



RBC DEXIA
INVESTOR SERVICES

May 2, 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
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario
M5 H 3S8

Dear Sirs:

RE: PROPOSED NATIONAL INSTRUMENT 24-101
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT, AND
PROPOSED COMPANION POLICY 24-101CP TO NATIONAL INSTRUMENT 24-101

RBC Dexia Investor Services Trust (RBC Dexia) appreciates the opportunity to provide feedback on the CSA Notice and Request for Comment on Proposed National Instrument 24-101 and Proposed Companion Policy 24-101CP dated March 3, 2006.

RBC Dexia endorses this important initiative – a framework that will effectively transition the Canadian securities market into a more streamlined and efficient processing environment. As active participants in the Canadian Capital Markets Association (CCMA) we are committed to the ongoing development of solutions that benefit all market participants.

RBC Dexia represents the combined institutional investor services businesses of Royal Bank of Canada and Dexia, previously branded RBC Global Services and Dexia Fund Services, which came together in a joint venture to establish RBC Dexia Investor Services Limited (and its affiliates, including RBC Dexia) on January 4, 2006. We rank among the world's top 10 global custodians, with approximately US\$2.0 trillion in client assets under custody. *

We are pleased to provide responses to the following questions from the notice:

- 1) *Should the definition of "Institutional Investor" be broader or narrower?*



RBC Dexia is satisfied with the definition of “Institutional Investor.” However, for further clarity, we would prefer the definition set out explicitly that it applies to all DAP/RAP accounts.

- 2) *Does the definition of “trade matching party” capture all the relevant entities involved in the institutional trade matching process?*

Yes, the definition of “trade matching party” is clear with respect to all of the relevant entities involved in the institutional trade matching process.

- 3) *The scope of the matching requirements of the Instrument is limited to DAP and RAP trades. Should the requirements be expanded to include other trades executed on behalf of an institutional investor? Should the requirements capture trades executed with or on behalf of an institutional investor settled without the involvement of a custodian?*

RBC Dexia believes the requirements of the Instrument should apply only to DAP/RAP trades, whether involving a custodian or not.

- 4) *Are each of these methods (compliance agreement and signed written statement) equally effective to ensure that the trade matching parties will match their trades by the end of T? Should trade-matching parties be given a choice of which method to use?*

While the compliance agreement and signed written statement are important components of the Instrument, we believe that the effectiveness of any agreement or statement is dependent on the wording used and the ability to enforce penalties for non-compliance. It would be very useful for the CSA to provide a standard agreement and statement, following consultation with industry parties, that could be used by all parties in order to provide consistency amongst parties.

It is further suggested that brokers and custodians be allowed to sign a singular, blanket statement (the form of which is deemed acceptable by the CSA) that is posted on their external web site. Such a blanket statement would do away with the need to provide a separate signed statement to every trade matching party a custodian/broker does business with, a potentially onerous and costly endeavour.

- 5) *Will exception reports enable practical compliance monitoring and assessment of the trade matching requirements?*

The exception reports as drafted in the Instrument are inadequate in terms of the level of detail required. There should be a standard format for Exhibit A when completing Form 24-101F1 to ensure the same level of details by all concerned parties responsible for completing the exception reports.

- 6) *Is it necessary to require custodians to do exception reporting in order to properly monitor compliance with this instrument?*



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Custodians should not be required to do exception reporting, except when directed or requested to do so by their client or counterparty broker when these parties are investigating reasons for failed trades.

7) *Is it feasible for trade matching parties to achieve a 7:30Pm on T matching rate of 98% by July 1, 2008, even without the use of a matching service utility in the Canadian Capital Markets?*

RBC Dexia feels it is feasible for trade matching parties to achieve a 7:30 p.m. on T matching rate of 98% by July 1, 2008 without the use of a matching service utility, provided all participants are committed.

8) *Are the transitional percentages outlined in Part 10 of the Instrument practical? Please provide reasons for your answer.*

Given the custodian's role in the trade matching process we feel this is a question best answered by the broker and Institutional Investor client. Our view is that the transitional targets are achievable.

Thank you for the opportunity to participate in the development of Proposed National Instrument 24-101 and Proposed Companion Policy 24-101CP. We would be pleased to discuss our comments with you in more detail.

Sincerely,

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* Includes in-house assets of Royal Bank of Canada (as of October 31, 2005) and Dexia (as of September 30, 2005)