

## **T+1 Communications and Education Working Group (CEWG)**

### **Approved Minutes**

**Tuesday, July 25, 2023**

#### **1. Welcome, introductions**

Members welcomed new meeting participants Christine Harminc (IFIC) and Hillary Ashmore (Caldwell). The CCMA thanked Pira Kumarasamy for her work over the past year and a half, and wished her well on her upcoming mat leave.

#### **2. Draft minutes of the May 9, CEWG meeting**

The draft minutes of the May 9 CEWG meeting were accepted without change. Regarding outstanding action items, the generic T+1 presentation had been drafted and would be circulated for comment.

#### **3. New T+1 news/information**

##### **i. Member/association updates**

Pat Dunwoody (CETFA) reported that the ETF Task Force had identified a solution that was expected to be helpful in making it easier for the ETF create/redeem process – a lawyer was drafting proposed collateral-related wording for regulators to consider.

##### **ii. Canadian update**

Keith said that a major issue impeding Canada's market participants completing T+1 planning remained the lack of confirmation from the CSA regarding the 90% matching by 3:59 a.m. ET on T+1. It was hoped this would come as soon as possible. He added that CDS would shortly issue an updated T+1 test plan. He added that Operations Working Group members had agreed to focus on eight key issues (see July 31 newsletter for details), and expected to hear of progress on securities lending and foreign exchange issues at the committee's August meeting. The Legal and Regulatory Working Group was continuing to close issue logs. The CCMA also would be writing to the CSA on a minor non-controversial technical issue and, separately, asking for clarification on the application of CSA rules to institutional investors.

While the Mutual Fund Working Group was not active, an issue had been raised by a CCMA seg fund member regarding discussion at an IFIC meeting of the fact that a number of fund manufacturers were revisiting whether they would be moving a substantial amount of their T+2-settling funds to T+1 – or perhaps any at all – as T+1 was not mandated. This would not impact Canadian markets moving to T+1, so from the CCMA's perspective, the goal is working to avoid confusion and achieve common messaging (providing the "latest" known on the subject). To this point, the topic was reflected in the draft newsletter. **Action:** In response to a comment from Pira, Barb and Pam would discuss appropriate wording.

##### **iii. U.S. update**

At SIFMA's request, Keith had presented on Canada's progress towards T+1 to SIFMA members on July 18, with several hundred participants in attendance.

##### **iv. International update**

The Mexican industry has announced the intention to move to T+1 on May 27, 2024, like Canada. The U.K. was reportedly getting close to making some form of a decision on T+1 by the end of next month, expected to recommend an end of 2026 implementation. While Europe is considering a move to T+1 it is unlikely to move for a number of years at the earliest. Nav Badhan from BNY Mellon raised the issue of whether there were lessons to be learned from India's transition to T+1. **Action:** Nav to see if he could obtain information through BNY Mellon regarding "lessons learned" from India's transition to T+1.

## Survey Updates

- i. In T+2 more respondents were confident about their transition readiness, now more are somewhat confident.
- ii. In the industry we are in we are reliant on competitors to do your business – there is more and more expectation that technology will be used [interrupted]

## v. Event/article/other communications and education updates

Upcoming events included:

- September 7, 2023: Presentation to Financial and Operations Advisory Section (FOAS)
- September 20, 2023: Presentation to SIBOS (SWIFT International Banking Operations Seminar)
- September 21, 2023: Canadian Bond Investors' Association
- November 30, 2023: Presentation/Discussion at Conduct, Compliance, and Legal Advisory Section (CCLS) Conference
- December TBD, 2023: Presentation to Americas Central Security Depository Association (ACSDA)

## 4. For review, amendment, approval

- i. **Draft Newsletter:** No comments had yet been received on the draft circulated the preceding week. **Action:** Members with comments on the draft newsletter were asked to provide them by the end of the week.

