraphs (8)(a) and (9)(a).
- (11) Paragraphs (8)(b) and (9)(b) do not apply to a recognized trade repository if
- (a) the change to the recognized trade repository's technology requirements must be made immediately to address a failure, malfunction or material delay of its systems or equipment,
  - (b) the recognized trade repository immediately notifies the regulator or securities regulatory authority of its intention to make the change to its technology requirements, and
  - (c) the recognized trade repository discloses on its website, in a manner that is easily accessible to the public, the changed technology requirements as soon as practicable.

#### **Data security and confidentiality**

22. (1) A recognized trade repository must establish, implement and maintain written rules, policies and procedures reasonably designed to ensure the safety, privacy and confidentiality of derivatives data reported to it under this Instrument.
- (2) A recognized trade repository must not release derivatives data for commercial or business purposes unless one or more of the following apply:
- (a) the derivatives data has otherwise been disclosed under section 39;
  - (b) the counterparties to the derivative have provided the recognized trade repository with their express written consent to use or release the derivatives data.

#### **Confirmation of data and information**

23. (1) A recognized trade repository must establish, implement and maintain written rules, policies and procedures reasonably designed to allow for confirmation by each counterparty to a derivative that has been reported under this Instrument that the derivatives data reported in relation to the derivative is accurate.
- (2) Despite subsection (1), a recognized trade repository is not required to establish, implement and maintain written rules, policies or procedures referred to in that



subsection in respect of a counterparty that is not a participant of the recognized trade repository.

## **Outsourcing**

- 24.** If a recognized trade repository outsources a material service or system to a service provider, including to an associate or affiliated entity of the recognized trade repository, the recognized trade repository must do each of the following:
- (a) establish, implement and maintain written rules, policies and procedures for the selection of a service provider to which a material service or system may be outsourced and for the evaluation and approval of such an outsourcing arrangement;
  - (b) identify any conflicts of interest between the recognized trade repository and a service provider to which a material service or system is outsourced, and establish, implement, maintain and enforce written rules, policies and procedures to mitigate and manage or resolve those conflicts of interest;
  - (c) enter into a written contract with the service provider that is appropriate for the materiality and nature of the outsourced activity and that provides for adequate termination procedures;
  - (d) maintain access to the books and records of the service provider relating to the outsourced activity;
  - (e) ensure that the regulator or securities regulatory authority has the same access to all data, information and systems maintained by the service provider on behalf of the recognized trade repository that it would have absent the outsourcing arrangement;
  - (f) ensure that all persons or companies conducting an audit or independent review of the recognized trade repository under this Instrument have appropriate access to all data, information and systems maintained by the service provider on behalf of the recognized trade repository that those persons or companies would have absent the outsourcing arrangement;
  - (g) take appropriate measures to determine that a service provider to which a material service or system is outsourced establishes, maintains and periodically tests an appropriate business continuity plan, including a disaster recovery plan in accordance with the requirements set out in section 21;
  - (h) take appropriate measures to ensure that the service provider protects the safety, privacy and confidentiality of derivatives data and of users' confidential information in accordance with the requirements set out in section 22;

- (i) establish, implement, maintain and enforce written rules, policies and procedures to regularly review the performance of the service provider under the outsourcing agreement.

### **PART 3 DATA REPORTING**

#### **Reporting counterparty**

- 25. (1)** In this Instrument, “reporting counterparty”, with respect to a derivative involving a local counterparty, means
- (a) if the derivative is cleared through a reporting clearing agency, the reporting clearing agency,
  - (b) if paragraph (a) does not apply and the derivative is between a derivatives dealer and a counterparty that is not a derivatives dealer, the derivatives dealer,
  - (c) if paragraphs (a) and (b) do not apply and the counterparties to the derivative have, at the time of the transaction, agreed in writing that one of them will be the reporting counterparty, the counterparty determined to be the reporting counterparty under the terms of that agreement, and
  - (d) in any other case, each counterparty to the derivative.
- (2)** A local counterparty to a derivative to which paragraph (1)(c) applies must keep a record of the written agreement referred to in that paragraph for 7 years after the date on which the derivative expires or terminates.
- (3)** The records required to be maintained under subsection (2) must be kept in
- (a) a safe location and in a durable form, and
  - (b) a manner that permits the records to be provided to the regulator within a reasonable time following request.
- (4)** Despite section 40, a local counterparty that agrees under paragraph (1)(c) to be the reporting counterparty for a derivative to which section 40 applies must report derivatives data relating to the derivative in accordance with this Instrument.

#### **Duty to report**

- 26. (1)** A reporting counterparty to a derivative involving a local counterparty must report, or cause to be reported, the data required to be reported under this Part to a recognized trade repository.

- (2) Despite subsection (1), if no recognized trade repository accepts the data required to be reported under this Part, the reporting counterparty must electronically report the data required to be reported under this Part to the regulator or securities regulatory authority.
- (3) A reporting counterparty satisfies the reporting obligation in respect of a derivative required to be reported under subsection (1) if each of the following applies:
- (a) one of the following applies to the derivative:
- (i) the derivative is required to be reported solely because a counterparty to the derivative is a local counterparty under subparagraph (a)(i) of the definition of “local counterparty” and that local counterparty does not conduct business in the local jurisdiction other than incidental to being organized under the laws of the local jurisdiction;
  - (ii) the derivative is required to be reported solely because a counterparty to the derivative is a local counterparty under paragraph (c) of the definition of “local counterparty”;
  - (iii) the counterparties to the derivative are affiliated entities at the time of the transaction and none of the counterparties is one or more of the following:
    - (A) a clearing agency;
    - (B) a derivatives dealer;
    - (C) an affiliated entity of a person or company referred to in clause (A) or (B);
- (b) the derivative is reported to a recognized trade repository under one or more of the following:
- (i) Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, as amended from time to time;
  - (ii) Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, as amended from time to time;
  - (iii) Quebec Regulation 91-507 respecting trade repositories and derivatives data reporting, as amended from time to time;
  - (iv) the laws of a foreign jurisdiction listed in Appendix B;

- (c) the reporting counterparty instructs the recognized trade repository referred to in paragraph (b) to provide the regulator or securities regulatory authority with access to the derivatives data that it is required to report under this Instrument and otherwise uses its best efforts to provide the regulator or securities regulatory authority with access to such derivatives data.
- (4) A reporting counterparty must report all derivatives data relating to a derivative to the same recognized trade repository ~~to which an initial report was made~~.
- (5) A reporting counterparty must not submit derivatives data that is false or misleading to a recognized trade repository.
- (6) A reporting counterparty must report an error or omission in the derivatives data it has reported as soon as practicable after discovery of the error or omission and, in any event, no later than the end of the business day following the day of discovery of the error or omission.
- (7) A local counterparty, other than the reporting counterparty, must notify the reporting counterparty of an error or omission with respect to derivatives data relating to a derivative to which it is a counterparty as soon as practicable after discovery of the error or omission and, in any event, no later than the end of the business day following the day of discovery of the error or omission.
- (8) If a local counterparty to a derivative that is required to be reported under this Instrument and is cleared through a reporting clearing agency has specified a recognized trade repository to which derivatives data in relation to the derivative is to be reported, the reporting clearing agency must report the derivatives data to that recognized trade repository.

### **Identifiers, general**

- 27. (1)** In a report of creation data required under this Part, a reporting counterparty must include each of the following:
- (a) the legal entity identifier of each counterparty to the derivative as set out in section 28;
  - (b) the unique product identifier for the derivative as set out in section 30.

- (2) In a report of life-cycle data or valuation data required under this Part, a reporting counterparty must include the unique transaction identifier for the transaction relating to the derivative as set out in section 29.

### Legal entity identifiers

28. (1) A recognized trade repository must identify each counterparty to a derivative that is required to be reported under this Instrument in all recordkeeping and all reporting required under this Instrument by means of a single legal entity identifier that is a unique identification code assigned to a counterparty in accordance with the standards set by the Global LEI System.

~~(2) Subject to subsection (3), the legal entity identifier referred to in subsection (1) must be a unique identification code assigned to a counterparty in accordance with the standards set by the Global LEI System.~~

~~(3) If the Global LEI System is unavailable to a counterparty to a derivative at the time when a report under this Instrument is required to be made, each of the following applies:~~

~~(a) each counterparty to the derivative must obtain a substitute legal entity identifier which complies with the standards established March 8, 2013 by the Legal Entity Identifier Regulatory Oversight Committee for pre legal entity identifiers;~~

~~(b) a local counterparty must use the substitute legal entity identifier until a legal entity identifier is assigned to the counterparty in accordance with the standards set by the Global LEI System as required under subsection (2);~~

~~(c) after the holder of a substitute legal entity identifier is assigned a legal entity identifier in accordance with the standards set by the Global LEI System as required under subsection (2), the local counterparty must ensure that it is identified only by the assigned legal entity identifier in all derivatives data reported under this Instrument in respect of a derivative to which it is a counterparty.~~

(2) Each local counterparty to a derivative required to be reported under this Instrument that is eligible to receive a legal entity identifier as determined by the Global LEI System, other than an individual, must:

(a) prior to executing a transaction, obtain a legal entity identifier assigned in accordance with the requirements imposed by the Global LEI System;

(b) for as long as it is a counterparty to a derivative required to be reported under this Instrument, renew and maintain the legal entity identifier referred to in paragraph (a).

- (43) If a local counterparty to a derivative required to be reported under this Instrument is an individual, or is not eligible to receive a legal entity identifier ~~assigned as determined~~ by the Global LEI System, the reporting counterparty must identify the counterparty by a single alternateive identifier.
- (4) Despite subsection (1), if subsection (3) applies to a counterparty to a derivative, the recognized trade repository to which a report has been made in relation to the derivative must identify such a counterparty with the alternate identifier supplied by the reporting counterparty.

### **Unique transaction identifiers**

- 29. (1) A recognized trade repository must identify each transaction relating to a derivative that is required to be reported under this Instrument in all recordkeeping and all reporting required under this Instrument by means of a unique transaction identifier.
- (2) A recognized trade repository must assign a unique transaction identifier to a transaction, using its own methodology or incorporating a unique transaction identifier previously assigned to the transaction.
- (3) A recognized trade repository must not assign more than one unique transaction identifier to a transaction.

### **Unique product identifiers**

- 30. (1) In this section, “unique product identifier” means a code that uniquely identifies a sub-type of derivative and is assigned in accordance with international or industry standards.
- (2) For each derivative that is required to be reported under this Instrument, the reporting counterparty must assign a unique product identifier that identifies the sub-type of the derivative.
- (3) A reporting counterparty must not assign more than one unique product identifier to a derivative.
- (4) If international or industry standards for a unique product identifier are not reasonably available for a particular sub-type of derivative at the time a report is made under this Instrument, a reporting counterparty must assign a unique product identifier to the derivative using its own methodology or incorporating a unique product identifier previously assigned to the derivative.

### **Creation data**

- 31. (1)** A reporting counterparty must report creation data relating to a derivative that is required to be reported under this Instrument to a recognized trade repository immediately following the transaction.
- (2)** Despite subsection (1), if it is not practicable to immediately report the creation data, a reporting counterparty must report creation data as soon as practicable and in no event later than the end of the business day following the day on which the data would otherwise be required to be reported.

### **Life-cycle event data**

- 32. (1)** A reporting counterparty must report all life-cycle event data relating to a derivative that is required to be reported under this Instrument to a recognized trade repository by the end of the business day on which the life-cycle event occurs.
- (2)** Despite subsection (1), if it is not practicable to report life-cycle event data by the end of the business day on which the life-cycle event occurs, the reporting counterparty must report life-cycle event data no later than the end of the business day following the day on which the life-cycle event occurs.

### **Valuation data**

- 33. (1)** A reporting counterparty must report valuation data relating to a derivative that is required to be reported under this Instrument to a recognized trade repository in accordance with industry accepted valuation standards
- (a)** daily, based on relevant closing market data from the previous business day, if the reporting counterparty is a reporting clearing agency or a derivatives dealer, or
- (b)** quarterly, as of the last day of each calendar quarter, if the reporting counterparty is not a reporting clearing agency or a derivatives dealer.
- (2)** Despite subsection (1), valuation data required to be reported under paragraph (1)(b) must be reported to the recognized trade repository no later than the 30th day after the end of the calendar quarter.

### **Pre-existing derivatives**

- 34. (1)** Despite section 31 and subject to subsection 44(2), on or before December 1, 2016, a reporting counterparty must report creation data relating to a derivative if all of the following apply:
- (a)** the reporting counterparty is a reporting clearing agency or a derivatives dealer;

- (b) the transaction was entered into before ~~May 1~~July 29, 2016;
  - (c) there were outstanding contractual obligations with respect to the derivative on the earlier of the date that the derivative is reported or December 1, 2016.
- (2) Despite section 31 and subject to subsection 44(3), on or before February 1, 2017, a reporting counterparty must report creation data relating to a derivative if all of the following apply:
- (a) the reporting counterparty is not a reporting clearing agency or a derivatives dealer;
  - (b) the transaction was entered into before ~~May 1~~November 1, 2016;
  - (c) there were outstanding contractual obligations with respect to the derivative on the earlier of the date that the derivative is reported or February 1, 2017.
- (3) Despite section 31, a reporting counterparty to a derivative to which subsection (1) or (2) applies is required to report, in relation to the derivative, only the creation data indicated in the column in Appendix A entitled “Required for Pre-existing Derivatives”.
- (4) Despite section 32, a reporting counterparty is not required to report life-cycle event data relating to a derivative to which subsection (1) or (2) applies until the reporting counterparty has reported creation data in accordance with subsection (1) or (2).
- (5) Despite section 33, a reporting counterparty is not required to report valuation data relating to a derivative to which subsection (1) or (2) applies until the reporting counterparty has reported creation data in accordance with subsection (1) or (2).

### **Timing requirements for reporting data to another recognized trade repository**

- 35.** Despite subsection 26(4) and sections 31 to 34, if a recognized trade repository ceases operations or stops accepting derivatives data for an asset class of derivatives, a reporting counterparty may fulfill its reporting obligations under this Instrument by reporting the derivatives data to another recognized trade repository or, if there is not an available recognized trade repository, the regulator or securities regulatory authority.

