



TD Waterhouse Canada Inc.
P.O. Box 5999, Station F
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January 28, 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
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8

Anne-Marie Beaudoin
Directrice du secretariat
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

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")**

The TD Bank Financial Group (TDBFG) appreciates the opportunity to review and comment on the proposed amendments to National Instrument 24-101 Institutional Trade Matching & Settlement and Companion Policy 24-101CP.

The response was developed through meetings and conversations with representatives from the internal business units within TDBFG who represent or support the different entities within the trade matching party definition.





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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.

After internal review and meetings, discussion with our external clients, as well as taking part in external meetings (as example the IIAC, CSA working group) we are of the opinion that the move from noon on T+1 to midnight on T should be deferred indefinitely or until such time as the U.S. markets move to a shorter settlement period. While we continue to see improvement in the compliance rates for matching on noon on T+1, the move to midnight will require a significant investment of funds and resources, the cooperation of our external service providers for system enhancements, internal system development, cooperation of all trading partners and the potential for increased staffing and overall cost impact to meet the requirements.

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?

Any potential cost impact with the move to matching by midnight on T will likely far outweigh any potential benefit from the move under the present T+3 settlement timeframe. The costs will be driven by the system and staffing requirements to meet the T requirements. In discussions with internal as well as external participants, we have identified the requirement for all participants to have the available contacts to address any issues that may arise after hours. For small and mid size firms, the potential cost impact to invest in the necessary technology, the requirement to staff until midnight and their limited resources will have a negative impact on their overall budget and ability to remain profitable.

Under the present market settlement timeframe, the potential cost impact does not justify the move to T. In addition, we do not foresee any significant improvement on the efficiency of the settlement process or risk mitigation with a move to matching on T.





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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?

It is our understanding that CDS does provide the ability for market participants to enter transactions and messages after 7:30pm. CDS processes these transactions when the system is available at approximately 10:30pm until midnight. However, unless we have both internal and external systems with the ability to accept the confirmations from CDS past 10:30pm, the course of action will be of little benefit.

We are unable to provide detailed cost estimates as the ability to process trades beyond the CDS 7:30pm cut off time will be dependant on external systems providers, CDS limitations as well as the assurance to have the availability of contacts for all markets participants for the transaction.

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?

While CDS would be able to provide accurate matching rates for non western hemisphere transactions, the process would be dependent on the development of a unique identifier at CDS as well as with all participants with the necessary system enhancements. It would also be subject to ensuring that the identifier is input on all transactions. In general discussion with other market participants, it was mentioned that they have noted a higher than average compliance rate given the additional time for matching from their time zones. Any related costs would be absorbed by all participants for the benefit of only a few.

Given our small number of non western hemisphere transactions and for the additional reasons noted above, we are of the opinion that an industry wide trade identifier would be of little benefit to enable us to track and segregate non western hemisphere trades.





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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?

Feedback from both internal and external clients indicates that a change to matching at 2pm on T+1 versus the present deadline of noon on T+1 will be of little benefit. To date we have invested significant funds, time and effort to meet with present noon on T+1 deadline. The potential cost impact for system and reporting changes for the two year period, only to then revert to the present noon on T+1 is not justifiable. In addition, we are apprehensive that we may lose momentum in our drive to improve on our overall compliance rates.

To support of our response over the last three months we have conducted a comparison report to detect the changes for our net trades with the additional two hours. We have noted minimal improvement in our overall compliance in both equity and debt as well as the related dollar value. We are unable to ascertain the overall impact on the total number of CDS transactions as they do not provide us with this level of detail at this time.

Additional Comments:

Quarterly Exception Reporting

The addition of the principal regulator and jurisdictions present no problems or issues within TDBFG.

The potential to eliminate the dollar value of equity and the number of debt trades from the quarterly report does not present any problems for the quarterly submission. We will continue to use our present reporting format but report only what is required. However, the change may present us with new challenges in dealing with clients who may process few equity trades but with a large dollar value or a large number of debt trades with a small dollar value. The present format provides us with the leverage and momentum to ensure accuracy and efficiency for the timely matching of their transactions.



**Waterhouse**

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Definition of a 'Trade Matching Party'

We welcome the elimination of retail accounts from the trade matching requirements. However, further clarification is required on the actual definition of a trade matching party. For example, we question the responsibility of a firm to monitor accounts under administration or management of less than \$10 million dollars. Will the firm be responsible to identify the net worth of client accounts across several firms, monitor for market fluctuations or amalgamate more than one account within a specific business unit or across several business units across one firm? We believe that the definition should be amended to include all accounts for 'any person or company other than an individual'.

In closing, we thank you for the opportunity to comment on the proposed amendments. We are available and welcome any opportunity to further discuss our response or assist in this important initiative.

Sincerely,

Irene Urshon
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Toronto, Ontario.

