

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

Call to Order

Attendees are requested to enter their name and firm name in Zoom (those dialing in are requested to email the Chair to confirm their attendance)

- 1. Approval of Minutes from the meeting held on July 20, 2023**
- 2. Matters arising from the minutes of the meeting held on July 20, 2023**
- 3. CCMA updates**
 - a) CSA Staff Notice 24-319 Regarding National Instrument 24-101 Institutional Trade Matching and Settlement – Update and Staff Recommendation¹**
 - b) Industry Trade Matching Statistics – updated CCMA comment letter re: Form 24-101F2 and Form 24-101F5 (7:30 p.m. ET for trade entry)²**
- 4. Action Items**
 - a) IIAC posting of Trade Matching Statement**
 - b) Buy Side Task Force – clarity re: scope of NI 24-101**
 - c) Mutual Funds – clarity re: funds moving to T+1**
 - d) Discussion re: investment fund prospectuses**
 - e) LRWG15 (MFDA 5.4.3) - Settlement Date on Transaction Confirmations – any amendments for sales compliance procedures**
- 5. FAQ - Matching & Settlement - What type of trades? - What are the requirements? – DRAFT 2023 Aug 17**
- 6. Other Business**
- 7. Next Meeting** September 21, 2023 at 11:00 AM ET

¹ https://www.osc.ca/sites/default/files/2023-08/csa_20230810_24-319_update-staff-recommendation.pdf. <https://ccma-acmc.ca/en/wp-content/uploads/CCMA-Appraises-CSA-Staff-Notice-Supporting-Move-to-T1-2023-08-10.pdf>.

² https://www.osc.ca/sites/default/files/2023-08/com_20230725_24-101_ccma-updated.pdf.

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

1. Approval of Meeting Minutes – June 15, 2023

The meeting minutes were approved as amended (to reflect an attendee's firm change).

2. Matters arising from Meeting Minutes – June 15, 2023

There were no matters arising from the meeting minutes.

3. CCMA Updates

T+1 in other jurisdictions

Jamie reported that Mexico has indicated its intention to move to T+1 on May 27, 2024 (same date as Canada), subject to regulatory approval.¹ Keith noted that the Spanish release indicated May 27, 2024 for Canada's move but the English translation incorrectly said May 28 (it had the Canadian and U.S. dates switched).

Keith commented that Central and South American countries are also looking at moving to T+1. No timelines have been set. This is similar to the T+2 change.

Keith also noted that the UK has started T+1 discussions, albeit with a possible date in the last quarter of 2026. The UK recommendation is expected by the end of summer 2024. Finally, Bermuda has also indicated its intent to move to T+1.

Trade Matching Statement

Jamie reported that the standardized Trade Matching Statement as reviewed and approved by the CCMA, and reviewed and endorsed by CIRO, has been provided to the IIAC. The IIAC has reviewed; it is understood that IIAC also have endorsed the TMS (an IIAC notice was issued). IIAC has agreed to post the TMS on its website.

Industry Trade Matching Statistics

In its comment letter concerning the CSA proposed amendments for NI 24-101 *Institutional Trade Matching and Settlement*, the CCMA had recommended that Form 24-101F2 and Form 24-101F5 be amended to include 8:00 p.m. as a data reporting requirement. This aligned with the industry's best practice guideline for final trade entry.

Subsequently, the industry has revisited the best practices trade entry cut-off time. CDS and various vendors would be required to undertake systems development in order to facilitate the entering of

¹ https://www.indeval.com.mx/en/overview?c=comunicados_liquidacion-en.

allocated institutional trades into CDS's systems until 8:00 p.m. As such, the industry changed its best practice time for trade entry to align with CDS's cut-off time of 7:30 p.m.

The CCMA will be sending a short letter to the CSA to request that both forms be amended to use 7:30 p.m. as data reporting requirement (instead of 8:00 p.m.).

