

T+2 Communication and Education Working Group (CEWG) Proposed Agenda

March 8, 2016 – 2:00 p.m. ET / 11:00 a.m. PT

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Meeting#: 807 544 714; Password: SUI#1

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- 1. Dial 1-650-479-3208 toll-free**
- 2. Enter access code 807 544 714**
- 3. Use your headphones if at all possible**
- 4. Put your line on mute unless speaking (remember: remove mute to talk!)**

- | | |
|---|-------------------------------------|
| 1. Welcome and Attendance | Members |
| 2. Review/approval of Draft January 19 Minutes | Members |
| • Refer Attachment 1 with Appendix A : Attendance | |
| 3. Updates from Other Committees/Countries | CCMA/Members |
| i. Updates from Members on assigned actions and CEWG Tools
Attachment 1, Appendices B, C and D | Members |
| ii. Updates re T2SC, OWG, LRWG and UST2 | Keith and Barb |
| iii. Website update | Keith and Barb |
| iv. Other | Members |
| 4. For Discussion/Approval | Members |
| i. Draft 1 of newsletter
(Attachment 2) | Members |
| ii. Event | Laurie Clark and Barb Amsden |
| • Timing: April, 1.5 hours (10:30 a.m.-12:00 p.m. ET(?)), date to be determined based on availability of U.S., regulatory and other speakers | |
| • Format: Coffee/registration 10:00; 10:30 a.m. (ET); speakers may stay after noon for any additional questions | |
| • Handouts: Issue lists, asset list, FAQs, newsletter | |
| • Agenda | |
| ○ Welcome/Intro: Keith Evans | |
| ○ Regulator Keynote Speaker: Maureen Jensen, OSC Chair (invited) | |

- **Fireside chat (proposed)**
 - **CCMA, Emcee:** Keith Evans, CCMA
 - **U.S.:** John Abel, DTCC
 - **Funds:** Robert Smuk, fundserv
 - **Broker Dealer:** Jason O’Born, RBC
 - **Investment Manager:** Mark Austin, CCL
 - **Custodians:** Domenic Sgambelluri, State Street
- **Questions/Wrap-up**

iii. Draft Tool: T+2 Readiness Survey **Members**
 (**Attachment 3**; also, do any members have survey monkey skills?)

5. Other Issues as Raised **Members**

6. Next Meetings **Members**

Tuesdays, March 22, April 5, April 19, 2016

T+2 Communication and Education Working Group (CEWG) Draft Minutes of January 19, 2016 Meeting

1. New Member Welcome/Attendance

Members welcomed Kyle Bedeau, fundserv’s T+2 project manager and the key link with fund company and dealer T+2 efforts. Kyle provided background on both the securities- and insurance-based investment fund industry’s efforts. He had agreed kindly that the CCMA could link to and circulate relevant fundserv material. The next fundserv meeting was to be held on January 26.

For member January 19 attendance, see *Appendix A*.

2. Draft January 5, 2016 Minutes and Rolling Action Item List

Three missed names had been added to the attendance list and no further comments on the draft minutes were provided. The action item list was reviewed briefly, with most items done or on the day’s agenda; also, Amie Lauder had volunteered to provide media training for CCMA staff. An updated action item list would be included with the next meeting’s agenda.

Action	Who
1. Ensure SS&C is in the CCMA contact database	Barb Amsden
2. Recirculate the updated database by January 22	Barb Amsden
3. Send invitation to be informed of or participate in T+2 efforts to as-yet-not-engaged stakeholders	Barb Amsden
4. With other CCMA committee members, identify any industry participant or stakeholder not yet participating or going to be approached	Members
5. Provide media training to CCMA staff at a convenient time	Amie Lauder

3. Updates from Other Committees/Countries

i. Update re Jan. 13 OWG and Jan. 14 LRWG Meetings:

- a. **Draft Asset List:** CCMA staff had provided a draft asset list to the Operations Working Group, the members of which had divided up the list amongst them to confirm current Canadian clearing and settlement standards/practices for each instrument. The CCMA was going to cross-reference the Canadian list to the U.S.’s list in the T+2 Playbook, and OWG members were also to review the U.S. list to see if anything was missing from the Canadian one.

