

January 27, 2010

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Superintendent of Securities, Yukon Territory  
Registrar of Securities, Nunavut

c/o John Stevenson, Secretary  
Ontario Securities Commission  
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and

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Autorité des marchés financiers  
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Dear Sirs/Mesdames:

**Re: Notice and Request for Comment on National Instrument 24-101 (NI 24-101) - Institutional Trade Matching and Settlement and Companion Policy (24-101 CP) Institutional Trade Matching and Settlement (the “Notice”)**

CIBC Mellon Global Securities Services Company (“CIBC Mellon”) is one of Canada’s leading asset servicing providers with assets under administration of approximately C\$953 billion as of December 31, 2009. CIBC Mellon provides asset servicing, issuer, multicurrency accounting, information delivery, securities lending, and foreign exchange services in Canada. Our clients include Canadian pension funds, mutual and pooled funds, corporations, government, insurance companies, foreign insurance trusts, foundations and foreign financial institutions whose clients invest in Canada.

We are driven by the needs of our 2,500 institutional clients who are some of Canada’s largest securities issuers and institutional investors. CIBC Mellon has more than 1,400 employees with offices in six major cities across Canada.

CIBC Mellon, as a custodian, fully understands the benefits the Proposed Instrument which strives to improve Canada’s capital markets by maintaining our market’s competitiveness, reducing credit risk, lowering operational risk and increasing productivity.

CIBC Mellon appreciates the opportunity to provide comments on the proposed amendments to the CSA National Instrument 24-101 and Companion Policy (24-101 CP).

**Question 1: For what period should the requirement to match no later than the end of T be deferred? Should the requirement be deferred indefinitely until such time as global markets shorten their standard T+3 settlement cycles? Please provide your reasons.**

It is CIBC Mellon's view that further compression from the current T+1 at Noon should only be considered if the markets decide to shorten their settlement periods. It will take such a compression of the settlement cycle to provide a business rationale to invest in the necessary allocation of resources to enable the required technological upgrades to facilitate a shortened settlement period. It is CIBC Mellon's understanding that some trade matching parties will need to move away from overnight batch processes to real-time or near real-time processing. The cost of such technological upgrades will require investments on proprietary systems and/or vendor provided solutions. Furthermore, in the current settlement cycle of T+3, there is no clear benefit evident to matching trades 12 hours earlier. It also remains unclear as to how matching trades 12 hours earlier would further mitigate any settlement risk or further enhance current settlement efficiency.

**Question 2: The CSA is looking for as much information as possible from stakeholders on the costs and benefits of the requirement to match a DAP/RAP trade no later than the end of T, including any available empirical data. What would be the benefits of moving to matching by midnight on T on July 1, 2015?**

One of the biggest costs of moving to matching on T+0 will be the increase in operating costs (including, staffing costs) to manage daily trade input and to manage trade exceptions after the Canadian markets close. If matching on T+0 is to be achieved by the industry, an expansion of the business hours of operations for trade matching parties would be necessary. This will be difficult to implement due the business and operating costs of having such resources available after 4p.m. There will also be technology costs associated with the move to T+0 in the form of one-time system improvements, and an increase in annual usage rates for certain aspects of system availability.

**Question 3: What are the costs and benefits of extending the current industry ITM processing times to allow market participants to process their trades beyond the CDS 7:30 p.m. cut-off time until late in the evening on T? For participants that have real-time systems, this will not pose any issues. For firms that have not invested in a real-time vendor solution when it comes communicating trade information, this will cause a significant outlay in \$ to upgrade their systems and the benefit may not warrant such an expenditure.**

CIBC Mellon concurs with the observation that participants that have real-time systems should not incur undue difficulties in processing trades beyond the current cut-off time.

**Question 4: What are the costs and benefits of having a specific industry-wide trade identifier to enable dealers to track and segregate their non-western hemisphere trades from western hemisphere trades?**

The benefit of an industry-wide trade identifier for distinguishing between western and non-western hemisphere trades may not justify the investment required and the related business costs involved. Trade-matching parties have differing criteria on determination of whether(not) a trade is western or non-western hemisphere; this differentiation will not be further clarified if an identifier is introduced. A dealer's ability to track and segregate its non-western hemisphere trades is not necessarily material to a custodian's responsibilities under the Instrument.

**Question 5: Would extending the current requirement to match no later than noon on T+1 to a new deadline of 2 p.m. on T+1 help address current ITM processing delays and problems for the next two years?**

At this time, it is difficult to identify how a two-hour window will quantifiably improve processing delays.

There are technology and other related costs associated with implementing a new deadline. Implementation of such a change by July 2010 from a timing perspective would also be challenging for many trade matching parties. Investment in this change is not insignificant and is not recoverable. Furthermore, reversion back to the current standard in two years would necessitate yet further costs.

If you have any questions on our submission, or if you would like to discuss any of our comments in greater detail, please contact me at 416-643-5240.

Yours truly,

A handwritten signature in black ink, appearing to be 'RS', with a stylized flourish extending to the right.

Robert Shier  
Senior Vice President  
Chief Operations Officer

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