



Meeting link: <https://us02web.zoom.us/j/87648777622?pwd=VEtxRytEVHBrUjdDNFBtaTd0T2NKZz09>

1. **Approval of Minutes from the meeting held on Oct. 20, 2022**
2. **Matters arising from the minutes of the meeting held on Oct. 20, 2022**
3. **“Plain Language” Trade Confirmation Summary - final**
4. **LRWG feedback and discussion on IIROC Rule package**
5. **Other Business**
6. **Next Meeting** December 15, 2022 at 11:00 AM ET

Jamie Anderson chaired the meeting and welcomed the attendees. Attendees were requested to indicate their name and firm; those telephoning in to the Zoom meeting were requested to email Jamie or Keith to confirm their attendance.

1. Approval of the Sept. 15, 2022 meeting minutes

The minutes were approved.

2. Matters arising from the Sept. 15, 2022 meeting minutes

There were no matters arising from the meeting minutes.

3. Trade Confirmation Summary

Jamie referred to various updates to the summary.

In the preamble, it was noted specifically that trade confirm requirements are not linked to the settlement period. As such, changes to the settlement cycle do not require corresponding rule or regulatory amendments.

The language in the Summary concerning UMIR policy 7.1 part 13 versus that in the Dealer Member Rule 3816 regarding related issuers has been clarified.

UMIR policy 7.1 part 13 provides:

“Each Participant must develop, implement and maintain a supervision system to verify that appropriate trade disclosures are made on client confirmations. To comply with IIROC rules, such disclosures must include:

- ...
- *the related issuers of the security traded*
- ...

The UMIR provision lists various confirm disclosures that UMIR indicates are required in order “to comply with IIROC rules”. While UMIR states that related issuers of the security traded must be disclosed, IIROC Rule 3816 pertains only to the securities of the Dealer (or related or connected issuer). IIROC has confirmed that Rule 3816 applies in this case and all related issuers of the security traded are not required to be disclosed.

4. Presentation – Considerations and Impacts on IIROC Rules

Muneeb Ashan presented IIROC’s preliminary analysis concerning its Rules with respect to T+1. It was noted that there may be more amendments or different changes as the process progresses. A Powerpoint presentation was distributed to the attendees.

The documents that were part of the IIROC review were: UMIR, IIROC Rules, Form 1, and IIROC Standard Agreements.

UMIR

There is one proposed amendment for UMIR (s. 1.1). This is for the definition of Special Terms Order (the amendments are also documented in Issue Log LRWG-19).

IIROC Rules

The following IIROC Rules were similarly amended for the shortening of the settlement cycle from T+3 to T+2. In addition to the proposed amendments contained in the Powerpoint presentation, they are also documented in Issue Log LRWG-17.

- Fixed income trading – accrued interest (Rule 4803) – IIROC also raised the question of whether the delivery timeline of 12 p.m. in Rule 4803(7) needs to be amended.
- Fixed income delivery – regular delivery (Rule 4805)
- Stock delivery – Rule 4808 – IIROC also raised the question of whether the delivery timeline of 12 p.m. in Rule 4808(2)(ii)(c) needs to be amended.
- When issued trading – Rules 4760, 5560, 5561, and 5562.
- Trade Confirmations – Rule 3816(2)(iv) and 4805(4)(iii) – Mortgage-backed securities – IIROC also raised the question of whether delivery on or after the 15th day of the month needs to change.

The following IIROC Rules are proposed to have no amendments:

- Term risk margin requirement – Rule 5464.

The following IIROC Rules may require amendments:

- Stock delivery – Location – Rule 4808(4) – should the timing be adjusted?
- Fixed income delivery – Rule 4805(5) – Location– Question - should timing be adjusted and is specification to bank drafts required?
- Use of a trade matching utility – Rule 4753(1) – Non-exchange trades – 6m p.m. deadline to enter the trade into an acceptable matching utility or accept/reject the trade entered into an acceptable matching utility. Should the 6 p.m. timing be adjusted?
- Trade classification where a Dealer Member enters a trade into the matching utility – Rule 4754 & Trade classification where a Dealer Member does not enter a trade into the matching utility – Rule 4755 – Should the 6 p.m. timing be adjusted?

