

July 21, 2004

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario
M5H 3S8

Re: Discussion Paper 24-401 on Straight Through Processing, Proposed National Instrument 24-101 Post-Trade Matching and Settlement, and Proposed Companion Policy.

UBS Securities Canada Inc. agrees that in order for Canada to achieve Straight-through processing, it will be necessary for the CSA to mandate market participants to complete confirmation and affirmation (matching) as soon as possible after a trade is executed. It should be the responsibility of the CCMA to identify the path to reach the STP goals and monitor the progress of the industry as a whole. The progress of the Canadian industry should be benchmarked against the US with the intention of meeting these goals at the same time as the US markets.

The settlement and clearing process would become much more cumbersome if Canada were to match and settle within a different time frame. It will be a much cleaner process if both the US and Canadian trades use the same settlement cycle.

In order to further facilitate the clearing and settlement process in Canada, it would be useful for the Proposed Instrument to mandate a minimum T+3 settlement cycle. The CSA should take direction from the SEC and mandate T+1 settlement when the US moves to T+1.

It should be a requirement for market participants to have to match trades on trade date (T). In order to do so successfully, it will be necessary to define the close of business. The cut off time for processing to back office (ISM or ADP) and clearing (CDS) is 7:30PM and should be taken into account when determining this time..

In the event that there is an exception and trade matching on T is not possible, it should be mandatory that the exception is reported by the close of business on T and the match will take place no later than the close of business on T+1.

All market participants should be required to enter into a trade-matching compliance agreement with clients before executing trades.

It is not necessary for the Proposed Instrument to identify data elements for matching, it will be sufficient for a general requirement to match on T and then rely on industry best practices and standards to address the details.

There is currently no need to mandate the use of a matching service utility in Canada. It should be optional whether or not firms make use of a centralized facility or continue to use existing proprietary communication links depending on which is more efficient.

UBS Securities Canada Inc believes that the CSA should implement the proposed policy rather than amending the SRO rules but we think the proposed date of July 1, 2005 is unachievable for the industry as a whole.

Regards,

Paul Sinclair
Chief Financial Officer & Executive Director
UBS Securities Canada Inc.