



Omgeo
22 Thomson Place
Boston, MA 02210

Tel 866.496.6436
Fax 617.772.5330
www.omgeo.com

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To:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Legal Registries Division, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario
Canada – M5H 3S8

Madame Anne-Marie Beaudoin
Directrice du secretariat de l'Autorité
Autorité des marchés financiers
800, square Victoria, 22 étage
C.P. 246 Tour de la Bourse
Montreal, Quebec
Canada – H4Z 1G3

Dear Sir & Madame,

On behalf of Omgeo, I would like to commend the CSA on its commitment to driving greater efficiency in the Canadian marketplace. Omgeo appreciates your consideration of our previous comments provided in July 2004 on Discussion Paper 24-401 on Straight Through Processing (letter is attached for your reference) and welcomes the opportunity to respond to your current Proposed National Instrument 24-101.

Omgeo provides critical post-trade processing services in 42 markets globally. A leading infrastructure provider to the industry, Omgeo endorsed the notion of Same Day Affirmation ("SDA") during the T+1 project in the U.S. and has been increasingly focused on SDA as a means of improving operational efficiency. The U.S. market concluded that instead of mandating T+1 settlement, it was more productive to focus on the building blocks that could, eventually, allow for T+1 implementation. The Proposed National Instrument in Canada is a manifestation of this approach.

In our experience, there are three fundamental drivers of lasting change in the market: crises, economics and regulation. Clearly, change brought about by an industry crisis is the least desirable approach due to the unplanned, disruptive and costly nature of such an occurrence. At the same time, change motivated by economic circumstances, while most desirable, may not be practical in this instance in as much as the economic models and motivators are quite different for the various parties to a trade and its settlement. Thus, in many markets it is increasingly accepted that regulatory standards are needed to drive change in operational areas. We believe that practical and well-informed regulation is the best way to encourage market change and that implementation of SDA will benefit the whole community.

Questions posed in Proposed National Instrument 24-101

We will now address the additional questions put forth by the CSA staff in the Proposed National Instrument, focusing on those that are relevant to Omgeo.

Question 1: Should the definition of “institutional investor” be broader or narrower?

Omgeo has reviewed the CSA’s definition of institutional investor and believes the definition is appropriately stated. Therefore, we believe the definition does not need to be broader or narrower.

Question 2: Does the definition of “trade-matching party” capture all the relevant entities involved in the institutional trade matching process?

Omgeo believes that the entities identified in the CSA’s definition of trade-matching party represent the full community of participants in the trade-confirmation process.

Question 3: The scope of the matching requirements of the Instrument is limited to DAP or RAP trades. Should the requirements be expanded to include other trades executed on behalf of an institutional investor? Should the requirements capture trades executed with or on behalf of an institutional investor settled without the involvement of a custodian?

The restriction in scope to DAP & RAP trades is appropriate. We agree that the matching requirements should apply to DAP & RAP trades, whether or not they are settled by a custodian (e.g., hedge fund/prime broker), and should be included as they represent the vast majority of market volume and will therefore achieve the necessary operational impact.

Question 4: Are each of these methods (compliance agreement and signed written statement) equally effective to ensure that the trade-matching parties will match their trades by the end of T? Should trade-matching parties be given a choice of which method to use?

We prefer not to comment on the effectiveness of these methods specifically. However, we believe that agreements between counterparties to adhere to matching timeframes are important and that there must be some measurement mechanisms in place to track compliance.

Question 5: Will exception reports enable practical compliance monitoring and assessment of the trade matching requirements?

Omgeo believes that exception reporting alone will not suffice in ensuring compliance and relying on compliance as a function of industry best-practice will not provide the necessary incentives that regulatory enforcement would provide. However, we do support the need for a reasonable level of monitoring and assessment reporting but would like to caution the CSA that the quarterly reporting requirements put forth by the Companion Policy should be assessed to ensure that the level of effort and due diligence that will be required is commensurate with the regulation, in other words, that the requirements are not so onerous that compliance becomes problematic).

