CCMA Canadian Capital Markets Association
ACMC Association canadienne des marchés des capitaux

News Release

Canadian Capital Markets Association Releases T+2 Project Post-Mortem Report

TORONTO, April 19, 2018 – The Canadian Capital Markets Association (CCMA) today released their *T+2 Project: Post-Mortem Report* (the Report), analyzing Canadian efforts between 2015 and 2017 to shorten the payment cycle for securities purchased from three to two business days after a transaction. T+2 trading and settlement of equity and debt securities, and for the purchase and redemption of mutual funds, was implemented in Canada on September 5, 2017, with changes co-ordinated with similar conversions in the U.S. and other global markets.

The Report confirms that the project in Canada was completed on time, on budget, and without market disruption or unexpected negative effects on investors or other stakeholders. It identifies the work steps completed, some of the challenges along the way, and the many people and companies involved in making the project a success. Payment or settlement of securities bought on both September 1 and September 5 was completed without incident on September 7, 2017 – a double settlement day, with a value of billions of dollars.

"Canada's back-office clearing-and-settlement system is sometimes referred to as the investment industry's 'plumbing' – something seldom thought of as long as it works," said Keith Evans, the CCMA's Executive Director. "Unlike plumbers, however, those participating in the T+2 effort could not simply shut down the system to make the necessary changes."

While the smooth functioning of the system throughout the transition period is testimony to the efforts of those working on the project, including industry representatives and regulators, capital markets stakeholders must still look to the future. Canada needs to be prepared for a further shortening of the settlement cycle.

"'When' this might be is uncertain, but one thing is sure," Evans added. "Whereas the move to T+2 was about doing the same things faster, moving to T+1 or less will be much more challenging."

He explained that achieving a further shortening of the settlement cycle will require fundamental technology and process changes to move away from overnight batch processing; take substantially more work, time, money, and co-ordination; carry much greater transition risk; and need certainty and clarity on all aspects of the change as early as possible. For this reason, the CCMA will continue to monitor global developments.

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About the Canadian Capital Markets Association (CCMA)

The Canadian Capital Markets Association (CCMA) is a national, federally incorporated, not-for-profit organization, launched in 1999 to identify, analyze and recommend ways to meet the challenges and opportunities facing Canadian and international capital markets. The CCMA's mandate is to communicate, educate and help co-ordinate the different segments of the investment industry on projects and initiatives spanning multiple parts of Canada's capital markets. The CCMA's member organizations are the Canadian Bankers Association (CBA), Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Depository for Securities (CDS).

Participating under the co-ordinating umbrella of the CCMA are dealers, custodians, asset managers and industry associations; exchanges and securities infrastructure entities, including The Canadian Depository of Securities (CDS) and Fundserv; back-office service providers and vendors; and other stakeholders. More information is available at www.ccma-acmc.ca

About T+2

The term "T+2" refers to the number of business days between when a trade is executed – trade date or "T" – and the day it settles, that is, when the buyer's payment for a securities trade is exchanged simultaneously with the securities of the seller. In 1995, Canada and the U.S. together shortened the standard settlement cycle for most debt, equity and mutual funds from to T+3 from T+5.

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