



MSC Rule 91-507 Trade Repositories and Derivatives Data Reporting
MANITOBA SECURITIES COMMISSION
NOTICE OF AMENDMENTS TO
MANITOBA SECURITIES COMMISSION RULE 91-507 TRADE REPOSITORIES AND DERIVATIVES DATA
REPORTING

1. Introduction

The Manitoba Securities Commission (the **MSC**, the **Commission** or **we**) has made amendments to the following instrument:

- MSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (the **TR Rule**)

The TR Rule amendments will come into force on October 31, 2014.

2. Background

On November 14, 2013 the MSC published *MSC Rule 91-507 Trade Repositories and Derivatives Data Reporting* and *MSC Companion Policy 91-507CP Trade Repositories and Derivatives Data Reporting*. The TR Rule and TR CP became effective on December 31, 2013. Amendments to the TR Rule and TR CP were published on April 17 and June 26, 2014. The first phase of derivatives counterparty reporting obligations under the TR Rule commences on October 31, 2014. In order to more effectively and efficiently promote the underlying policy aims, the Commission has further amended the TR Rule. Details of the amendments are discussed further below.

3. Substance and Purpose of the TR Rule Amendments

The key objectives of the TR Rule amendments are to:

- Amend the definition of “reporting clearing agency” to include, in addition to a recognized or exempt clearing agency under securities legislation, a clearing agency that has provided a written undertaking to the regulator or securities regulatory authority to act as the reporting counterparty with respect to transactions cleared by it that are subject to the reporting obligations in MSC Rule 91-507.
- Clarify the reporting requirements to refer to a Canadian financial institution that is not a derivatives dealer.
- Where applicable, allow counterparties to agree amongst themselves as to which must act as the reporting counterparty.

4. Rule Making Process

On Wednesday, October 22, 2014, MSC made as a rule amendment to Manitoba Securities Commission Rule 91-507 *Trade Repositories And Derivatives Data Reporting* (MSC Rule 91-507 Amendments) under subsection 2(d) of the *Rule Making Procedure Regulation*, Man. Reg. 246/97, which allows the Commission to make a rule without complying with the normal publication requirements of section 1 where the Commission considers that it is in the public interest to enact the rule without delay because:

- (i) there is an urgent need for the rule; and
- (ii) without the rule being made, there is a substantial risk of material harm to investors or to the integrity of the capital markets.

Concurrently with giving notice that the rule has been made, the Commission is requesting comments on the proposed MSC Rule 91-507 Amendments, with the intention of making it a permanent rule. We welcome your comments on the proposed rule. Please submit your comments in writing on or before January 5, 2015. If you are not sending your comments by email, please include a CD containing the submissions (in Windows format, Word). Comments can be forwarded to:

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Any comments received will not be held as confidential, and may be published by the Commission.

5. Annexes

Appended as part of this Notice is the following:

- Annex A, which sets out the TR Rule amendments.

October 23, 2014

Please refer your questions to:

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ANNEX A

THE MANITOBA SECURITIES COMMISSION
MSC Rule No. 2014-19
(Section 149.1, *The Securities Act*)

AMENDMENTS TO
MANITOBA SECURITIES COMMISSION RULE 91-507
TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

1. *Manitoba Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting is amended by this Instrument.*

2. *Section 1(1) of MSC Rule 91-507 is amended by inserting, after the definition of the term "participant":*

"reporting clearing agency" means either of the following:

(a) a person or company recognized or exempted from recognition as a clearing agency under securities legislation in the local jurisdiction;

(b) a clearing agency that has provided a written undertaking to the regulator or securities regulatory authority to act as the reporting counterparty with respect to transactions cleared by it that are subject to the reporting obligations under this Instrument;

3. *Section 25 is replaced with the following:*

25(1) The reporting counterparty with respect to a transaction involving a local counterparty is

(a) if the transaction is cleared through a reporting clearing agency, the reporting clearing agency,

(b) if paragraph (a) does not apply to the transaction and the transaction is between a derivatives dealer and a counterparty that is not a derivatives dealer, the derivatives dealer,

(c) if neither paragraph (a) nor (b) apply to the transaction and the transaction is between a Canadian financial institution that is not a derivatives dealer and a counterparty that is not a Canadian financial institution or a derivatives dealer, the Canadian financial institution,

(d) if none of paragraphs (a) to (c) apply to the transaction and the counterparties have, at the time the transaction occurs, agreed in writing that one of them will be the reporting counterparty, the counterparty determined to be the reporting counterparty under the terms of that agreement, and

(e) in each other case, each local counterparty to the transaction.

25(2) Each local counterparty to a transaction to which paragraph (1)(d) applies must keep a record of the written agreement referred to in paragraph (1)(d) for 7 years after the date on which the transaction expires or terminates.

25(3) The records required to be maintained under subsection (2) must be

(a) kept in a safe location and in a durable form, and

(b) provided to the regulator within a reasonable time following request.

25(4) No later than the end of the 5th day after the day of execution of a transaction to which paragraph (1)(e) applies, each local counterparty to the transaction must submit to the regulator, in an electronic format, a document identifying both

(a) the unique transaction identifier assigned to the transaction by the recognized trade repository to which the local counterparty reported the transaction, and

(b) the unique transaction identifier assigned to the transaction by the recognized trade repository to which the other local counterparty reported the transaction.

4. This Instrument may be cited as MSC Rule 2014-19.