May 12, 2015

DELIVERED VIA E-MAIL: comments@osc.gov.on.ca
Consultation-en-cours@lautorite.qc.ca

Ms. Josée Turcotte, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800 square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec
H4Z 1G3

Dear Sir/Madam:

CSA Proposed National Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives

The Canadian Life and Health Insurance Association is pleased to provide comments on Canadian Securities Administrators ("CSA") Proposed National Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives.

Established in 1894, the Canadian Life and Health Insurance Association (CLHIA) is a voluntary trade association that represents companies which together account for 99 per cent of Canada's life and health insurance business. The industry, which provides employment to over 150,000 Canadians and has investments in Canada of about $580 billion, protects almost 28 million Canadians through products such as life insurance, annuities, registered retirement savings plans, disability insurance and supplementary health plans. It pays benefits of more than $76 billion a year to Canadians and manages about two-thirds of Canada's pension plans. Canadian life insurance companies participate as end-users in Canadian and foreign derivatives markets.

Canadian Life and Health Insurance Association
79 Wellington St. West, Suite 2300
P.O. Box 99, TD South Tower
Toronto, Ontario M5K 1G8
416-777-2221 www.clhia.ca

Association canadienne des compagnies d'assurances de personnes
79, rue Wellington Ouest, bureau 2300
CP 99, TD South Tower
Toronto (Ontario) M5K 1G8
416-777-2221 www.accap.ca

Toronto • Montréal • Ottawa

We are pleased that the CSA has decided to take the approach of creating a National Instrument regarding central counter party clearing of derivatives since this will greatly aid with ensuring harmonization across Canada. We also support the proposed phased-in approach with respect to different categories of market participants.

We support the proposed exemptions to the requirement for mandatory clearing. We have some specific comments related to the intragroup exemption, as follows.

(i) We agree with elimination of the annual form filing requirement in connection with the intragroup exemption.

(ii) Subsection 10(3) states that "No later than the 30th day after a local counterparty to an intragroup transaction relies on the exemption in subsection (2), the local counterparty must submit to the regulator, in an electronic format, a completed Form 94-101F1 Intragroup Exemption."

Clarity is required regarding whether the proposed subsection 10(3) would require the proposed form 94-101F1 to be filed for every transaction between two affiliated entities. The Policy Statement suggests that the Form would only need to be filed within 30 days of the "first transaction".

(iii) Some further clarification is needed regarding the way in which the timing for the requirement as stated in section 10(2)(c) would operate together with the requirement as stated in Form 94-101F1, section 2, para 5. It would be difficult to state whether "there is a written agreement setting out the terms of the transaction" in advance of a transaction occurring. While there would be a master agreement between the parties setting out the general terms of all transactions at the time the Form is originally filed, the specific terms of each transaction would be determined at the time of such transaction. We have noted that there don't appear to be any similar requirements to file a form for inter-group transactions in the US or Europe.

(iv) We would encourage the CSA to further consider the elimination of a form filing requirement, or failing that, to change the wording of the Form to contain more general language with respect to the documentation of the trades, i.e., that the swap trading relationship is documented.

The CLHIA appreciates the opportunity to provide its comments. If you require any additional information at this time, please feel free to contact me by e-mail at JWood@clhia.ca or by telephone at 416-359-2025.

Yours truly,

"James Wood"

James Wood
Counsel