- Trade matching quarterly compliant trade percentage – Rule 4765 – should the 90% matching percentage be changed?
- Payment or delivery through client settlement agent – Rule 4757 – for payment/delivery through a settlement agent, it is proposed that the settlement agent affirms the transaction by end of trade date.
- Determining securities to comply with segregation requirements – Rule 4318 (2) – currently segregated one business day prior to settlement date.
- Frequency and review of bulk segregation calculation – Rule 4319 (1) – proposed reduction from at least twice weekly to daily.
- Securities loan segregation deficiency – Rule 4323 – should the 5 day limit for a buy-in be adjusted?
- Client declared short sales segregation deficiency- Rule 4325 – should the 5 day limit for a buy-in be adjusted?
- Fails – client or other Dealer Members – Rule 4326 – should the 15 business days be changed for borrowing or buying-in?
- Securities in transit – Rule 4355 – should the 5 business days be adjusted?
- Confirmations from transfer locations in Canada – Rule 4357 – should the timelines be adjusted?
- Confirmations from transfer locations in the United States – Rule 4358 – should the timelines be adjusted?
- Confirmations from transfer locations outside Canada and the United States – Rule 4359 - should the timelines be adjusted?
- Confirmations of stock dividends receivable and stock splits – Rule 4360 (1) and (2) – should the timelines be adjusted?
- General requirements (financing arrangements) – Rule 4603(5) – should the 2-day buy-in period be changed?
- Buy-ins – Rule 4810(1)(i) – Same municipalities - should the timelines be adjusted?
- Buy-ins – Rule 4810(1)(ii) - Different municipalities - should the timelines be adjusted?

IIROC Form 1

- No amendments are proposed for items 7 and 8 in the Notes and Instructions for Form 1, Part II – Schedules 11 and 11A.

IIROC Standard Agreements

There are no proposed amendments for IIROC Standard Agreements with its members. It was recommended that the LRWG IIROC Dealer Members review their own IIROC agreements to confirm that are no amendments required due to T+1.

LRWG Action

The LRWG was requested to review the IIROC analysis and provide feedback at its next meeting.

5. Other Business

There was a question regarding NI 24-101 *Institutional Trading Matching and Settlement* and whether Canada would be keeping the same tolerance percentage for matching (90%), in light of the U.S. approach (i.e. 100% confirmed and allocated by midnight on trade date).





It was noted that at this point, a change to the Canadian tolerance percentage has not been contemplated.

A follow-up question was when any changes to NI 24-101 would be forthcoming. Keith advised that the Canadian Securities Administrators has advised that a request for comment paper will be published in Fall 2022 for a 90-day period.

Keith also noted that the T1SC has proposed that the matching deadline be changed from noon on T+1 to 3:59 a.m. on T+1 (i.e. the point prior to CDS's overnight settlement process at 4 a.m.).

6. Next Meeting

November 17, 2022 at 11:00 AM ET

Attendance		Organization	Member
1.		ASC	Jan Bagh
2.		ASC	Chad Conrad
3.		ASC	Harvey Steblyk
4.		Casgrain	Lysianne Guillemette
5.		Casgrain	Jonathan Lee
6.		Casgrain	Pierre Mital
7.		Casgrain	Andre Zanga
8.		CCMA	Barb Amsden
9.		CCMA	Jamie Anderson - CHAIR
10.		CCMA	Keith Evans
11.		CIBC	Maryam Bashir
12.		CIBC	Carol Elmalem
13.		CIBC	Lavanya Gandhimohan
14.		CIBC	Vikram Gulati
15.		CIBC	Danny Leca
16.		CIBC	Jim Newman
17.		CIBC	Kapil Sharma
18.		CIBC Mellon	Frank Baron
19.		CIBC Mellon	Nick Douzenis
20.		CIBC Mellon	Carol Revoredo
21.		CIBC WM	Terry Moore
22.		Connor, Clarke & Lunn	Patrick Robitaille
23.		Desjardins	Zachary Carmel
24.		Desjardins	Francine Duchesne
25.		Desjardins	Lafleche Montreuil
26.		Desjardins	Éric Primeau
27.		Desjardins	Jean-Gabriel Vigneault
28.		E&Y Canada	Chris Pimentel
29.		IFIC	Pamela Egger
30.		IFIC	Janet Salter
31.		IIROC	Muneeb Ahsan
32.		IIROC	Catherine Drennan
33.		IIROC	Bruce Grossman
34.		Invesco	Caroline Mingfok
35.		L&T Infotech/IFIC	Janaki Nagulan
36.		L&T Infotech	Kim Barrett
37.		Manulife	Bill Devolin
38.		Morgan Stanley	Brian Choy
39.		Morgan Stanley	Mazen Ghanem
40.		National Bank	Anna Tyniec

