

T+1 Communications and Education Working Group (CEWG)

Approved Notes

Tuesday, September 12, 2023

1. Welcome, introductions

The meeting was called to order.

2. Draft minutes of the July 25 CEWG meeting

The draft minutes of the August 8 CEWG meeting were accepted without change. Action items from the preceding meeting had been completed except for one item that was on the day's agenda.

3. New T+1 news/information

i. Updates – Canada

Keith provided an update on recent developments (**NTD**: As most of these are reflected in the September 30 *Let's Talk T+1*, they are not repeated here). David asked whether there had been any feedback from the CSA or OSC regarding the relief following implementation of T+1 regarding the 90% matching threshold, for example, starting with, say, a 70% threshold and increasing to 90% or whether the regulators would put in writing that they might show flexibility provided there were improvements and evidence of efforts towards the 90% target. Keith said he believed it unlikely that anything draconian would occur during the first two full quarters following implementation and that the regulators understood the extent of changes before considering any action. As well, a member noted, it would require discussion by all CSA members (which can take time).

ii. Updates – U.S.

Keith said there continued to be questions about, but here was nothing suggesting there would be a delay in, the U.S. T+1 implementation date and any rumours to the contrary were likely wishful thinking, possibly from non-North-American market participants. Keith said the U.S. was nearing the end of the second testing cycle, without full participation of market players; it was not likely that much information about results would be available before the end of perhaps the fourth cycle, however, there had been no indication of concern to date. He added that he had participated in a meeting with SIFMA and other U.S. counterparts that addressed the U.S. 'command centre' for overseeing implementation, and especially the implementation weekend and week following. The Canadian industry had manned (personned) an equivalent in the move to T+2 and transition plans would be being discussed by the Operations Working Group later this year.

iii. Updates – International

Keith said that there were no concrete developments yet from the U.K. or Europe on T+1, although it is expected that the U.K. will move first to T+1 with Europe following. India, having completed the move to T+1 earlier in the year, has announced the intention to move to T plus an hour in March next year, to be followed by a move to real-time processing early in 2025. David raised an issue discussed at an ISSA (International Securities Services Association) meeting regarding FX associated with trades, where demand for U.S. dollars, instead of being spread over two days, would focus on close of business in the U.S. on T+1. This would likely lead to reduced liquidity, possibly lead to overdrafts, and almost certainly increase the cost of doing business when it comes to cash management. Keith said that the implications of the lead-up to and what happens post-implementation form part of one of the eight priority issues. He added that later in the year discussion of these important matters would begin.

iv. Event/article/other communications and education updates

Barb mentioned a number of upcoming events.

- Sept. 18, with ValueExchange, DTCC, TMX
- Sept. 20, SIBOS (SWIFT International Banking Operations Seminar)
- Sept. 21, Canadian Bond Investors Association (CBIA)
- Nov. 30, CIRO/Conduct, Compliance, and Legal Advisory Section (CCLS)
- Dec. 5 – Mexico, Canada, U.S.

Keith is also available for presentations to member associations. Barb added that the Association of Canadian Pension Management had advised that they now were not in a position to publish an article in the October *The Observer*.

4. For review, amendment, approval

i. Draft 2 of generic T+1 introductory presentation

Members discussed the presentation. Keith had used part of the presentation for the webinar to the Canadian Bond Investor Association and some late additions suggested from this would be added. David asked about the slide listing one of the priority issues that mentioned “trade confirmation, allocation, affirmation, matching.” These words came from an issue log that had followed on from the industry’s move to T+2. Members agreed that this should be reworded for clarity as there is confusion regarding whether there is a difference between confirmation and affirmation in the Canadian market (**NTD**: Since changed to “trade pre-match, correct, allocate, confirm”). Members **approved** the general presentation for release following amendments.

2. For discussion

i. Questions being received from industry participants

Preliminary indications were that custodian members had begun talking to clients and that there was a wide range of awareness and preparation levels. This will be added as an item to future meeting agendas as improvements on this front over time is an indication of preparedness.

ii. Messaging/intention re funds

Barb noted that there had been one change to an FAQ to remove reference to fund companies being able to choose to move to T+1 before, on, or after May 27, 2024 – by not changing National Instrument (NI) 81-102 *Investment Funds*, fund companies could choose to move to T+1 or not on a fund-by-fund basis. A member believed that it was in the markets’ best interest to encourage firms moving to T+1 to work for one effective date (May 27, 2024) to ideally maximize consistency for all (non-funds and funds). Barb added that while it is still expected to be some time before fund companies make decisions, there was an interest in discussing how decisions would be communicated. **Agreed:** Barb to seek to arrange discussion among Paniz (Advocis – to be asked), Matt (agreed – FMFD), Christine (agreed IFIC), Pat (CETFA – agreed by correspondence), Yianna (NBC – agreed prior), Alexandra (CIBC Mellon – agreed before) and David Petiteville (RBC).

iii. Newsletter

There was a quick review of topics for the September 30 newsletter: updates on the eight priorities, CDS testing, ETFs, and ISDA documentation.

3. Other issues as raised:

David asked about the most recent Technical Update. Barb explained their purpose – to spur and spread information about action and so build comfort regarding preparedness of key parts of the clearing and settlement infrastructure. She asked David and Kim to investigate providing a short update for the October Technical update. Agreed: Barb to provide information on what is requested.

4. Next meeting:

October 12

The meeting was adjourned.

Agreements			
1.	Members accepted the draft minutes as written.		
2.	Members approved release of the generic T+1 presentation as amended by additions from the CBIA webinar and comments from CEWG members.		
Action Items			
#	Description	Who	Status
1.	Arrange discussion among Paniz, Matt, Christine, Pat Yianna, Alexandra, and David regarding communication relevant fund-related information re settlement date	Barb	Underway
From preceding meetings			
1.	Investigate lessons learned from Indian transition to T+1	Navdeep	
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	Yianna and Alexandra

#	Description	Who	Status
4.	Manage podcast or blog/Qs&As re buyside liquidity issues	Merici	TBD
5.	Draft article for CIFP	Barb	TBD

Meeting Attendees		
Prem	Jayaram	BMO
Natalya	Markelova	BMO
Olga	Svistoun	BMO
Mauro	Lagana	CBA
Barb	Amsden	CCMA
Keith	Evans	CCMA
Wendy	Chen	CIBC
Nick	Douzenis	CIBC Mellon
Guylaine	Paquet	Desjardins
Matthew	Latimer	FMFD
Matthew	Latimer	FMFD
Christina	Harminc	IFIC
Kim	Barrett	LTIMindtree
Frank	Lacroce	Ontario Securities Commission (OSC)
David	Petiteville	RBC
Daniel		RBC IS
Aamir	Shahzad	TD Securities