- b. **White Paper:** An LRWG regulatory member had suggested that a “white paper” would be helpful and that individual was well-placed among the regulators. While there was recognition that the extent of work done by the U.S. on its T+2 playbook went considerably beyond what the Canadian marketplace believed was necessary, a condensed version was possible that could borrow from material already available or underway. Also, there was discussion of the different testing approaches apparently to be taken in the U.S. (appeared likely to be very structured) versus Australia (less so), and having a white paper addressing what Canada intended to do and why might avoid involved discussions that possibly later could require time and resources needed elsewhere. It would be helpful for CEWG members with an interest in and time for editing to help review the document in this regard.
- c. **Next T2SC meeting:** Keith advised that the final mandates and issue logs were to be presented to the T2SC on January 21.

ii. Website Update:

Keith and Barb had received from two parties website rebuild quotes, which were very similar and both below \$5,000. This would encompass building a new site and transferring as much documentation as was relevant from the existing one. The site should be ready for review by mid-February and it would allow much easier and quicker addition of content and pages by CCMA staff going forward.

4. For Discussion/Approval

i. First T+2 newsletter proposed content

Members agreed that the newsletter’s purpose was to generally inform the industry about T+2 and what is needed, as well as to promote active industry participant engagement in T+2 preparations. There was discussion of frequency of and approach to the newsletter: more frequent e-mailed newsletter with brief articles and links, or quarterly – the U.S.’s original intention – or in-between options. Each option had its respective merits, as some people scanned online while others may prefer to take and read a complete document.

Action	Who
6. Draft first newsletter for member review	Barb Amsden

ii. Inaugural T+2 event

Members discussed the proposed details for an informational event, now to be targeted for April. A member suggested, and there was general agreement, that the goal of the event would be to “move the needle” on preparations. Members discussed what this might mean, and one member suggested that it should be interactive, while another member believed the event should be no more than an hour and a half in length. CEWG members generally agreed that shorter would be better, which would require a shortened list of speakers. While presentations could be posted on the CCMA website, some handouts could be useful in filling out knowledge gaps.

Members discussed the number of expected attendees and estimates ranged from 60 or so to 100 to 200. The first T+1 event in 1999/2000 had attracted approximately 400 people, however: (1) with less required to be done for a T+2 than the original T+1 target, (2) being further along given the NI-24-101 rule, and (3) with the financial and time pressures facing investment industry staff in 2016, members believed that 100 to 200 seemed a reasonable expectation and a full smaller venue was preferable than an emptier larger one. If larger numbers turned out, firms could be limited to one or two in-person representatives with others dialing in assuming this option were available.

Members discussed possible times, possible events in different cities, and some form of interactive online and videoconferencing options, as well as a replay option. Laurie and Barb agreed to discuss locations and options to broaden access to non-Toronto-based members.

Also, members discussed the possibility of media: mainstream, national media were unlikely to attend and industry media, who might attend, were useful sources of education. A decision on industry media could be taken later.

Action	Who
7. Flesh out timeline, venue, etc. for CCMA T+2 event	Barb Amsden
8. Approach CSA for keynote speaker for CCMA T+2 event	Barb Amsden
9. Determine CCMA T+2 event funding model	Keith Evans
10. Prepare T+2 event presentation for member review	Barb/Keith
11. Confirm if industry media should be invited to T+2 event	Members

iii. Issues list – Operations WG and Legal & Regulatory WG:

CCMA staff mentioned that CEWG members would be requested to review the high-level issue lists of open and closed items for understandability by firm representatives just becoming engaged in T+2.

Action	Who
12. Circulate latest version of T+2 committee issue lists to members to ensure they are in sufficiently plain language.	Barb Amsden

5. Review of Communications Tools Order/Priority

Members briefly reviewed the list, which would be updated for the next meeting.

6. Other Issues as Raised

None raised.