Buy Side Task Force

The BSTF has completed its work and provided its report to the OWG and the T1SC. It was agreed that the CCMA would request clarity from the CSA as to the scope of NI 24-101 with respect to investment managers that are not advisers and custodians. Specifically, whether these entities are subject (or should be subject) to the mandatory requirements under NI 24-101. The investment managers (that have indicated that they are not advisers) voluntarily meet the requirements under NI 24-101.

Mutual Funds

In CSA Staff Notice 81-335 issued on December 15, 2022, it was noted that if the settlement cycle for listed securities is changed to T+1, CSA Staff were of the view that where practicable, mutual funds should settle their primary distributions and redemptions of their securities on a T+1 basis voluntarily.

There were no amendments proposed for NI 81-102 *Investment Funds*, thus providing flexibility for funds to choose to settle on a T+1 or T+2 basis (for instance, there may be potential operational difficulties for funds that have a significant portion of their assets settling T+2 or longer).

Recently there have been some discussions as to whether funds would be moving to a T+1 basis voluntarily. This has created some uncertainty as to the intentions of the industry. CCMA will be looking to see if any clarity can be provided.

4. Canadian Investment Regulatory Organization issue log updates

a) LRWG17 (Investment Dealer & Partially Consolidated Rules) & LRWG19 (UMIR) – Request for comments ended June 19, 2023

Muneeb Ahsan advised no comments were received on the proposed amendments and they are currently under regulatory review. It is expected that feedback from the CSA would be late in 2023 or early 2024. CIRO anticipates that the proposed amendments would be approved.

b) LRWG16 (Settlement date for f/x trades)

There was an updated guidance notice issued July 18, 2017 for T+2 with respect to settlement date for margin purposes on f/x hedge transactions. The guidance said that the regular settlement date for the transaction being hedged would be used. With respect to T+1, there are some changes that are required for the notice. Muneeb advised that once the Investment Dealer & Partially Consolidated Rules and UMIR amendments are approved, a new guidance notice would be issued reflecting the updated settlement timelines.

Jamie noted the guidance states for certain securities,² the regular settlement date will be T+2; otherwise it will be T+1 for all other instances. Foreign exchange is a hot topic in the industry with regards to settlement timelines and it is a high priority issue log for the OWG. He asked if there is any sense of the amendments for the guidance at this point. Muneeb advised his initial view is that the guidance for the listed certain securities would move to T+1. Jamie noted that spot f/x transactions do not necessarily settle T+1 today (some currency pairs settle on a T+2 or longer basis). It may be jurisdiction dependent. Jamie asked if there were any concerns or whether the f/x items have been raised in the LRWG member firms. No one indicated any immediate concerns.

c) LRWG15 (MFDA 5.4.3) - Settlement Date on Transaction Confirmations

Muneeb reported that the rule is silent on the settlement period. Jamie noted that for the T+2 project, there was no rule amendment required. For T+2, the MFDA said it would be amending its sale compliance procedures to reflect the requirements for T+2. The question is whether these sale compliance procedures need an update for T+1.

Jamie also noted that the MFDA issued a bulletin on T+2. The communication links with some of the other issue logs (e.g. LRWG9 Investment Funds - Prospectuses and contracts). For T+2, it was determined that as significant communication and effort had been made regarding the T+2 transition (for the fund industry) i.e. IFIC's review of prospectuses/contracts, IFIC's T+2 communication, MFDA T+2 bulletin, CCMA communication, surveys from various stakeholders, and pending CSA communication on funds, a T+2 readiness checklist as suggested by the MFWG was not required. If the prospectuses are silent as to the settlement date, then perhaps no further work is necessary (assuming sufficient communication has been provided by and to the industry stakeholders for T+1 e.g. investors are well informed). The difference last time was that funds were mandated to change to T+2 while for the T+1 initiative, funds have the choice to voluntarily shorten the settlement period to T+1.

Janet Salter advised that she was not involved in the process for T+2 in regards to IFIC's involvement. It was agreed that Jamie and Janet would discuss offline and provide an update to the LRWG.

There were no other questions from the LRWG.

5. Other Business

Jamie noted that CDCC advised that its rule amendments are targeted for September 2023. This may offer the opportunity for CDCC to present at an upcoming LRWG meeting.