Question 6: Is it necessary to require custodians to do exception reporting in order to properly monitor compliance with this Instrument?

In our opinion, when a matching utility is in place and a trade is confirmed by trade matching parties, exception reporting by the custodian could be considered redundant and therefore not necessary. Where a matching utility is not in place, we believe exception reporting by the custodian would be necessary.

Question 7: Is it feasible for trade-matching parties to achieve a 7:30 p.m. on T matching rate of 98 percent by July 1, 2008, even without the use of a matching service utility in the Canadian capital markets?

Omgeo believes the best chance of success in achieving a 98% SDA rate is through use of a matching service utility. In our experience, central matching, where both the broker/dealer and institutional client submit a trade to a central system for comparison, is critical to achieve a high standard for SDA. This belief is reinforced by statistics we are able to produce from the U.S. market whereby highly efficient firms using matching services enjoy SDA rates in the 90% to 100% range versus the 16% industry average for confirm/affirm users. We believe these results could be applicable in other markets.

Question 8: Are the transitional percentages outlined in Part 10 of the Instrument practical? Please provide reasons for your answer.

Omgeo strongly believes in a phased project approach with achievable targets and therefore agrees with the notion of 'transitional provisions' set forth in the Proposed National Instrument. It is clear that moving from an SDA rate below 5% to 98% will involve a considerable amount of effort for the whole market. However, Omgeo would prefer not to comment as to the practicality of the transitional percentage targets provided; in our experience it will only become clear if the target dates are achievable once the project work has started and the majority of the participants have written their detailed business requirements and scoped the amount of operational and systems work needed.

Additional Omgeo Comments

With regard to a matching service utility, Omgeo seeks further clarification on a number of parts within the instrument that are further explained within the Companion Policy 24-101CP.

1. Confirmation Requirements: Based on discussions with our clients, further clarification on the definition and requirements for confirmation when a matching service utility is in place would be helpful. Specifically, it is Omgeo's expectation that the trade information which is submitted by a broker to a trade matching utility and which is available to a trade matching party with the match status information would serve as a confirmation of the trade for the purposes of any confirmation requirements.

2. Initial Filing Requirements: Part 4.2 states that approval of a matching utility will rely on 6 considerations. Omgeo seeks clarification on the relevance of consideration "(e)" (the existence of another entity performing the proposed function for the same type of security) in the filing requirements process.

3. Ongoing Filing and Reporting Requirements: Part 4.4 provides further guidance to the data reporting requirements contained within Exhibits D & E on Form 24-101F5. Omgeo would again like to caution the CSA that the quarterly reporting requirements put forth should be assessed to ensure that the level of effort and due diligence that will be required is appropriate for what is needed. Additionally, Omgeo would like the CSA to reconsider the need for confidentiality of Operating Data and Exception Data provided by matching utilities, particularly in the case of Exception Data where subscriber data would be made available.

4. Systems Requirements: Omgeo firmly believes in the need for specific capacity, integrity, and security guidelines to protect the financial markets from the vulnerabilities of automated systems. However, Omgeo would like to refer you to the 'Independent Audit' and process for notifying the securities regulatory authority on material system failures as described in Part 4.5 as areas that

should be re-evaluated to ensure the level of reporting and due diligence that will be required is commensurate with the regulatory need.

* * *

We at Omgeo thank the CSA for this opportunity to respond to your proposal. We would welcome any further discussion the staff of the CSA may wish to have with us.

Sincerely,

A handwritten signature in black ink, appearing to read 'AB', with a long horizontal line extending to the right and a large, sweeping underline below the signature.

Adam Bryan
President and CEO
Omgeo, LLC

Copy:
Richard Macek – Chairman, Omgeo, LLC

Enclosure:
Omgeo letter sent July 13th, 2004 to CSA