### **Records of data reported**

- 36. (1)** A reporting counterparty must keep records relating to a derivative that is required to be reported under this Instrument, including transaction records, for 7 years after the date on which the derivative expires or terminates.



- (2) A reporting counterparty must keep the records referred to in subsection (1) in a safe location and in a durable form.

## **PART 4 DATA DISSEMINATION AND ACCESS TO DATA**

### **Data available to regulators**

- 37. (1)** A recognized trade repository must
  - (a) provide to the regulator or securities regulatory authority direct, continuous and timely electronic access to derivatives data in the possession of the recognized trade repository that has been reported under this Instrument or that may impact the capital markets,
  - (b) provide the data referenced in paragraph (a) on an aggregated basis, and
  - (c) notify the regulator or securities regulatory authority of the manner in which the derivatives data provided under paragraph (b) has been aggregated.
- (2) A recognized trade repository must establish, implement and maintain rules, policies or operations designed to ensure that it meets or exceeds the access standards and recommendations published by the International Organization of Securities Commissions in the August, 2013 report entitled “Authorities’ access to trade repository data”, as amended from time to time.
- (3) A reporting counterparty must use its best efforts to provide the regulator or securities regulatory authority with prompt access to all derivatives data that it is required to report under this Instrument, including instructing a trade repository to provide the regulator or securities regulatory authority with access to that data.

### **Data available to counterparties**

- 38. (1)** A recognized trade repository must provide all counterparties to a derivative with timely access to all derivatives data relating to that derivative which is submitted to the recognized trade repository.
- (2) A recognized trade repository must have appropriate verification and authorization procedures in place to deal with access pursuant to subsection (1) by a non-reporting counterparty or a delegate of a non-reporting counterparty.
- (3) Each counterparty to a derivative must permit the release of all derivatives data required to be reported or disclosed under this Instrument.

- (4) Subsection (3) applies despite any agreement to the contrary between the counterparties to a derivative.

### **Data available to public**

39. (1) Unless otherwise governed by the requirements or conditions of a decision of the securities regulatory authority, a recognized trade repository must, on a reasonably frequent basis, create and make available on its website, in a manner that is easily accessible to the public, at no cost, aggregate data on open positions, volume, number and, if applicable, price, relating to the derivatives reported to it under this Instrument.
- (2) The data made available under subsection (1) must include, at a minimum, breakdowns, if applicable, by currency of denomination, geographic location of reference entity or asset, asset class, contract type, maturity and whether the derivative is cleared.
- (3) A recognized trade repository must make [transaction-level](#) reports available to the public at no cost, [in accordance with the requirements in Appendix C](#).
- (4) In making transaction level reports available for the purpose of subsection (3), a recognized trade repository must not disclose the identity of either counterparty to the derivative.
- (5) A recognized trade repository must make the data referred to in this section available to the public on its website or through a similar medium, in a usable form and in a manner that is easily accessible to the public at no cost.
- (6) Despite subsections (1) to (5), a recognized trade repository must not make public derivatives data relating to a derivative between affiliated entities, unless otherwise required by law.

## **PART 5 EXCLUSIONS**

### **Commodity derivative**

40. Despite Part 3, a local counterparty is not required to report derivatives data relating to a derivative the asset class of which is a commodity, other than currency, if
- (a) none of the counterparties to the derivative are any of the following:
- (i) a clearing agency;
  - (ii) a derivatives dealer;

- (iii) an affiliated entity of a person or company referred to in subparagraph (i) or (ii), and
- (b) the aggregate month-end gross notional amount under all outstanding derivatives the asset class of which is a commodity, other than currency, of the local counterparty and of each affiliated entity of the local counterparty that is a local counterparty in a jurisdiction of Canada, excluding derivatives with an affiliated entity, did not, in any calendar month in the preceding 12 calendar months, exceed \$250 000 000.

### **Derivative between a government and its consolidated entity**

- 41.** Despite Part 3, a counterparty is not required to report derivatives data relating to a derivative between
- (a) the government of a local jurisdiction, and
  - (b) a crown corporation or agency the accounts of which are consolidated for accounting purposes with those of the government referred to in paragraph (a).

### **Derivative between affiliated entities**

**41.1. (1) Despite Part 3, a counterparty is not required to report derivatives data relating to a derivative if:**

- (a) the counterparties to the derivative are affiliated entities at the time the data is required to be reported;
- (b) none of the counterparties to the derivative is one or more of the following:
  - (i) a clearing agency;
  - (ii) a derivatives dealer;
  - (iii) an affiliated entity of a person or company referred to in subparagraph (i) or (ii);
- (c) each counterparty to the derivative is a local counterparty under the securities legislation of a jurisdiction of Canada.

### **Derivative between a non-resident derivatives dealer and a non-local counterparty**

- 42.** Despite Part 3, a counterparty is not required to report derivatives data relating to a derivative if the derivative is required to be reported solely because one or both counterparties is a local counterparty under paragraph (b) of the definition of “local counterparty”.

## **PART 6 EXEMPTIONS**

### **Exemption – general**

- 43. (1)** Except in Alberta, the regulator or securities regulatory authority may, under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction, grant an exemption to this Instrument.
- (2) In Alberta, the regulator or securities regulatory authority may grant an exemption to this Instrument, in whole or in part, subject to such terms, conditions, restrictions or requirements as may be imposed in the exemption.

## **PART 7 TRANSITION PERIOD AND EFFECTIVE DATE**

### **Transition period**

- 44. (1)** Despite Part 3, a reporting counterparty that is not a reporting clearing agency or a derivatives dealer is not required to make a report under that Part until November 1, 2016.
- (2) Despite Part 3, a reporting counterparty is not required to report derivatives data relating to a derivative if all of the following apply:
- (a) the derivative is entered into before May 1, 2016;
  - (b) the derivative expires or terminates on or before July 28, 2016;
  - (c) the reporting counterparty is a reporting clearing agency or a derivatives dealer.
- (3) Despite Part 3, a reporting counterparty is not required to report derivatives data relating to a derivative if all of the following apply:
- (a) the derivative is entered into before May 1, 2016;
  - (b) the derivative expires or terminates on or before October 31, 2016;
  - (c) the reporting counterparty is not a reporting clearing agency or a derivatives dealer.
- ~~(4) Despite Part 3, a reporting counterparty is not required to report derivatives data relating to a derivative if all of the following apply:~~

- ~~(a) — the derivative is entered into before January 1, 2017;~~
- ~~(b) — the counterparties are affiliated entities at the time of the transaction;~~
- ~~(c) — none of the counterparties to the derivative is one or more of the following:
  - ~~(i) — a recognized or exempt clearing agency;~~
  - ~~(ii) — a derivatives dealer;~~
  - ~~(iii) — an affiliated entity of a person or company referred to in subparagraph (i) or (ii).~~~~

### **Reporting by a local counterparty that ceases to qualify for an exclusion**

**44.1 (1)** Despite sections 40, 41, 41.1, and 42, and subject to subsection 44(2), a local counterparty is required to report creation data in relation to a derivative if:

- (a) the derivative was not previously reported as a result of the operation of section 40, 41, 41.1 or 42;
  - (b) the local counterparty no longer satisfies the condition or conditions in section 40, 41, 41.1 or 42, as applicable;
  - (c) the derivative was entered into after May 1, 2016 and before the date on which the local counterparty no longer satisfies the condition or conditions in section 40, 41, 41.1 or 42, as applicable;
  - (d) there were outstanding contractual obligations with respect to the derivative on the earlier of the date that the derivative is reported or the date that is 180 days following the date on which the local counterparty no longer satisfies the condition or conditions in section 40, 41, 41.1 or 42, as applicable.
- (2)** Despite subsection (1) and subject to subsection 44(3), if the reporting counterparty to a derivative to which subsection (1) applies has not previously acted as a reporting counterparty under this Instrument or a similar instrument in another jurisdiction of Canada, the reporting counterparty is not required to report derivatives data in relation to the derivative, or any other derivative required to be reported under this Instrument, until the date that is 180 days following the date the local counterparty no longer satisfies the condition or conditions referred to in paragraph (1)(b).
- (3)** Despite section 31, a reporting counterparty to a derivative to which subsection (1) applies is only required to report, in relation to the transaction resulting in the derivative, the creation data indicated in the column in Appendix A entitled “Required for Pre-existing Derivatives”.

- (4) Despite section 32, a reporting counterparty is not required to report life-cycle event data relating to a derivative to which subsection (1) applies until the reporting counterparty has reported creation data in accordance with subsections (1) and (2).
- (5) Despite section 33, a reporting counterparty is not a required to report valuation data relating to a derivative to which subsection (1) applies until the reporting counterparty has reported creation data in accordance with subsections (1) and (2).

**Effective date**

45. (1) This Instrument comes into force on May 1, 2016.
- (2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after May 1, 2016, these regulations come into force on the day on which they are filed with the Registrar of Regulations.
  - (3) Despite subsection (1) and, in Saskatchewan, subject to subsection (2), Parts 3 and 5 come into force on July 29, 2016.
  - (4) Despite subsection (1) and, in Saskatchewan, subject to subsection (2), subsection 39(3) comes into force on ~~January 1, 2017~~ July 29, 2016.

**APPENDIX A**  
**to**  
**MULTILATERAL INSTRUMENT 96-101**  
**TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING**

**Minimum Data Fields Required to be Reported to a Recognized Trade Repository**

**Instructions:**

The reporting counterparty is required to provide a response for each of the fields unless the field is not applicable to the derivative.

<b>Data field</b>	<b>Description</b>	<b>Required for Pre-existing Derivatives</b>
Transaction identifier	The unique transaction identifier as provided by the recognized trade repository or the identifier as identified by the two counterparties, electronic trading venue of execution or clearing agency.	Y
Master agreement type	The type of master agreement, if used for the reported derivative.	N
Master agreement version	Date of the master agreement version (e.g., 2002, 2006).	N
Cleared	Indicate whether the derivative has been cleared by a clearing agency.	Y
Intent to clear	Indicate whether the derivative will be cleared by a clearing agency.	N
Clearing agency	LEI of the clearing agency where the derivative is or will be cleared.	Y (If available)
Clearing member	LEI of the clearing member, if the clearing member is not a counterparty.	N
Clearing exemption	Indicate whether one or more of the counterparties to the derivative are exempted from a mandatory clearing requirement.	N
Broker/Clearing intermediary	LEI of the broker acting as an intermediary for the reporting counterparty without becoming a counterparty.	N
Electronic trading venue identifier	LEI of the electronic trading venue where the transaction was executed.	Y

Inter-affiliate	Indicate whether the derivative is between two affiliated entities.	Y (If available)
Collateralization	Indicate whether the derivative is collateralized. Field Values: <ul style="list-style-type: none"> <li>Fully (initial and variation margin required to be posted by both parties);</li> <li>Partially (variation only required to be posted by both parties);</li> <li>One-way (one party will be required to post some form of collateral);</li> <li>Uncollateralized.</li> </ul>	N
Identifier of reporting counterparty	LEI of the reporting counterparty or, in case of an individual, its client code.	Y
Identifier of non-reporting counterparty	LEI of the non-reporting counterparty or, in case of an individual, its client code.	Y
Counterparty side	Indicate whether the reporting counterparty was the buyer or seller. In the case of swaps, other than credit default, the buyer will represent the payer of leg 1 and the seller will be the payer of leg 2.	Y
Identifier of agent reporting the derivative	LEI of the agent reporting the derivative if reporting of the derivative has been delegated by the reporting counterparty.	N
Jurisdiction of reporting counterparty	If the reporting counterparty is a local counterparty under the derivatives data reporting rules of one or more provinces of Canada, indicate all of the jurisdictions in which it is a local counterparty.	Y (If available)
Jurisdiction of non-reporting counterparty	If the non-reporting counterparty is a local counterparty under the derivatives data reporting rules of one or more provinces of Canada, indicate all of the jurisdictions in which it is a local counterparty.	Y (If available)
<b>A. Common Data</b>	These fields are required to be reported for all derivatives even if the information may be entered in an Additional Asset Information field below. A field is not required to be reported if the unique product identifier adequately describes the data required in that field.	
Unique product identifier	Unique product identification code based on the taxonomy of the product.	N



Contract or instrument type	The name of the contract or instrument type (e.g., swap, swaption, forward, option, basis swap, index swap, basket swap).	Y
Underlying asset identifier 1	The unique identifier of the asset referenced in the derivative.	Y
Underlying asset identifier 2	The unique identifier of the second asset referenced in the derivative, if more than one. If more than two assets identified in the derivative, report the unique identifiers for those additional underlying assets.	Y
Asset class	Major asset class of the product (e.g., interest rate, credit, commodity, foreign exchange, equity).	Y (If available)
Effective date or start date	The date the derivative becomes effective or starts.	Y
Maturity, termination or end date	The date the derivative expires.	Y
Payment frequency or dates	The dates or frequency the derivative requires payments to be made (e.g., quarterly, monthly).	Y
Reset frequency or dates	The dates or frequency at which the price resets (e.g., quarterly, semi-annually, annually).	Y
Day count convention	Factor used to calculate the payments (e.g., 30/360, actual/360).	Y
Delivery type	Indicate whether derivative is settled physically or in cash.	Y
Price 1	The price, rate, yield, spread, coupon or similar characteristic of the derivative. This must not include any premiums such as commissions, collateral premiums or accrued interest.	Y
Price 2	The price, rate, yield, spread, coupon or similar characteristic of the derivative. This must not include any premiums such as commissions, collateral premiums or accrued interest.	Y
Price notation type 1	The manner in which the price is expressed (e.g., percentage, basis points).	Y
Price notation type 2	The manner in which the price is expressed (e.g., percentage, basis points).	Y