Jamie said he will be reaching out to CDS as well as it will have changes for its procedures (his view is that the CDS rules do not require any amendments).

² (a) Government of Canada treasury bills; (b) Government of Canada bonds (other than treasury bills) having an unexpired term to maturity of three years or less; (c) Government of Canada bonds (other than treasury bills) having an unexpired term to maturity of longer than three years; (d) Provincial, municipal, corporation & other bonds; (e) Other certificates of indebtedness; (f) Stock.

















Jamie noted that under the T+2 project, the financial market infrastructures' (such as CDS, CDCC) and the marketplaces (exchanges and ATS's) rule/procedure amendments were classified as "technical/housekeeping" meaning there were no requests for comments issued.

6. Next Meeting

August 17, 2023 at 11:00 AM ET

Attendance		Organization	Member
1.		AMF	Francis Coche
2.		AMF	Francis Pignoti Pana
3.		AMF	Hector Toriz
4.		ASC	Jan Bagh
5.		ASC	Chad Conrad
6.		ASC	Harvey Steblyk
7.		BMO	Claudia Ardeleanu
8.		BMO	Natalia Markelova
9.		BMO	Svetlana Perunova
10.		BMO	Olga Svistoun
11.		BMO	Iris Trotman
12.		Casgrain	Alejandro Hozer
13.		Casgrain	Lysianne Guillemette
14.		Casgrain	Jonathan Lee
15.		Casgrain	Pierre Mital
16.		Casgrain	Andre Zanga
17.		CCMA	Barb Amsden
18.		CCMA	Jamie Anderson - CHAIR
19.		CCMA	Keith Evans
20.		CIBC	Maryam Bashir
21.		CIBC	Carol Elmalem
22.		CIBC	Halyna Fenkanyhawryshko
23.		CIBC	Lavanya Gandhimohan
24.		CIBC	Vikram Gulati
25.		CIBC	Danny Leca
26.		CIBC	Terry Moore
27.		CIBC	Jim Newman
28.		CIBC	Kapil Sharma
29.		CIBC Mellon	Frank Baron
30.		CIBC Mellon	Nick Douzenis
31.		CIBC Mellon	Carol Revoredo
32.		Connor, Clarke & Lunn	Patrick Robitaille
33.		CIRO	Muneeb Ahsan
34.		CIRO	Catherine Drennan
35.		CIRO	Bruce Grossman
36.		Desjardins	Zachary Carmel
37.		Desjardins	Gino Cimetta
38.		Desjardins	Francine Duchesne
39.		Desjardins	Lafleche Montreuil
40.		Desjardins	Éric Primeau

Attendance	Organization	Member
41.	Desjardins	Jean-Gabriel Vigneault
42.	DTCC ITP	Tasneem Novak
43.	DTCC	Vikash Saunders
44.	 DTCC	Patricia Wong
45.	E&Y Canada	Esmaeil Enjilela
46.	E&Y Canada	Stephen Gaon
47.	E&Y Canada	Alexandra Nestyurkina
48.	E&Y Canada	Chris Pimentel
49.	E&Y Canada	Gaurang Sardana
50.	E&Y Canada	Thad Spiker
51.	 Edward Jones	Todd Stevenson
52.	 Fidelity	Ashley Ramnaraine
53.	IFIC	Pamela Egger
54.	 IFIC	Janet Salter
55.	Invesco	Caroline Mingfok
56.	L&T Infotech/IFIC	Janaki Nagulan
57.	L&T Infotech	Kim Barrett
58.	Manulife	Bill Devolin
59.	Morgan Stanley	Brian Choy
60.	Morgan Stanley	Mazen Ghanem
61.	 National Bank	Anna Tyniec
62.	Northern Trust - Legal	Scott Kelly
63.	 OSC	Matthew Andreacchi
64.	OSC	Aaron Ferguson
65.	OSC	Nick Hawkins
66.	OSC	Annetta Ho
67.	OSC	Frank Lacroce
68.	OSC	Michael Tang
69.	OSC	Emily Sutlic
70.	OSC	Stephanie Wakefield
71.	 Questrade	Lawrence Horowitz
72.	RBC	Allan Laurent
73.	RBC - IS	Alan Tonner
74.	 RBC	John Coyle
75.	Scotiabank	William Finn
76.	Scotiabank	Chesley Morphy
77.	Scotiabank	Julia Piergeti
78.	Scotiabank	Sean Steele
79.	Société Générale Capital Canada Inc.	Maxime Frézal
80.	 Société Générale Capital Canada Inc.	Louis-Philippe Nadeau