Attendance		Organization	Member
41.		Northern Trust - Legal	Scott Kelly
42.		OSC	Aaron Ferguson
43.		OSC	Nick Hawkins
44.		OSC	Annetta Ho
45.		OSC	Frank Lacroce
46.		OSC	Michael Tang
47.		OSC	Emily Sutlic
48.		OSC	Stephanie Wakefield
49.		Questrade	Lawrence Horowitz
50.		RBC - IS	Alan Tonner
51.		Scotiabank	William Finn
52.		Scotiabank	Julia Piergeti
53.		Société Générale Capital Canada Inc.	Maxime Frézal
54.		Société Générale Capital Canada Inc.	Marc-Antoine La Rochelle
55.		Société Générale Capital Canada Inc.	Anna Wong
56.		State Street	Christen Henry
57.		State Street	Rose Mark
58.		TD	Ellen Lee
59.		TD	Riyaad Munshi
60.		TD	Naudia Nelson
61.		TD	Rajiv Ranjan
62.		TD	Aamir Shahzad
63.		TD	Lucy Vetro
64.		TD Asset Management	Jasvir Bhogal
65.		TD Asset Management	Kenneth Poon
66.		TD Wealth	Paul Garnavos
67.		TD Wealth Governance & Control	Elodie Goncalves
68.		TMX	Alexandre Prince
69.		Torstone	Dave O'Marra
70.		Vanguard/CEFTA	Jessica Stern
71.		?	Lumina ?

Summary Only – Disclosure Requirements For Dealers - Canada

Trade confirmations: (1) are not tied to the settlement period; (2) may be provided electronically (subject to consent of clients, which in most jurisdictions may be inferred); (3) have disclosure requirements under IIROC Rules, UMIR, NI 31-103, and securities acts; and (4) in certain circumstances, may be suppressed.¹

Applicable:	Confirms ² must be in writing, be sent promptly ³ , and contain:	
NI 31-103	<ol style="list-style-type: none"> Quantity and description of the security Trade and settlement dates Price per security paid or received by the client Amount of each transaction charge, deferred sales charge, or other charges in regards to the transaction (including fee/other charge levied by any securities regulatory authority in connection with the trade) and the total amount of all charges Marketplace(s) where the trade took place (or disclosure language acceptable to IIROC) Salesperson/dealing representative name (code or symbol may be used provided that the confirm indicates that the name will be provided to the client on request) Dealer agent name used to effect the trade (if applicable) Whether or not the person or company that executed the trade acted as principal or agent (if as agent and traded on an equity marketplace, the name of the person or company from or to or through whom the security was bought or sold) If securities of the Dealer (or related or connected issuer), a statement to that effect⁴ Debt securities: (i) the annual yield; (ii) either (a) total mark-up/mark-down, commission or other service charges applied, or (b) total commission charged to client by the dealer and if a mark-up/mark-down or charge other than a commission, appropriate disclosure notification⁵ Disclosure of the relationship where a Dealer is controlled/affiliated with a financial institution ("FI") and trade is for a mutual fund sponsored by the FI (or corporation controlled by/affiliated with the FI) Other than investment fund trades by an adviser to a managed account, redemption orders received directly from a security holder and executed by a registered investment fund manager – quantity and description of the security; price; commission, sales charge, service charge and other charges; settlement date 	
IIROC 3816		
UMIR Policy 7.1 Part 13		
Sample of confirms must be reviewed quarterly		
	Maintain confirms and make available to clients or IIROC, upon either's request.	Futures, future contract options, MBS, debt & OTC securities, additional IIROC Rules apply.
IIROC 2284(1)	indicate membership in CPIF and the coverage available	
IIROC 2285(1)	indicate Dealer is IIROC-regulated (in accordance with IIROC Membership Disclosure Policy)	

¹ IIROC GN-3800-21-007 – "Trade matching and trade confirmation suppression practices". <https://www.iiroc.ca/news-and-publications/notices-and-guidance/trade-matching-and-trade-confirmation-suppression-practices>

² Confirms may not be required for managed and delivery against payment/receipt against payment accounts – see exceptions.

³ See s. 14.13 of NI 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS* where delivery need not be prompt in certain situations for mutual fund, scholarship plan or educational trust securities.

⁴ Under NI 31-103, this disclosure is not required for a mutual fund security that is established and managed by the registered dealer (or its affiliate) in its capacity as investment fund manager of the mutual fund & the names of the dealer and mutual fund are sufficiently similar to indicate they are affiliated or related.

⁵ Such as: "Dealer firm remuneration has been added to the price of this security (in the case of a purchase) or deducted from the price of this security (in the case of a sale). This amount was in addition to any commission this trade confirmation shows was charged to you."