Price multiplier	The number of units of the underlying reference entity represented by 1 unit of the derivative.	Y (If available)
Notional amount leg 1	Total notional amount(s) of leg 1 of the derivative.	Y
Notional amount leg 2	Total notional amount(s) of leg 2 of the derivative.	Y
Currency leg 1	Currency of leg 1.	Y
Currency leg 2	Currency of leg 2.	Y
Settlement currency	The currency used to determine the cash settlement amount.	Y
Up-front payment	Amount of any up-front payment.	N
Currency or currencies of up-front payment	The currency or currencies in which any up-front payment is made by one counterparty to another.	N
Embedded option	Indicate whether the option is an embedded option.	Y (If available)
<b>B. Additional Asset Information</b>	These fields are required to be reported for the respective types of derivatives set out below, even if the information is entered in a Common Data field above.	
<b>i) Interest rate derivatives</b>		
Fixed rate leg 1	The rate used to determine the payment amount for leg 1 of the derivative.	Y
Fixed rate leg 2	The rate used to determine the payment amount for leg 2 of the derivative.	Y
Floating rate leg 1	The floating rate used to determine the payment amount for leg 1 of the derivative.	Y
Floating rate leg 2	The floating rate used to determine the payment amount for leg 2 of the derivative.	Y
Fixed rate day count convention	Factor used to calculate the fixed payer payments (e.g., 30/360, actual/360).	Y
Fixed leg payment frequency or dates	Frequency or dates of payments for the fixed rate leg of the derivative (e.g., quarterly, semi-annually, annually).	Y

Floating leg payment frequency or dates	Frequency or dates of payments for the floating rate leg of the derivative (e.g., quarterly, semi-annually, annually).	Y
Floating rate reset frequency or dates	The dates or frequency at which the floating leg of the derivative resets (e.g., quarterly, semi-annually, annually).	Y
<b>ii) Currency derivatives</b>		
Exchange rate	Contractual rate(s) of exchange of the currencies.	Y
<b>iii) Commodity derivatives</b>		
Sub-asset class	Specific information to identify the type of commodity derivative (e.g., Agriculture, Power, Oil, Natural Gas, Freights, Metals, Index, Environmental, Exotic).	Y
Quantity	Total quantity in the unit of measure of an underlying commodity.	Y
Unit of measure	Unit of measure for the quantity of each side of the derivative (e.g., barrels, bushels).	Y
Grade	Grade of product being delivered (e.g., grade of oil).	Y
Delivery point	The delivery location.	N
Load type	For power, load profile for the delivery.	Y
Transmission days	For power, the delivery days of the week.	Y
Transmission duration	For power, the hours of day transmission starts and ends.	Y
<b>C. Options</b>	These fields are required to be reported for options derivatives, even if the information is entered in a Common Data field above.	
Option exercise date	The date(s) on which the option may be exercised.	Y
Option premium	Fixed premium paid by the buyer to the seller.	Y
Strike price (cap/floor rate)	The strike price of the option.	Y
Option style	Indicate whether the option can be exercised on a fixed date or anytime during the life of the derivative (e.g., American, European, Bermudan, Asian).	Y
Option type	Put/call.	Y

<b>D. Event Data</b>		
Action	Describes the type of event to the derivative (e.g., new transaction, modification or cancellation of existing derivative).	N
Execution timestamp	The time and date of execution of a transaction, including a novation, expressed using Coordinated Universal Time (UTC).	Y (If available)
Post-transaction events	Indicate whether the report results from a post-transaction service (e.g., compression, reconciliation) or from a life-cycle event (e.g., amendment).	N
Reporting timestamp	The time and date the derivative was submitted to the trade repository, expressed using UTC.	N
<b>E. Valuation data</b>	These fields are required to be reported on a continuing basis for all reported derivatives, including reported pre-existing derivatives.	
Value of derivative calculated by the reporting counterparty	Mark-to-market valuation or mark-to-model valuation of the derivative.	N
Valuation currency	Indicate the currency used when reporting the value of the derivative.	N
Valuation date	Date of the latest mark-to-market or mark-to-model valuation.	N
<b>F. Other details</b>		
Other details	Where the terms of the derivative cannot be effectively reported in the above prescribed fields, provide any additional information that may be necessary.	Y (If applicable)

**APPENDIX B**  
**to**  
**MULTILATERAL INSTRUMENT 96-101**  
**TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING**

**Trade Reporting Laws of Foreign Jurisdictions**

<b><u>Jurisdiction</u></b>	<b><u>Law, Regulation and/or Instrument</u></b>
<u>European Union</u>	<p><u>Regulation (EU) 648/2012 of the European Parliament and Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as amended from time to time.</u></p> <p><u>Commission Delegated Regulation (EU) No 148/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards on the minimum details of the data to be reported to trade repositories, as amended from time to time.</u></p> <p><u>Commission Delegated Regulation (EU) No 151/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, with regard to regulatory technical standards specifying the data to be published and made available by trade repositories and operational standards for aggregating, comparing and accessing the data, as amended from time to time.</u></p> <p><u>Commission Implementing Regulation (EU) No 1247/2012 of 19 December 2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, as amended from time to time.</u></p>
<u>United States of America</u>	<p><u>CFTC Real-Time Public Reporting of Swap Transaction Data, 17 C.F.R. pt. 43 (2013), as amended from time to time.</u></p> <p><u>CFTC Swap Data Recordkeeping and Reporting Requirements, 17 C.F.R. pt. 45 (2013), as amended from time to time.</u></p> <p><u>CFTC Swap Data Recordkeeping and Reporting Requirements: Pre-Enactment and Transition Swaps, 17 C.F.R. pt. 46 (2013), as amended from time to time.</u></p>

**APPENDIX C**  
**to**  
**MULTILATERAL INSTRUMENT 96-101**  
**TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING**

**Requirements for the Public Dissemination of Transaction-level Data**

**Instructions**

- 1.** Subject to items 2 through 6, a recognized trade repository is required to disseminate to the public at no cost the information contained in Table 1 for a derivative in any of the Asset Classes and Underlying Asset Identifiers listed in Table 2 for:
- (a) a derivative reported to the recognized trade repository under this Instrument;
  - (b) a life-cycle event that changes the pricing of an existing derivative reported to the recognized trade repository under this Instrument;
  - (c) a cancellation or correction of previously disseminated data relating to a transaction resulting in a derivative listed in paragraph (a) or a life-cycle event listed in paragraph (b).

**Table 1**

<b><u>Data field</u></b>	<b><u>Description</u></b>
<u>Cleared</u>	<u>Indicate whether the derivative has been cleared by a clearing agency.</u>
<u>Electronic trading venue identifier</u>	<u>Indicate whether the transaction was executed on an electronic trading venue.</u>
<u>Collateralization</u>	<u>Indicate whether the derivative is collateralized.</u>
<u>Unique product identifier</u>	<u>Unique product identification code based on the taxonomy of the product.</u>
<u>Contract or instrument type</u>	<u>The name of the contract of instrument type (e.g., swap, swaption, forward, option, basis swap, index swap, basket swap).</u>
<u>Underlying asset identifier 1</u>	<u>The unique identifier of the asset referenced in the derivative.</u>
<u>Underlying asset identifier 2</u>	<u>The unique identifier of the second asset referenced in the derivative, if more than one.</u> <u>If more than two assets identified in the derivative, report the unique identifiers for those additional underlying assets.</u>

<u>Data field</u>	<u>Description</u>
<u>Asset class</u>	<u>Major asset class of the product (e.g., interest rate, credit, commodity, foreign exchange, equity).</u>
<u>Effective date or start date</u>	<u>The date the derivative becomes effective or starts.</u>
<u>Maturity, termination or end date</u>	<u>The date the derivative expires.</u>
<u>Payment frequency or dates</u>	<u>The dates or frequency the derivative requires payments to be made (e.g., quarterly, monthly).</u>
<u>Reset frequency or dates</u>	<u>The dates or frequency at which the price resets (e.g., quarterly, semi-annually, annually).</u>
<u>Day count convention</u>	<u>Factor used to calculate the payments (e.g., 30/360, actual/360).</u>
<u>Price 1</u>	<u>The price, rate, yield, spread, coupon or similar characteristic of the derivative. This should not include any premiums such as commissions, collateral premiums or accrued interest.</u>
<u>Price 2</u>	<u>The price, rate, yield, spread, coupon or similar characteristic of the derivative. This should not include any premiums such as commissions, collateral premiums or accrued interest.</u>
<u>Price notation type 1</u>	<u>The manner in which the price is expressed (e.g., percentage, basis points).</u>
<u>Price notation type 2</u>	<u>The manner in which the price is expressed (e.g., percentage, basis points).</u>
<u>Notional amount leg 1</u>	<u>Total notional amount(s) of leg 1 of the derivative.</u>
<u>Notional amount leg 2</u>	<u>Total notional amount(s) of leg 2 of the derivative.</u>
<u>Currency leg 1</u>	<u>Currency of leg 1.</u>
<u>Currency leg 2</u>	<u>Currency of leg 2.</u>

<u>Data field</u>	<u>Description</u>
<u>Settlement currency</u>	<u>The currency used to determine the cash settlement amount.</u>
<u>Embedded option</u>	<u>Indicate whether the option is an embedded option.</u>
<u>Option exercise date</u>	<u>The date(s) on which the option may be exercised.</u>
<u>Option premium</u>	<u>Fixed premium paid by the buyer to the seller.</u>
<u>Strike price (cap/floor rate)</u>	<u>The strike price of the option.</u>
<u>Option style</u>	<u>Indicate whether the option can be exercised on a fixed date or anytime during the life of the derivative. (e.g., American, European, Bermudan, Asian).</u>
<u>Option type</u>	<u>Put/call.</u>
<u>Action</u>	<u>Describes the type of event to the derivative (e.g., new transaction, modification or cancellation of existing derivative).</u>
<u>Execution timestamp</u>	<u>The time and date of execution of a derivative, including a novation, expressed using Coordinated Universal Time (UTC).</u>

**Table 2**

<u>Asset Class</u>	<u>Underlying Asset Identifier</u>
<u>Interest Rate</u>	<u>CAD-BA-CDOR</u>
<u>Interest Rate</u>	<u>USD-LIBOR-BBA</u>
<u>Interest Rate</u>	<u>EUR-EURIBOR-Reuters</u>
<u>Interest Rate</u>	<u>GBP-LIBOR-BBA</u>
<u>Credit</u>	<u>All Indexes</u>
<u>Equity</u>	<u>All Indexes</u>

**Exclusions**

2. Despite item 1, each of the following is excluded from the requirement to be publicly disseminated:

(a) a derivative that requires the exchange of more than one currency;



(b) a derivative resulting from a multilateral portfolio compression exercise;

(c) a derivative resulting from novation by a clearing agency.

**Rounding of notional amount**

**3.** A recognized trade repository must round the notional amount of a derivative for which it disseminates transaction level data in accordance with the Instrument and item 1 of this Appendix in accordance with the rounding conventions contained in Table 3.

**Table 3**

<b><u>Reported Notional Amount Leg 1 or 2</u></b>	<b><u>Rounded Notional Amount</u></b>
<u>&lt;\$1,000</u>	<u>Round to nearest \$5</u>
<u>=&gt;\$1,000, &lt;\$10,000</u>	<u>Round to nearest \$100</u>
<u>=&gt;\$10,000, &lt;\$100,000</u>	<u>Round to nearest \$1,000</u>
<u>&lt;\$1 million</u>	<u>Round to nearest \$10,000</u>
<u>=&gt;\$1 million, &lt;\$10 million</u>	<u>Round to nearest \$100,000</u>
<u>=&gt;\$10 million, &lt;\$50 million</u>	<u>Round to nearest \$1 million</u>
<u>=&gt;\$50 million, &lt;\$100 million</u>	<u>Round to nearest \$10 million</u>
<u>=&gt;\$100 million, &lt;\$500 million</u>	<u>Round to nearest \$50 million</u>
<u>=&gt;\$500 million, &lt;\$1 billion</u>	<u>Round to nearest \$100 million</u>
<u>=&gt;\$1 billion, &lt;\$100 billion</u>	<u>Round to nearest \$500 million</u>
<u>&gt;\$100 billion</u>	<u>Round to nearest \$50 billion</u>

**Capping of notional amount**

**4.** Where the Rounded Notional Amount of a derivative, as set out in Table 3, would exceed the Capped Rounded Notional Amount, in Canadian dollars (CAD), according to the Asset Class and Maturity Date less Execution Time Stamp Date of that derivative as set out in Table 4, a recognized trade repository must disseminate the Capped Rounded Notional Amount for the derivative in place of the Rounded Notional Amount.

**5.** When disseminating data in accordance with subsection 39(3) of this Instrument and this Appendix, a recognized trade repository must indicate if the Rounded Notional Amount for a derivative is a Capped Rounded Notional Amount.

**6.** For each derivative where the Capped Rounded Notional Amount is disseminated, a recognized trade repository must adjust, if part of the data to be disseminated, the option premium, in a consistent and proportionate manner.

**Table 4**

<u>Asset Class</u>	<u>Maturity Date less Execution Time Stamp Date</u>	<u>Capped Rounded Notional Amount in CAD</u>
<u>Interest Rate</u>	<u>Less than or equal to two years (746 days)</u>	<u>\$250 million</u>
<u>Interest Rate</u>	<u>Greater than two years (746 days) and less than or equal to ten years (3,668 days)</u>	<u>\$100 million</u>
<u>Interest Rate</u>	<u>Greater than ten years (3,668 days)</u>	<u>\$50 million</u>
<u>Credit</u>	<u>All dates</u>	<u>\$50 million</u>
<u>Equity</u>	<u>All dates</u>	<u>\$50 million</u>

**Timing**

7. Subject to items 2 through 6, a recognized trade repository must disseminate the information contained in Table 1 no later than
- (a) the end of the day following the day on which it receives the data from the reporting counterparty to the derivative, if one of the counterparties to the derivative is a derivatives dealer or a reporting clearing agency, or
  - (b) the end of the second day following the day on which it receives the data from the reporting counterparty to the derivative in all other circumstances.

**FORM 96-101F1**  
**APPLICATION FOR RECOGNITION –**  
**TRADE REPOSITORY INFORMATION STATEMENT**

**Filer:**

**Type of Filing:**       **INITIAL**    **AMENDMENT**

**Name(s)**

1.      Full name of trade repository:
2.      Name(s) under which business is conducted, if different from item 1:
3.      If this filing makes a name change on behalf of the trade repository in respect of the name set out in item 1 or item 2, enter the previous name and the new name.

