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T+1 Communications and Education Working Group (CEWG)

Proposed Agenda

Tuesday, May 9, 2023 – 11:00 am ET/8:00 am PT

- | | |
|---|---------------------|
| i. Welcome, introductions | All |
| ii. Draft minutes of April 11 CEWG Meeting (<i>Attachment 1</i>) | Members |
| i. Review/approve | |
| ii. Review matters arising from minutes | |
| iii. New T+1 news/information | Members/CCMA |
| i. Member/association updates | Members |
| ii. Canadian update | Staff |
| iii. U.S. update | Staff |
| iv. International news | Members/Staff |
| v. Event/article/other communications and education updates | Staff |
| iv. For review, amendment, approval | Members |
| i. Draft T+1 Readiness Checklist (<i>Attachment 2</i>) | |
| i. For discussion | Members |
| i. Updating CEWG Communications Plan (Alexandra, Yianna, Barb) | |
| ii. Draft announcement re application of T+1 rules | |
| iii. Other issues as raised | Members |
| iv. Summary of action, next steps, and next meeting (April 11) | Staff |

T+1 Communications and Education Working Group (CEWG)

Draft Minutes

Tuesday, April 11, 2023 – 11:00 am ET/8:00 am PT

1. Welcome, introductions

Note: See attached list of meeting participants, agreements, and action items.

2. Draft minutes of March 14 CEWG Meeting

The draft minutes of the March 14 CEWG meeting were accepted without change. The items identified for action had been completed or were on the day's agenda, ongoing, or scheduled for the future.

3. New T+1 news/information

- a. **Member/association updates:** Matt Latimer said he had shared T+1 information with his FMFD members. Pat Dunwoody spoke briefly about an ETF task force being set up to try to address the create/redeem process which is proving to be a challenge.
- b. **Canadian update:** Keith said that the CCMA's NI 24-101 submission had been sent to the CSA. He mentioned three other responses, including one from the IIAC (similar), one from IFIC (technical change affecting funds), and one from the Portfolio Management Association of Canada that seemed to ask for a midnight deadline shifting to 9 p.m. for trade matching. Barb was following up with PMAC to clarify the position as it was earlier than that espoused by the CCMA's committees.

Keith said that:

- CDS's PTM project would be put aside following completion of the second round of unscripted testing at the end of May (although some individual firms might continue through a third cycle ending in July).
- CDS's T+1 Industry Test Plan approach had just been released – another long-awaited clear step forward. There is a concern that testing is starting later than desirable that will be further discussed by the Operations Working Group. Barb mentioned that the set-up of connectivity had been an issue in the move to T+2 so communications work should include messaging around this.

Nav Badhan asked several questions about the settlement process, including the timing of the date rollover for batch net settlement and real-time activity. Keith said that this was on the April 13 OWG agenda. He added that securities lending

– another outstanding issue of concern – was also going to be addressed at that meeting.

- c. **U.S. update:** A member mentioned that there were discussions about the U.S. ETF process regarding redemptions – U.S. counterparts were looking at two things: where the basket was essentially U.S. equities and when the individual components were not U.S. It was noted that the U.S. ETF management process was through a CNS (rather than trade-for-trade option).

d. **International news:** N/A

e. **Event/article/other communications and education updates**

- April 12 on: CCMA will post extracts from the ValueExchange T+1 webinar including Keith (CCMA) and Steve Everett from TMX on LinkedIn – members were encouraged to ‘like’ these
- April 13: Ahren would be moderating a PIAC event with Keith and Mark Austen
- April 27: OSC Dialogue – there will be mention of T+1
- April (end): ACPM/PIAC The Observer article to be published
- May 2: Torstone event (Torstone’s Inferno offers a real-time back- and mid-office books-and-records solution allowing the combining of different asset classes, facilitating FX settlement at broker-dealers; it can be implemented in 6-9 months depending on the complexity of the client’s institutional DVP/RVP business)

4. **For review, amendment, approval:** N/A

5. **For discussion**

Alexandra Decata said that she, Yianna Daklaras, and Barb had started meeting briefly after the CCMA had expressed concerns about the challenges following apparent confusion in the U.S. (including at SIFMA, the SEC, and ICI) regarding the date for the Canadian move to T+1 despite regular contacts. As well, the CCMA was concerned that there were some misunderstandings within the Canadian market because of inconsistent wording from CDS, the high pressure of multiple other regulatory projects that detract from clarity on T+1, and the choice of the May 27 date for Canada’s first T+1 trading date – Alexandra had already clarified this with some European media. As the T+1 project is ramping up, Alexandra said she, Yianna and Barb hoped to have short (half-hour) monthly meetings on PR matters and would welcome others’ participation. The group would look at redeveloping the T+1 communications plan (now a year old), and start building ties with media.