Summary Only – Disclosure Requirements For Dealers - Canada

NP 11-201 *Electronic Delivery of Documents* - if sending by fax, email or other electronic means:

- Notification that confirm has been/will be transmitted/sent electronically (can be one email)
- Easy access to the confirm (e.g. if posted to website, time available is reasonable)
- Authenticity of confirm and evidence of delivery
- Recreated in electronic format (not scanned)

Securities Act ⁶	Confirms to client
NF s. 37	In addition to IIROC requirements, must also include: (1)(d) if acting as agent, counterparty name (an identifier code may be used [provided the confirm also states that details to be provided upon request]) (2) Mutual Funds - must contain items in (1), plus (a) the price per share or unit at which the trade was effected; and (b) the amount deducted by way of sales, service and other charges. Mutual Funds (under a contractual plan), need items in (1) and (2) plus specifics in s. 37(3)
ON s. 36(1)	Mail or deliver trade confirms
SK s. 42(1)	Promptly send written confirmation

	Statute	Writing includes electronic form	Consent required, may be inferred
NF	Electronic Commerce Act	s. 8	s. 7
PEI	Electronic Commerce Act	s. 6	s. 5
NS	Electronic Commerce Act	s. 8	s. 7
NB	Electronic Transactions Act	s. 8	s. 4 (no inference)
PQ	An Act to establish a legal framework for information technology	s. 5	s. 29 (no inference)
ON	Electronic Commerce Act	s. 5	s. 3
MB	The Electronic Commerce and Information Act	s. 11	s. 4
SK	The Electronic Information and Documents Act	s. 8	s. 7
AB	Electronic Transactions Act	s. 11	s. 8
BC	Electronic Transactions Act	s. 5	s. 4
NU	Electronic Commerce Act	s. 7	s. 6
NT	Electronic Transactions Act	s. 7	s. 6
YK	Electronic Commerce Act	s. 7	s. 6

See also: IIROC Notice 13-0283 – “Guidance on Marketplace and Average Price Disclosure for Trade Confirmations” (November 25, 2013);⁷ Company Policy 31-103CP; and Privacy law requirements (not included with this summary).

⁶ If a registered dealer complies with the requirements of NI 31-103 regarding confirm requirements, these subsections do not apply. Other provincial and territorial Securities Acts do not specify confirm requirements.

⁷ <https://www.iiroc.ca/news-and-publications/notices-and-guidance/guidance-marketplace-and-average-price-disclosure-trade-confirmations>.

T+1 Rule Updates

October 2022

T+1 Rule Updates

- Documents Reviewed:
 - UMIR
 - IIROC Rules
 - Form 1
 - IIROC Standard Agreements (no updates)

T+1 Rule Updates

- Updates identified:
 - UMIR
 - Special Terms Order (definition)
 - IIROC Rules
 - Various
 - Form 1
 - None

T+1 Rule Updates - UMIR

UMIR Rule – Special Terms Order

UMIR Rule	Proposed Change
1.1-31 Special Terms Order, (c)(i)	<p>“Special Terms Order” means an order for the purchase or sale of a security:</p> <ul style="list-style-type: none">(a) for less than a standard trading unit;(b) the execution of which is subject to a condition other than as:<ul style="list-style-type: none">(i) to price,(ii) to the date of settlement; or(iii) imposed by the marketplace on which the order is entered as a condition for the entry or execution of the order; or(c) that on execution would be settled on a date other than:<ul style="list-style-type: none">(i) the second first business day following the date of the trade, or(ii) any settlement date specified in a special rule or direction referred to in subsection (2) of Rule 6.1 that is issued by an Exchange or a QTRS, <p>but does not include an order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order or Volume-Weighted Average Price Order.</p>

T+1 Rule Updates – IIROC Rules

IIROC Rules

- Proposed changes similar to T+3 to T+2 amendments:
 - Fixed income trading – accrued interest, regular delivery
 - Stock delivery
 - When issued trading – trading/delivery and margin
 - Mortgage-backed securities - Trade confirmations and new issue delivery
- Rules with no proposed amendments:
 - Foreign exchange term risk margin
- Other rules potentially impacted by T+1:
 - Location rules for delivery
 - Trade Matching timelines
 - Affirmation from settlement agent
 - Segregation timelines
 - Re-registration through transfer agent timelines
 - Buy-ins

T+1 Rule Updates – IIROC Rules

Proposed changes similar to T+3 to T+2 amendments

T+1 Rule Updates – Fixed income trading

Fixed income trading - accrued interest

IIROC Rule	Proposed Change
4803(7)Fixed income accrued interest (previously DMR 800.33)	(7) For bonds or debentures that are only available in registered form, transactions made on the day of one business day before a regular interest payment and up to two one business days before the closing of the transfer agent's books for the next interest payment, both days inclusive, will be on an "and interest" basis. The full amount of such interest payment must be deducted by the seller after the calculation of interest on the regular delivery basis, unless delivery is completed to the buyer by 12 p.m. at a transfer point on the date of the closing of the transfer agent's books for a regular interest payment.
4803(8)Fixed income accrued interest (previously DMR 800.33)	(8) For bonds or debentures that are only available in registered form, transactions from the day of one business day before the closing of the transfer agent's books up to and including two one business days before a regular interest payment must be "less interest" from settlement date to the regular interest payment date.

