



INVESTMENT DEALERS
ASSOCIATION OF CANADA

bulletin



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

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For distribution to relevant parties within your firm

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Industry Relations and Representation

Transparency in Corporate Debt Securities – Requirements of National Instrument 21-101.

Provisions of Amended National Instrument 21-101 Marketplace Operation and Companion Policy 21-101CP dealing with Post-Trade Information Transparency Requirements for Corporate Debt Securities came into force on December 31, 2003.

The National Instrument requires that marketplaces trading corporate securities, inter-dealer bond brokers and dealers trading corporate debt securities outside of a marketplace provide details on trades of all designated corporate debt securities to the Information Processor, CanPX Inc. CanPX, in turn, will display for each trade, within one hour of the trade, details including the type of issue, class, series, coupon and maturity, price and time of the trade and, subject to par value caps of \$2 million and above for investment grade and \$200,000 and above for non-investment grade, the volume traded.

CanPX Inc. and its facilitator, Moneyline Telerate, have developed a plan in consultation with participating firms that will provide transparency in corporate bonds in accordance with the above Policy. System development began in April 2004. The testing of participant feeds from four large corporate bond trading firms, together representing 62% of the total corporate bond market, is planned for May 26, 2004. Additional groups of 3 or 4 firms will be added in subsequent phases of the rollout such that by mid-July 2004 the fully implemented system will be displaying corporate trade information for the vast majority of trades in designated securities occurring on Canadian markets.

Firms who have achieved a de minimus market share of 0.5% of total corporate bond trading in two of the three most recent quarters will be required to report. Moneyline Telerate will be contacting all participating firms shortly to advise them of their data and transmission requirements.

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Details for each trade in a designated security, to be provided to CanPX by participating firms, will include CUSIP, type (investment grade or non-investment grade), issuer, class, series, coupon, maturity, price (in dollars and cents), yield, time of trade, volume traded, counterparty (broker or client) and market on which the trade is executed (OTC, IDB, or ATS). Details of the data feed including format and frequency of transmission will be discussed with each contributing participant.

A corporate debt security may be designated for inclusion in the CanPX transparency system if it meets some or all of the criteria outlined in Schedule E of the CSA-approved CanPX Participation Agreement. Designated corporate bonds include bonds that:

- Have minimum total issue sizes (including reopenings) of \$250 million,
- Are highly liquid relative to comparables,
- Represent a majority of trade flow within the corporate bond markets,
- Represent, among themselves, all major industrial groups of issuers (including for example, financial, utility, telecom and oil and gas). An attempt will be made to include at least 2 bonds from each industry classification,
- Represent, among themselves, all maturity buckets, including 0-5 years, 5-10 years, and 10 and over years,
- Are debt securities of broad interest to retail investors, including for example bonds issued by well known corporations, bonds represented in a major corporate bond index, bonds with terms to maturity of less than 5 years, and bonds priced at a discount.

The initial list of designated bonds, to be updated quarterly by CanPX in consultation with the industry, will include the following issues. The CSA and CanPX will work to increase the list of designated securities over time.

ISSUER		COUPON	MATURITY	
Sun Life Capital Trust	SLC	6.86500%	12/31/2011	
CIBC	CIBC	7.00000%	10/23/2006	*2011
Loblaws	L	6.05000%	6/9/2034	
Greater Toronto Airport Authority	GTAA	6.98000%	10/15/2032	
Transcanada Pipelines	TRP	5.65000%	1/15/2014	
RBC	RY	5.81200%	12/31/2013	*2049
Loblaws	L	5.40000%	11/20/2013	
RBC	RY	5.45000%	11/4/2013	
GE	GECC	5.15000%	6/6/2013	
TD	TD	5.69000%	6/3/2013	*2018
Great West Life	GWL	5.99500%	12/31/2012	*2049
TD Capital Trust	TD	6.79200%	12/31/2012	*2049
Greater Toronto Airport Authority	GTAA	6.25000%	12/13/2012	
Hydro One	HYD	5.77000%	11/15/2012	
Manulife Financial Capital Trust	MLI	6.70000%	6/30/2012	
Bank of Montreal	BMO	6.68500%	12/31/2011	*2049
RBC	RY	7.18300%	6/30/2011	*2049
Bank of Nova Scotia	BNS	7.31000%	12/31/2010	

HSBC	HSBC	7.78000%	12/31/2010	*2049
RBC	RY	7.28800%	6/30/2010	
TD	TD	7.60000%	12/31/2009	*2049
Bank of Nova Scotia	BNS	4.51500%	11/19/2008	
GE	GECC	5.00000%	4/23/2008	
BCE	BCE	6.75000%	10/30/2007	
DaimlerChrysler	CCC	5.20000%	11/7/2006	
Ford	FCR	5.80000%	9/26/2006	
TELUS Corp	TEL	7.50000%	1/6/2006	

*denotes final maturity date for fixed floaters

Kenneth A. Nason
Association Secretary