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British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Securities Administration Branch, New Brunswick
Securities Office, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
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Autorité des marchés financiers (Québec)

Madame Anne-Marie Beaudoin
Directrice du secrétariat de l'Autorité
Autorité des marchés financiers
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Dear Sirs and Madams

Re: CSA's request for comment on discussion paper 24-401 on Straight -Through Processing -- Questions 17 & 18:

eClientscope Inc. is a specialized consulting company serving the finance industry (www.eClientscope.com). The CSA STP discussion paper 24-401 addresses very important issues and we are pleased to have this opportunity to comment on questions 17 & 18.



QUESTION 17A: SHOULD THE CSA REQUIRE THE REPORTING OF CORPORATE ACTIONS INTO A CENTRALIZED HUB?

A corporate action hub or series of hubs is a logical and desirable facility but it is vital that it be implemented in a manner that supports the self-interest of all the parties. Mandating a particular solution is not the optimal approach to achieve such a goal. Achieving such a national utility via regulation echoes of the Firearms Registry and could lead to inappropriate tradeoff of risks versus costs and exposure to cost overruns

The logic of shared referential securities data is accepted: the missing ingredient is the collective will of the securities industry to pursue the benefits of reduced operational risk and more effective access to corporate action data.

The requirement for industries to conform to standard data formats and implement central registries is not unique to the securities industry. Many industries, sensing efficiency gains from accurate, shared data are moving to establish common data standards to benefit all industry participants. For example, we note the significant progress of the consumer goods and retail industries in establishing a common platform for electronic collaboration between trading partners. Key elements of this initiative involve:

Key players who have agreed to a global system for synchronizing catalog data between manufacturers, retailers and their intermediaries. A single global system for data synchronization is considered a critical foundation for realizing long-promised benefits of electronic collaboration - only if basic information in trading partners' catalogs is correct and "in sync" can companies reliably communicate electronic information. Manufacturers, retailers and intermediaries have agreed to adopt a common set of global data standards and manufacturers have agreed to make their product catalog available in data pools linked to a single global registry. Customers are able to search this registry, identify the data pools where information is held about the items they wish to synchronize to their own catalog via the synchronization engine of their choice.

- *More than 400 companies have begun synchronizing information from more than 60,000 items with their trading partners.*
- *Independent business case studies have reported more than 500% investment returns and payback on the initial investment of less than one year.*
- *Although this initiative was born in the US, the registry is now being expanded to include 64 additional countries.*
- *Find more information at:*
www.uccnet.org/WhyUCCnetServices/ATK%20Data%20Synch%20Case%20StudiesFINAL.pdf
<http://www.uccnet.org/PressRoom/Publications/Registry%20Roadmap%20Version%2058.doc>

Of course, the finance and retail industries have many differences, but they also have many similarities related to the global exchange of consistent, accurate product information.



Securities practitioners have recognized the benefits of a shared corporate action resource for many years --- there are many accepted advantages to shared centralized referential securities data.

Notwithstanding this general acceptance, it is apparent that the collective industry has decided the development of such a utility is not a priority issue at this time. Today's alternative - multiple data files maintained by each participant, is not expected to cause undue operational challenges or trade errors. eClientscope believes that CSA should await an industry consensus to build such a facility before changing corporate action reporting requirements.

If such a facility does exist, it need not be a single such facility - technology today permits multiple hubs even to the extent of one per issuer. The important factor is the agreement to a series of data format and messaging protocols -- and the commitment to maintain and enhance standards as additional relevant information is incorporated into the standard.

We emphasize that a data hub of this type could evolve to contain additional related information. We note for example the informal discussions from time to time regarding the maintenance of industry shared data bases related to securities borrowed and beneficial holder information. It's preferable that innovation and industry action decide which data elements are contained in the central hubs rather than regulatory decree.

QUESTION 17B: IF NOT, IS IT MORE APPROPRIATE FOR EXCHANGES AND OTHER MARKETPLACES TO IMPOSE THIS REQUIREMENT THROUGH LISTING OR OTHER REQUIREMENTS?

CSA, Exchanges and other marketplaces should encourage the development of shared repositories of referential data by:

- Creating the legal, regulatory and market environment necessary for the establishment of shared data hubs. For example:
 - Promptly addressing regulatory questions of liability in the event of a hub physical or financial failure;
 - Supporting international efforts to establish corporate action data format standards
 - Intervening when non-productive industry debates arise such as the current USA CUSIP pricing policy issue (www.securitiesindustry.com/article.cfm?articleid=13232&pg=ros)
- Creating an environment where trade failures or exceptions resulting from corporate action are made public



- Ensuring that the question of operational risk concerning corporate action data is addressed and included in MD&A publications
- Regulatory audit enquiries into frequency and result of errors related to corporate action data
- Other measures to increase corporate action failure transparency

QUESTION 17C: WHO SHOULD PAY FOR THE DEVELOPMENT AND MAINTENANCE OF THE CENTRAL HUB?

Once established, issuers should be required to provide the data in a prescribed format and users of the information should pay for the safekeeping, maintenance and distribution of the data on a voluntary, industry-wide basis or independent, non-shared, stand alone basis.

QUESTION 18: SHOULD THE CSA WAIT UNTIL A HUB HAS BEEN DEVELOPED BY THE INDUSTRY BEFORE IT IMPOSES ANY REQUIREMENTS?

Yes. The CSA should address the cause of corporate action anomalies identified as they arise through the suggested transparency through means other than instructing market participants on “how” to fulfill their role (i.e. by mandating a central hub)

Summary: We suggest that the CSA current response to the Corporate Action hub questions on page 21 of the Discussion Paper:

“However, there are a number of outstanding questions with respect to the CCMA's request At this time, the CSA are not proposing to implement a rule to mandate the reporting of corporate actions, but will continue their dialogue with the CCMA to explore the options. the industry should provide a meaningful cost-benefit analysis to support the need for a rule and the development of a central hub.”

Should be complemented with:

- Informal regulatory persuasion to make transparent any costs or trade exceptions resulting from a lack or misinterpretation of corporate entitlements. In this regard, we suggest that the reporting requirements envisioned in 24-401 not be restricted to matching utilities, but should apply equally to all participants.
- Encouragement of proposals to develop industry data format standards and responsiveness to the needs of the industry if, as and when industry led initiatives to establish shared corporate actions hubs arise.



We at eClientscope hope to respond to other aspects of the discussion paper before the noted deadline and we would be delighted to respond to questions or comments concerning the material provided herein.

Sincerely yours

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