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April 26, 2006

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland & Labrador
Registrar of Securities, Northwest Territories
Legal Registries Division, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
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and

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Comments on Proposed National Instrument 24-101
Institutional Trade Matching and Settlement

We are writing in response to the request from the CSA for comments on its proposed National Instrument 24-101 – Institutional Trade Matching and Settlement:

While overall we support the intent of the proposed regulation, being to reduce processing costs and operational risk through development of STP capabilities, we believe there are several fundamental issues that should be re-examined and possibly revised prior to the regulation coming into effect. These are:

- We question the benefits of moving from matching on Trade Date +1 to matching on Trade Date when, in the existing T+3 settlement environment, the fact trade details are matched does not create a locked-in transaction or guarantee settlement. Accordingly, while we support the STP initiative and benefits of early trade matching, we question whether any additional benefits will be attained by matching on T vs. T+1. In fact, we feel that the added technology costs that may be required to achieve matching on T would not be supportable in terms of expense or risk reduction.

- Notwithstanding the above, if the industry is mandated to move to Trade Date matching, we believe the proposed time line to be too aggressive and likely not achievable. More specifically, the July 1st, 2007 transitional move from 70% matched by Noon T+1 to 80% matched by 7:30 p.m. on T is unrealistic give the increase in the % of trades to be matched combined with the move from matching

on T+1 to T. We believe an additional transitional milestone (such as 90% matched by Noon T+1) is required.

As well, we believe the proposed use of 7:30 p.m. as the end of day for T should be extended to a later time perhaps 11:59 p.m. E.T. or even 3:00 or 4:00 a.m. the following morning. Doing so would facilitate the processing of trade details submitted by the Dealers' service providers to the Canadian Depository for Securities after 7:30 p.m. on T but before the opening of business on T+1 and would also remove some of the disadvantage to Western participants in the current timeframes.

- We believe the definitions of Institutional Investor and the attempt to closely define the application of this rule may lead to confusion on how and to whom the rule is applied.

  We suggest that greater clarity of the intent and breadth of the rule could be achieved by encompassing in the rule all accounts, other than those belonging to individual investors, who effect settlement of transactions with brokers in an DAP/RAP manner through a centralized clearing agency to a third party, either broker or custodian.

- The role of the Custodian does not receive sufficient focus in the Instrument, especially in regard to Reporting Requirements. It must be recognized that, regardless of when the Institutional Advisor or Investor delivers their settlement instructions to the Custodian, without the use of a matching utility, timely matching is dependant on the efficiency of the Custodian. We feel that without Custodians being required to report, there is an obvious gap in the process and ultimately its effectiveness.

In regard to the questions asked by the CSA:

Question 1:
Should the definition of "institutional investor" be broader or narrower?

We believe the rule should apply to COD accounts that settle trades, which clear through a central clearing agency, on a DAP / RAP basis with a custodian. Furthermore; the definition of custodian should be expanded to include Registered Broker / Dealers when the Broker / Dealer is the appointed custodian for an institutional client but did not execute the trade.

Question 2:
Does the definition of "trade matching party" capture all relevant entities?

We support the definition as set out.

Question 3:
The scope of the matching requirements is limited to DAP or RAP trades. Should the requirements be expanded? Should the requirements capture trades executed with or on behalf of an Institutional Investor settled without the involvement of a custodian?

Refer response to Question 1.

Question 4:
Are each of the methods (compliance agreement and signed written statement) equally effective to ensure trade-matching parties match their trades by end of T?

We believe the proposed documentation requirements will be onerous to obtain and maintain without establishment of:

- a standard document or template, to be used by Broker / Dealers, Institutional Advisors / Clients, and Custodians, that provides a common understanding of and commitment to the trade matching process.
- a centralized filing process that will simplify document gathering and maintenance.

Question 5:
Will exception reports enable practical compliance monitoring and assessment of the trade matching requirements?

While we agree compliance reporting and monitoring is essential to the attainment of the agreed objectives, we believe without placing reporting requirements on all trade-matching parties the integrity of the reporting process will be negatively impacted.

As well, how the SRO or OSC proposes to deal with non-compliant Broker/Dealers is not, but should be detailed in the Instrument. In particular, if the Broker / Dealer's reporting process suggests there is a problem with a particular Institutional Advisor / Client or Custodian, how will this be validated and addressed.

Question 6:
Is it necessary to require custodians to do exception reporting in order to properly monitor compliance with this Instrument.

Refer response to Question 5.

Question 7:
Is it feasible for trade-matching parties to achieve a 7:30 p.m. on T matching rate by July 1, 2008, even without the use of a matching service utility in the Canadian capital markets?

As indicated earlier, we have concerns with both the objective of matching on T and the transitional targets / timeframes set out in the instrument.

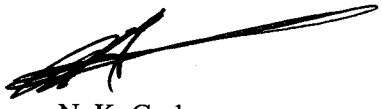
Regardless, we believe the use of a matching utility should not be mandated and instead should be decided upon by individual participants based on their own circumstances.

Question 8:
Are the transitional percentages outlined in the Instrument practical?

Refer earlier comments.

As required we would be pleased to provide any clarification or additional information regarding the foregoing comments.

Yours truly,



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