

# Over-the-Counter Derivatives Regulatory Reform in Canada

*Beyond Speculation: Clarifying the New Rules*

## Our Faculty

HEAR FROM LEADING EXPERTS, INCLUDING:



**CONFERENCE CHAIR:**  
**Derek West**  
Director, Centre of Excellence  
**AUTORITÉ DES MARCHÉS FINANCIER**



**Carolyn Wilkins**  
Chair, OTC Working Group Committee  
**BANK OF CANADA**



**Glenn Goucher**  
President and Chief Clearing Officer  
**CANADIAN DERIVATIVES CLEARING CORPORATION**

**Sophie Lussier**  
Senior Director, Legal Affairs, Financial Markets and  
Derivative Products  
**CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC**



**Kevin Fine**  
Director, Derivatives Branch  
**ONTARIO SECURITIES COMMISSION**



**Aaron Unterman**  
Legal Counsel, Derivatives  
**ONTARIO SECURITIES COMMISSION**



**Douglas R. Brown**  
General Counsel and Director  
**THE MANITOBA SECURITIES COMMISSION**

**Michael Brady**  
Senior Legal Counsel, Capital Markets Regulation  
**BRITISH COLUMBIA SECURITIES COMMISSION**



**Rande B. Pavalow**  
Head of Operations and Legal  
**ALPHA GROUP**



**Samuel Ely**  
Managing Principal, Capital Markets  
**CAPCO**

**November 15 and 16, 2011**  
**TORONTO, ONTARIO**

## *Prepare Your Business for Next Steps*

- ✓ Hear the global update of derivatives reform from Bank of Canada
- ✓ Learn Canada's approach to trade data depositories and your new obligations
- ✓ Understand how enforcement of the new rules will be navigated across jurisdictions
- ✓ Discuss capital and collateral management strategies in light of the Basel III reform
- ✓ Assess various options for regulating electronic trading venues in Canada
- ✓ Navigate the landscape of central counterparty clearing: risks, exemptions, impacts
- ✓ Discuss the key proposals affecting the OTC derivatives industry in Canada
- ✓ Understand what prospective derivatives dealers need to know about registration
- ✓ Examine the approaches of regulation among major economies: overview of OTC regulatory developments in the U.S., Europe and Canada
- ✓ Hear about Canada's reform in the context of international harmonization of regulations
- ✓ Learn about the development of international best practices and standards for trades that cannot be cleared
- ✓ Examine future trends and forecasts: anticipating the impact of current derivatives transformation 10 years from now

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# Over-the-Counter Derivatives Regulatory Reform in Canada

November 15 and 16, 2011 • Toronto, Ontario

## DAY ONE PROGRAM AGENDA: TUESDAY, NOVEMBER 15, 2011

**8:00 – 9:00** Registration and Continental Breakfast

**9:00 – 9:10**

### Welcome and Opening Remarks from the Chair

*Derek West, Director, Centre of Excellence, Autorité des marchés financiers*

**9:10 – 10:10**

### State of the Game: Where U.S., European, and Canadian Regulatory Developments Are Now and Where They're Headed

*Carolyn Wilkins, Chair, OTC Working Group Committee, Bank of Canada*

- Two approaches of regulation among major economies:
  - fair and open access to global central counterparties, shared oversight
  - individual jurisdictions create their own central counterparties (CCPs)
- Mitigating systemic risk
- Findings from Bank of Canada's "Financial System Review"
- Accessing CCPs for OTC derivatives
- Access criteria and risk controls of CCP
- Developing a Canadian CCP
- Linkages with global CCPs



*Carolyn Wilkins is leading the Bank of Canada's work on reform of the OTC derivatives markets, engaging stakeholders in the public and private sectors both domestically and abroad. She is also Chair of the inter-agency working group on OTC derivatives that is coordinating Canada's efforts to implement the G20 commitments related to OTC derivatives. Prior to this Ms. Wilkins was Deputy Chief of the Financial Markets Department.*

**10:10 – 10:30**

### Networking Break



**10:30 – 12:00**

### Developing New Market Infrastructure: Trade Data Depositories

*Kevin Fine, Director, Derivatives Branch, Ontario Securities Commission*

*Aaron Unterman, Legal Counsel, Derivatives, Ontario Securities Commission*

*Randee B. Pavalow, Head of Operations and Legal, Alpha Group*

Market participants will need to report all of their OTC derivative transactions to an approved trade repository. This new market infrastructure will permit regulators and the central bank to have access to crucial market information to carry out their mandates.