Previous name:

New name:

**Contact information**

4.      Head office

Address:

Telephone:

Fax:

5.      Mailing address (if different):

6.      Other office(s)

Address:

Telephone:

Fax:

7.      Website address:

8.      Contact employee

Name and title:

Telephone:

Fax:

E-mail:

9. Counsel

Firm name:  
Lawyer name:  
Telephone:  
Fax:  
E-mail:

10. Canadian counsel (if applicable)

Firm name:  
Lawyer name:  
Telephone:  
Fax:  
E-mail:

**EXHIBITS**

File all Exhibits with the Filing. For each Exhibit, include the name of the trade repository, 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 required Exhibit is inapplicable, a statement to that effect must be furnished in place of such Exhibit.

Except as provided below, if the filer files an amendment to the information provided in its Filing and the information relates to an Exhibit filed with the Filing or a subsequent amendment, the filer must, in order to comply with section 3 of the Instrument, provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The filer must provide a clean and blacklined version showing changes from the previous filing.

If the filer has otherwise filed the information required by the previous paragraph under section 17 of the Instrument, it is not required to file the information again as an amendment to an Exhibit. However, if supplementary material relating to a filed rule is contained in an Exhibit, an amendment to the Exhibit must also be filed.

***Exhibit A – Corporate Governance***

1. Legal status:

- Corporation
- Partnership
- Other (specify):

2. Indicate the following:
  - (1) Date (DD/MM/YYYY) of formation.
  - (2) Place of formation.
  - (3) Statute under which trade repository was organized.
  - (4) Regulatory status in other jurisdictions.
3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.
4. Provide the policies and procedures to address potential conflicts of interest arising from the operation of the trade repository or the services it provides, including those related to the commercial interest of the trade repository, the interests of its owners and its operators, the responsibilities and sound functioning of the trade repository, and those between the operations of the trade repository and its regulatory responsibilities.
5. An applicant that is located outside of the local jurisdiction that is applying for recognition as a trade repository under the local securities legislation must additionally provide the following:
  - (1) An opinion of legal counsel that, as a matter of law, the applicant has the power and authority to provide the securities regulatory authority with prompt access to the applicant's books and records and submit to onsite inspection and examination by the securities regulatory authority.
  - (2) A completed Form 96-101F2 *Trade Repository Submission to Jurisdiction and Appointment of Agent for Service of Process*.

***Exhibit B – Ownership***

1. Provide a list of the registered or beneficial holders of securities of, partnership interests in, or other ownership interests in, the trade repository, indicating the following for each:
  - (1) Name.
  - (2) Principal business or occupation and title.
  - (3) Ownership interest.
  - (4) Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest.

2. In the case of a trade repository that is publicly traded, if the trade repository is a corporation, please only provide a list of each shareholder that directly owns 5% or more of a class of a security with voting rights.

***Exhibit C – Organization***

1. Provide a list of partners, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
  - (1) Name.
  - (2) Principal business or occupation and title.
  - (3) Dates of commencement and expiry of present term of office or position.
  - (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.
2. Provide a list of the committees of the board, including their mandates.
3. Provide the name of the trade repository's Chief Compliance Officer.

***Exhibit D – Affiliated Entities***

1. For each affiliated entity of the trade repository, provide the name and head office address and describe the principal business of the affiliated entity.
2. For each affiliated entity of the trade repository
  - (a) to which the trade repository has outsourced any of its key services or systems described in Exhibit E – Operations of the Trade Repository, including business recordkeeping, recordkeeping of trade data, trade data reporting, trade data comparison or data feed, or
  - (b) with which the trade repository has any other material business relationship, including loans or cross-guarantees,

provide the following information:

- (1) Name and address of the affiliated entity.

- (2) The name and title of the directors and officers, or persons performing similar functions, of the affiliated entity.
- (3) A description of the nature and extent of the contractual and other agreements with the trade repository, and the roles and responsibilities of the affiliated entity under the arrangement.
- (4) A copy of each material contract relating to any outsourced functions or other material relationship.
- (5) Copies of constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents.
- (6) For the latest financial year of any affiliated entity that has any outstanding loans or cross-guarantee arrangements with the trade repository, copies of financial statements, which may be unaudited, prepared in accordance with one or more of the following:
  - (a) Canadian GAAP applicable to publicly accountable enterprises;
  - (b) IFRS;
  - (c) U.S. GAAP, if the affiliated entity is incorporated or organized under the laws of the United States of America or a jurisdiction of the United States of America.

***Exhibit E – Operations of the Trade Repository***

1. Describe in detail the manner of operation of the trade repository and its associated functions, including, but not limited to, the following:
  - (1) The structure of the trade repository.
  - (2) Means of access by the trade repository's participants and, if applicable, their clients to the trade repository's facilities and services.
  - (3) The hours of operation.
  - (4) The facilities and services offered by the trade repository including, but not limited to, collection and maintenance of derivatives data.
  - (5) A list of the types of derivatives instruments for which data recordkeeping is offered, including, but not limited to, a description of the features and characteristics of the instruments.
  - (6) Procedures regarding the entry, display and reporting of derivatives data.

- (7) Recordkeeping procedures that ensure derivatives data is recorded accurately, completely and on a timely basis.
  - (8) The safeguards and procedures to protect derivatives data of the trade repository's participants, including required policies and procedures reasonably designed to protect the privacy and confidentiality of the data.
  - (9) Training provided to participants and a copy of any materials provided with respect to systems and rules and other requirements of the trade repository.
  - (10) Steps taken to ensure that the trade repository's participants have knowledge of and comply with the requirements of the trade repository.
  - (11) The trade repository's risk management framework for comprehensively managing risks including business, legal and operational risks.
2. Provide all policies, procedures and manuals related to the operation of the trade repository.

***Exhibit F – Outsourcing***

1. Where the trade repository has outsourced the operation of key services or systems described in Exhibit E – Operations of the Trade Repository to an arm's-length third party, including any function associated with the collection and maintenance of derivatives data, provide the following information:
  - (1) Name and address of the person or company (including any affiliated entities of the trade repository) to which the function has been outsourced.
  - (2) A description of the nature and extent of the contractual or other agreement with the trade repository and the roles and responsibilities of the arm's-length party under the arrangement.
  - (3) A copy of each material contract relating to any outsourced function.

***Exhibit G – Systems and Contingency Planning***

1. For each of the systems for collecting and maintaining reports of derivatives data, describe:
  - (1) Current and future capacity estimates.
  - (2) Procedures for reviewing system capacity.
  - (3) Procedures for reviewing system security.



- (4) Procedures to conduct stress tests.
- (5) The filer's business continuity and disaster recovery plans, including any relevant documentation.
- (6) Procedures to test business continuity and disaster recovery plans.
- (7) The list of data to be reported by all types of participants.
- (8) The data format or formats that will be available to the securities regulatory authority and other persons or companies receiving trade reporting data.

***Exhibit H – Access to Services***

1. Provide a complete set of all forms, agreements or other materials pertaining to access to the services of the trade repository described in item 1(4) in Exhibit E – Operations of the Trade Repository.
2. Describe the types of trade repository participants.
3. Describe the trade repository's criteria for access to the services of the trade repository.
4. Describe any differences in access to the services offered by the trade repository to different groups or types of participants.
5. Describe conditions under which the trade repository's participants may be subject to suspension or termination with regard to access to the services of the trade repository.
6. Describe any procedures that will be involved in the suspension or termination of a participant.
7. Describe the trade repository's arrangements for permitting clients of participants to have access to the trade repository. Provide a copy of any agreements or documentation relating to these arrangements.

***Exhibit I – Fees***

1. Provide a description of the fee model and all fees charged by the trade repository, or by a party to which services have been directly or indirectly outsourced, including, but not limited to, fees relating to access and the collection and maintenance of derivatives data, how such fees are set, and any fee rebates or discounts and how the rebates and discounts are set.

**CERTIFICATE OF TRADE REPOSITORY**

The undersigned certifies that the information given in this report is true and correct.

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

\_\_\_\_\_  
(Name of trade repository)

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

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

\_\_\_\_\_  
(Official capacity – please type or print)

[If applicable,]

**ADDITIONAL CERTIFICATE  
OF TRADE REPOSITORY THAT IS LOCATED OUTSIDE OF [insert local jurisdiction]**

The undersigned certifies that

1. it will provide the securities regulatory authority with access to its books and records and will submit to onsite inspection and examination by the securities regulatory authority;
2. as a matter of law, it has the power and authority to
  - (a) provide the securities regulatory authority with access to its books and records, and
  - (b) submit to onsite inspection and examination by the securities regulatory authority.

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

\_\_\_\_\_  
(Name of trade repository)

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

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

\_\_\_\_\_  
(Official capacity – please type or print)

**FORM 96-101F2**  
**TRADE REPOSITORY SUBMISSION TO JURISDICTION**  
**AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS**

1. Name of trade repository (the “Trade Repository”):  

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2. Jurisdiction of incorporation, or equivalent, of the Trade Repository:  

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3. Address of principal place of business of the Trade Repository:  

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4. Name of the agent for service of process for the Trade Repository (the “Agent”):  

---
5. Address of the Agent in [*insert local jurisdiction*]:  

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6. The Trade Repository designates and appoints the Agent as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the activities of the Trade Repository in [*insert local jurisdiction*]. The Trade Repository hereby irrevocably waives any right to challenge service upon its Agent as not binding upon the Trade Repository.
7. The Trade Repository agrees to unconditionally and irrevocably attorn to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of [*insert local jurisdiction*] and (ii) any proceeding in any province or territory arising out of, related to, concerning or in any other manner connected with the regulation and oversight of the activities of the Trade Repository in [*insert local jurisdiction*].
8. The Trade Repository must file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before the Trade Repository ceases to be recognized or exempted by the Commission, to be in effect for 6 years from the date it ceases to be recognized or exempted unless otherwise amended in accordance with item 9.
9. Until 6 years after it has ceased to be recognized or exempted by the Commission from the recognition requirement under the securities legislation of [*insert local jurisdiction*], the Trade Repository must file an amended submission to jurisdiction and appointment of

agent for service of process in this form at least 30 days before any change in the name or above address of the Agent.

10. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [*insert local jurisdiction*].

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature of the Trade Repository

\_\_\_\_\_  
Print name and title of signing  
officer of the Trade Repository

**AGENT**

**CONSENT TO ACT AS AGENT FOR SERVICE**

I, \_\_\_\_\_ (name of Agent in full; if Corporation, full Corporate name) of \_\_\_\_\_ (business address), hereby accept the appointment as agent for service of process of \_\_\_\_\_ (insert name of Trade Repository) and hereby consent to act as agent for service pursuant to the terms of the appointment executed by \_\_\_\_\_ (insert name of Trade Repository) on \_\_\_\_\_ (insert date).

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature of the Trade Repository

\_\_\_\_\_  
Print name and title of signing officer of the Trade Repository

**FORM 96-101F3**  
**CESSATION OF OPERATIONS REPORT FOR RECOGNIZED TRADE REPOSITORY**

1. Identification:
  - (1) Full name of the recognized trade repository:
  - (2) Name(s) under which business is conducted, if different from item 1(1):
2. Date the recognized trade repository proposes to cease carrying on business as a trade repository:
3. If cessation of business was involuntary, date the recognized trade repository has ceased to carry on business as a trade repository:

**EXHIBITS**

File all Exhibits with this Cessation of Operations Report. For each exhibit, include the name of the recognized trade repository, 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 required Exhibit is inapplicable, a statement to that effect must be furnished in place of such Exhibit.

***Exhibit A***

Provide the reasons for the recognized trade repository ceasing to carry on business as a trade repository.

***Exhibit B***

Provide a list of all derivatives instruments for which data recordkeeping is offered during the last 30 days prior to ceasing business as a trade repository.

***Exhibit C***

Provide a list of all participants who are counterparties to a derivative required to be reported under this Instrument and for whom the recognized trade repository provided services during the last 30 days prior to ceasing business as a trade repository.

**CERTIFICATE OF RECOGNIZED TRADE REPOSITORY**

The undersigned certifies that the information given in this report is true and correct.

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

\_\_\_\_\_  
(Name of trade repository)

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

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

\_\_\_\_\_  
(Official capacity – please type or print)



**ANNEX D**

This Annex sets out a blackline showing the proposed changes to Companion Policy 96-101 *Trade Repositories and Derivatives Data Reporting*, as set out in Annex B.

**COMPANION POLICY 96-101  
TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING**

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## **PART 1 GENERAL COMMENTS**

### **Introduction**

This companion policy (the “Policy”) provides guidance on how those members (“participating jurisdictions” or “we”) of the Canadian Securities Administrators participating in Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* (the “Instrument”) interpret various matters in the Instrument.

Except for Part 1, the numbering and headings of Parts, sections and subsections in this Policy correspond to the numbering and headings in the Instrument. Any general guidance for a Part or section appears immediately after the Part or section name. Any specific guidance on a section or subsection follows any general guidance. If there is no guidance for a Part or section, the numbering in this Policy will skip to the next provision that does have guidance.

Unless defined in the Instrument or this Policy, terms used in the Instrument and in this Policy have the meaning given to them in securities legislation, including in National Instrument 14-101 *Definitions*.

### **Definitions and interpretation of terms in this Policy and in the Instrument**

#### **1. (1) In this Policy**

“CPMI” means the Committee on Payments and Market Infrastructure;<sup>1</sup>

“FMI” means a financial market infrastructure, as described in the PFMI Report;

“Global LEI System” means the Global Legal Entity Identifier System;

“IOSCO” means the Technical Committee of the International Organization of Securities Commissions;

“ISDA methodology” means the methodology described in the Canadian Transaction Reporting Party Requirements issued by the International Swaps and Derivatives Association, Inc. and dated April 4, 2014;

“LEI” means a legal entity identifier;

“LEI ROC” means the LEI Regulatory Oversight Committee;

“PFMI Report” means the April 2012 final report entitled *Principles for financial market infrastructures* published by CPMI (formerly CPSS) and IOSCO, as amended from time to time;<sup>2</sup>

<sup>1</sup> Prior to September 1, 2014, CPMI was known as the Committee on Payment and Settlement Systems (CPSS).

