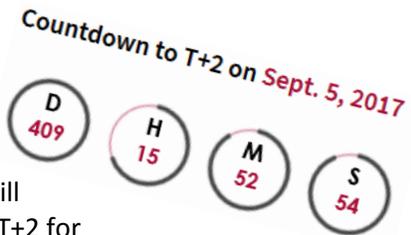


Issue 3 – July 22, 2016

T+2: What's New



CCMA 'Canadian T+2 Asset List' Final

On September 5, 2017, Canadian and American securities markets will move to a maximum standard (or 'regular-way') settlement cycle of T+2 for investments currently settling three days after trade date. With the help of members of the CCMA's T+2 Operations and Mutual Fund Working Groups, a list of investment types was reviewed to determine those to be affected by a shortened settlement cycle. Released for public comment in April 2016, the draft list has now been updated to reflect feedback received. After review in June by CCMA committees, including the T+2 Steering Committee, the final updated version has been posted on the CCMA website as the [Canadian T+2 Asset List](#).

Canadian Securities Administrators (CSA) Raises T+2 Awareness

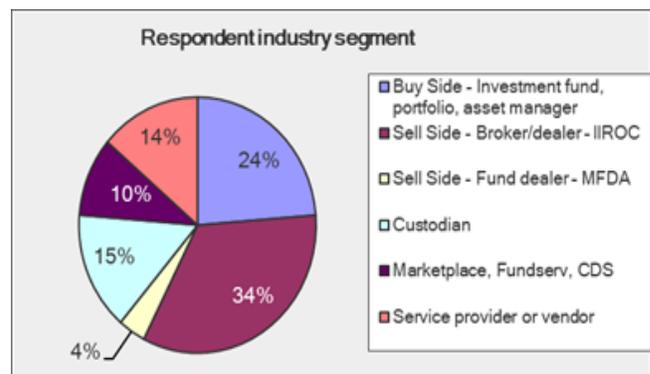
The regulators making up the CSA have written to the ultimate designated persons (UDPs) and chief compliance officers (CCOs) of firms they regulate ([CSA Staff Notice 24-314](#) includes a template of the letter) to notify any CCOs and UDPs not already aware of the Canadian industry's move to T+2 about: (1) the initiative, (2) the CCMA as a source of information helping in the transition to T+2, and (3) the target implementation date of **September 5, 2017**. Canadian milestones to meeting that T+2 implementation date with the U.S. are as follows:

Summer 2016	Summer 2016	Fall 2016	Year-end 2016	Spring/ Summer 2017	September 5, 2017
Detailed industry test plans released by CDS, Fundserv, and DTCC (in the U.S.)	Requests for comments released by regulators	Response to regulatory consultations due	Target industry development completion date	Industry utility test environments open, testing	Go live!

In CSA Staff Notice 24-314, the CSA also announced its intention to issue regulatory proposals to support the move to T+2 and consult capital market stakeholders on any specific concerns related to the transition. Listing contacts in each CSA jurisdiction, the Notice also encourages firms that have not already done so to engage in the T+2 initiative as soon as possible.

CCMA T+2 Readiness: Count on Canada Being Ready

In late May 2016, the CCMA surveyed all industry committee members and other industry contacts on where they think their firm is in terms of the T+2 project. With answers from large and small dealers, custodians, investment managers, infrastructure and service providers – 20% of the CCMA's contact database – to the two-week-long survey, the CCMA considers the return rate and results to be encouraging. Feedback shows Canadian market participants are well aware of and preparing for T+2 implementation. The [survey results](#) also provide a benchmark for measuring industry progress. The CCMA expects further surveys to be conducted at year-end 2016 and in the Summer of 2017.





Updates from Our American Counterparts

DTCC announced a slight change in the target date for the distribution of its detailed T+2 industry test plan due to some added complexity. The new distribution timeframe for the test plan is the end of July 2016.

Also, the U.S. T+2 Industry Steering Committee has confirmed that CCMA Executive Director Keith Evans will be part of the U.S. T+2 Command Center, which will be responsible for the Go/No-Go decision on the September 5, 2017 T+2 implementation date. At present, there is every expectation September 5 will be the transition date: as part of good project practices, readiness this will be reconfirmed formally four to six weeks before that date.

Update from CDS and Fundserv

The joint Fundserv/IFIC Mutual Fund Working Group (MFWG) hosts [regular T+2 meetings](#) to share information, understand and address T+2 changes ahead, as well as provide awareness and regulatory guidance to participants and the investment management community as a whole. Following its establishment of a high-level test plan, outlining some key action items (including proposed time-frame, process, testing environments and implementation), Fundserv plans to present a more detailed test plan to the industry in early Q3. To join the MFWG or to share feedback, please email T2Feedback@fundserv.com.

CDS has revised its detailed test plan release date to August 2016, shortly after the DTCC test plan is released, with the same September 5, 2017 T+2 migration date.

'To-Dos'

- Understand the implications of the September 5, 2017 "transition date" to T+2 for equity, bond, mutual fund, and other securities currently settling on a T+3 basis. Trades executed on September 5, 2017 will be the first to settle in two days' time. But plan also for September 7, 2017: this will be the "double cohort" date, that is, the date when both the last trades settling on a T+3 basis, and the first batch settling on a T+2 basis, will settle (see below).

Thursday, August 31	Friday, September 1	Saturday, September 2	Sunday, September 3	Monday, September 4	Tuesday, September 5	Wednesday, September 6	Thursday, September 7	Friday, September 8
		Non-work day	Non-work day	Labour Day				
Trade date	T+1				T+2	T+3 settled		
	Trade date				T+1	T+2	T+3 settled	
		Double settlement: two days of executed trades will settle on September 7			Trade date	T+1	T+2 settled	
					Trade date	T+1	T+2 settled	

- Consider, if your firm operates in the U.S., reading a UST2 [interview with FINRA](#) – the U.S. equivalent of the Investment Industry Regulatory Organization of Canada – on American T+2 regulatory changes. Also, review [comments received](#) on FINRA's [Notice 16-09](#) (March 2016) request for feedback on proposed FINRA Rule amendments supporting U.S. efforts to shorten the settlement cycle for securities in the secondary market from T+3 to T+2.

Tips

- Check the table below to see rates of Canadian trade data entry and confirmation when National Instrument 24-101 was last updated, and where the industry is today. Where does your firm stand?

Trades...	Entered T	Noon T+1	T+1 EOD	Match T	Noon T+1	T+1 EOD
June '07	52%	76%	84%	23%	55%	N/A
Dec. '09	71%	90%	94%	45%	85%	90%
Dec. '11	78%	92%	95%	50%	87%	92%
Dec. '13	79%	89%	92%	50%	88%	92%
Dec. '15	81%	95%	97%	54%	90%	94%
Improved '07 to '15	56%	25%	15%	135%	64%	N/A

Tools

- The CCMA is pleased to announce the launch of the [French side of the CCMA website](#). Nous aimerions servir tous nos membres dans leur langue préférée.

To Come This August

- A "T+2-in-a-Box" presentation for use in introducing T+2 to colleagues and clients.
- A checklist titled "What Investment Fund Managers Should Consider as They Prepare for T+2".