T+1 Rule Updates – Fixed income trading

Fixed Income Transactions – In section 4805 “regular delivery” is defined as:

IIROC Rule	Proposed Change
4805(1)(i)(b) Fixed income delivery (previously DMR 800.27)	(i) Government of Canada (a) The same day as the transaction date for Government of Canada Treasury Bills. (b) The second first business day after the transaction date for Government of Canada Bonds and Government of Canada Guaranteed Bonds (except Treasury Bills) having an unexpired term to maturity of three years or less (or to the earliest call date where a transaction is completed at a premium). Any accrued interest must be stopped on the second first business day after the transaction date.
4805(1)(i)(c) Fixed income delivery (previously DMR 800.27)	(c) The second first business day after the transaction date for Government of Canada Bonds and Government of Canada Guaranteed Bonds having an unexpired term to maturity of longer than three years (where such a bond is traded at a premium the earliest call date shall be treated as the maturity date). Any accrued interest must be stopped on the second first business day after the transaction date.
4805(1)(ii)(a) Fixed income delivery (previously DMR 800.27)	(ii) Province of Canada (a) The second first business day after the transaction date for all provincial bonds or debentures. Any accrued interest must be stopped on the second first business day after the transaction date.
4805(1)(iii)(a) Fixed income delivery (previously DMR 800.27)	(iii) Other Bonds and Debentures (a) The second first business day after the transaction date for all municipal, corporation and other bonds or debentures (other than Government of Canada and Province of Canada treasury bills, bonds or debentures), and other certificates of indebtedness including mortgage-backed securities. Any accrued interest must be stopped on the second first business day after the transaction date.

T+1 Rule Updates – Stock delivery

Stock delivery

IIROC Rule	Proposed Change
4808(2)(ii)(b) Stock delivery (previously DMR 800.34)	<ul style="list-style-type: none">(ii) Unlisted registered shares<ul style="list-style-type: none">(a) The settlement date generally accepted according to industry practice for the shares in the market in which the transaction occurs, including foreign jurisdictions.(b) For transactions between Dealer Members in shares that occur one business day before the on record date, the shares must be traded ex dividend, ex rights, or ex payments.(c) For transactions between <i>Dealer Members</i> in shares that are not ex dividend, ex rights, or ex payments at the time the transaction occurs and delivery is not completed prior before twelve o'clock noon (12 p.m.) at a transfer point on the date of the closing of the transfer agent's books, the seller is responsible to the buyer for the payment of such dividends or payments, and delivery of such rights, as may be involved, on their due dates.

T+1 Rule Updates – When issued trading

When issued trading - General trading and delivery standards

IIROC Rule	Proposed Change
<i>4760(1)(ii) when issued trading (previously DMR 800.47)</i>	<p>(1) Unless otherwise provided by IIROC or the parties to the trade agree otherwise:</p> <ul style="list-style-type: none">(i) all when issued trades made before the trading day before the anticipated date of issue of the security must be settled on the anticipated date of issue of such security,(ii) all when issued trades made on or after the trading day before the anticipated date of issue of the security must be settled on the second first settlement day after the trade date, and(iii) if the security has not been issued on the settlement date in clause 4760(1)(i) or 4760(1)(ii), such trades must be settled on the date that the security is actually issued.

T+1 Rule Updates – When issued trading

When issued trading - Margin requirements

IIROC Rule	Proposed Change
5560 (3). <i>Margin for short positions</i> (previously DMR 100.19(a)(i))	<ul style="list-style-type: none"> (1) Subject to subsections 5560(2) and 5560(3), the minimum Dealer Member inventory margin and client account margin required for short positions resulting from short sales of a security traded on a when issued basis is the normal margin required for a short position in the security. (2) Dealer Member inventory margin shall be posted on the trade date of the short sale. (3) Client account margin shall be posted on the second first settlement day after the trade date of the short sale.
5561 (4). <i>Margin for hedged positions</i> (previously DMR 100.19(a)(ii))	<ul style="list-style-type: none"> (1) Subject to subsections 5561(3) and 5561(4), the minimum Dealer Member inventory margin and client account margin required for hedged positions resulting from purchases of securities trading on a when issued basis that are subsequently sold on a when issued basis is the normal margin required for a long position in the security. (2) Subject to subsections 5561(3) and 5561(4), the minimum Dealer Member inventory margin and client account margin required for hedged positions resulting from purchases of securities trading on a when issued basis that are subsequently sold for settlement into the regular market is the normal margin required for a short position in the security. (3) Dealer Member inventory margin shall be posted on the trade date of the purchase. (4) Client account margin shall be posted on the second first settlement day after the trade date of the sale.
5562 (3). <i>Margin for long positions</i> (previously DMR 100.19(b))	<ul style="list-style-type: none"> (1) Subject to subsections 5562(2) and 5562(3), the minimum Dealer Member inventory margin and client account margin required for long positions resulting from purchases of securities trading on a when issued basis that have not been sold subsequently on a when issued basis is the normal margin required for a long position in the security. (2) Dealer Member inventory margin shall be posted on the trade date of the purchase. (3) Client account margin shall be posted on the later of the second first settlement day after the trade date of the purchase and or the date of the issuance or distribution of the security.