“principle” means, unless the context otherwise indicates, a principle set out in the PFMI Report.

(2) The definition of asset class is not exclusive. Some types of derivatives may fall into additional asset classes.

(3) The definition of derivatives dealer in the instrument only applies in relation to the Instrument. A person or company that is a derivatives dealer for the purpose of the Instrument will not necessarily need to register as a dealer (or in any other registration category) and will not necessarily be subject to regulatory requirements applicable to derivatives dealers in other Instruments.

We consider the factors listed below to be relevant in determining whether a person or company is a derivatives dealer for the purpose of the Instrument:

- *intermediating transactions* – the person or company provides services relating to the intermediation of transactions between third-party counterparties to derivative contracts. This typically takes the form of the business commonly referred to as a broker;
- *acting as a market maker* – the person or company makes a market in a derivative or derivatives. The person or company routinely makes a two-way market in a derivative or category of derivatives or publishes quotes to buy and quotes to sell a derivatives position at the same time;
- *transacting with the intention of being compensated* – the person or company receives, or expects to receive, any form of compensation for carrying on derivatives transaction activity including compensation that is transaction or value based and including from spreads or built-in fees. It does not matter if the person or company actually receives compensation or what form the compensation takes. However, a person or company would not be considered to be a derivatives dealer solely by reason that it realizes a profit from changes in the market price for the derivative (or its underlying), regardless of whether the derivative was intended for the purpose of hedging or speculating;
- *directly or indirectly soliciting in relation to derivatives transactions* – the person or company contacts others to solicit derivatives transactions. Solicitation includes contacting someone by any means, including advertising that offers (i) derivatives transactions, (ii) participation in derivatives transactions or (iii) services relating to derivatives transactions. This includes advertising on the internet with the intention of encouraging transacting in derivatives by local persons or companies. A person or company might not be considered to be soliciting solely because it contacts a potential counterparty or a potential counterparty contacts them to inquire about a transaction in a derivative unless it is the person or company’s intention or expectation to be compensated from the transaction. For example, a person or company that wishes to hedge a specific risk might not be considered to be soliciting for the purpose of the

<sup>2</sup> The PFMI Report is available on the Bank for International Settlements’ website ([www.bis.org](http://www.bis.org)) and the IOSCO website ([www.iosco.org](http://www.iosco.org)).

Instrument if they contacted multiple potential counterparties to inquire about potential derivatives transactions to hedge the risk;

- *transacting derivatives with individuals or small business* – the person or company transacts with or on behalf of persons or companies that are neither “permitted clients” as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations* nor “qualified parties” as that term may be defined in applicable rules or orders in the securities legislation of the local jurisdiction, except where those persons or companies are represented by a registered dealer or adviser;
- *providing derivatives clearing services* – the person or company provides services to allow third parties, including counterparties to trades involving the person or company, to clear derivatives through a clearing agency. While these services do not directly relate to the execution of a transaction they are actions in furtherance of a trade conducted by a person or company that would typically be familiar with the derivatives market and would possess the necessary expertise to allow them to conduct trade reporting;
- *engaging in activities similar to a derivatives dealer* – the person or company sets up a business to carry out any activities related to transactions involving derivatives that would reasonably appear, to a third party, to be similar to the activities discussed above. This would not include the operator of a trading platform that is not registered or exempted from registration as a dealer, such as an exchange, or the operator of a clearing agency.

In determining whether or not they are a derivatives dealer for the purpose of the Instrument a person or company should consider their activities holistically. Generally, we would consider a person or company that engages in the activities referenced above in an organized and repetitive manner to be a derivatives dealer. Ad hoc or isolated activities may not necessarily result in a person or company being a derivatives dealer. For example if a person or company makes an effort to take a long and short position at the same time to manage business risk, it does not necessarily mean that the person or company is making a market. Similarly, organized and repetitive proprietary trading, in and of itself, absent other factors described above, may not result in a person or company being a derivatives dealer for the purpose of the Instrument.

To be a derivatives dealer in a jurisdiction a person or company must conduct the activities described above in that jurisdiction. Activities are considered to be conducted in a jurisdiction if the counterparty to the derivative is a local counterparty in the jurisdiction. A person or company does not need to have a physical location, staff or other presence in the local jurisdiction to be a derivatives dealer.

A person or company’s primary business activity does not need to include the activities described above for the person or company to be a derivatives dealer for the purpose of the Instrument. Its primary business activity could be unrelated to any of the factors described above; however if it does meet any of these factors, it may be a derivatives dealer in the jurisdiction in which it engages in those activities.

A person or company is not a dealer for the purpose of the Instrument if they would be a dealer solely as a result of derivatives involving affiliated entities.

(4) A “life-cycle event” is defined in the Instrument as an event that results in a change to derivatives data previously reported to a recognized trade repository. Examples of a life-cycle event include:

- a change to the termination date for the derivative;
- a change in the cash flows, payment frequency, currency, numbering convention, spread, benchmark, reference entity or rates originally reported;
- the availability of an LEI for a counterparty previously identified by name or by some other identifier;
- a corporate action affecting a security or securities on which the derivative is based (e.g., a merger, dividend, stock split, or bankruptcy);
- a change to the notional amount of a derivative including contractually agreed upon changes (e.g., amortization schedule);
- the exercise of a right or option that is an element of the derivative;
- the satisfaction of a level, event, barrier or other condition contained in the derivative.

(5) We use the term “transaction” in the Instrument instead of the statutorily defined term “trade”. The term “transaction” reflects that certain types of activities or events relating to a derivative, whether or not they constitute a “trade”, must be reported as a unique derivative. The primary differences between the two definitions are that (i) the term “trade” as defined in securities legislation includes material amendments and terminations, whereas “transaction” as defined in the Instrument does not, and (ii) the term “transaction”, as defined in the Instrument, includes a novation to a clearing agency, whereas “trade” as defined in securities legislation does not.

A material amendment to a derivative is not a “transaction” and is required to be reported as a life-cycle event under section 32. Similarly, a termination is not a “transaction”, as the expiry or termination of a derivative is required to be reported as a life-cycle event under section 32.

In addition, the definition of “transaction” in the Instrument includes a novation to a clearing agency. The creation data resulting from a novation of a bilateral derivative to a clearing agency is required to be reported as a distinct derivative with reporting links to the original derivative.

(6) The term “valuation data” refers to data that reflects the current value of a derivative. We are of the view that valuation data can be calculated based upon the use of an industry-accepted methodology such as mark-to-market or mark-to-model, or another valuation method that is in

accordance with accounting principles and will result in a reasonable valuation of a derivative.<sup>3</sup> We expect that the methodology used to calculate valuation data that is reported with respect to a derivative would be consistent over the entire life of the derivative.

## **PART 2 TRADE REPOSITORY RECOGNITION AND ONGOING REQUIREMENTS**

Part 2 sets out rules relating to the recognition of a trade repository by the local securities regulatory authority and establishes ongoing requirements for a recognized trade repository. To obtain and maintain recognition as a trade repository, a person or company must comply with these requirements and the terms and conditions in the recognition order made by the securities regulatory authority.

In order to comply with the reporting obligations contained in Part 3, a reporting counterparty to a derivative involving a local counterparty must report the derivative to a recognized trade repository. In some jurisdictions, securities legislation prohibits a person or company from carrying on business as a trade repository in the jurisdiction unless recognized as a trade repository by the securities regulatory authority.

The legal entity that applies to be a recognized trade repository will typically be the entity that operates the facility and collects and maintains records of derivatives data reported to the trade repository by other persons or companies. In some cases, the applicant may operate more than one trade repository. In such cases, the applicant may file separate forms in respect of each trade repository, or it may choose to file one form to cover all of its different trade repositories. If the latter alternative is chosen, the applicant must clearly identify the facility to which the information or any changes submitted under this Part of the Instrument apply.

### **Filing of initial information on application for recognition as a trade repository**

2. In determining whether to recognize an applicant as a trade repository under securities legislation, we will consider a number of factors, including the following:

- whether it is in the public interest to recognize the trade repository;
- the manner in which the trade repository proposes to comply with the Instrument;
- whether the trade repository has meaningful representation as described in subsection 9(2) on its board of directors;
- whether the trade repository has sufficient financial and operational resources for the proper performance of its functions;

<sup>3</sup> For example, see International Financial Reporting Standard 13, *Fair Value Measurement*.

- whether the rules and procedures of the trade repository are reasonably designed to ensure that its business is conducted in an orderly manner that fosters both fair and efficient capital markets, and improves transparency in the derivatives market;
- whether the trade repository has policies and procedures to effectively identify and manage conflicts of interest arising from its operation and the services it provides;
- whether the requirements of the trade repository relating to access to its services are fair and reasonable;
- whether the trade repository’s process for setting fees is fair, transparent and appropriate;
- whether the trade repository’s fees are inequitably allocated among the participants, have the effect of creating barriers to access, or place an undue burden on any participant or class of participants;
- the manner and process for the securities regulatory authority and other applicable regulatory agencies to receive or access derivatives data, including the timing, type of reports, and any confidentiality restrictions;
- whether the trade repository has robust and comprehensive policies, procedures, processes and systems reasonably designed to ensure the security and confidentiality of derivatives data;
- for trade repositories that are not resident in the local jurisdiction, whether the securities regulatory authority has entered into a memorandum of understanding with the relevant regulatory authority in the trade repository’s local jurisdiction;
- whether the trade repository has been, or will be, in compliance with securities legislation, including compliance with the Instrument and any terms and conditions attached to the recognition order in respect of the trade repository.

A trade repository that is applying for recognition must demonstrate that it has established, implemented and maintains and enforces appropriate written rules, policies and procedures that are in accordance with standards applicable to trade repositories. In assessing these rules, policies and procedures we will consider, among other things, the principles and key considerations and explanatory notes applicable to trade repositories in the PFMI Report. These principles are set out in the following chart, along with the corresponding sections of the Instrument.

<b><i>Principle in the PFMI Report applicable to a trade repository</i></b>	<b><i>Relevant section(s) of the Instrument</i></b>
Principle 1: Legal basis	Section 7 – Legal framework Section 17 – Rules, policies, and procedures (in part)

<b><i>Principle in the PFMI Report applicable to a trade repository</i></b>	<b><i>Relevant section(s) of the Instrument</i></b>
Principle 2: Governance	Section 8 – Governance Section 9 – Board of directors Section 10 – Management
Principle 3: Framework for the comprehensive management of risks	Section 19 – Comprehensive risk-management framework Section 20 – General business risk (in part)
Principle 15: General business risk	Section 20 – General business risk
Principle 17: Operational risk	Section 21 – System and other operational risk requirements Section 22 – Data security and confidentiality Section 24 – Outsourcing
Principle 18: Access and participation requirements	Section 13 – Access to recognized trade repository services Section 16 – Due process (in part) Section 17 – Rules, policies and procedures (in part)
Principle 19: Tiered participation arrangements	No equivalent provisions in the Instrument; however, the trade repository may be expected to observe or broadly observe the principle, where applicable.
Principle 20: FMI links	No equivalent provisions in the Instrument; however, the trade repository may be expected to observe or broadly observe the principle, where applicable.
Principle 21: Efficiency and effectiveness	No equivalent provisions in the Instrument; however, the trade repository may be expected to observe or broadly observe the principle, where applicable.
Principle 22: Communication procedures and standards	Section 15 – Communication policies, procedures and standards
Principle 23: Disclosure of rules, key procedures, and market data	Section 17 – Rules, policies and procedures (in part)
Principle 24: Disclosure of market data by trade repositories	Sections in Part 4 – Data Dissemination and Access to Data

We anticipate that the regulator in each participating jurisdiction will consider the principles in conducting its oversight activities of a recognized trade repository. Similarly, we will expect that



recognized trade repositories observe the principles in complying with the Instrument and the terms of its recognition order.

We anticipate that certain information included in the forms filed by an applicant or recognized trade repository under the Instrument will be kept confidential to the extent permitted in the local jurisdiction where this content contains proprietary financial, commercial and technical information. We are of the view that the cost and potential risks to the filers of disclosure of such information may outweigh the benefit of the principle requiring that forms be made available for public inspection. However, we would expect a recognized trade repository to disclose its responses to the CPSS-IOSCO consultative report entitled *Disclosure framework for financial market infrastructures*,<sup>4</sup> which is a supplement to the PFMI Report. Other information included in the filed forms will be required to be made publicly available by a recognized trade repository in accordance with the Instrument or the terms and conditions of the recognition order imposed by a securities regulatory authority.

While we generally expect to keep the information contained in a filed Form 96-101F1 *Application for Recognition – Trade Repository Information Statement* and any amendments to such information confidential, if a regulator or securities regulatory authority considers that it is in the public interest to do so, it may require the applicant or recognized trade repository to disclose a summary of the information contained in the form, or in any amendments to the information in the filed Form 96-101F1.

Notwithstanding the confidential nature of the forms, we anticipate that an applicant's application itself (excluding forms) will be published for comment for a minimum period of 30 days.

(2) A person or company applying for recognition as a trade repository whose head office or principal place of business is located in a foreign jurisdiction will typically be required to provide additional information to allow us to evaluate a trade repository's application, including

- an undertaking to provide the regulator or securities regulatory authority with access to its books and records and to submit to onsite inspection and examination by the regulator or securities regulatory authority, and
- an opinion of legal counsel addressed to the regulator or securities regulatory authority that the person or company has the power and authority to provide the regulator or securities regulatory authority with access to the person or company's books and records, and to submit to onsite inspection and examination by the regulator or securities regulatory authority.

<sup>4</sup> Publication available on the BIS website ([www.bis.org](http://www.bis.org)) and the IOSCO website ([www.iosco.org](http://www.iosco.org)).

### **Change in information by a recognized trade repository**

3. A participating jurisdiction with which an amendment to the information provided in Form 96-101F1 *Application for Recognition – Trade Repository Information Statement* is filed will endeavour to review such amendment in accordance with subsections 3(1) and 3(2) before the proposed implementation date for the change. However, where the changes are complex, raise regulatory concerns, or when additional information is required, this review may exceed these timeframes.

