REGULATION TO AMEND REGULATION 91-507 RESPECTING TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

Derivatives Act
(chapter I-14.01, s. 175, 1st par., subpar. (2), (3), (9), (11), (12) and (29))

1. Section 1 of Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting (chapter I-14.01, r. 1.1) is amended:

(1) by replacing, in paragraph (1), in paragraph (c) of the definition of the expression "local counterparty", the word "party" with the word "person";

(2) by replacing paragraph (3) and (4) with the following:

"(3) In this Regulation, a person is considered to be an affiliate of another person if one of them controls the other, or if each of them is controlled by the same person.

"(4) In this Regulation, a person (the first party) is considered to control another person (the second party) if any of the following apply:

(a) the first party beneficially owns or directly or indirectly exercises control or direction over securities of the second party carrying votes which, if exercised, would entitle the first party to elect a majority of the directors of the second party unless the first party holds the voting securities only to secure an obligation;

(b) the second party is a partnership, other than a limited partnership, and the first party holds more than 50% of the interests of the partnership;

(c) the second party is a limited partnership and the general partner of the limited partnership is the first party.";

(3) by repealing paragraph (5).

2. Section 1.1 of the Regulation is repealed.

3. Section 2 of the Regulation is amended, in the French text of paragraph (2):

(1) by replacing, in subparagraph (a), the words "livres et dossiers" with the word "dossiers";

(2) by replacing, in subparagraph (i) of subparagraph (b), the words "livres et dossiers" with the word "dossiers".

4. Section 4 of the Regulation is amended, in paragraph (2):

(1) by inserting, in subparagraph (iii) of subparagraph (a) and after the words "United States of America", the words "or under the laws of a jurisdiction of the United States of America";

(2) by inserting, in subparagraph (iii) of subparagraph (d) and after the words "United States of America", the words "or under the laws of a jurisdiction of the United States of America".

5. Section 5 of the Regulation is amended by inserting, in subparagraph (iii) of subparagraph (a) of paragraph (3) and after the words "United States of America", the words "or under the laws of a jurisdiction of the United States of America".

6.   Section 20 of the French text of the Regulation is amended:

(1)   by replacing the heading with the following:

"**Risque d'activité**";

(2)   by replacing, in paragraph (1), the words "risque économique général" with the words "risque d'activité".

7.   Section 23 of the Regulation is amended by replacing, in paragraph (1), the word "Regulations" with the word "rules".

8.   Section 26 of the Regulation is amended:

(1)   by replacing subparagraph (a) of paragraph (5) with the following:

"(a)   either

(i)   the transaction is required to be reported solely because a counterparty to the transaction is a local counterparty pursuant to paragraph (b) or (c) of the definition of "local counterparty", or

(ii)   the transaction is between

(A)   a local counterparty that is neither a reporting clearing house, nor a person subject to the registration requirement as a dealer under the Act, nor a Canadian financial institution, and

(B)   an affiliate of the local counterparty which is neither a reporting clearing house nor a person subject to the registration requirement as a dealer under the Act nor a Canadian financial institution and such affiliate is organized under the laws of a jurisdiction outside of Canada and has its head office or principal place of business outside of Canada; and";

(2)   by replacing subparagraph (a) of paragraph (6) with the following :

"(a)   is reported to the same recognized trade repository and, if reported to the Authority under subsection (4), to the Authority, and";

(3)   in paragraph (9):

(a)   by replacing, in the part preceding subparagraph (a), the words "recognized or exempt" with the word "reporting";

(b)   by replacing, in subparagraph (a), the words "the recognized or exempt" with the word "a reporting";

(c)   by replacing, in subparagraph (b), the words "recognized or exempt" with the word "reporting".

9.   Section 28 of the Regulation is amended by adding, after paragraph (3), the following:

"(4)   If a counterparty to a transaction is not eligible to receive a legal entity identifier as determined by the Global Legal Entity Identifier System, the reporting counterparty must identify such a counterparty with an alternate identifier.

"(5)   If paragraph (4) applies, then despite paragraph (1), the recognized trade repository must identify such a counterparty with the alternate identifier supplied by the reporting counterparty.".

10. The Regulation is amended by inserting, after section 28, the following:

"**28.1.** Each local counterparty to a transaction that is required to be reported under this Regulation must obtain a legal identity identifier, if eligible to receive one, assigned to the counterparty in accordance with the standards set by the Global Legal entity Identifier System.".

11. Section 33 of the Regulation is amended by replacing subparagraphs (a) and (b) of paragraph (1) with the following:

"(a)   daily, based on relevant closing market data from the previous business day, if the reporting counterparty is either a reporting clearing house or a person subject to the registration requirement as a dealer under the Act, or a Canadian financial institution, or

"(b)   quarterly, as of the last day of each calendar quarter, if the reporting counterparty is neither a reporting clearing house, nor a person subject to the registration requirement as a dealer under the Act, nor a Canadian financial institution.".

