

Nova Scotia Securities Commission
Rule 24-101(Amendment)
Institutional Trade Matching and Settlement

-and-

Amendments to National Instrument 24-101
Institutional Trade Matching and Settlement

-and-

Amendments to
Companion Policy 24-101CP
Institutional Trade Matching and Settlement

WHEREAS:

1. Pursuant to section 150 of the *Securities Act*, R.S.N.S. 1989, chapter 418, as amended (the "Act"), the Nova Scotia Securities Commission (the "Commission") has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. Amendments to National Instrument 24-101 *Institutional Trade Matching and Settlement* and Amendments to Companion Policy 24-101CP *Institutional Trade Matching and Settlement*, copies of which are attached hereto and are hereinafter called the "Rule" and "Companion Policy", respectively, have been adopted as a rule by one or more of the Canadian securities regulatory authorities; and
4. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

NOW THEREFORE the Commission hereby:

- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission;

(b) pursuant to the authority contained in section 19 of the Act and subject to publication in the *Royal Gazette* or the Commission's website, issues the Companion Policy as a policy statement of the Commission; and

(c) declares that the rule approved and made pursuant to clause (a) and the policy statement issued pursuant to clause (b) shall both take effect on **July 1, 2010**, unless the Minister disapproves the rule or returns it to the Commission in accordance with subsection 150A(3) of the Act in which event the rule and the policy statement shall not be effective until the rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair and Vice-Chair of the Commission, being the members of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 16th day of April, 2010.

"H. Leslie O'Brien"
H. Leslie O'Brien, Q.C.

"R. Daren Baxter"
R. Daren Baxter

Attachments

**Amendments to
National Instrument 24-101 *Institutional Trade Matching and Settlement***

1. **National Instrument 24-101 *Institutional Trade Matching and Settlement* is amended by this Instrument.**

2. **Section 1.1 is amended by:**

a. **replacing “authorized” in the definition of “clearing agency” with “recognized”;**

b. **replacing the definition of “institutional investor” with the following:**

“institutional investor” means a client of a dealer that has been granted DAP/RAP trading privileges by the dealer;

c. **adding the definition “North American region” as follows:**

“North American region” means Canada, the United States, Mexico, Bermuda and the countries of Central America and the Caribbean;

d. **replacing paragraphs (a) and (b) of the definition “trade-matching party” with the following:**

(a) a registered adviser acting for the institutional investor in processing the trade,

(b) if a registered adviser is not acting for the institutional investor in processing the trade, the institutional investor unless the institutional investor is

(i) an individual, or

(ii) a person or company with total securities under administration or management not exceeding \$10 million,

e. **replacing the words “the day on which a trade is executed”, wherever they occur in the definitions of “T+1”, “T+2” and “T+3”, with “T”.**

3. **Paragraph 2.1(f) is amended by adding “in a security of a mutual fund” after “trade”.**

4. **Section 3.1 is amended by:**

a. **replacing in subsection (1) “the end of T” with “12 p.m. (noon) on T+1”;**

b. **replacing subsection (2) with the following:**

(2) Despite subsection (1), the dealer may adapt its policies and procedures to permit matching to occur no later than 12 p.m. (noon) on T+2 for a DAP/RAP trade that results from an order to buy or sell securities received from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the North American region.

5. **Section 3.2 is replaced by the following:**

3.2 Pre-DAP/RAP trade execution documentation requirement for dealers —

A registered dealer shall not open an account to execute a DAP/RAP trade for an institutional investor or accept an order to execute a DAP/RAP trade for the account of an institutional investor unless its policies and procedures are designed to encourage each trade-matching party to

(a) enter into a trade-matching agreement with the dealer, or

(b) provide a trade-matching statement to the dealer.

6. **Section 3.3 is amended by:**

a. **replacing in subsection (1) “the end of T” with “12 p.m. (noon) on T+1”;**

b. **replacing subsection (2) with the following:**

(2) Despite subsection (1), the adviser may adapt its policies and procedures to permit matching to occur no later than 12 p.m. (noon) on T+2 for a DAP/RAP trade that results from an order to buy or sell securities received

from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the North American region.

7. Section 3.4 is replaced by the following:

3.4 Pre- DAP/RAP trade execution documentation requirement for advisers —

A registered adviser shall not open an account to execute a DAP/RAP trade for an institutional investor or give an order to a dealer to execute a DAP/RAP trade for the account of an institutional investor unless its policies and procedures are designed to encourage each trade-matching party to

- (a) enter into a trade-matching agreement with the adviser, or
- (b) provide a trade-matching statement to the adviser.