7. Next Meeting

Tues., Feb. 2, 16, Mar. 8 at 2:00 p.m. ET/11:00 a.m. PT (**Note:** Feb. meetings cancelled).

CCMA T+2 Communications and Education Working Group Attendance

Note: Please advise if you identify any names missing or errors

Ms. Karen	Copeland	BMO NB	Unable to attend
Mr. Sahil	Duggal	Broadridge	Unable to attend
Mr. Kratika	Paliwal	Broadridge	Unable to attend
Mr. Andrew	Jen	CIBC	Unable to attend
Mr. Amy	Ramanen	CIBC	Unable to attend
Mr. Brett	Merriman	CIBC Mellon	Present
Mr. Mark	Austin	Connor Clark Lunn	Unable to attend
Ms. Amie	Lauder	Franklin Templeton	Unable to attend
Ms. Diane	Gomes	GMP Securities	Rep'd by Harold
Mr. Joe	Riga	GMP Securities	Rep'd by Harold
Mr. Harold	Walton	GMP Securities	Present
Mr. Kyle	Bedeau	Fundserv	Present
Mr. Blair	Munn	IFDS	Present
Mr. Jack	Rando	IIAC	Present
Ms. Sam	Selvais	Intinfotech	Present
M. Alain	Alexandre	NBC	Present
Ms. Colleen	Bronson	NBC	Present
Ms. Cecile	Orlup	NBC	Unable to attend
Ms Laurie	Clark	Smarten Up Institute	Present
Mr. Brant	Buckley	TD	Unable to attend
Mr. Rob	Candido	TD	Unable to attend
Ms. Tracey	Randell	TD	Unable to attend
Mr. Chris	Wilkinson	TD	Unable to attend
Mr. Zain	Yusuf	TD Securities	Unable to attend
Ms. Carrie	Tuck	Vanguard	Unable to attend
Mr. Keith	Evans	CCMA	Present
Ms. Barb	Amsden	CCMA	Present

Appendix B to Attachment 1
(updates in bold and italics)

Rolling Action Item List

Action	Who
From January 19 Meeting	
1. Ensure SS&C is in the CCMA contact database	Barb Amsden – <i>Done</i>
2. Recirculate the updated database by January 22	Barb Amsden – <i>Done</i>
3. Send invitation to be informed of or participate in T+2 efforts to as-yet-not-engaged stakeholders	Barb Amsden – <i>Underway</i>
4. With other CCMA committee members, identify any industry participant or stakeholder not yet participating or going to be approached	Members – <i>Underway</i>
5. Provide media training to CCMA staff at a convenient time	Amie Lauder
6. Draft first newsletter for member review	Barb Amsden – <i>Done</i>
7. Flesh out timeline, venue, etc. for CCMA T+2 event	Barb Amsden – <i>On agenda</i>
8. Approach CSA for keynote speaker for CCMA T+2 event	Barb Amsden – <i>Done</i>
9. Determine CCMA T+2 event funding model	Keith Evans
10. Prepare T+2 event presentation for member review	Barb/Keith
11. Confirm if industry media should be invited to T+2 event	Members at a later date
12. Circulate latest version of T+2 committee issue lists to members to ensure they are in sufficiently plain language.	Barb Amsden
From January 5 Meeting	
From December 15 Meeting	
From December 1 Meeting	
From November 19, Meeting	
13. Provide list of known/expected industry events, dates if available	Members (ongoing)
14. Provide diagram of industry stakeholders	Members, CCMA staff

FOR DISCUSSION Communications and Education Working Group Workplan
(updates are *in boldface print and italics* under 'who' column)