Attendance	Organization	Member
81.	Société Générale Capital Canada Inc.	Marc-Antoine La Rochelle
82.	 Société Générale Capital Canada Inc.	Anna Wong
83.	 State Street	Christen Henry
84.	State Street	Rose Mark
85.	TD	Marlene Costa
86.	TD	Jasvir Bhogal
87.	TD	Ellen Lee
88.	 TD	Veronica Lee
89.	TD	Riyaad Munshi
90.	 TD	Naudia Nelson
91.	TD	Kenneth Poon
92.	TD	Rajiv Ranjan
93.	TD	Aamir Shahzad
94.	TD	Lucy Vetro
95.	TD	Katherine Yu
96.	 TD Wealth	Paul Garnavos
97.	TD Wealth Governance & Control	Elodie Goncalves
98.	TMX	Alexandre Prince
99.		Dave O'Marra
100.	Vanguard/CEFTA	Jessica Stern
101.		Chris Madden
102.		Jane Chan
103.		Michelina Crecco
104.		Laxman
105.		Michael G
106.		Ashley S.
107.		prem
108.		Alvin
109.		Herman Tan
110.		Judith Marcelos
111.		Julie Boyers
112.		Sophie
113.		Will Gruska

Question	Answer
1. What trades are subject to trade matching requirements under NI 24-101 <i>Institutional Trade Matching and Settlement</i> ?	Institutional trade matching (“ITM”) trades are trades for institutional client accounts that permit DAP/RAP ¹ through CDS, and settlement is completed by a custodian (i.e. other than the dealer executing the trade).
2. What are the NI 24-101 trade matching requirements for registered dealers and advisers?	They cannot execute/give an order to execute an ITM trade unless they have, maintain & enforce policies and procedures designed to match these trades as soon as practical after the trade is executed and no later than the “established deadline”. ²
3. What are the NI 24-101 documentation requirements for registered dealers and advisers?	They cannot open an account for ITM trades or accept an order to execute an ITM trade for an account unless they have policies and procedures to encourage each trade matching party ³ to enter into a trade matching agreement or provide a trade matching statement .
4. Do registered dealers and advisers have to file exception reports?	<p>NI 24-101 has a requirement that if matched ITM trades (for both value and volume) for a calendar quarter are less than 90% for the “established deadline”, and exception report (including why the required matching was not achieved and the steps to be undertaken to correct) has to be provided to the securities regulatory authorities.</p> <p>However, there was a 3-year moratorium on this exception reporting commencing July 1, 2020. This moratorium was extended on July 2, 2023 and will end on the earlier of adoption of amendments to NI 24-101 (expected to coincide with the industry’s transition on May 27, 2024) or January 1, 2025.</p> <p>Note that this exception reporting requirement has been proposed to be repealed by the CSA meaning the exception reports would no longer be required.⁴ Further note that the CSA has said this does not relieve firms from their other NI 24-101 compliance responsibilities.</p>
5. What reporting must the clearing agency do?	It must deliver reporting to the securities regulatory authorities no later than 30 days after the end of a calendar quarter. The report includes aggregated matching trade statistics calculated as per NI 24-101. CDS publishes these statistics on its website.

¹ Delivery Against Payment - Receipt Against Payment

² Currently by noon on T+1; CSA staff recommended the CSA approve an amendment to 3:59 a.m. on T+1.

https://www.osc.ca/sites/default/files/2023-08/csa_20230810_24-319_update-staff-recommendation.pdf. The industry has agreed to a best practice of ITM trade entry by 7:30 p.m. on T.