- What will the obligations look like?
- What will regulators do with all the data?
- Overview of governance and operational guidelines
- Reporting requirements
- Access to confidential trade repository information



*Kevin Fine participates in national and international committees currently working on introduction of regulation of over-the-counter derivatives markets, including: the CSA OTC Derivatives Group, the Head of Agencies OTCDWG, the IOSCO Commodities Working Group, the IOSCO Task Force on Derivatives and the OTC Derivatives Regulators Forum. He was previously Associate General Counsel and Managing Director, Retail Investor Solutions Group and Securitization, for Bank of Montreal Financial Group of Companies (BMOFG).*



*Aaron Unterman is a former member of Osler, Hoskin & Harcourt LLP's banking and financial services group. He is the author of a number of publications including Exporting Risk: Global Implications of the Securitization of U.S. Housing Debt and Innovative Destruction: Structured Finance and Credit Market Reform in the Bubble Era both of which were published in the University of California's Hastings Business Law Journal.*



*Randee B. Pavalow is an active member in industry committees such as the Market Regulation Advisory Committee of IIROC and regulatory issues subcommittee of the Canadian Securities Traders Association. She previously worked at the OSC for 15 years where she was involved in developing and implementing responses to issues relating to: dealer and adviser registration and compliance; regulation and oversight of marketplaces, clearing agents and self-regulatory organizations; and technology issues related to the securities markets.*

**1:00 – 2:00**

### Derivative Dealer Registration: What You Need to Know

*Michael Brady, Senior Legal Counsel, Capital Markets Regulation, British Columbia Securities Commission*

*Randee B. Pavalow, Head of Operations and Legal, Alpha Group*

*Rena Shadowitz, Senior Counsel and Director, BMO Capital Markets*

- What prospective derivatives dealers need to know about registration
- Understand the qualifying criteria
- Respecting certain obligations: capital and margin requirements; documentation standards; risk management

**12:00 – 1:00**

### Luncheon

**2:00 – 3:00**

### Making Exemptions to the Rules

*Douglas R. Brown, General Counsel & Director, The Manitoba Securities Commission*

*Cathy Ma, Associate, MacLeod Dixon LLP*

- Realizing the value that OTC derivatives brings for businesses mitigating risks from their operations
- Avoiding undue hindrance to certain market participants
- What the end-user exemption will accomplish
- Ongoing oversight activities of the Bank of Canada and Canadian Securities Administrators regarding the exemption
- Assessing whether this will be modified in the future



*In addition to providing legal services Douglas Brown is responsible for the management of the investigation, enforcement, registration and compliance operations of the MSC. He sits on various committees of the CSA, including the derivatives, market structures and exchange oversight and enforcement committees. He is also the Canadian liaison to the Broker-Dealer Committee of North American Securities Administrators Association (NASAA).*

**3:00 – 3:15**

### Networking Break



**3:15 – 4:15**

### Improving Bilateral Risk Mitigation: Regulators' Expectations

*Marc Stephens, Analyst, Centre d'excellence en dérivés, Autorité des marchés financiers*

*Nikil Chande, Assistant Director, Market Infrastructure, Financial Markets Department, Bank of Canada*

- Developing international best practices and standards for trades that cannot be cleared
- Adhering to these standards
- Will market participants exempt from the clearing requirement have a choice?