12. Section 38 of the Regulation is amended by replacing, in the French text of paragraph (1), the words "aux données sur tous les dérivés pertinents" with the words "à toutes les données pertinentes sur les dérivés".

13. Section 39 of the Regulation is amended:

(1)   by replacing, in paragraph (1), the words "and price" with the words "and, where applicable, price";

(2)   by replacing paragraph (3) with the following:

"(3)   For each transaction reported pursuant to this Regulation, a recognized trade repository must make transaction level reports available to the public at no cost, in accordance with the requirements in Appendix C.";

(3)   by deleting, in paragraph (6), the word "legal".

14. Section 40 of the Regulation is amended by replacing paragraph (b) with the following:

"(b)   the local counterparty is neither a reporting clearing house, nor a person subject to the registration requirement as a dealer under the Act, nor a Canadian financial institution, and".

15. The Regulation is amended by inserting, after section 40, the following:

"**Inter-affiliate transactions**

40.1. Despite any other section of this Regulation, a local counterparty is under no obligation to report derivatives data in relation to a transaction if,

(a)   the transaction is between affiliated persons,

(b)   neither counterparty to the transaction is a reporting clearing house, nor a person subject to the registration requirement as a dealer under the Act, nor a Canadian financial institution, and

(c)   each counterparty to the transaction is a local counterparty pursuant to the securities legislation of a jurisdiction of Canada.".

16. Appendix A of the Regulation is amended:

(1)   by deleting, in the table, the title and the content of the third column;

(2)   by replacing, in the text of the second column of line 11, the word "entities" with the word "persons";

(3)   by replacing the text of the second column of line 13 with the following:

"LEI of the reporting counterparty or, in the case of a counterparty that is not eligible to receive a LEI, an alternate identifier.";

(4)   by replacing the text of the second column of line 14 with the following:

"LEI of the non-reporting counterparty or, in the case of a counterparty that is not eligible to receive a LEI, an alternate identifier.";

(5)   on line 2 of section A:

(a)   by replacing the text of the first column with the following:

"Contract or instrument type";

(b)   by replacing, in the second column, the word "transaction" with the words "contract or instrument";

(6)   by replacing the text of the first column of line 4 of section D with the following:

"Reporting timestamp".

17.   The Regulation is amended by adding, after Appendix B, the following:

"**Appendix C   Recognized trade repository requirements for the public dissemination of derivatives data**

Instructions:

1.   A recognized trade repository is required to disseminate to the public at no cost the information contained in Table 1 for each of the asset classes and underlying asset identifiers listed in Table 2 for:

a) a transaction reported to the recognized trade repository pursuant to this Regulation;

b) a lifecycle event that changes the pricing of an existing derivative reported to the recognized trade repository pursuant to this Regulation;

c) a cancellation or correction of previously disseminated data relating to a transaction or lifecycle event listed in (a) or (b).

Table 1

Data field	Description
Cleared	Indicate whether the transaction has been cleared by a clearing house.
Electronic trading venue identifier	Indicate whether the transaction was executed on an electronic trading venue.
Collateralization	Indicate whether the transaction is collateralized. Field Values: • Fully (initial and variation margin required to be posted by both parties),

Data field	Description
	• Partially (variation only required to be posted by both parties), • One way (one party will be required to post some form of collateral), • Uncollateralized.
Unique product identifier	Unique product identification code based on the taxonomy of the product.
Contract or instrument type	The name of the contract or instrument type (e.g., swap, swaption, forwards, options, basis swap, index swap, basket swap, other).
Underlying asset identifier 1	The unique identifier of the asset referenced in the transaction.
Underlying asset identifier 2	The unique identifier of the second asset referenced in the transaction, if more than one. If more than 2 assets identified in the transaction, report the unique identifiers for those additional underlying assets.
Asset class	Major asset class of the product (e.g., interest rate, credit, commodity, foreign exchange, equity, etc.).
Effective date or start date	The date the transaction becomes effective or starts.
Maturity, termination or end date	The date the transaction expires.
Payment frequency or dates	The dates or frequency the transaction requires payments to be made (e.g., quarterly, monthly).
Reset frequency or dates	The dates or frequency at which the price resets (e.g., quarterly, semi-annually, annually).
Day count convention	Factor used to calculate the payments (e.g., 30/360, actual/360).
Price 1	The price, yield, spread, coupon, etc., of the transaction. The price/rate should not include any premiums such as commissions, collateral premiums, accrued interest, etc.
Price 2	The price, yield, spread, coupon, etc., of the transaction. The price/rate should not include any premiums such as commissions, collateral premiums, accrued interest, etc.
Price notation type 1	The manner in which the price is expressed (e.g., percent, basis points, etc.).
Price notation type 2	The manner in which the price is expressed (e.g., percent, basis points, etc.).
Notional amount leg 1	Total notional amount(s) of leg 1 of the transaction.
Notional amount leg 2	Total notional amount(s) of leg 2 of the transaction.
Currency leg 1	Currency(ies) of leg 1.
Currency leg 2	Currency(ies) of leg 2.

