

CSA Staff Notice 24-319 Regarding *National Instrument 24-101 Institutional Trade Matching and Settlement – Update and Staff Recommendation*

August 10, 2023

Introduction

On December 15, 2022, the Canadian Securities Administrators (CSA) published for comment proposed amendments (the **2022 Proposed Amendments**) to National Instrument 24-101 *Institutional Trade Matching and Settlement* (NI 24-101). This Notice contains CSA Staff's (**Staff** or **we**) views regarding changes to the 2022 Proposed Amendments based on industry feedback. Staff intend to recommend that our respective decision-makers adopt¹ a revised version of the 2022 Proposed Amendments that would include a trade-matching deadline of 3:59 a.m. Eastern Time on the day after the trade (**T+1**) (rather than a trade-matching deadline of 9 p.m. Eastern Time on the date a trade is made as was published in the 2022 Proposed Amendments).

Background

NI 24-101 provides a framework for ensuring efficient and timely settlement of the processing of institutional trades (equity and debt) by registered dealers and advisers (**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.

The 2022 Proposed 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 (T+2) to T+1, and to coincide, as much as possible, with parallel changes in the United States.

The Notice that accompanied the 2022 Proposed Amendments asked for feedback on the most appropriate trade-matching deadline to achieve settlement on T+1.²

Purpose of this Notice

In public comments on the 2022 Proposed Amendments, we received feedback indicating that participants favored a trade matching deadline of 3:59 a.m. on T+1. Staff are supportive of this change to the 2022 Proposed Amendments.

In other, more recent communications, the Canadian Capital Markets Association (CCMA), which is leading industry coordination efforts in Canada, expressed concerns about the trade-matching deadline published in the 2022 Proposed Amendments and the need to know the trade-matching

¹ Subject to applicable ministerial approvals.

² <https://www.osc.ca/en/securities-law/instruments-rules-policies/2/24-101/csa-notice-and-request-comment-proposed-amendments-national-instrument-24-101-institutional-trade>

deadline as soon as possible in order to make the necessary preparations, including information technology systems changes and testing, for the T+1 transition.

In response to this feedback, Staff are publishing this Notice to update industry about our recommendation regarding the trade matching deadline to help firms with their preparations for the transition to T+1. The amendments recommended by Staff, if approved by our respective decision-makers³, 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.

Questions

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³ Subject to applicable ministerial approvals.

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