Tool	When	Who
Planning and Administration		
1. Plan – Milestones	Jan. 5, 2016	Done
2. Plan – Communications plan per audience, with spokespeople/champions per industry segment	First draft January 19, 2016	Gap analysis with U.S.: Barb/Keith Industry plan: <i>Draft 1 being reviewed by Jack, Keith, Mark</i> <i>Regulatory plan:</i> Draft 2 done; Barb to discuss with LRWG lead <i>Media plan:</i> Brent, Colleen, Amie to provide proposed plan with key messages and measures of success
3. Issue Log	Jan. 5, 2016 and Ongoing	Done; Barb to periodically update
Dissemination Tools		
1. Dissemination – Contact database expansion for associations, unaffiliated firms, regulators, media	Blast early January Ongoing otherwise	Done; contacts for media to come from members
2. Dissemination – Website	January	Keith with Barb and CEWG input on buttons and bars, links to U.S. site, content; ask other associations to link to CCMA website and CCMA website in rare occasions would link to T+2 specific issues on specific other sites (e.g., FundSERV re fund matters)
3. Dissemination – Newsletter	Late Feb./early March, 2016	Barb; first edition drafted; on March 8 agenda
4. Dissemination – News Release(s)		Amie/Barb (standby unlikely to be used: issue industry driven rather than regulatory, not too political, and or overly sensitive)
a. Stand-by statement for “where is Canada?”	January 19, 2016 Late Feb./early	
b. Kick-off and announce event	Mar., 2016	
5. Dissemination – Industry Channels (vendors/service providers, infrastructure, associations)	January 19, 2016	Barb to send
6. Dissemination – Events	March 31, 2016	On agenda
7. Dissemination – Webinars	March 31, 2016	Laurie to lead/help from Barb, Keith, CEWG
8. Dissemination – LinkedIn	March 31, 2016	TBD
Supporting Collateral Material		

Tool	When	Who
1. Timeline (Can vs U.S.)	December/ongoing	Barb to give Brent
2. Letter to associations, vendors, regulators and infrastructure		Done
3. Customizable articles	Ongoing	Piece for Wealth Professional drafted and sent (Appendix C)
4. DIY Powerpoint for small firms, those behind in preparation	March 31, 2016	TBD CEWG
5. Update general Powerpoints	Ongoing	TBD ; based on Keith's various presentations with member review
6. Media kit	Late Feb./early March, 2016	Amie to determine what is required; also, Amie to provide media training to CCMA leads
7. FAQs	Jan. 19, 2016	Done ; second set and updates to follow later
8. Key messages (and benefits) per target audience	Late Feb./early Mar., 2016	Note: Part of industry, government/ regulatory, media plans (see Planning and Administration, 1., above)
9. Stats (Can vs U.S.)	Jan. 19	CCMA staff to get/understand Canadian stats and comparison to U.S. settlement (no U.S. requirement to match before settlement so details not locked in, which leads to fails and unwinds; stats match for foreign clients?)
10. Asset list (Canada and compared to U.S.)	Jan. 19	OWG; Barb to map Canadian and U.S. lists
11. Comparison with other countries	Jan. 19, 2016	Keith , e.g., re Australia/New Zealand and map for other countries
12. Expectations of end clients by segment	Review later	TBD
13. Readiness checklist(s) by segment	Feb. 28, 2015	OWG; Jack for IIROC dealers, Mark for asset managers, Brent for custodians, others?
14. Survey(s)	Review later	First on March 8 agenda ; and as required
15. STP Primer – “good enough” for re-use and any materially out-of-date bits	Jan. 19, 2015	To be added to website
16. Learnings from Europe, other countries	Ongoing	Barb to contact Bob Shaw; Keith for U.S. and elsewhere; vendors (Mark has provided material)

Appendix D to Attachment 1

T+2 – Not a New *Star Wars* Character (article sent to Wealth Professional; not published)

For *Star Wars* fans, “T+2” might sound like a new character joining R2-D2 and C-3PO. Remember, C-3PO was a protocol droid designed to serve human beings with etiquette, customs and translation in meetings of entities of different cultures to help things run smoothly? In a way, T+2 serves a similar function – reducing barriers to the smooth operation of securities trading activities. If you’re serving clients, here’s what you should know.

The term “T+2” (and likewise T+0, T+1, T+3, and so forth) refers to the number of days between when a trade is executed – trade date or T – and the day it settles, when the buyer’s payment for a securities trade is exchanged for the securities of the seller. In 1995, Canada and the U.S. together shortened the settlement cycle for most debt and equities to T+3 from T+5. In the years since, stakeholders in Canada and the United States have continued to recognize and consider the potential to further shorten the settlement cycle.