Data field	Description
Settlement currency	The currency used to determine the cash settlement amount.
Embedded option	Indicate whether the option is an embedded option.
Option exercise date	The date(s) on which the option may be exercised.
Option premium	Fixed premium paid by the buyer to the seller.
Strike price (cap/floor rate)	The strike price of the option.
Option style	Indicate whether the option can be exercised on a fixed date or anytime during the life of the transaction (e.g., American, European, Bermudan, Asian).
Option type	Put, call.
Action	Describes the type of event to the transaction (e.g., new transaction, modification or cancellation of existing transaction, etc.).
Execution timestamp	The time and date of execution or novation of a transaction, expressed using Coordinated Universal Time (UTC).

Table 2

Asset class	Underlying asset identifier
Interest rate	CAD-BA-CDOR
	USD-LIBOR-BBA
	EUR-EURIBOR-Reuters
	GBP-LIBOR-BBA
Credit	All indexes
Equity	All indexes

Exemptions:

2. Notwithstanding item 1, each of the following is exempt from the requirement to be publicly disseminated:

   a) a transaction in a derivative that requires the exchange of more than one currency;

   b) a transaction resulting from a multilateral portfolio compression exercise;

   c) a transaction resulting from novation by a reporting clearing house.

Rounding:

3. A recognized trade repository must round the notional amount of a transaction for which it disseminates transaction level data under this Appendix in accordance with the rounding conventions contained in Table 3.

Table 3

Reported notional amount leg 1 or 2	Rounded notional amount
< 1,000	Round to nearest 5
=>1,000, <10,000	Round to nearest 100
=>10,000, <100,000	Round to nearest 1,000
=>100,000 <1 million	Round to nearest 10,000

=>1 million, <10 million	Round to nearest 100,000
=>10 million, <50 million	Round to nearest 1 million
=>50 million, <100 million	Round to nearest 10 million
=>100 million, <500 million	Round to nearest 50 million
=>500 million, <1 billion	Round to nearest 100 million
=>1 billion, <100 billion	Round to nearest 500 million
>100 billion	Round to nearest 50 billion

Capping:

4.   Where the rounded notional amount of a transaction, as set out in Table 3, would exceed the capped rounded notional amount in CAD of that transaction as set out in Table 4, a recognized trade repository must disseminate the capped rounded notional amount for the transaction in place of the rounded notional amount.

5.   When disseminating transaction level data according to this Appendix, a recognized trade repository must indicate that the notional amount for a transaction has been capped.

6.   For each transaction where the capped rounded notional amount is disseminated, a recognized trade repository must adjust the option premium, in a consistent and proportionate manner.

Table 4

Asset class	Maturity date less effective date	Capped rounded notional amount in CAD
Interest rate	Less than or equal to 2 years (746 days)	250M
Interest rate	Greater than 2 years (746 days) and less than or equal to 10 years (3,668 days)	100M
Interest rate	Greater than 10 years (3,668 days)	50M
Credit	All dates	50M
Equity	All dates	50M

Timing:

7.   A recognized trade repository must disseminate the information contained in Table 1 no later than:

a)   the end of the day following the day on which it receives the data from the reporting counterparty to the transaction, if one of the counterparties to the transaction is a reporting clearing house, a person subject to the registration requirement as a dealer under the Act, or a Canadian financial institution, or

b)   the end of the second day following the day on which it receives the data from the reporting counterparty to the transaction in all other circumstances.".

18.   Form 91-507F1 of the Regulation is amended:

(1)   by replacing, in the French text of paragraph (1) of item 5 of Exhibit A, the words "lives et dossiers" with the word "dossiers";

(2)   by replacing, in subparagraph (c) of paragraph (6) of item 2 of Exhibit D, the words "the U.S." with the words "the United States of America or under the laws of a jurisdiction of the United States of America".

19.   Form 91-507F2 of the Regulation is amended by replacing, in the French text of item 6, the word "reconnaît" with the word "désigne".

20.   This Regulation comes into force on (*indicate here the date of coming into force of this Regulation*).