6. **Other issues as raised:** N/A

7. **Next meeting:** May 9

Agreements

1.	Members accepted the draft minutes as written.
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Action Items

#	Description	Who	Status
1.	Speak with PMAC to clarify submission	Barb	Done
2.	Notify Alexandra, Yianna or Barb of interest in participating in the short monthly informal comms/PR/media group	Members	
From preceding meetings			
1.	Update webinar with members' comments at meeting	Barb	Done
2.	Follow up with the IIAC for an IIAC member to help co-ordinate communications with the broker-dealers	Barb	Efforts ongoing
3.	Extend media outreach once more concrete information is available	CEWG	Discuss
4.	Help on the Buyside Checklist	Travis	TBD
5.	Manage podcast or blog/Qs&As re buyside liquidity issues	Merici	TBD
6.	Draft article for CIFP	Barb	May 15
7.	Prepare an outline/draft generic T+1 presentation	Barb	Underway

Meeting Attendees

Paniz	Ghazanfari	Advocis
Nav	Badhan	BNY Mellon
Elizabeth	Naumovski	Caldwell
Troy	Sy	Caldwell
Mauro	Lagana	CBA: Canadian Bankers Association
Pat	Dunwoody	CETFA: Canadian ETF Association
Halyna	Fenkanyn-Hawryshko	CIBC
Brent	Merriman	CIBC Mellon
Guylaine	Paquet	Desjardins
Matthew	Latimer	FMFD: Federation of Mutual Fund Dealers
Pamela	Egger	IFIC: Investment Funds Institute of Canada
Pira	Kumarasamy	IFIC: Investment Funds Institute of Canada
Annetta	Ho	OSC: Ontario Securities Commission
David	Petitville	RBC: Royal Bank of Canada Investors Services
Dave	O'Marra	Torstone Technology
Keith	Evans	CCMA
Barb	Amsden	CCMA: Canadian Capital Markets Association

DRAFT 1 T+1 Readiness Self-Assessment Checklist

The purpose of this simplified checklist is to help at least smaller Canadian investment industry participants prepare to shorten the current two-day (T+2 or two days after trade date) standard securities settlement cycle for equities, exchange-traded funds – as well as some debt, investment funds, and derivatives currently settling on T+2 – to a one-day standard (T+1) on May 27, 2024. By completing this short checklist, you can:

1. See where your firm stands in terms of current readiness, which you can use to benchmark progress as you move forward
2. Use the results to help build your project team and get project funding approvals
3. Develop questions to ask counterparties, service bureaus and vendors regarding where they stand in terms of T+1 preparations
4. Help flesh out a T+1 project plan.

The business lines, strategy, size, and current technology environment of your firm, as well as the profiles of your counterparties and the infrastructure (such as exchanges/marketplaces, CDS, Fundserv, and CDCC), back-office service providers (such as correspondent clearers, Broadridge, Kyndryl, Torstone, [others?]), and technology vendors (such as Fidessa, RPM, Sungard, [others?]) that you use will all be factors in determining how you implement T+1.

Instructions:

1. Circle the status that best represents the status of the T+1 project in your firm today (no plans, planned, underway, done)
2. Add up the circled numbers column by column and enter each subtotal in the space provided for each
3. Carry these subtotals to the top of the next page and insert them in the appropriate box
4. Put the total of each column in the corresponding box
5. Sum these four boxes and insert the result in the box titled Total All.
6. Rate your firm: 0–15: Barely on the radar—better get moving! 16–35: It’s a start, but there’s a long way to go! 36–55: A good beginning, but don’t breathe a sigh of relief yet! Over 55: Congratulations!