Source: Lucasfilms



Fast forward 20 years. Major markets in the Asia-Pacific region now have shortened the settlement cycle for stocks and bonds to T+2. In 2014, most European Union countries harmonized and cut their debt, equities and fund unit settlement cycles to T+2. Australia and New Zealand are shortening their cycle to T+2 on March 7, 2016. The U.S. is moving to T+2 in Q3 2017 and Canada is preparing for the same.

‘Why now’ is clear: shorter trade cycles support a more efficient, safer, and competitive marketplace. From an efficiency perspective, T+2 will lower counterparty, market and liquidity risks and costs by reducing outstanding settlements. As to safety, changes to move to T+2 will lead to increased automation of operational processes across organizations through converting securities certificates to electronic holdings, same-day affirmation (SDA) of trade details, alignment between linked markets and streamlined trade corrections. And a 1999 Charles River Associates study showed Canadian capital markets should change the settlement cycle at the same time as the U.S. for competitive reasons. This isn’t surprising as about 40% of trades on Canadian exchanges are in inter-listed securities and Canada-U.S. cross-border transactions make up nearly 25% of the millions of trades processed annually in Canada. As well, different settlement dates have the potential to add complexity, confuse investors and cause errors.

How does this affect clients? While many won’t notice a difference, clients that still deliver cheques or certificates, or have margin accounts, will need to meet tighter standards. High-net-worth clients who trade internationally are likely aware of this due to changes globally, but other retail customers may have to change their practices. While systems changes are needed to support T+2, behavioural changes can be tougher.

Directly or indirectly, stakeholders across the securities industry are (or soon will be) involved in the T+2 project. The Canadian Capital Markets Association (CCMA), working with associations representing the different parts of the industry, market infrastructure, service providers, vendors and regulators, is coordinating the many activities necessary to cut over to T+2 in late 2017 – with the specific date depending on the U.S.

In a nutshell, as investors’ horizons are increasingly global, opportunities to simplify cross-border trading help support efficient markets and position clients in Canada and global investors into our markets to more easily navigate the environment. Fans of *Star Wars* and reducing risks in securities settlement should agree that T+2 is indeed the droid we’re looking for.

To stay on top of T+2, contact your industry association, bookmark www.ccma-acmc.ca or e-mail CCMA executive director Keith Evans at kevans@ccma-acmc.ca to request periodic updates.

DRAFT 1 OF T+2 NEWSLETTER

Members are asked to be prepared to discuss the attached draft newsletter.

Discussion at the January 19 CEWG meeting was not fully conclusive about frequency, length, format, and other features of a regular communiqué, so this “straw man” has been prepared to generate discussion.

It takes the middle ground of a standard traditional, electronic newsletter, with brief overviews and then links to key documents. Some of the longer articles we discussed at the last meeting can be linked to/attached to future newsletters (interviews, more about the U.S., etc.). A single pdf'd document with relevant brief items attached (if applicable) as supporting information will be provided with an electronic newsletter for those who prefer to print easily and read away from their desk or device.

The newsletter as finalized will be e-mailed and can be self-served from the website. It seeks to use plain language and a ‘light’ tone to make information on what most would consider a ‘dry topic’ more accessible. The focus is on the critical “what you need to know” for the reader who has heard little to date, allowing readers to explore material more deeply, according to their responsibilities, interests and learning styles through the embedded links (or attachments).

DRAFT 1



Issue 1 – Q1 2016

T+2: What's New

T+2: What's New is the Canadian Capital Markets Association's (CCMA's) update on the Canadian securities marketplace's move to shorten the securities clearing and settlement cycle in 2017 along with U.S. markets. That's a bit of a tongue twister, and the sort of speech the White Rabbit from Lewis Carroll's *Alice in Wonderland* might make. The White Rabbit was worried about being late for a very important date, and when it come to T+2, you may be too. Here's what you need to know now, and you can count on regular updates on the status of the move to T+2 with tips, tools and 'to do's to help understand and address the changes

ahead.

