

CSA Notice Regarding *Coordinated Blanket Order 24-930 Exemption from certain filing requirements of National Instrument 24-101 Institutional Trade Matching and Settlement*

June 15, 2023

Introduction

On June 15, 2023, the Canadian Securities Administrators (CSA) published a temporary exemption on the applicability of section 4.1 of National Instrument 24-101 *Institutional Trade Matching and Settlement* (NI 24-101) for registered dealers and advisers (**Registered Firms**) with respect to the exception reporting requirement of NI 24-101 (**Exception Reporting Requirement**). The CSA has implemented the relief through local blanket orders that are substantively harmonized across the country. This notice contains CSA staff's views about the exemption in the local blanket orders (collectively, the **Blanket Orders**).

The Blanket Orders are being issued in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon.

Description of the Blanket Orders

The Blanket Orders exempt Registered Firms from the requirement to deliver Form 24-101F1 to the participating jurisdictions.

Although the outcome of any coordinated Blanket Order is the same in participating CSA jurisdictions, the language of the Blanket Order issued by each province or territory may not be identical because each jurisdiction's Blanket Order must fit within the authority provided for in local securities legislation.

In Alberta, British Columbia, New Brunswick and Nova Scotia, the Blanket Orders will be implemented by varying the existing relief set out in Alberta Securities Commission Blanket Order 24-505, BC Instrument 24-501, New Brunswick Blanket Order 24-502 and Nova Scotia Securities Commission Blanket Order No. 24-503.

Background

NI 24-101 has been in effect since 2007. It provides a framework for ensuring efficient and timely settlement of the processing of institutional trades (equity and debt) by Registered Firms. NI 24-101 has a number of requirements including that Registered Firms are required to establish, maintain and enforce policies and procedures designed to achieve the matching threshold of institutional trades.

Under the Exception Reporting Requirement, Registered Firms are required to deliver Form 24-101F1 to the securities regulatory authority if less than 90% of trades (by value and volume) executed by or for the Registered Firm during the quarter matched within the time required by NI 24-101. Form 24-101F1 requires Registered Firms, among other things, to explain why they did not meet the exception reporting thresholds and the steps to address the delay.

In 2020, the CSA implemented a three-year moratorium on the applicability of the Exception Reporting Requirement through a local rule in Ontario and by Blanket Orders in all other jurisdictions (the **2020 Moratorium**). As a result of the 2020 Moratorium, Registered Firms are no longer required to deliver Form 24-101F1 beginning on July 1, 2020 and ending on July 1, 2023.

On December 15, 2022, the CSA published for comment proposed amendments to NI 24-101 (the **Proposed 24-101 Amendments**). The Proposed 24-101 Amendments are intended to align with the shortening of the standard settlement cycle for equity and long-term debt market trades in Canada from two days after the date of a trade to one day after the date of a trade. The Proposed 24-101 Amendments would, if implemented, also include the permanent elimination of the Exception Reporting Requirement for Registered Firms.

The Proposed 24-101 Amendments, if approved, are expected to come into force on a date that is aligned with Canada's industry move to a T+1 settlement cycle, currently expected to be May 27, 2024.

Day on Which the Blanket Orders Cease to be Effective

The Blanket Orders come into effect on July 2, 2023, and will cease to be effective on the earlier of the following:

- (a) the effective date of the Proposed 24-101 Amendments;
- (b) the date that is 18 months after the date of the Blanket Orders unless extended by the participating jurisdictions.

Questions

If you have questions, please contact any of the following:

Ontario Securities Commission
Aaron Ferguson
Manager, Market Regulation
Tel: 416-593-3676
Email: aferguson@osc.gov.on.ca

Ontario Securities Commission
Jarrod Smith
Senior Accountant, Market Regulation
Tel: 416-263-3778
Email: jsmith@osc.gov.on.ca

Ontario Securities Commission
Stephanie Wakefield
Senior Legal Counsel, Market Regulation
Tel: 647-401-8397
Email: swakefield@osc.gov.on.ca