Implementation Stage	No Plans	Planned	Underway	Done
A. Awareness – At what stage is your company in terms of...				
A.1 Being aware of T+1 and the implications for your company of not being able to meet industry-wide T+1 requirements?	0	1	2	3
A.2 Bringing the issue to the attention of senior management?	0	1	2	3
A.3 Keeping informed about T+1 through T+1 newsletter, events, Canadian Capital Markets Association (CCMA) meetings, industry websites (www.ccm-a-cmc.ca), etc.?	0	1	2	3
B. Planning – At what stage is your company in terms of...				
B.1 Naming an industry-wide T+1 program/project manager and setting up a cross-divisional/departmental team to examine streamlining efficiencies needed to successfully meet industry-wide T+1 needs?	0	1	2	3
B.2 Setting up a process to keep informed about T+1 (meet with industry leaders, attend conferences, check data sources, collect other relevant information for implementation of industry-wide T+1, and associated protocols)?	0	1	2	3
B.3 Verifying which assets your firm and clients hold/trade in are moving to T+1 (Hint: check out the list on the CCMA website)?				
B.4 Analyzing requirements to implement changes necessary to meet industry-wide domestic and (if applicable) cross-border T+1 requirements for each asset?	0	1	2	3
B.5 Developing a T+1 project plan to make necessary T+1 changes?	0	1	2	3
B.6 Obtaining necessary T+1 staff resources?	0	1	2	3
B.7 Developing a T+1 budget and obtaining funding approval?	0	1	2	3
B.8 Initiating discussions with other parties to review their industry-wide T+1 readiness plans (e.g., service bureaus, brokers, investment managers, custodians, software vendors, clearing and settlement agencies, etc.)?	0	1	2	3
B.9 Participating with industry groups to discuss standards to achieve industry-wide T+1?	0	1	2	3
B.10 Identifying knowledgeable vendors/partnerships/alliances with proven track records that can support T+1 and transfer knowledge/provide training?	0	1	2	3
Subtotal (sum each column and carry over to p. 2)	1.	2.	3.	4.

Carried over totals from p. 1	1.	2.	3.	4.
C. Current Systems and Processes – Does your firm have...				
C.1 Documented business and systems process flows?	0	1	2	3
C.2 Regularly scheduled reviews of your current institutional trade processing (1) confirmation/affirmation statistics and (2) settlement (fail) rates and seek to improve them?	0	1	2	3
C.3 Benchmark other operational processes (e.g., error rate, speed of error corrections, electronic trade communication (STP) rate) against leaders in your market segment(s), etc.?	0	1	2	3
C.4 Have a gap analysis of the differences between your current and the desired T+1 state, with a plan to eliminate manual processing and operate real-time with a very high degree of accuracy?	0	1	2	3
C.5 Reconcile data received from different parties/locations at different times during the day in an automated fashion?	0	1	2	3
C.6 Have automated interfaces that will handle T+1 processing among all internal departments and with external parties?	0	1	2	3
C.7 Have determined or discussed with third parties how you will manage securities lending/borrowing and foreign exchange associated with T+1 trades?	0	1	2	3
C.8 Make optimal use of industry messaging protocols (e.g., FIX, ISITC, SWIFT, etc.)?	0	1	2	3
C.9 Regularly correct/update standing settlement instructions (SSIs) in data you maintain with service bureaus, service providers, etc.?	0	1	2	3
D. Organizational Readiness – Has your firm...				
D.1 Organized to remove cross-functional barriers to T+1, considered if your firm must engage staff or a service provider in (a) different time zones?	0	1	2	3
D.2 Identified a new skillset for retraining existing and hiring new staff for the industry-wide T+1 environment, updated your training system and developed a T+1 project recruitment plan?	0	1	2	3
D.3 Created a communications plan for staff, clients and partners addressing what they need to know when many assets will move to trade on T+1, including?	0	1	2	3
Total each column	1.	2.	3.	4.
Total All (sum boxes 1., 2., 3., and 4.)				
Score your firm's industry-wide T+2 preparedness	0–15	Barely on the radar—better get moving!		
	16–35	It's a start but there's a loonnggg way to go...		
	36–55	A good beginning, but don't breathe a sigh of relief yet.		
	over 55	Congratulations! Keep it up!		