**4:15 – 5:00**

### Segregation and Portability

*Aaron Unterman, Legal Counsel, Derivatives, Ontario Securities Commission*

*Sophie Lussier, Senior Director, Legal Affairs, Financial Markets and Derivative Products, Caisse de dépôt et placement du Québec*

- Key concepts to a CCP and the protection of market participants and their clients
- Considering various levels of segregation in parallel with bankruptcy law and the resulting degree of portability acceptable to all market actors
- Assessing various options

**5:00**

### End of Day One

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# Over-the-Counter Derivatives Regulatory Reform in Canada

November 15 and 16, 2011 • Toronto, Ontario

## DAY TWO PROGRAM AGENDA: WEDNESDAY, NOVEMBER 16, 2011

8:00 – 9:00

Continental Breakfast

9:00 – 9:10

### Welcome and Opening Remarks from the Chair

*Derek West, Director, Centre of Excellence, Autorité des marchés financiers*

9:10 – 10:10

### Capital and Collateral: Analysis and Recommendations

*Michael Brady, Senior Legal Counsel, Capital Markets Regulation, British Columbia Securities Commission*

*Jamie Anderson, Managing Director, Legal, The Canadian Depository for Securities Limited*

- Impacts of Basel III reform
- Looking at benchmarking for firms not prudentially regulated
- Analysis to look at future modifications to align where appropriate capital and margin requirements across the multiple regulatory frameworks to ensure consistency

*Jamie Anderson is responsible for ensuring that CDS's legal, risk, and policy decisions are processed in accordance with corporate governance and regulatory obligations. He leads various strategic projects for the organization and chairs CDS's Legal Drafting Group. He is also a member of CDS's human resources, event review, and risk advisory committees. Prior to joining CDS, Jamie has acted as counsel as well as having designed various compliance, governance, risk management and control programmes for several Canadian banks, life insurers, and asset managers.*

10:10 – 10:30

Networking Break



10:30 – 11:30

### Exchange and Platform Trading: Insights on Regulation

*Debra MacIntyre, Senior Legal Counsel, Market Regulation, Alberta Securities Commission*

*Samuel Ely, Managing Principal, Capital Markets, Capco*

*Jayson R. Horner, Co-Founder, President & CEO, CanDeal*

- Regulating the increased use of electronic trading venues
- Does Canada need regulations or should the migration from paper-based trading to electronic occur naturally?
- Assessing various scenarios



*Samuel Ely represents Capco as a managing principal in the capital markets practice based in New York focused on leading the CCP initiatives. He has spent over a decade working in derivatives for a variety of major investment banks covering both OTC, exchange traded derivatives and now CCP, front through back covering all participant types and product classes.*



*Jayson R. Horner was a co-founder of CanDeal and has been the President and CEO since inception. He has over 30 years' experience in the financial services industry. He has worked in the institutional fixed income business for Merrill Lynch Canada, Richardson Greenshields and TD Securities.*

11:30 – 12:30

### What the New Transparency Means for Surveillance and Market Conduct

*Kevin Fine, Director, Derivatives Branch, Ontario Securities Commission*

*Neal Weston, Vice-President, National Bank Financial*

- What will be required to adequately monitor and enforce all financial market activities
- Considerations for access to confidential OTC derivative trade data either through the collection of such data in a trade repository or via data sharing arrangements with other national and international regulatory bodies
- Recognizing legislative harmonization across jurisdictions
- Protections with regard to market manipulation and fraud, misrepresentation, disruptive trading practices and insider trading
- Assessing various options of enforcement tools

12:30 – 1:30

Luncheon

1:30 – 2:45

### Lifecycle of an OTC Derivatives Transaction

*Jamie Anderson, Managing Director, Legal, The Canadian Depository for Securities Limited*

*Mike White, Global Product Head, Government Securities, CanDeal*

- Post-trade processing, challenges and trends
- Reducing processing costs
- Driving a new reconciliation methodology
- Integration and control in a post-trade environment
- Price discovery
- Execution methodology, RFQ vs Orderbook
- Straight-through processing
- Post-trade reporting: regulators, repositories, central clearing party



*Mike White has more than 25 years' experience in the financial services industry. He has held positions in trading, sales and brokering in the institutional fixed income business for BMO, Kidder Peabody and ICAP/ BrokerTec.*