Autorité des marchés financiers
Francis Coche
Derivative Products Analyst - Oversight
of Clearing Activities
Market Activities and Derivatives
Tel: 514-395-0337, ext. 4343
Email: Francis.Coche@lautorite.qc.ca

Alberta Securities Commission
Harvey Steblyk
Senior Legal Counsel, Market Regulation
Tel: 403-297-2468
Email: harvey.steblyk@asc.ca

British Columbia Securities Commission
Michael Grecoff,
Securities Market Specialist, Capital
Markets Regulation
Tel: (604) 899-6864
Email: mgrecoff@bcsc.bc.ca

Financial and Consumer Affairs Authority
of Saskatchewan
Liz Kutarna
Director, Capital Markets, Securities
Division
Tel: 306-787-5871
Email: liz.kutarna@gov.sk.ca

Autorité des marchés financiers
Dominique Martin,
Director, Oversight of Trading Activities
Tel: 514-395-0337, ext. 4351
Email: dominique.martin@lautorite.qc.ca

Autorité des marchés financiers
Yasmine Garreau
Senior Policy Advisor - Clearinghouses
Oversight
Tel: 514-395-0337, ext. 4697
Email: yasmine.garreau@lautorite.qc.ca

British Columbia Securities Commission
H. Zach Masum
Manager, Legal Services, Capital Markets
Regulation
Tel: (604) 899-6869
Email: zmasum@bcsc.bc.ca

Manitoba Securities Commission
Paula White
Deputy Director, Compliance and Oversight
Tel: 204-945-5195
Email: paula.white@gov.mb.ca

Financial and Consumer Services Commission
(New Brunswick)
Amelie McDonald
Legal Counsel
Tel: 506-635-2938
Email: amelie.mcdonald@fcnb.ca



IN THE MATTER OF THE *SECURITIES ACT*, SNB 2004, C. S-5.5 (*Act*)

AND

IN THE MATTER OF

***EXEMPTION FROM CERTAIN REPORTING REQUIREMENTS IN NATIONAL INSTRUMENT 24-101
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT***

**Blanket Order 24-502 (Amended)
Section 208**

Definitions

1. Terms defined in the *Act*, National Instrument 14-101 *Definitions* or in National Instrument 24-101 *Institutional Trade Matching and Settlement (NI 24-101)* have the same meaning in this Blanket Order unless otherwise defined herein.

Background

2. Section 4.1 of NI 24-101 requires a registered firm to deliver Form 24-101F1 *Registered Firm Exception Report of DAP/RAP Trade Reporting and Matching (Form 24-101F1)* to the securities regulatory authority no later than 45 days after the end of a calendar quarter if:
 - a) less than 90 percent of the DAP/RAP trades executed by or for the registered firm during the quarter matched within the time required in Part 3 of NI 24-101, or
 - b) the DAP/RAP trades executed by or for the registered firm during the quarter that matched within the time required in Part 3 of NI 24-101 represent less than 90 percent of the aggregate value of the securities purchased and sold in those trades.
3. Comments from industry participants have noted that the submission of Form 24-101F1 pursuant to section 4.1 of NI 24-101 is administratively burdensome and does not provide useful information.
4. The Financial and Consumer Services Commission (**Commission**) is considering potential amendments to NI 24-101 to reduce burdens on industry participants.
5. The Commission has delegated to the Executive Director of Securities (**Executive Director**) the Commission's power under section 208 of the *Act* to exempt, in whole or in part, a person or class of persons from any requirement of any National Instrument, Multilateral Instrument or Local Instrument, subject to such terms and conditions considered appropriate.
6. The Executive Director considers that it would not be prejudicial to the public interest to make the following order.

IT IS ORDERED pursuant to section 208 of the *Act* that:

7. Section 4.1 of NI 24-101 does not apply to a registered firm beginning on 1 July 2020 and ending on the earlier of:
 - (a) the effective date of the proposed amendments to NI 24-101;
 - (b) 2 January 2025 unless extended by the Commission.

8. This Blanket Order takes effect 1 July 2020.

Dated at Saint John, New Brunswick, this 26th day of March 2020 and varied on 15th June 2023.

“Original signed by”

To-Linh Huynh
Executive Director