(1) We would consider a change to be significant when it could impact a recognized trade repository, its users, participants, market participants, investors, or the capital markets (including derivatives markets and the markets for assets underlying a derivative). We would generally consider a significant change to include, but not be limited to, the following:

- a change in the structure of the recognized trade repository, including procedures governing how derivatives data is collected and maintained (including in any back-up sites), that has or may have a direct impact on users in a local jurisdiction;
- a change to the services provided by the recognized trade repository, or a change that affects the services provided, including the hours of operation, that has or may have a direct impact on users in a local jurisdiction;
- a change to means of access to the recognized trade repository's facility and its services, including changes to data formats or protocols, that has or may have a direct impact on users in a local jurisdiction;
- a change to the types of derivative asset classes or categories of derivatives that may be reported to the recognized trade repository;
- a change to the systems and technology used by the recognized trade repository that collect, maintain and disseminate derivatives data, including matters affecting capacity;
- a change to the governance of the recognized trade repository, including changes to the structure of its board of directors or board committees and their related mandates;
- a change in control of the recognized trade repository;
- a change in entities that provide key services or systems to, or on behalf of, the recognized trade repository;
- a change to outsourcing arrangements for key services or systems of the recognized trade repository;
- a change to fees or the fee structure of the recognized trade repository;

- a change in the recognized trade repository's policies and procedures relating to risk-management, including relating to business continuity and data security, that has or may have an impact on the recognized trade repository's provision of services to its participants;
- the commencement of a new type of business activity, either directly or indirectly through an affiliated entity;
- a change in the location of the recognized trade repository's head office or primary place of business or the location where the main data servers or contingency sites are housed.

(2) We will generally consider a change in a recognized trade repository's fees or fee structure to be a significant change. However, we acknowledge that recognized trade repositories may frequently change their fees or fee structure and may need to implement fee changes within timeframes that are shorter than the 45-day notice period contemplated in subsection 3(1). To facilitate this process, subsection 3(2) provides that a recognized trade repository may provide information that describes the change to fees or fee structure in a shorter timeframe (at least 15 days before the expected implementation date of the change to fees or fee structure) than is provided for another type of significant change. See section 12 of this Policy for guidance with respect to fee requirements applicable to recognized trade repositories.

(3) Subsection 3(3) sets out the filing requirements for changes to information provided in a filed Form 96-101F1 *Application for Recognition – Trade Repository Information Statement* other than those described in subsections 3(1) or (2). Such changes to information are not considered significant and include the following:

- changes that would not have an impact on the recognized trade repository's structure or participants, or more broadly on market participants, investors or the capital markets;
- changes in the routine processes, policies, practices, or administration of the recognized trade repository that would not impact participants;
- changes due to standardization of terminology;
- corrections of spelling or typographical errors;
- changes to the types of participants of a recognized trade repository that are in a local jurisdiction;
- necessary changes to conform to applicable regulatory or other legal requirements of a jurisdiction of Canada;
- minor system or technology changes that would not significantly impact the system or its capacity.

The participating jurisdictions may review filings under subsection 3(3) to ascertain whether the changes have been categorized appropriately. If the securities regulatory authority disagrees with the categorization, the recognized trade repository will be notified in writing. Where the securities regulatory authority determines that changes reported under subsection 3(3) are in fact significant changes under subsection 3(1), the recognized trade repository will be required to file an amendment to Form 96-101F1 that will be subject to review by the securities regulatory authority.

### **Ceasing to carry on business**

**6. (1)** In addition to filing a completed Form 96-101F3 *Cessation of Operations Report for Recognized Trade Repository*, a recognized trade repository that intends to cease carrying on business in the local jurisdiction as a recognized trade repository must make an application to voluntarily surrender its recognition to the securities regulatory authority pursuant to securities legislation. The securities regulatory authority may accept the voluntary surrender subject to terms and conditions.<sup>5</sup>

### **Legal framework**

**7. (1)** We would generally expect a recognized trade repository to have rules, policies, and procedures in place that provide a legal basis for their activities in all relevant jurisdictions where they have activities, whether within Canada or any foreign jurisdiction.

### **Governance**

**8. (3)** We expect that interested parties will be able to locate the governance information required by subsections 8(1) and 8(2) through a web search or through clearly identified links on the recognized trade repository's website.

### **Board of directors**

**9.** The board of directors of a recognized trade repository is subject to various requirements, such as requirements pertaining to board composition and conflicts of interest. To the extent that a recognized trade repository is not organized as a corporation, the requirements relating to the board of directors may be fulfilled by a body that performs functions that are equivalent to the functions of a board of directors.

**(2)** Paragraph 9(2)(a) requires individuals who comprise the board of directors of a recognized trade repository to have an appropriate level of skill and experience to effectively oversee the management of its operations. This would include individuals with experience and skills in areas such as business recovery, contingency planning, financial market systems and data management.

<sup>5</sup> This will apply in those jurisdictions where securities legislation provides the securities regulatory authority with the power to impose terms and conditions on an application for voluntary surrender. The transfer of derivatives data/information can be addressed through the terms and conditions imposed by the securities regulatory authority on such application.

Under paragraph 9(2)(b), the board of directors of a recognized trade repository must include individuals who are independent of the recognized trade repository. We generally consider individuals who have no direct or indirect material relationship with the recognized trade repository as independent. We expect that independent directors of a recognized trade repository would represent the public interest by ensuring that regulatory and public transparency objectives are fulfilled, and that the interests of participants who are not derivatives dealers are considered.

### **Chief compliance officer**

**11. (1)** Subsection 11(1) is not intended to prevent management from hiring the chief compliance officer, but instead requires the Board to approve the appointment.

**(3)** References to harm to the capital markets in subsection 11(3) may be in relation to domestic or international capital markets.

### **Fees**

**12.** We would generally expect a recognized trade repository's fees and costs to be fairly and equitably allocated among participants. We anticipate that the relevant securities regulatory authority will consider fees when assessing an application for recognition by a trade repository and may review changes in fees proposed by recognized trade repositories. In analyzing fees, we anticipate considering a number of factors, including the following:

- the number and complexity of the derivatives being reported;
- the amount of the fee or cost imposed relative to the cost of providing the services;
- the amount of fees or costs charged by other comparable trade repositories, where relevant, to report similar derivatives in the market;
- with respect to market data fees and costs, the amount of market data fees charged relative to the market share of the recognized trade repository;
- whether the fees or costs represent a barrier to accessing the services of the recognized trade repository for any category of participant.

A recognized trade repository should provide clear descriptions of priced services for comparability purposes. Other than fees for individual services, a recognized trade repository should also disclose costs and other fees related to connecting to or accessing the trade repository. For example, a recognized trade repository should disclose information on the system design, as well as technology and communication procedures, that influence the costs of using the recognized trade repository. A recognized trade repository is also expected to provide timely notice to participants and the public of any changes to services and fees.

### **Access to recognized trade repository services**

**13. (3)** Under subsection 13(3), a recognized trade repository is prohibited from unreasonably preventing, conditioning or limiting access to its services, unreasonably discriminating between its participants, imposing unreasonable barriers to competition or requiring the use or purchase of another service in order for a person or company to utilize its trade reporting service. A recognized trade repository should not engage in anti-competitive practices such as setting overly restrictive terms of use or engaging in anti-competitive price discrimination. A recognized trade repository should not develop closed, proprietary interfaces that result in vendor lock-in or barriers to entry with respect to competing service providers that rely on the data maintained by the recognized trade repository. As an example, a recognized trade repository that is affiliated with a clearing agency must not impose barriers that would make it difficult for a competing clearing agency to report derivatives data to the recognized trade repository.

### **Acceptance of reporting**

**14.** Section 14 requires that a recognized trade repository accept derivatives data for all derivatives of the asset class or classes set out in its recognition order. For example, if the recognition order of a recognized trade repository includes interest rate derivatives, the recognized trade repository is required to accept derivatives data for all types of interest rate derivatives that are entered into by a local counterparty. It is possible that a recognized trade repository may accept derivatives data for only a subset of a class of derivatives if this is indicated in its recognition order. For example, there may be recognized trade repositories that accept derivatives data for only certain types of commodity derivatives, such as energy derivatives.

### **Communication policies, procedures and standards**

**15.** Section 15 sets out the communication standard required to be used by a recognized trade repository in communications with other specified entities. The reference in paragraph 15(d) to “service providers” may include persons or companies who offer technological or transaction processing or post-transaction services.

### **Due process**

**16.** Section 16 imposes a requirement that a recognized trade repository provide participants or applicants with an opportunity to be heard before making a decision that directly and adversely affects the participant or applicant. We would generally expect that a recognized trade repository would meet this requirement by conducting a hearing or by allowing the participant or applicant to make representations in any form.

### **Rules, policies and procedures**

**17.** The rules, policies and procedures of a recognized trade repository should be clear and comprehensive, and include explanatory material written in plain language so that participants can fully understand the system’s design and operations, their rights and obligations, and the

risks of participating in the system. Moreover, a recognized trade repository should disclose, to its participants and to the public, basic operational information and responses to the *FMI disclosure template* in Annex A of the CPSS-IOSCO report *Principles for financial market infrastructures: Disclosure framework and assessment methodology*, published December 2012.

We anticipate that participating jurisdictions may develop and implement a protocol with the recognized trade repository that will set out the procedures to be followed with respect to the review and approval of rules, policies and procedures and any amendments thereto. Such a protocol may be appended to and form part of the recognition order. Depending on the nature of the changes to the recognized trade repository's rules, policies and procedures, such changes may also impact the information contained in Form 96-101F1 *Application for Recognition – Trade Repository Information Statement*. In such cases, the recognized trade repository will be required to file an amendment to Form 96-101F1 with the securities regulatory authority. See section 3 of this Policy for a discussion of filing requirements. We anticipate that requirements relating to the review and approval of rules, policies, and procedures and any amendments thereto will be described in the order of the securities regulatory authority recognizing the trade repository.

(3) Subsection 17(3) requires that a recognized trade repository monitor compliance with its rules, policies and procedures. The methodology of monitoring such compliance should be fully documented.

(4) The processes implemented by a recognized trade repository for dealing with a participant's non-compliance with its rules, policies and procedures do not preclude enforcement action by any other person or company, including a securities regulatory authority or other regulatory body.

### **Records of data reported**

**18.** A recognized trade repository may be subject to record-keeping requirements under securities legislation that are in addition to those under section 18 of the Instrument.

(2) The requirement to maintain records for 7 years after the expiration or termination of a derivative, rather than from the date of the transaction, reflects the fact that derivatives create ongoing obligations and that information is subject to change throughout the life of a derivative.

### **Comprehensive risk-management framework**

**19.** Section 19 requires that a recognized trade repository have a comprehensive risk-management framework. Set out below are some of our expectations for a recognized trade repository to be able to demonstrate that it meets that requirement.

#### *Features of the framework*

We would generally expect that a recognized trade repository would have a written risk-management framework (including policies, procedures and systems) that enables it to identify,

measure, monitor, and manage effectively the range of risks that arise in, or are borne by, the recognized trade repository. A recognized trade repository's framework should include the identification and management of risks that could materially affect its ability to perform or to provide services as expected, such as interdependencies.

### *Establishing a framework*

A recognized trade repository should have comprehensive internal processes to help its board of directors and senior management monitor and assess the adequacy and effectiveness of its risk-management policies, procedures, systems and controls. These processes should be fully documented and readily available to the recognized trade repository's personnel who are responsible for implementing them.

### *Maintaining a framework*

We would generally expect that a recognized trade repository would regularly review the material risks it bears from, and poses to, other entities (such as other FMIs, settlement banks, liquidity providers or service providers) as a result of interdependencies, and develop appropriate risk-management tools to address these risks. These tools should include business continuity arrangements that allow for rapid recovery and resumption of critical operations and services in the event of operational disruptions and recovery or orderly wind-down plans should the trade repository become non-viable.

## **General business risk**

**20. (1)** We consider general business risk to include any potential impairment of the recognized trade repository's financial position (as a business concern) as a consequence of a decline in its revenues or an increase in its expenses, such that expenses exceed revenues and result in a loss that must be charged against capital or an inadequacy of resources necessary to carry on business as a recognized trade repository.

**(2)** For the purpose of subsection 20(2), the amount of liquid net assets funded by equity that a recognized trade repository should hold is to be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services, if such action is taken.

**(4)** The scenarios identified under subsection 20(4) should take into account the various independent and related risks to which the recognized trade repository is exposed.

**(5)** Plans for the recovery or orderly wind-down of a recognized trade repository should contain, among other elements, a substantive summary of the key recovery or orderly wind-down strategies, the identification of the recognized trade repository's critical operations and services, and a description of the measures needed to implement the key strategies. The recognized trade repository should maintain the plan on an ongoing basis, to achieve recovery and orderly wind-down, and should hold sufficient liquid net assets funded by equity to implement this plan. A recognized trade repository should also take into consideration the operational, technological and



legal requirements for participants to establish and move to an alternative arrangement in the event of an orderly wind-down.

### **Systems and other operational risk requirements**

**21. (1)** Subsection 21(1) sets out a general principle concerning the management of operational risk. In interpreting subsection 21(1), the following key considerations should be applied:

- a recognized trade repository should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor and manage operational risks;
- a recognized trade repository should review, audit and test systems, operational policies, procedures and controls, periodically and after any significant changes;
- a recognized trade repository should have clearly defined operational-reliability objectives and policies in place that are designed to achieve those objectives.

**(2)** The board of directors of a recognized trade repository should clearly define the roles and responsibilities for addressing operational risk.

**(3)** An adequate system of internal control over systems as well as adequate general information-technology controls are to be implemented to support information technology planning, acquisition, development and maintenance, computer operations, information systems support and security. Recommended Canadian guides as to what constitutes adequate information technology controls include *'Information Technology Control Guidelines'* from the Canadian Institute of Chartered Accountants and *'COBIT'* from the IT Governance Institute. A recognized trade repository should ensure that its information-technology controls address the integrity of the data that it maintains, by protecting all derivatives data submitted from corruption, loss, improper disclosure, unauthorized access and other processing risks.