T+1 Rule Updates – Mortgage Backed Securities

Mortgage-backed securities - Trade confirmations and new issue delivery

IIROC Rule	Proposed Change
<p>3816 (2) iv (g) trade confirmations</p> <p>(previously DMR 200.2(l)(iv))</p>	<p>(2) The written confirmation must contain,..... and</p> <p>(iv) In the case of trades in mortgage-backed securities, and subject to the provisos below:</p> <ul style="list-style-type: none"> (a) the original principal amount of the trade, (b) the description of the security (including interest rate and maturity date), (c) the remaining principal amount (RPA) factor, (d) the purchase/sale price per \$100 of original principal amount, (e) the accrued interest, (f) the total settlement amount, and (g) the settlement date, provided that in the case of trades entered into from the second first clearing day before month end to the fifth sixth clearing day of the following month, inclusive, a preliminary confirmation shall be issued showing the trade date and the information in sub-clauses 3816(2)(iv)(a), 3816(2)(iv)(b), 3816(2)(iv)(d) and 3816(2)(iv)(g) and indicating that the information in sub-clauses 3816(2)(iv)(c), 3816(2)(iv)(e) and 3816(2)(iv)(f) cannot yet be determined and that a final confirmation will be issued as soon as such information is available. After the remaining principal amount factor for the security is available from the central payor and transfer agent, a final confirmation shall be issued including all of the information required in subsection 3816(2),
<p>4805(4)(iii) Fixed income delivery (previously DMR 800.27)</p>	<p>(4) New issues delivery</p> <p>(iii) For a mortgage-backed security transaction made during the period from the second first business day before month-end to the first business day on or before the twelfth thirteenth day of the following month, inclusive, delivery must take place on or after the fifteenth day of the month.</p>

T+1 Rule Updates

Rules with no proposed amendments

T+1 Rule Updates – Foreign exchange term risk margin

Foreign exchange term risk margin

IIROC Rule	Existing Provision
5464 (1) Term risk margin requirement (previously DMR 100.2(d)(ii)(B))	(1) The term risk margin requirement applies to all monetary assets or liabilities with a term to maturity of over two business days and must be calculated for each individual asset and liability as: foreign exchange position x term risk margin rate for the position
Schedule 11 and 11A (Note 7 & 8)	(7) Weighted value is calculated for foreign exchange positions with a term to maturity of over two business days . The weighted value is derived by taking the term to maturity of the foreign exchange position in calendar days divided by 365 (weighting factor) and multiplying it by the unhedged foreign exchange amount. (8) The total margin requirement is the aggregate of the spot risk margin requirement and term risk margin requirement. The spot risk margin requirement applies to all monetary assets and monetary liabilities, regardless of term to maturity. The term risk margin requirement applies to all monetary assets and monetary liabilities with a term to maturity of over two business days .

T+1 Rule Updates

Other rules potentially impacted by T+1

T+1 Rule Updates – Location

Location rule for Fixed income and Stock delivery:

IIROC Rule	Existing Provision
4805(5) Fixed income delivery Location (previously DMR 800.28-29)	(5) Location (i) For any transaction between <i>Dealer Members</i> in the same municipality where physical delivery is to be made, the seller must complete the delivery before 4:30 p.m. on a <i>business day</i> . (ii) For any transaction between <i>Dealer Members</i> in different municipalities, the seller must complete the delivery on the buyer's terms, that is the delivery is to be made by the seller free of banking or shipping charges to the buyer. Where bank drafts are drawn to arrive at their destination on a day that is not a <i>business day</i> , the seller is entitled to have charges paid up to the next <i>business day</i> after the expected arrival of the bank drafts .
4808(4)(ii) Stock delivery (previously DMR 800.40-41)	(4) Location (i) For any transaction between Dealer Members in the same municipality, delivery should be advised by 11:30 a.m. on the fourth business day after a transaction takes place. (ii) For any transaction between Dealer Members located in different municipalities, delivery should be received by the buyer by the expiration of the fourth business day after the transaction takes place .