2:45 – 3:00

Networking Break



3:00 – 4:15

### Central Counterparty Clearing

*Derek West, Director, Centre of Excellence, Autorité des marchés financiers*

*Glenn Goucher, President and Chief Clearing Officer, Canadian Derivatives Clearing Corporation (CDCC), TMX Group*

- Where will Canada's markets clear their trades?
- What derivatives will be clearable?
- Who will be exempted?
- Impacts on various market participants



*Derek West directed the drafting of Quebec's new regulatory framework for derivatives markets, and is responsible for its implementation and ongoing development. He is also the Chairman of the Canadian Securities Administrators' Derivatives Committee whose mandate is to develop a common regulatory approach for Canada's derivatives markets. He participates in IOSCO Task Forces on Unregulated Products and Markets, on OTC Derivatives, and on Commodities, as well as the Canadian Heads of Agencies Derivatives Working Group focusing on over the counter derivatives regulation. As well, he is a member of the OTC Derivatives Regulators' Forum and participates in the Derivatives Working Group of Finance Montréal — la grappe financière de Montréal.*



*Glenn Goucher joined the Montreal Exchange in November 2001, was Senior Vice-President, Financial Markets and is now acting as President and Chief Clearing Officer. CDCC is the issuer, clearinghouse, and guarantor of equity, index and interest rate financial derivative contracts traded on the Montreal Exchange and has been selected to provide clearing services to the Canadian Fixed Income Market. The clearinghouse also offers an OTC clearing service, Converge. Prior to this, Glen has held senior positions at the Montreal Climate Exchange, Candeal, a major Canadian investment dealer, and a major Canadian Pension Fund.*

4:15 – 5:00

### Future for Clearing of OTC Derivatives

*Samuel Ely, Managing Principal, Capital Markets, CAPCO*

- Impact of current derivatives transformation 10 years from now
- Opportunities from transition
- Emerging business models
- Short-term costs, long-term gains
- Operational considerations
- Critical mass and primary business drivers
- Considerations for regulators

5:00

End of Day Two

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**NOVEMBER 15 – 16, 2011 • TORONTO, ONTARIO**

## THREE KEY BENEFITS OF ATTENDING THIS EVENT

- 1) Hear first hand from Bank of Canada and Canadian Securities Administrators on reform details
- 2) Gain insights from a cross-section of market participants with a diversity of perspectives
- 3) Understand Canada's approach to trade data depositories and your new obligations

## REGISTER BY PHONE, ON-LINE, OR IN THESE 3 EASY STEPS!

### 1 PRINT YOUR NAME AND CONTACT INFORMATION

Mr./Ms./Mrs. \_\_\_\_\_ Title \_\_\_\_\_

Organization \_\_\_\_\_

Name of Approving Manager \_\_\_\_\_ Title \_\_\_\_\_

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City \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_

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Company's main line of business \_\_\_\_\_ Number of Employees: \_\_\_\_\_

### 2 SELECT YOUR METHOD OF PAYMENT

Prices subject to HST.	Early-bird rate until OCTOBER 14	FULL PRICE
Conference for Groups of 3 +	\$1,699 each	<b>\$1,999 each</b>
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**LOCATION:** *Over-the-Counter Derivatives Regulatory Reform in Canada* will be held at a convenient location in Toronto, ON. Detailed venue information will be provided with your registration confirmation.

#### YOUR REGISTRATION INCLUDES:

Registration fees include all course materials, continental breakfast, lunch, and refreshments. **Parking and accommodation are not included.**


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
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#### CANCELLATION POLICY:

Substitutions may be made at any time. If you are unable to attend, please make cancellations in writing and fax to 1-800-558-6520 **no later than November 1, 2011**. A credit voucher will be issued to you for the full amount, redeemable against any other INFONEX course and which is valid for twelve months (one year) from the date of issue. If you prefer, you may request a refund of fees paid, less a 15% administration fee.

Registrants who cancel after **November 1, 2011**, will not be eligible to receive any credits or refunds and are liable for the entire registration fee.

Confirmed registrants who do not cancel **by November 1, 2011**, and fail to attend will be liable for the entire registration fee.