Paragraph 21(3)(b) requires a recognized trade repository to thoroughly assess future needs and make systems capacity and performance estimates in a method consistent with prudent business practice at least once a year. This paragraph also imposes an annual requirement for recognized trade repositories to conduct periodic capacity stress tests. Continual changes in technology, risk management requirements and competitive pressures will often result in these activities or tests being carried out more frequently.

Paragraph 21(3)(c) requires a recognized trade repository to notify the securities regulatory authority of any material systems failure. A failure, malfunction, delay or other disruptive incident would be considered "material" if the recognized trade repository would in the normal course of its operations escalate the incident to, or inform, its senior management that is responsible for technology, or if the incident would have an impact on participants. We also expect that, as part of this notification, the recognized trade repository will provide updates on the status of the failure, the resumption of service, and the results of its internal review of the failure.

(4) We are generally of the view that disaster recovery plans should allow the recognized trade repository to provide continuous and undisrupted service, as back-up systems ideally should commence processing immediately. Where a disruption is unavoidable, a recognized trade repository is expected to provide prompt recovery of operations, meaning that it resumes operations within 2 hours following the disruptive event. Under paragraph 21(4)(c), an emergency event could include any external sources of operational risk, such as the failure of critical service providers or utilities or events affecting a wide metropolitan area, such as natural disasters, terrorism, and pandemics. Business continuity planning should encompass all policies and procedures to ensure uninterrupted provision of key services regardless of the cause of potential disruption.

(5) We expect that a recognized trade repository will engage relevant industry participants, as necessary, in tests of its business continuity plans, including testing of back-up facilities for both the recognized trade repository and its participants.

(6) For the purpose of subsection 21(6), a qualified party is a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal controls in a complex information technology environment, such as external auditors or third party information system consultants. We would generally consider that this obligation could be satisfied by an independent assessment by an internal audit department that is compliant with the International Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Audit. Before engaging a qualified party, the recognized trade repository should notify each relevant securities regulatory authority.

(8) In determining what a reasonable period is to allow participants to make system modifications and test their modified systems, a recognized trade repository should consult with its participants and allow all participants a reasonable opportunity to develop, implement and test systems changes. We expect that the needs of all types of participants would be considered, including those of smaller and less sophisticated participants.

(9) In determining what a reasonable period is to allow participants to test their modified systems and interfaces with the recognized trade repository, we would generally expect a recognized trade repository to consult with its participants. We consider a reasonable period to be a period that would provide all participants a reasonable opportunity to develop, implement and test systems changes. We expect that the needs of all types of participants would be considered, including those of smaller and less sophisticated participants.

### **Data security and confidentiality**

22. (1) Rules, policies and procedures to ensure the safety, privacy and confidentiality of derivatives data must include limitations on access to confidential data held by the trade repository, including derivatives data, and safeguards to protect against persons and companies affiliated with a recognized trade repository from using trade repository data for their personal benefit or the benefit of others.

(2) The purpose of subsection 22(2) is to ensure that users of a recognized trade repository have some measure of control over their derivatives data.

### **Confirmation of data and information**

**23.** The purpose of the confirmation requirement in subsection 23(1) is to ensure that the reported information accurately describes the derivative as agreed to by both counterparties.

In cases where the non-reporting counterparty to a derivative is not a participant of the recognized trade repository to which the derivatives data is reported, the recognized trade repository would not be in a position to allow non-participants to confirm the accuracy of the derivatives data. As such, subsection 23(2) provides that a recognized trade repository is not obligated to allow non-participants to confirm the accuracy of derivatives data reported to it under the Instrument.

A recognized trade repository may satisfy its obligation under section 23 by notice to each counterparty to the derivative that is a participant of the recognized trade repository, or its delegated third-party representative where applicable, that a report has been made naming the participant as a counterparty to a derivative, accompanied by a means of accessing a report of the derivatives data submitted. The policies and procedures of the recognized trade repository may provide that if the recognized trade repository does not receive a response from a counterparty within 48 hours, the counterparty is deemed to confirm the derivatives data as reported.

### **Outsourcing**

**24.** Section 24 sets out requirements applicable to a recognized trade repository that outsources any of its material services or systems to a service provider. Generally, a recognized trade repository must establish policies and procedures to evaluate and approve these outsourcing arrangements, including assessing the suitability of potential service providers and the ability of the recognized trade repository to continue to comply with securities legislation in the event of bankruptcy, insolvency or the termination of business of the service provider. A recognized trade repository is also required to monitor the ongoing performance of a service provider to which it outsources a key service, system or facility. The requirements under section 24 apply regardless of whether an outsourcing arrangement is with a third-party service provider or an affiliated entity of the recognized trade repository. A recognized trade repository that outsources any of its material services or systems remains responsible for those services or systems and for compliance with securities legislation.

## **PART 3 DATA REPORTING**

Part 3 deals with reporting obligations for a derivative that involves a local counterparty and includes a determination of which counterparty to the derivative will be subject to the duty to report, requirements as to the timing of reports and a description of the data that is required to be reported.

## **Reporting counterparty**

**25.** Section 25 sets out a process for determining which counterparty to a derivative is the reporting counterparty and is therefore required to fulfil the reporting obligations under the Instrument.

**(1)** The hierarchy outlined in subsection 25(1) for determining which counterparty to a derivative will be the reporting counterparty is intended to reflect the counterparty to the derivative that is best suited to fulfill the reporting obligation. For example, for a derivative that is cleared through a clearing agency, the clearing agency is best positioned to report derivatives data and is therefore the reporting counterparty.

The definition of “derivatives dealer” in the Instrument does not require that a person or company be registered with the local securities regulatory authority in order to meet the definition. Accordingly, where the reporting counterparty to a derivative is a derivatives dealer, as defined in the Instrument, the reporting obligations with respect to the derivative apply irrespective of whether the derivatives dealer is a registrant in the local jurisdiction. See the guidance in section 1(2) with respect to the factors to be considered to determine whether a person or company is a derivatives dealer for the purpose of the Instrument. A person or company that meets the definition of “derivatives dealer” in the local jurisdiction would be a derivatives dealer for the purpose of the Instrument, even if it is exempted or excluded from the requirement to register.

### *Agreement between the counterparties*

For a derivative that is not cleared and is between two derivatives dealers or two end-users – that is, a derivative to which paragraphs 25(1)(a) and (b) do not apply – paragraph 25(1)(c) allows the counterparties to agree, in writing, at or before the time the transaction occurs, which counterparty will act as the reporting counterparty for the derivative. The intention of paragraph 25(1)(c) is to facilitate single counterparty reporting while requiring both counterparties to have procedures or contractual arrangements in place to ensure that reporting occurs.

One example of a type of agreement the counterparties may use to determine the reporting counterparty to a derivative is the ISDA methodology, publicly available at [www.isda.org](http://www.isda.org), developed for derivatives in Canada in order to facilitate one-sided derivative reporting and to provide a consistent method for determining the party required to act as reporting counterparty.

There is no requirement for counterparties to a derivative to use the ISDA methodology. However, in order for the counterparties to rely on paragraph 25(1)(c), the agreement must meet the conditions in paragraph 25(1)(c). Namely, the agreement must be in written form, have been made at the time of the derivative, and identify the reporting counterparty with respect to the derivative.

**(2)** Each local counterparty that relies on paragraph 25(1)(c) must fulfil the record-keeping obligations set out in subsection 25(2).

(4) Subsection (4) provides that a local counterparty that agrees to be the reporting counterparty for a derivative under paragraph 25(1)(c) must fulfil all reporting obligations as the reporting counterparty in relation to that derivative even if that local counterparty would otherwise be excluded from the trade reporting obligation under section 40.

## Duty to report

26. Section 26 outlines the duty to report derivatives data.

A reporting counterparty may delegate its reporting obligations to a third-party, including a third-party service provider. This includes reporting of initial creation data, life-cycle event data and valuation data. Where reporting obligations are delegated to a third-party, the reporting counterparty remains liable for any failure to comply with applicable requirements under the instruments.

(2) We would generally expect that reports for derivatives that are not accepted for reporting by any recognized trade repository would be electronically submitted to the local securities regulatory authority in accordance with the guidance provided by the local securities regulatory authority.

(3) Subsection 26(3) provides for limited substituted compliance in ~~two~~[three](#) circumstances.

The first circumstance is where a counterparty to a derivative is organized under the laws of the local jurisdiction but does not conduct business in the jurisdiction other than activities incidental to being organized in the jurisdiction.

We are of the view that factors that would indicate that a person or company is conducting business in the jurisdiction would include the following:

- having a physical location in a jurisdiction;
- having employees or agents that reside in the jurisdiction;
- generating revenue in the jurisdiction;
- having customers or clients in the jurisdiction.

We are also of the view that activities that are incidental to being organized under the law of a jurisdiction would include instructing legal counsel to file materials with the government agency responsible for registering corporations and maintaining a local agent for service of legal documents.

The second circumstance is where the derivative involves a local counterparty that is a local counterparty solely on the basis that it is an affiliated entity of a person or company, other than an individual, that is organized in the local jurisdiction or has its head office and principal place

of business in the local jurisdiction, and that person or company is liable for all or substantially all of the liabilities of the affiliated entity.

The third circumstance is where the derivative is between two affiliated entities, each of which is neither a derivatives dealer or a clearing agency, nor an affiliated entity of a derivatives dealer or a clearing agency.

In each instance, the counterparties can benefit from substituted compliance where the derivatives data has been reported to a recognized trade repository pursuant to the laws of a province of Canada other than the local jurisdiction or of a foreign jurisdiction listed in Appendix B, provided that the additional conditions set out in paragraph 26(3)(c) are satisfied. ~~We anticipate that the concept of substituted compliance will be expanded to include situations where reports are made under requirements in foreign jurisdictions that have derivative transaction reporting requirements that are similar to those in the Instrument. We anticipate that amendments to the rule that will extend substituted compliance to foreign jurisdictions will be implemented before the implementation of reporting requirements under the Instrument.~~

(4) Subsection 26(4) requires that all derivatives data reported for a given derivative be reported to the same recognized trade repository ~~to which the initial report is submitted~~ or, with respect to a derivatives ~~data~~ reported under subsection 26(2), to the local securities regulatory authority.

For a bi-lateral derivative that is cleared by a clearing agency (novation), the recognized trade repository to which all derivatives data must be reported is the recognized trade repository to which the original bi-lateral derivative was reported.

The purpose of this requirement is to ensure the securities regulatory authority has access to all reported derivatives data for a particular derivative and its related transactions from the same entity. It is not intended to restrict counterparties' ability to report to multiple trade repositories.

(6) We interpret the requirement in subsection 26(6), to report errors or omissions in derivatives data "as soon as practicable" after it is discovered, to mean upon discovery and in any case no later than the end of the business day following the day on which the error or omission is discovered.

(7) Under subsection 26(7), where a local counterparty that is not a reporting counterparty discovers an error or omission in respect of derivatives data that ~~is~~ has been reported to a recognized trade repository, such local counterparty has an obligation to report the error or omission to the reporting counterparty for the derivative. Once an error or omission is reported by the local counterparty to the reporting counterparty, the reporting counterparty then has an obligation under subsection 26(6) to report the error or omission to the recognized trade repository or to the securities regulatory authority in accordance with subsection 26(2). We interpret the requirement in subsection 26(7) to notify the reporting counterparty of errors or omissions in derivatives data to mean upon discovery and in any case no later than the end of the business day following the day on which the error or omission is discovered.

## Legal entity identifiers

28. The Global LEI System is a G20 endorsed initiative<sup>6</sup> for uniquely identifying parties to financial transactions, designed and implemented under the direction of the LEI ROC, a governance body endorsed by the G20. The Global LEI System serves as a public-good utility responsible for overseeing the issuance of legal entity identifiers globally, including to counterparties who enter into derivatives or that are involved in a derivatives transaction.

(1) We are of the view that reporting counterparties will take steps to ensure that the non-reporting counterparty provides its LEI to facilitate reporting under the Instrument. If the reporting counterparty cannot, for any reason, obtain the LEI from the non-reporting counterparty, publicly accessible resources may be available for obtaining that information.

(2) Paragraph 28(2)(a) requires each local counterparty to a derivative that is required to be reported under the Instrument, other than an individual, to acquire an LEI, regardless of whether the local counterparty is the reporting counterparty.

(3) Some counterparties to a reportable derivative may not be eligible to receive an LEI. In such cases, the reporting counterparty must use an alternate identifier to identify each counterparty that is ineligible for an LEI when reporting derivatives data to a recognized trade repository.

~~(3) If the Global LEI System is not available at the time a reporting counterparty is required under the Instrument to report derivatives data, including the LEI for each counterparty, with respect to the derivative, a counterparty should use a substitute legal entity identifier. The substitute legal entity identifier should be set in accordance with the standards established by the LEI ROC for pre-LEIs identifiers. At the time the Global LEI System is operational, counterparties should cease using their substitute LEI and commence reporting their LEI. The substitute LEI and LEI might be identical.~~

## Unique transaction identifiers

29. A unique transaction identifier is used to identify a derivative and the transaction relating to that derivative from the perspective of all counterparties to the transaction. For example, both counterparties to a single derivative would identify the derivative and its related transaction by the same single identifier. For a derivative that is novated to a clearing agency, the reporting of the novated derivatives should reference the unique transaction identifier of the original bi-lateral derivative.

The Instrument imposes an obligation on the recognized trade repository to identify each derivative and its related transaction by means of a unique transaction identifier. This does not preclude the trade repository from incorporating a unique transaction identifier provided by the reporting counterparty or using a unique transaction identifier provided by the reporting counterparty where such an identifier meets industry standards or would otherwise reasonably be expected to be both unique and to appropriately identify the derivatives and its related transaction.

<sup>6</sup> For more information see FSB Report A Global Legal Entity Identifier for Financial Markets, June 8, 2012, online: Financial Stability Board <<http://www.financialstabilityboard.org/publications/>>.

## **Unique product identifiers**

**30.** Section 30 requires that a reporting counterparty identify each derivative that is subject to the reporting obligation under the Instrument by means of a unique product identifier. The unique product identifier identifies the sub-type of derivative within the asset class to which the derivative belongs. There are currently systems of product taxonomy that may be used for this purpose.<sup>7</sup> To the extent that a unique product identifier is not available for a particular derivative type or sub-type, a reporting counterparty would be required to create one using an alternative methodology.

