



Issue 6 – December 20, 2016

T+2: What's New

'Tis the season to be doing a survey (and set New Year's resolutions!)



As it has been more than six months since the CCMA's first T+2 readiness survey, it's again time to gauge Canada's progress towards the planned shortening of the settlement cycle to T+2 on **September 5, 2017**. All CCMA committee members and newsletter recipients should have received a copy of the three-to-four-minute survey. While the survey deadline is now past, you can still complete the [CCMA's survey](#) this week because it is important that any and all concerns are identified so we can address them on a timely basis. Individual survey results will be kept strictly confidential and only aggregated results will be shared in the New Year.

Industry T+2 readiness: Acknowledgement

There were several outstanding questions for both Canadian and U.S market participants with respect to readiness testing for T+2: whether it would be mandatory or voluntary, how extensive any mandatory tests would be, and what form any readiness documentation would take. With less than ten months to go until the shortened T+2 standard settlement cycle for debt, equity and funds in Canada and the U.S., the two countries have decided to take somewhat different readiness confirmation routes.

Canada: Members of the CCMA's T+2 Steering Committee (T2SC) agreed to use an acknowledgement form as the basis for the industry to confirm Canadian capital markets T+2 readiness. The detailed wording of the form is still being worked on with key infrastructure providers and the largest or most-used custodians, service bureaus and vendors. The CCMA also will continue to use periodic surveys to measure readiness progress with a view to identifying any possible obstacles on a timely basis.

The U.S.: The U.S. intends to adopt an approach incorporating surveys and interviews to help confirm industry readiness for the September 5, 2017 T+2 implementation.

Why the difference? The T2SC, representing an industry a tenth of the size of the U.S.'s, decided that Canada can and should have additional evidence on which to assess readiness. As well, from a firm perspective, commonly worded acknowledgement statements, that can be shared easily with participants, members, users, clients and others will save time and effort for all parties.

Fast and furious: More news on testing

- **IIROC:** The Investment Industry Regulatory Organization of Canada (IIROC) has issued a notice to its Dealer members requiring all self-clearing broker-dealers – whether using service bureaus or maintaining their own books and records – to participate in CDS's planned spring testing. While each self-clearer can set its own level of testing, the regulator requires it to be 'sufficient and appropriate' for its firm profile.

- **CDS:** The Canadian Depository for Securities (CDS) issued an industry-wide testing form for CDS participants to complete and return to CDSTestingSupport@tsx.com by November 30, 2016; CDS has reported that all its self-clearing dealers have signed up to test.
- **CDCC:** The Canadian Derivatives Clearing Corporation (CDCC) issued a [T+2 test plan](#) for its participants.
- **Fundserv:** Fundserv, which has published its T+2 test plan, has advised that test environment details and activation procedures will be published to Fundserv members in February, 2017.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
CDS/CDCC				13	26				Sept. 5, 2017!
Fundserv						Mock T+2			
DTCC		13							

CCMA Asset List Updated with Minor Clarifications

The CCMA T+2 Asset List, issued first in July 2016, has been [updated](#) with minor clarifications, some received from CCMA members and observers, and some to make a comparison with the U.S. list easier.

What's New for You from South of the Border



As mentioned in the last T+2: What's new, there are a number of differences between the UST2 secretariat's recently released [Frequently Asked Questions \(FAQs\)](#) and [T+2 in-scope cash products](#) to be subject to the shorter settlement cycle and the Canadians; a short summary of relevant asset list differences is included in the latest [CCMA T+2 FAQs](#).

Another noteworthy difference between U.S. and Canadian transition plans is the approach to mutual funds. In Canada, fund manufacturers will update the settlement cycle of their funds from T+3 to T+2. In the U.S., the Depository Trust and Clearing Corporation (DTCC) [announced](#) that its Fund/SERV system would automatically update the settlement date of domestic mutual funds that currently have a T+3 settlement/redemption cycle to T+2. Non-U.S. funds will not change automatically (as they may not be on a T+2 cycle in markets of other countries). American fund managers can amend the cycle of a domestic fund back to T+3 or of a non-domestic one to T+2 using standard modification processes.

To Do's

- [Send us](#) (if not already done via the survey) the name and e-mail of your firm's T+2 project manager or lead decision-maker to whom the next T+2 readiness survey will be sent so that we may receive one response per entity for the final survey

Tips

- Keep evidence of test results and reasons for the level of testing conducted, i.e., that it is sufficient and appropriate for your firm's profile, to prepare for possible regulatory review
- Review responses to the CSA's [NI 24-101 and 24-402](#), [IIROC's](#), and the [SEC's](#) requests for comments

Tools

- E-mail info@ccma-acmc.ca for a sortable list comparing, at a high level, the American and Canadian lists of assets expected to transition to T+2 settlement
- Consult the CCMA's fourth batch of [FAQs](#)

To Come

- Results of the CCMA's second survey of Canadian investment industry preparedness for T+2
- Results of the CSA's, IIROC's, and SEC's responses to comment requests on T+2 rules