What is T+2?

The term "T+2" (and T+0, T+1, T+3, and so forth) refers to the number of 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 for the securities of the seller. In 1995, Canada and the U.S. together shortened the settlement cycle for most debt and equities to T+3 from T+5. In the years since, stakeholders in Canada and the U.S. have continued to consider further shortening the settlement cycle.

Why care about T+2? Why now?

Why you should care is simple: common sense tells us that Canada's capital markets – at 2-3% of global markets – must stay in synch with key U.S. standards as American markets are an estimated quarter of markets worldwide (and a 1999 Charles River Associates study backs that up). 'Why now?' is because the U.S. and other countries have committed to shorten their investment settlement cycles, as most European Union and a growing number of other countries have done already. There are benefits other than preserving North American markets competitiveness internationally. A shorter trade cycle will lead to more efficient, safer and better service for individual and institutional investors. After implementation, a shorter cycle ultimately will provide advantages to trade counterparties and other stakeholders, including regulators who have responsibilities for Canadian investors and capital markets.

Who's working on T+2?

Directly or indirectly, every firm in the securities industry is (or will be) involved. Key securities infrastructure, such as The Canadian Depository of Securities (CDS), fundserv, and exchanges along with many of their dealer, custodian, asset manager users and their associations, are already active under the coordinating umbrella of the Canadian Capital Market Association (CCMA). Regulators are reviewing laws, regulations and other requirements with industry representatives to identify those that need to be updated. The CCMA is an umbrella group of all these groups, with a mandate of analyzing and facilitating market improvements on issues that cross multiple parts of the investment industry.

When?

The change to T+2 is expected to take place in the third quarter of 2017. The exact date will be set later based on factors such as when weekends fall, settlement dates of certain instruments, and so on.

Where do I get more information?

We'll mail you regular updates directly if you are a CCMA committee member or you can [e-mail us](mailto:info@ccma-acmc.ca) to receive your free **T+2: What's New**. You can also get the latest information and tools being developed in between updates by visiting www.ccma-acmc.ca. And you can join us for a T+2 "all-you-need-to-know" event in April 2016 – date to follow.

How do I know if my organization is involved and how can I participate?

We've posted a list of organizations and associations already part of CCMA efforts on www.ccma-acmc.ca. You can also participate directly. To join a CCMA committee, or simply receive committee correspondence to stay on top of T+2, please e-mail the committee lead on the CCMA committee page, which provides you with the information you need to know.

'To Do's:

- ✓ Help us plan the first 1.5-to-2-hour **T+2 event**: **Please email us** if you would come in person to a downtown Toronto site, assuming a modest cost per person and convenient date (electronical access also to be available).
- ✓ IIAC-hosted **Institutional Trade Processing Statement Posting Facility**: 🕒 Time for all trade-matching parties to check out the date of your firm's trade-matching statement to/received one from, or agreement with, all trade matching parties and that the statement or agreement is up-to-date.

Tips:

- **CSA National Instrument (NI) 24-101 – Institutional Trade Matching and Settlement (2010 consolidation)**: This will be updated as part of T+2 efforts; the question is how. It's time to prepare by re-reading this rule and watching for the regulators' request for comments.
- **CSA Staff Notice 24-312 – Preparing for the Implementation of T+2 Settlement (April 2015)**: This CSA notice confirms the Canadian securities regulators' support for – and intention to regulate a move by the Canadian investment industry to – a T+2 maximum settlement cycle. Read this for a heads'-up about what the regulators may be considering. Follow work of the CCMA's Legal and Regulatory Working Group to prepare for rule changes.

Tools:

- IIAC **Institutional Trade Processing Toolkit**: Helpful links to comply with the current NI 24-101 rule.
- www.ccma-acmc.ca: An updated CCMA website will be launched in March 2016. Keep an eye open for the relaunch, with new information aids such as "T+2 and What It Means for You", outstanding issues, links to key documents, articles and more.