T+1 Rule Updates – Trade matching timelines

General trading and delivery standards applicable to all transactions: Use of trade matching utility

IIROC Rule	Existing provision
4753. Use of trade matching utility (previously DMR 800.49 (1))	<p>(1) For each non-exchange trade, involving CDS eligible securities, executed by a <i>Dealer Member</i> with another <i>Dealer Member</i>, the <i>Dealer Member</i> must at or before 6 p.m. on the day the trade was executed:</p> <ul style="list-style-type: none"> (i) enter the trade into an acceptable trade matching utility, or (ii) accept or reject any trade entered into an acceptable trade matching utility by another <i>Dealer Member</i>.
4754/4755 (previously DMR 800.49)	<p>Trade classification where a Dealer Member enters a trade into the matching utility – cut-off time for entering, accepting, rejecting trade is 6 p.m. for determining if trade is compliant or not.</p> <p>Trade classification where a Dealer Member does not enter a trade into the matching utility - cut-off time for accepting, rejecting trade is 6 p.m. for determining if trade is compliant or not.</p>
4756. (1)(ii) & (3) Trade matching quarterly compliant trade percentage (previously DMR 800.49)	<p>(1) A <i>Dealer Member</i> must:</p> <ul style="list-style-type: none"> (i) promptly report to IIROC when its quarterly compliant trade percentage is less than 90% in any quarter, and (ii) include in this report its action plan to improve its percentage. <p>....</p> <p>(3) Failure to increase the compliant trade percentage to 90% or more within the next quarter after the first sub-standard report will be grounds for IIROC to pursue disciplinary action.</p>

T+1 Rule Updates – Affirmation from settlement agent

**General trading and delivery standards applicable to all transactions:
Payment or delivery through client settlement agent**

IIROC Rule	Proposed Change
4757. (1)(iv) <i>Payment or delivery through client settlement agent</i> (previously DMR 800.31)	<p>iv) the Dealer Member has obtained an agreement from the client stating that the client will:</p> <ul style="list-style-type: none">(a) promptly provide its settlement agent with instructions regarding the transaction following its receipt of the transaction confirmation from the Dealer Member, or the relevant date and information as to each execution from the Dealer Member, relating to such order (even though such execution represents the purchase or sale of only a part of the order), and(b) ensure that its settlement agent affirms the transaction no later than the next business day after the end of the day on the date of execution of the trade to which the confirmation relates,

T+1 Rule Updates – Segregation timelines

Segregation timelines

IIROC Rule	Existing provision
4318 (2) Determining securities to comply with segregation requirements	(2) A Dealer Member that sells securities required to be segregated for a client must keep them segregated until one business day prior to settlement or value date.
4319. (1) Frequency and review of bulk segregation calculation	(1) At least twice weekly daily , a Dealer Member must determine the securities required to be segregated according to the calculations in Part A.2 of Rule 4300.
4323. Securities loan segregation deficiency	<p>(1) A Dealer Member that determines it has a securities loan segregation deficiency must:</p> <ul style="list-style-type: none"> (i) recall the securities from the borrower, or (ii) borrow the same issue of securities to cover the deficiency, within the business day following the day it determines the deficiency exists. <p>(2) If the Dealer Member has not received the securities within five business days following the day it determines the deficiency exists, it must undertake to buy-in the securities.</p>
4325. Client declared short sales segregation deficiency	<p>(1) A Dealer Member that determines it has a client declared short sale segregation deficiency must:</p> <ul style="list-style-type: none"> (i) borrow the same issue of securities to cover the deficiency within the business day following the day it determines the deficiency exists, or (ii) undertake to buy-in the same issue of securities within five business days following the day it determines the deficiency exists.
4326. Fails – client or other Dealer Members	<p>(1) If a Dealer Member has failed to receive securities within 15 business days of settlement date from a client or another Dealer Member, the Dealer Member must:</p> <ul style="list-style-type: none"> (i) borrow the same issue of securities to cover the deficiency, or (ii) undertake to buy-in the securities.

