



Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

RE: Consultation Paper 91-301 Model Provincial Rules – Derivatives: Product Determination and Trade Repositories and Data Reporting

Dear Mr. Stevenson:

On December 6, 2012, Canadian Securities Administrators (“CSA”) issued *CSA Consultation Paper 91-301 Model Provincial Rules – Derivatives: Product Determination and Trade Repositories and Data Reporting* (the “Consultation Paper”) for consultation. Central 1 Credit Union (“Central 1”) welcomes the opportunity to provide the CSA with comments on the regulatory framework set out in the Consultation Paper.

Central 1 is one of the largest cooperatives in Canada. It provides wholesale financial services, liquidity management, payments processing, and trade associational services to credit unions in British Columbia and Ontario, credit unions which hold \$82 billion in assets and comprise roughly 3.1 million Canadians. In the aggregate, the Canadian credit union system comprises more than 350 credit unions with combined assets of \$140 billion, serving more than 5.1 million Canadians.

Trade Repositories and Derivatives Data Reporting

The section of the Consultation Paper that deals with Trade Repositories and Derivatives Data Reporting (“TR Rule”) outlines two requirements: the requirement for establishing and operating a trade repository in Canada and the requirement to report OTC derivative trades. Based on the information provided, it is unclear at this time what entities would qualify to become trade repositories. Central 1 recommends that the CSA agree upon a list of eligible trade repositories across Canada to facilitate a seamless reporting regime for nationally operating counterparties. In addition, Central 1 recommends to the CSA that where possible, provincial requirements for reporting be harmonized to prevent undue regulatory burden on trade repositories.

TR Rule and Over-The-Counter Central Counterparty Clearing (“OTC Clearing”)

Appendix A of the Consultation Paper establishes the minimum data fields required to be reported to a designated trade repository by the reporting counterparty, while Section 15 of the TR Rule requires the trade repository to facilitate efficient exchange of data between the various participants, including other trade repositories and itself. Based on the proposed reporting framework, Central 1 is of the view that there may not be sufficient delineation between the reporting responsibilities of the reporting counterparty and the trade repository. In the absence of clearly defined requirements in this regard there is the potential for duplication in reporting efforts, which may result in undue regulatory burden and therefore increased financial burden, particularly for the reporting counterparty. Central 1 recommends that the CSA review the proposed framework to ensure there is no overlap in the reporting requirements of the reporting counterparty and the trade repository.

Mr. John Stevenson
Page 2
February 4, 2013

Part 3 Data Reporting – Pre-existing Derivatives

Section 26 (1) of the TR Rule indicates that “a local counterparty to a transaction entered into before the day this Part comes into force that had outstanding contractual obligations on that day must report, or cause to be reported, the derivatives data in relation to that transaction to a designated trade repository in accordance with this Part not later than 365 days after this Part comes into force”. Central 1 is of the view that the proposed 365 day reporting period does not provide sufficient transition time for reporting counterparties. The proposed TR Rule contains enhanced reporting requirements that may require reporting counterparties to make significant changes to their internal treasury systems in order meet the regulatory requirements. As such, Central 1 recommends that the CSA consider a longer transition period to allow the affected entities to make the necessary changes.

Appendix A – Trade Repositories and Derivatives Data Reporting – Data Reporting Fields

Appendix A provides a minimum list of data fields required to be reported to a designated trade repository. Central 1 is of the view that this list is quite extensive and may unintentionally render trade reporting both onerous and costly for the counterparty, particularly for a financial institution such as Central 1. Central 1 represents credit unions in both Ontario and B.C. and will likely be responsible for reporting their derivative transactions with Central 1. Central 1 understands the intent of the CSA in this regard; however Central 1 is of the view that this intent may be satisfied through the collection of more specialized or targeted data to ensure the information collected serves its intended purpose without imposing undue burden on the reporting entity.

In closing, Central 1 would be pleased to provide the Securities Administrators with any additional information as may be required in consideration of comments provided above with respect to the Consultation Paper.

Should you have any questions please do not hesitate to contact me at cmilne@central1.com or by telephone at 604-730-6307.

Sincerely,



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Central 1 Credit Union

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