## **Creation data**

**31. (1)** Subsection 31(1) requires that reporting of creation data be made immediately after a transaction occurs, which means that creation data should be reported as soon as technologically practicable after the execution of a transaction. In evaluating what will be considered to be “technologically practicable”, we will take into account the prevalence of implementation and use of technology by comparable counterparties located in Canada and in foreign jurisdictions. The participating jurisdictions may also conduct independent reviews to determine the state of reporting technology.

**(2)** Subsection 31(2) is intended to take into account the fact that not all counterparties will have the same technological capabilities. For example, counterparties that do not regularly engage in derivatives would, at least in the near term, likely not be as well situated to achieve real-time reporting. Further, for certain post-transaction operations that result in reportable derivatives, such as trade compressions involving numerous derivatives, immediate reporting may not currently be practicable. In all cases, the outside limit for reporting is the end of the business day following execution of the transaction.

## **Life-cycle event data**

**32. (1)** When reporting a life-cycle event, there is no obligation to re-report derivatives data that has not changed other than the unique transaction identifier as required by subsection 27(2) – only new data and changes to previously reported data need to be reported. Life-cycle event data is not required to be reported immediately but rather at the end of the business day on which the life-cycle event occurs. The end of business day report may include multiple life-cycle events that occurred on that day.

## **Valuation data**

**33. (1)** Subsection 33(1) provides for differing frequency of valuation data reporting based on the type of entity that is the reporting counterparty.

<sup>7</sup> See e.g., <<http://www2.isda.org/identifiers-and-otc-taxonomies/>> for more information.



## **Pre-existing derivatives**

**34. (3)** The derivatives data required to be reported for pre-existing derivatives under section 34 is substantively the same as the requirement under CFTC Rule 17 CFR Part 46 *Swap Data Recordkeeping and Reporting Requirements: Pre-Enactment and Transition Swaps*. Therefore, to the extent that a reporting counterparty has reported pre-existing derivatives data as required by the CFTC rule, this would meet the derivatives data reporting requirements under section 34. This interpretation applies only to pre-existing derivatives.

Only the data indicated in the column entitled “Required for Pre-existing Derivatives” in Appendix A is required to be reported for pre-existing derivatives.

**(4)** Subsection 4 imposes an obligation on a reporting counterparty to commence reporting life-cycle event data for a pre-existing derivative immediately after it has reported the creation data relating to the derivative in accordance with this section. Life-cycle event data should be reported in accordance with the requirements in section 32.

**(5)** Subsection (5) imposes an obligation on a reporting counterparty to commence reporting valuation data for a pre-existing derivative immediately after it has reported the creation data relating to the derivative in accordance with this section. Valuation data should be reported in accordance with the requirements in section 33.

## **PART 4 DATA DISSEMINATION AND ACCESS TO DATA**

### **Data available to regulators**

**37.** The derivatives data covered by this section is data necessary to carry out the securities regulatory authority’s mandate to protect against unfair, improper or fraudulent practices, to foster fair and efficient capital markets, to promote confidence in the capital markets, and to address systemic risk. This includes derivatives data with respect to any derivative or derivatives that may impact capital markets in Canada.

Derivatives that reference an underlying asset or class of assets with a nexus to a jurisdiction in Canada can impact capital markets in Canada even if the counterparties to the derivative are not local counterparties. Therefore, the participating jurisdictions have a regulatory interest in derivatives involving such underlying interests even if such data is not submitted pursuant to the reporting obligations in the Instrument, but is held by a recognized trade repository.

**(1)** For the purpose of subsection 37(1) electronic access includes the ability of the securities regulatory authority to access, download, or receive a direct real-time feed of derivatives data maintained by the recognized trade repository.

**(2)** It is expected that all recognized trade repositories will comply with the access standards and recommendations developed by CPMI (formerly CPSS) and IOSCO and contained in the CPSS-

IOSCO final report entitled *Authorities' access to trade repository data*.<sup>8</sup>

(3) We interpret the requirement for a reporting counterparty to use best efforts to provide the securities regulatory authority with access to derivatives data to mean, at a minimum, instructing the recognized trade repository to release derivative data to the securities regulatory authority.

### **Data available to counterparties**

38. Section 38 is intended to ensure that each counterparty, and any person or company acting on behalf of a counterparty, has access to all derivatives data relating to its derivative(s) in a timely manner. The participating jurisdictions expect that where a counterparty has provided consent to a recognized trade repository to grant access to data to a delegate, including a third-party service provider, the recognized trade repository will grant such access on the terms consented to.

### **Data available to public**

39. (1) Subsection 39(1) requires a recognized trade repository to make available to the public, free of charge, certain aggregate data for all derivatives reported to it under the Instrument (including open positions, volume, number of transactions and price) unless otherwise governed by the requirements or conditions of a decision of a securities regulatory authority, including the terms of an applicable recognition order.

It is expected that a recognized trade repository will provide aggregate data by notional amounts outstanding and level of activity. Such aggregate data is expected to be available at no cost on the recognized trade repository's website.

(2) Subsection 39(2) requires that the aggregate data that is disclosed under subsection 39(1) be broken down into various categories of information. The following are examples of the categorized aggregate data required under subsection 39(2):

- currency of denomination (the currency in which the derivative is denominated);
- geographic location of the underlying reference entity (e.g., "Canada" for derivatives which reference the TSX60 index);
- asset class of reference entity (e.g., fixed income, credit or equity);
- product type (e.g., options, forwards or swaps);
- cleared or uncleared;
- maturity (broken down into maturity ranges, such as less than one year, 1-2 years, 2-3 years).

[\(3\) Subsection 39\(3\) requires a recognized trade repository to publicly disseminate transaction-](#)

<sup>8</sup> Publication available on the BIS website <www.bis.org> and the IOSCO website <www.iosco.org>.

[level reports in accordance with the requirements set out in Appendix C.](#)

~~(3) We anticipate publishing specific guidelines relating to the data that trade repositories are required to publish. These guidelines will attempt to balance the benefits of transparency and the desire to anonymize data that could reveal the identity of counterparties based on the terms of the derivative.~~

(4) Published data must be anonymized and the names or legal entity identifiers of counterparties must not be published. This provision is not intended to create a requirement for a recognized trade repository to determine whether anonymized published data could reveal the identity of a counterparty based on the terms of the derivative.

## PART 5 EXCLUSIONS

### Commodity derivative

40. The exclusion in section 40 applies only to a derivative the asset class of which is a commodity other than currency. A local counterparty with an aggregate month-end gross notional outstanding of less than \$250 000 000 would still be required to report a derivative involving a non-commodity (other than currency) based derivative, if it is the reporting counterparty for the derivative under subsection 25(1). The exclusion in section 40 does not apply to a person or company that is a clearing agency or a derivatives dealer, or an affiliated entity of a clearing agency or a derivatives dealer, even if the person or company is below the \$250 000 000 threshold.

For a derivative involving a local counterparty to which the exclusion under section 40 applies, the other counterparty will be the reporting counterparty for the derivative unless either

- the exclusion under section 40 also applies to that counterparty, or
- the local counterparty to which the exclusion under section 40 applies agrees under paragraph 25(1)(c) to be the reporting counterparty for the derivative.

In calculating the month-end notional outstanding for any month, the notional amount of all outstanding derivatives relating to a commodity other than cash or currency, with all counterparties other than affiliated entities, whether domestic or foreign, should be included. Contracts or instruments that are excluded from the definition of “specified derivative” in Multilateral Instrument 91-101 *Derivatives: Product Determination* are not required to be included in the calculation of month-end notional outstanding.

For the purpose of this calculation, we would generally expect that a notional amount denominated in a foreign currency or referencing a quantity or volume of the underlying interest would be converted to a Canadian-dollar notional amount as at a time proximate to the time of the transaction in a reasonable and consistent manner, and consistent with applicable industry standards.

### Derivative between affiliated entities

41.1. Section 41.1 provides an exclusion from the reporting requirement for derivatives between two affiliated entities that are each a local counterparty in a jurisdiction of Canada. The exclusion is not available to a person or company that is a derivatives dealer or a clearing agency, or is an affiliated entity of a derivatives dealer or a clearing agency.

### **Derivative between a non-resident derivatives dealer and a non-local counterparty**

**42.** Please see the discussion relating to the definition of “local counterparty” for additional guidance relating to section 42.

## **PART 7 TRANSITION PERIOD AND EFFECTIVE DATE**

### Reporting by a local counterparty that ceases to qualify for an exclusion

44.1. (1) Subsection 44.1(1) provides that a derivative that was excluded under any of section 40, 41, 41.1 or 42 from the reporting requirements under the Instrument, but which no longer meets the applicable condition or conditions, must be reported once the applicable condition or conditions are no longer met.

Subsection 44.1(2) is intended to provide a person or company that has previously benefitted from an exclusion from trade reporting under Part 6, and has not previously acted as a reporting counterparty under the Instrument or a similar instrument in another jurisdiction of Canada, with a reasonable transition period to allow them to develop the resources and implement policies and procedures necessary to meet the requirements applicable to a reporting counterparty.

### **Effective date**

**45. (4)** The requirement under subsection 39(3) for a recognized trade repository to make transaction-level data reports available to the public does not apply until ~~January 1, 2017~~ July 29, 2016.

## APPENDIX C

### Instructions

1. The instructions provided at item 1 of this Appendix describe the types of derivatives for which the data fields described in Table 1 must be publicly disseminated by a recognized trade repository.

Public dissemination is not required for life-cycle events that do not contain new price information compared to the original transaction.

### **Table 1**

Table 1 lists the data fields that must be publicly disseminated. Table 1 is a subset of the information that the trade repository is required to submit to the regulator and does not include all the fields required to be reported to a recognized trade repository pursuant to Appendix A. For example, valuation data fields are not required to be publicly disseminated.

### **Table 2**

Only derivatives in any of the Asset Class and Underlying Asset Identifiers fields listed in Table 2 are subject to the public dissemination requirement under subsection 39(3) of the Instrument.

For further clarification, the identifiers listed under the Underlying Asset Identifier in Table 2 refer to the following:

“CAD-BA-CDOR” means all tenors of the Canadian Dollar Offered Rate (CDOR). CDOR is a financial benchmark for bankers’ acceptances with a term to maturity of one year or less currently calculated and administered by Thomson Reuters.

“USD-LIBOR-BBA” means all tenors of the U.S. Dollar IntercontinentalExchange London Interbank Offered Rate (ICE LIBOR). ICE LIBOR is a benchmark currently administered by ICE Benchmark Administration and provides an indication of the average rate at which a contributor bank can obtain unsecured funding in the London interbank market for a given period, in a given currency.

“EUR-EURIBOR-Reuters” means all tenors of the Euro Interbank Offered Rate (Euribor). Euribor is a reference rate published by the European Banking Authority based on the average interest rates at which selected European prime banks borrow funds from one another.

“GBP-LIBOR-BBA” means all tenors of the GBP Pound Sterling IntercontinentalExchange London Interbank Offered Rate (ICE LIBOR). ICE LIBOR is a benchmark currently administered by ICE Benchmark Administration providing an indication of the average rate at which a contributor bank can obtain unsecured funding in the London interbank market for a given period, in a given currency.

“All Indexes” means any statistical measure of a group of assets that is administered by an organization that is not affiliated with the counterparties and whose value and calculation methodologies are publicly available. Examples of indexes that would satisfy this meaning are underlying assets that would be included in ISDA’s Unique Product Identifier Taxonomy<sup>9</sup> under (i) the categories of Index and Index Tranche for credit products and (ii) the Single Index category for equity products.

<sup>9</sup> ISDA’s Unique Product Identifier Taxonomy can be found at [www.isda.org](http://www.isda.org).

## **Exclusions**

2. Item 2 of this Appendix specifies the types of derivatives that are excluded from the public dissemination requirement in subsection 39(3) of the Instrument. An example of a derivative excluded under item 2(a) is a cross-currency swap. The type of derivative excluded under item 2(b) results from portfolio compression activity which occurs whenever a derivative is amended or entered into in order to reduce the gross notional amount of an outstanding derivative or group of derivatives without impacting the net exposure. Item 2(c) excludes a derivative resulting from a novation on the part of a clearing agency when facilitating the clearing of a bi-lateral derivative.

## **Rounding of notional amount**

3. The rounding thresholds are to be applied to the notional amount of a derivative in the currency of the derivative. For example, a derivative denominated in United States dollars (USD) would be rounded and disseminated in USD and not the Canadian dollar (CAD) equivalent.

## **Capping of notional amount**

4. Item 4 of this Appendix requires a recognized trade repository to compare the Rounded Notional Amount of a derivative denominated in a non-CAD currency to the Capped Rounded Notional Amount in CAD that corresponds to the Asset Class and tenor of that derivative. Therefore, the recognized trade repository must convert the non-CAD currency into CAD in order to determine whether it would be above the capping threshold. The recognized trade repository must utilise a transparent and consistent methodology for converting to and from CAD for the purposes of comparing and publishing the capped notional amount.

For example, in order to compare the Rounded Notional Amount of a derivative denominated in UK Pounds (GBP) to the thresholds in Table 4, the recognized trade repository must convert this amount to a CAD-equivalent amount. If the CAD-equivalent notional amount of the GBP denominated derivative is above the capping threshold, the recognized trade repository must disseminate the Capped Rounded Notional Amount converted back into the currency of the derivative using a consistent and transparent process.

6. Item 6 of this Appendix requires a recognized trade repository to adjust the Option Premium field in a consistent and proportionate manner if the Rounded Notional Amount of a derivative is greater than the Capped Rounded Notional Amount. The Option Premium field adjustment should be proportionate to the size of the Capped Rounded Notional Amount compared to the Rounded Notional Amount.

## **Timing**

7. Item 7 of this Appendix sets out when a recognized trade repository must publicly disseminate the required information from Table 1. The purpose of the public reporting delays is to ensure that counterparties have adequate time to enter into any offsetting derivative that may be necessary to hedge their positions. These time delays apply to all derivatives, regardless of size.