

ONTARIO SECURITIES COMMISSION STAFF NOTICE 91-703

STAFF RECOMMENDATION ON THE REPORTING OF INTER-AFFILIATE TRANSACTIONS BY END-USERS UNDER OSC RULE 91-507 TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

1. Purpose of Notice

Trade reporting obligations under Ontario Securities Commission (**OSC**) Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (the **TR Rule**) for End-Users (counterparties that are not derivatives dealers or clearing agencies) commence on June 30, 2015. OSC staff encourages End-Users to diligently prepare to meet their trade reporting obligations by developing trade reporting systems and procedures and establishing links to designated trade repositories in advance of the reporting compliance date.

The purpose of this Notice is to inform End-Users that OSC staff is considering proposing certain amendments to the TR Rule regarding the reporting of inter-affiliate transactions by End-Users.

2. End-User Inter-Affiliate Transactions

OSC staff is considering proposing amendments to the TR Rule to reduce the frequency and data requirements for trade reporting of inter-affiliate transactions by End-Users.

3. Substituted Compliance for Inter-Affiliate Transactions Involving a Foreign Affiliate

OSC staff is also considering proposing amendments to the TR Rule which would permit the reporting of certain End-User inter-affiliate transactions pursuant to the laws of a foreign jurisdiction under subsection 26(5) of the TR Rule where an affiliate party to a transaction is not a local counterparty.

4. OSC Staff Position

Pursuant to the TR Rule, End-Users are required to report transactions with affiliated entities. Inter-affiliate reporting is important because it provides the OSC with information regarding the redistribution of risk between legal entities, highlighting important market activity and trends. However, OSC staff believes it may be appropriate to reduce some of the requirements of inter-affiliate reporting for End-Users.

Proposed amendments of the nature described above, if any, will be published in accordance with rule making requirements under the *Securities Act* (Ontario). Given that proposed amendments affecting the reporting of inter-affiliate transactions by End-Users will not be published prior to the June 30, 2015 reporting compliance date, the scope and details of the proposed amendments will not be available to affected market participants. Although OSC staff is not contemplating exempting all trade reporting requirements for End-User inter-affiliate transactions, until such time as amendments to the TR Rule modifying inter-affiliate transaction reporting requirements come into force or until further notice on this matter is issued, OSC Staff will not enforce compliance by End-Users with inter-affiliate trade reporting requirements.

5. Background

On November 14, 2013, the OSC published the TR Rule and *OSC Rule 91-506 Derivatives: Product Determination* (the **Scope Rule**). The TR Rule and Scope Rule became effective on December 31, 2013. Amendments to the TR Rule became effective on July 2, 2014, September 9, 2014 and April 30, 2015. An unofficial consolidation of the TR Rule is available at [Consolidated Rule](#).

OSC Staff

If you have any questions regarding this Notice, please direct them to:

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June 1, 2015