UPDATING STP CHECKLIST FOR T+2 READINESS SURVEY

As part of the T+2 wake-up call, and minimizing use of scarce resources, the next two pages reproduce a simple survey the CCMA used to assess member readiness as a baseline and implicitly set milestones for parties starting to prepare for NI 24-101. Members are asked to be prepared to discuss the tool as well as amended introduction wording

“The purposes of this T+2 Readiness Self-Assessment Checklist for investment industry participants are to:

1. Promote awareness of the T+2 cross-industry project – that is, efforts across participants in capital markets in Canada to reduce the current standard of settling trades (exchanging cash for securities) to two days following a transaction (T+2) from the current practice of three days after trade date (T+3).
2. Identify steps your firm or any organization may take to prepare for T+2 settlement and provide a way to benchmark progress.
3. Help ensure all Canadian participants are ready for a shorter settlement cycle when in Canada, in conjunction with the United States, reduces the securities settlement period to T+2 in Q3 2017.”

It is important that Canada maintain the same settlement cycle as the U.S. or risk losing its capital markets activity south of the border.

Every company should undertake a detailed analysis of its own T+2 preparedness – internally and with counterparties. The business lines, strategy, size and current technology environment of your firm and any counterparties and infrastructure (such as the exchanges, fundserv and CDS), service providers (such as Broadridge, IBM, IFDS) and vendors (such as RPM, xxx), will be key factors in determining how you choose to implement T+2.

Instructions:

[Note: Ideally we will replace the following with a Survey Monkey option]

1. Circle an answer to each question below.
2. Add up the circled numbers in each column (subtotal the first page and then carry the sum over to the next page and insert the sum of each column in the appropriate box on page 2).
3. Put the total of each column in the corresponding box marked “Total No Plans”, “Total Planned”, etc.
4. Sum these four boxes and insert the result in the box titled Total All.
5. Rate your firm: 0–15 Barely on the radar—better get moving! 16–35 It’s a start, but there’s a long way to go! 36–55 A good beginning, but don’t breathe a sigh of relief yet! over 55 Congratulations!

STP Self-Assessment Checklist

The purposes of this Straight-Through Processing (STP) Self-Assessment Checklist for securities market participants are to:

1. Promote awareness of STP.
2. Identify steps a company might take to prepare for industry-wide STP and enable your company to benchmark its progress.
3. Ensure all Canadian participants are ready for a shorter settlement cycle should Canada, in conjunction with the United States, decide to reduce the securities settlement period from the current standard of three days after trade date (T+3) to the day following a transaction (T+1).

STP is the end-to-end processing of a security transaction without manual intervention or redundant processing. In July 2002, both the U.S. Securities Industry Association and the Canadian Capital Markets Association agreed to replace the previous North-American goal of shortening the securities settlement cycle to T+1 with a set of challenging STP goals over the next two years. Both associations agreed to re-evaluate the settlement period again in mid-2004. It is important that Canada maintain the same settlement cycle as the U.S. or risk losing its capital markets activity south of the border.

Every company should undertake a detailed analysis of its own STP preparedness – internally and with counterparties. The business lines, strategy, size and current technology environment of your firm will be key factors in determining how you choose to implement STP.

Instructions:

1. Circle an answer to each question below.
2. Add up the circled numbers in each column (subtract the first page and then carry the sum over to the next page and insert the sum of each column in the appropriate box on page 2).
3. Put the total of each column in the corresponding box marked "Total No Plans", "Total Planned", etc.
4. Sum these four boxes and insert the result in the box titled Total All.
5. Rate your firm:

0-15	<i>Barely on the radar – better get moving!</i>
16-35	<i>It's a start, but there's a long way to go!</i>
36-55	<i>A good beginning, but don't breathe a sigh of relief yet!</i>
over 55	<i>Congratulations! Keep it up!</i>