## 5. For discussion:

- i. **Communications:** Alexandra Decata reported on the communications plan and activities. She noted that media mentions following the one-year-to-go launch in early June had gone fairly well. Regulators were participating in discussions, and trying to provide timely answers to questions. There had been a significant uptick in institutional investor/public stakeholder engagement on social media. There would be a need for a small working group on messaging to issuers and their advisors (avoid the May 27, 2024 weekend to the amount possible) and about funds and the CCMA would discuss this with possible interested parties.
- ii. **Survey Responses:** Barb said that there had been an increase in responses to the survey since the summary circulated with the agenda package – there were now 57 responses from across the sellside, buy-side, custodian, and infrastructure/service provider segments. Responses to the second of three planned surveys for T+1 (as for T+2, the CCMA intended to do three surveys, one focusing on awareness (done), the second on preparations (results under review) and the last on transition readiness – to be scheduled in 2024) were still about half those for the second of the T+2 surveys. A number of contextual comments made include:
  - The survey had been circulated 11 rather than 9 months before transition, which could have had an effect on the results
  - T+2 development was to end 8, not 4-5 months before go-live as for T+1
  - T+2 testing was to end 3 months, not 3-4 weeks before go-live for T+1
  - There had been an SEC- and industry-acknowledged go/no-go decision point which did not formally exist for T+1

About the same high total share of respondents were very or somewhat confident of success in T+1 as for T+2, but on average there were fewer 'very confident' and more only 'somewhat confident' for achieving T+1.

The survey had included new questions regarding the current eight T+1 priority issues, which had been less of a problem in the case of T+2. Responses confirm that securities lending, ETF create/redeem, and FX were at least something of an issue. One of the ValueExchange survey findings had been that most organizations had found things more complicated once they got into their analysis and work effort so there might have been an underestimation of concerns. Discussion concluded with the reminder that unlike most other business segments of the economy, the capital markets/investment industry is not only competitive between participants, but also reliant on competitors to help complete the securities settlement chain.

Keith had asked the OWG and T1SC for further survey results, and updated results would be circulated for discussion at the upcoming CEWG meeting.

## 6. Other issues as raised

None

## 7. Next meeting

Despite the proximity of the meeting, members agreed to meet on August 8 provided there was material to discuss.

The meeting was adjourned.

<b>Agreements</b>	
1.	Members accepted the draft minutes as written.
<b>Action Items</b>	

#	Description	Who	Status
1.	Discuss appropriate wording regarding possibly evolving conventional mutual fund manufacturer decisions regarding funds moving to T+1	CCMA and IFIC	<b>DONE</b>
2.	Circulate draft generic T+1 presentation for comment	Barb	<b>DONE</b>
3.	Investigate lessons learned from Indian transition to T+1	Navdeep	
4.	Members with comments on the draft newsletter were asked to reply by the end of the week.	Members	<b>None received</b>
5.	Comment on draft generic T+1 presentation	Members	
<b>From preceding meetings</b>			
1.	Follow up with the IIAC for an IIAC member to help coordinate communications with the broker-dealers	Barb	Efforts ongoing
2.	Extend media outreach once more concrete information is available	CEWG	Yianna and Alexandra
3.	Manage podcast or blog/Qs&As re buyside liquidity issues	Merici	TBD
4.	Draft article for CIFP	Barb	TBD

<b>Meeting Attendees</b>		
Paniz	Ghazanfari	Advocis
Michelina	Crecco	BMO: Bank of Montreal
Prem	Jayaram	BMO: Bank of Montreal
Michael	Giancursio	BMO: Bank of Montreal
Svetlana	Perunova	BMO: Bank of Montreal
Olga	Svistoun	BMO: Bank of Montreal
Navdeep	Badhan	BNY Mellon
Elizabeth	Naumovski	Caldwell
Pat	Dunwoody	CETFA
Halyna	Fenkanyn-Hawryshko	CIBC
Carol	Revoredo	CIBC
Alexandra	Decata	CIBC Mellon
Katia	Parente	Edward Jones
Matthew	Latimer	FMFD
Christina	Harminc	IFIC
Pira	Kumarasamy	IFIC
Matthew	Andreacchi	Ontario Securities Commission (OSC)
Ahren	Estabrooks	OTPP/PIAC
Dexter	Gall	RBC
Kyle	Kolasingh	RBC
Barb	Amsden	CCMA
Keith	Evans	CCMA