³ Registered advisors, registered dealers, institutional investors, and custodians.

⁴ https://www.osc.ca/sites/default/files/2023-06/csa_20230615_24-930.pdf.

Question	Answer
6. What are the settlement requirements under NI 24-101?	<p>All trades (unless the counterparties agreed to a different settlement date) must settle as per the standard settlement date established by CISO or the marketplace on which the trade was executed.</p> <p>Canada is moving to T+1 in concert with the United States; CISO and marketplace rules will be aligned for this transition.</p>
7. Are there any types of trades that are exempted from the trade matching or settlement requirements?	<p>Trades in the following are not subject to the NI 24-101 requirements:</p> <ul style="list-style-type: none"> • newly issued securities or for which a prospectus is required to be sent or delivered, • a security to the issuer of the security, • connection with a take-over bid, issuer bid, amalgamation, merger, reorganization, arrangement or similar transaction, • accordance with the terms of conversion, exchange or exercise of a security previously issued by an issuer, • securities lending, repurchase, reverse repurchase or similar financing transactions, • investment funds (purchases governed by Part 9 or redemptions governed by Part 10 of NI 81-102 <i>Investment Funds</i>), • securities to be settled outside Canada, • options, futures, or similar derivative trades, and • negotiable promissory notes, commercial paper or similar short-term debt obligation that, in the normal course, would settle in Canada on T. <p>Note that trades in these securities may settle on a T+1 or shorter basis in any event as per their contractual or other requirements.</p>
8. How do CISO rules apply in regards to the NI 24-101 requirements?	<p>If an SRO has rules dealing with the same subject matter as the NI 24-101 requirements (and these rules were vetted by the securities regulatory authorities), provided the SRO-member complies with the SRO rules, the NI 24-101 requirements will not apply.</p> <p>As noted in the following, CISO has rules for broker-to-broker trades and as such, NI 24-101 will apply to ITM trades.</p>
9. Does CISO have trade matching rules?	<p>Yes. The CISO rules (named Investment Dealer and Partially Consolidated Rules) have matching requirements for non-exchange trades. These trades are broker-to-broker, in CDS-eligible securities that have not been submitted to CDS's CNS service.⁵</p>

⁵ CISO Rule 4751(1). Non-exchange trades are "[a]ny trade in a CDS eligible security (excluding new issue trades and repurchase agreement transactions and reverse repurchase agreement transactions) between two Dealer Members, which has not been submitted to the CDS continuous net settlement service by a Marketplace or an acceptable foreign marketplace. A non-exchange

Question	Answer
10. What is the CRO trade matching reporting requirement?	<p>Currently CRO requires exception reporting (including an action plan to remedy) where a dealer's broker-to-broker trade matching falls below 90% for a quarter.</p> <p>The percentage is calculated by dividing the total of a quarter's compliant trades (excluding "don't know" trades) by the total of a broker's non-exchange trades. Trades entered (or accepted) at or before 6:00 p.m. are considered compliant trades.</p> <p>Similar to the proposed repeal of the NI 24-101 quarterly reporting by registered dealers and advisers, CRO has proposed to repeal the broker-to-broker quarterly reporting for non-exchange trades (the requirement for 90% matching will remain in force).⁶</p> <p>CRO will continue to monitor the statistics it receives from CDS for these trades.</p>
11. How does trade matching impact written confirmations under CRO rules?	<p>A dealer does not need to send written trade confirmations to a client with a DAP/RAP account if, for:</p> <ul style="list-style-type: none"> • ITM trades, the dealer has a quarterly compliant trade percentage \geq 85% for at least two of the last four quarters • broker-to-broker trades, the dealer has been compliant for at least two of the last four quarters, and for any non-compliant reports filed in this period it has not been less than 85%

trade includes the dealer to dealer portion of a jitney trade that is executed between two Dealer Members that is not reported by a Marketplace or an acceptable foreign marketplace"

⁶ https://www.osc.ca/sites/default/files/2023-04/newsro_20230420_notice.pdf.