T+1 Rule Updates – Segregation timelines

Transit and transfer delivery for segregation/acceptable securities location purposes

IIROC Rule	Existing provision
4355. Securities in transit (previously DMR 2000.2)	(1) If securities are in transit between internal storage locations: <ul style="list-style-type: none"> (i) for which there are no adequate internal controls maintained, or (ii) for more than five business days, those securities are not considered to be under the Dealer Member's control or physical possession for purposes of good segregation.
4357. Confirmations from transfer locations in Canada (previously DMR 2000.2)	(1) If a Dealer Member has delivered securities for re-registration to a transfer location in Canada, the Dealer Member must receive those securities within 20 business days of delivery . (2) If a Dealer Member has not received those securities within 20 business days of delivery , it must obtain written confirmation of the position receivable from the transfer location within 45 business days of delivery . (3) If the position remains unconfirmed after 45 business days from delivery, the transfer location is a non-acceptable transfer location for that position, and the Dealer Member must transfer the position to its difference account.
4358. Confirmations from transfer locations in the United States (previously DMR 2000.2)	(1) If a Dealer Member has delivered securities for re-registration to a transfer location in the United States, the Dealer Member must receive those securities within 45 business days of delivery . (2) If a Dealer Member has not received those securities within 45 business days of delivery , it must obtain written confirmation of the position receivable from the transfer location within 70 business days of delivery . (3) If the position remains unconfirmed after 70 business days from delivery, the transfer location is a non-acceptable transfer location for that position, and the Dealer Member must transfer the position to its difference account.

T+1 Rule Updates – Segregation

Transit and transfer delivery for segregation/acceptable securities location purposes (Cont'd)

IIROC Rule	Existing provision
4359. Confirmations from transfer locations outside Canada and the United States (previously DMR 2000.2)	<ul style="list-style-type: none"> (1) If a Dealer Member has delivered securities for re-registration to a transfer location in the United States, the Dealer Member must receive those securities within 45 business days of delivery. (2) If a Dealer Member has not received those securities within 45 business days of delivery, it must obtain written confirmation of the position receivable from the transfer location within 70 business days of delivery. (3) If the position remains unconfirmed after 70 business days from delivery, the transfer location is a non-acceptable transfer location for that position, and the Dealer Member must transfer the position to its difference account.
4360. (1) & (2) Confirmations of stock dividends receivable and stock splits (previously DMR 2000.9)	<ul style="list-style-type: none"> (1) If a Dealer Member has not received the securities from a declared stock dividend or stock split within 45 business days of the date receivable, the Dealer Member must obtain written confirmation of the position receivable. (2) If the position remains unconfirmed after 45 business days, the Dealer Member must transfer the position to its difference account.

T+1 Rule Updates – Buy-ins

Buy-in Transactions

IIROC Rule	Existing provision
4603. (5) General requirements (financing arrangements)	(5) Buy-ins (i) A Dealer Member must begin a buy-in (liquidating transaction) within two business days of the date on which the buy-in notice is given.
4810. (1)(i) Buy-ins (previously DMR 800.40)	(i) For transactions between Dealer Members in the same municipality , where the seller does not advise the buyer about the delivery by 11:30 a.m. on the fourth business day after a regular delivery transaction: (a) The buyer may at his or her option buy-in the securities, where the buyer intends to buy-in the securities, the buyer must give written notice to the seller and to IIROC on that day, or any subsequent business day, prior to 3:30 p.m. , of his or her intention to buy-in for cash on the second business day after the original notice . (b) The notice is deemed to automatically renew itself from business day to business day from 11:30 a.m. until closing until the transaction is finally completed. (c) Where the buy-in is not executed on the second business day after the original notice, the seller has the privilege of advising the buyer each subsequent day before 11:30 a.m. of his or her ability, and intention, to make either whole or partial delivery on that day.
4810.(1)(ii) Buy-ins (previously DMR 800.41)	(ii) For transactions between Dealer Members in different municipalities , where delivery has not been received by the buyer at the expiration of four business days after the transaction takes place, on or after the fourth business day : (a) The buyer may at his or her option buy-in the securities, where the buyer intends to buy-in the securities, the buyer must give written notice to the seller and to IIROC on that day by 12 p.m. (the seller's time) his or her intention to buy-in for cash on the third business day after the original notice . (b) Where the seller has not advised the buyer in writing by 5 p.m. (the buyer's time) on the day after the original notice that the securities covered by the buy-in have passed through his or her clearing and are in transit to the buyer, the buyer may proceed to execute the buy-in on the third business day after the original notice. (c) The notice is deemed to automatically renew itself from business day to business day and the seller forfeits all rights to complete delivery other than the portion of the transaction that is in transit by the day following the receipt of the original notice. The buyer may at his or her option allow the seller to complete delivery of any remaining portion of the transaction.

T+1 Rule Updates

- Relevant notices:
 - IIROC Notice 16-0177 – Amendments to facilitate the investment industry's move to T+2 settlement (Request for Comments)
 - IIROC Notice 17-0133 – Amendments to facilitate the investment industry's move to T+2 settlement (Notice of Approval)

T+1 Rule Updates

- Questions?