8. Part 4 is replaced by the following:

PART 4 REPORTING BY REGISTERED FIRMS

4.1 Exception reporting requirement

A registered firm shall deliver Form 24-101F1 to the securities regulatory authority no later than 45 days after the end of a calendar quarter if

- (a) less than 90 per cent of the DAP/RAP trades executed by or for the registered firm during the quarter matched within the time required in Part 3, or
- (b) the DAP/RAP trades executed by or for the registered firm during the quarter that matched within the time required in Part 3 represent less than 90 per cent of the aggregate value of the securities purchased and sold in those trades.

9. Form 24-101F1 is amended by:

(a) replacing item 3 under “REGISTERED FIRM IDENTIFICATION AND CONTACT INFORMATION:” with the following:

3a. Address of registered firm’s principal place of business:

3b. Indicate below the jurisdiction of your principal regulator within the meaning of National Instrument 31-103 *Registration Requirements and Exemptions*:

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland & Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec
- Saskatchewan
- Yukon

3c. Indicate below all jurisdictions in which you are registered:

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland & Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec

- Saskatchewan
- Yukon

(b) **replacing the portion of the Form after the heading “INSTRUCTIONS:” and before the heading “EXHIBITS” with the following:**

Deliver this form for both equity and debt DAP/RAP trades together with Exhibits A, B and C pursuant to section 4.1 of the Instrument, covering the calendar quarter indicated above, within 45 days of the end of the calendar quarter if

- (a) less than 90 per cent of the equity and/or debt DAP/RAP trades executed by or for you during the quarter matched within the time required in Part 3 of the Instrument, or
- (b) the equity and/or debt DAP/RAP trades executed by or for you during the quarter that matched within the time required in Part 3 of the Instrument represent less than 90 per cent of the aggregate value of the securities purchased and sold in those trades.”

(c) **replacing the heading “EXHIBIT B – Reasons for non-compliance” with the following:**

Exhibit B – Reasons for not meeting exception reporting thresholds

10. **Form 24-102F2 is amended by:**

(a) **replacing the portion of the Form after the heading “Table 1 --- Equity trades:” and before the word “Legend” with the following:**

	Entered into clearing agency by dealers				Matched in clearing agency by custodians			
	# of Trades	% Industry	\$ Value of Trades	% Industry	# of Trades	% Industry	\$ Value of Trades	% Industry
T								
T+1 - noon								
T+1								
T+2								
T+3								
>T+3								
Total								

Table 2 — Debt trades:

	Entered into clearing agency by dealers				Matched in clearing agency by custodians			
	# of Trades	% Industry	\$ Value of Trades	% Industry	# of Trades	% Industry	\$ Value of Trades	% Industry
T								
T+1 - noon								
T+1								
T+2								
T+3								
>T+3								
Total								

(b) **replacing the portion of the Form after the heading “Exhibit B – Individual matched trade statistics” and before the heading “CERTIFICATE OF CLEARING AGENCY” with the following:**

Using the same format as Exhibit A above, provide the relevant information for each participant of the clearing agency in respect of client trades during the quarter that have been entered by the participant and matched within the timelines indicated in Exhibit A.

11. **Form 24-101F5 is amended by:**

(a) **replacing the portion of the Form after the heading “Table 1 --- Equity trades:” and before the word “Legend” with the following:**

	Entered into matching service utility by	Matched in matching service utility by other

	dealer-users/subscribers				users/subscribers			
	# of Trades	% Industry	\$ Value of Trades	% Industry	# of Trades	% Industry	\$ Value of Trades	% Industry
T								
T+1 - noon								
T+1								
T+2								
T+3								
>T+3								
Total								

Table 2 — Debt trades:

	Entered into matching service utility by dealer-users/subscribers				Matched in matching service utility by other users/subscribers			
	# of Trades	% Industry	\$ Value of Trades	% Industry	# of Trades	% Industry	\$ Value of Trades	% Industry
T								
T+1 - noon								
T+1								
T+2								
T+3								
>T+3								
Total								

(b) **replacing the portion of the Form after the heading “Exhibit D – Individual matched trade statistics” and before the heading “CERTIFICATE OF MATCHING SERVICE UTILITY” with the following:**

Using the same format as Exhibit C above, provide the relevant information for each user or subscriber in respect of trades during the quarter that have been entered by the user or subscriber and matched within the timelines indicated in Exhibit C.

12. **This Instrument comes into force on July 1, 2010**