Factor		No Plans	Planned	Under Way	Done
A. Awareness					
A. What stage is your company at in terms of...					
A.1	Being aware of STP and the implications for your company of not being able to meet industry-wide STP requirements?	0	1	2	3
A.2	Bringing the issue to the attention of senior management?	0	1	2	3
A.3	Keeping informed about STP through industry publications, conferences, etc.; reading Canadian Capital Markets Association (CCMA) and U.S. Securities Industry Association (SIA) white papers of relevance to your business; receiving CCMA newsletters and referring to their Web sites (www.ccma-acmc.ca , www.sia.com), etc.?	0	1	2	3
B. Planning					
B. What stage is your company at in terms of...					
B.1	Naming an industry-wide STP co-ordinator and setting up a cross-divisional/departmental team to examine streamlining efficiencies needed to successfully meet industry-wide STP needs?	0	1	2	3
B.2	Setting up a process to keep informed about STP (meet with leaders, attend conferences or otherwise collect relevant information for implementation of industry-wide STP, and associated protocols)?	0	1	2	3
B.3	Analyzing requirements to implement changes necessary to meet industry-wide domestic and (if applicable) cross-border STP requirements?	0	1	2	3
B.4	Developing a business case and project plan to make necessary industry-wide STP changes?	0	1	2	3
B.5	Obtaining necessary staff resources?	0	1	2	3
B.6	Developing a budget plan and obtaining funding approval?	0	1	2	3
B.7	Initiating discussions with other parties to review their industry-wide STP readiness plans (e.g., service bureaus, brokers, investment managers, custodians, software vendors, clearing and settlement agencies, etc.)?	0	1	2	3
Subtotal each column and carry over total to top of next page					

Factor		No Plans	Planned	Under Way	Done
Insert subtotals from previous page					
B. Planning (cont'd)					
B. What stage is your company at in terms of...					
B.8	Participating with industry groups to synchronize as necessary to achieve industry-wide STP?	0	1	2	3
B.9	Identifying knowledgeable vendors with proven track records and high-quality partnerships/alliances that can support order-through-settlement straight-through processing on as close to a real-time basis as possible and which will transfer knowledge/provide training?	0	1	2	3
B.10	Updating your STP project plan and benchmarking your progress regularly?	0	1	2	3
C. Current Systems and Processes					
C. Does your firm...					
C.1	Have documented business and systems process flows?	0	1	2	3
C.2	Know the results of capacity stress tests and your current STP rate for electronic trade communication with counterparties?	0	1	2	3
C.3	Benchmark your operations (e.g., error rate, speed of error corrections, transaction processing rate, electronic trade communication STP rate) against best-of-breed and leaders in your market segment(s)?	0	1	2	3
C.4	Have a gap analysis of the differences between your current and desired STP state, with a plan to eliminate manual processing and operate real-time with a very high degree of accuracy?	0	1	2	3
C.5	Reconcile data received from different parties/locations at different times during the work period in an automated fashion?	0	1	2	3
C.6	Have automated internal interfaces that will handle STP processing among all departments?	0	1	2	3
C.7	Have automated external interfaces/links that will handle STP processing with third parties?	0	1	2	3
C.8	Make optimal use of industry standard messaging protocols (e.g., FIX, ISITC, SWIFT, etc.)?	0	1	2	3
C.9	Document all relevant information that will allow your firm to successfully execute its STP program?	0	1	2	3
D. Organizational Readiness					
D. Has your firm...					
D.1	Organized to remove cross-functional barriers to STP?	0	1	2	3
D.2	Identified a new skill set for retraining existing and hiring new staff for the industry-wide STP environment, updated your training system to reflect STP and developed an STP recruitment plan?	0	1	2	3
D.3	Created a communications plan for staff, clients and partners addressing cultural changes, skill changes, implications for clients, etc.?	0	1	2	3
Total each column					

Total No Plans	
Total Planned	
Total Under Way	
Total Done	
Total All	

Score your firm's industry-wide STP preparedness:

- 0-15 Barely on the radar—better get moving!
- 16-35 It's a start but there's a long way to go!
- 36-55 A good beginning, but don't breathe a sigh of relief yet!
- over 55 Congratulations! Keep it up!



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