



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

1. **Approval of Minutes from the meeting held on Feb. 16, 2023**
2. **Matters arising from the minutes of the meeting held on Feb. 16, 2023**
3. **Update – CCMA Comment letter regarding Proposed Amendments to NI 24-101 (ITMS)
Proposed Changes to CP 24-101 (ITMS)¹**
4. **Update – amendment to s. 9.4(4) of NI 81-102 *Investment Funds* – LRWG4-NI 81-102**
5. **Update – New SRO Proposed amendments to rules – LRWG17-NSROC-Rules**
6. **Other Business**
7. **Next Meeting** April 20, 2023 at 11:00 AM ET

¹ <https://www.osc.ca/en/securities-law/instruments-rules-policies/2/24-101/csa-notice-and-request-comment-proposed-amendments-national-instrument-24-101-institutional-trade>.

Changes to CCMA Comment letter re: NI 24-101

- Jan. 12, 2023 – OWG reviewed draft
- Jan. 19, 2023 – LRWG reviewed draft
- Jan. 24, 2023 – T1SC reviewed draft
- Feb. 9, 2023 – OWG reviewed draft
 - (a) 3:59am confirmed;
 - (b) data collection times considered;
 - (c) clarification re: CSA Staff Notice 81-335 (if adverse impacts are discovered during project, will send comments)
 - (d) reverted to the language in the instrument – registered firms (i.e. Registered Dealers and Registered Advisers are subject to the rules)
- Mar. 9, 2023 – OWG reviewed draft – recommended T1SC approve
- Mar. 13, 2023 – T1SC approved comment letter

1.	SEC final Rule issued Feb. 15, 2023 <ul style="list-style-type: none"> • Compliance date May 28, 2024 • T+1 – not T+0 at this time
2.	Effective Date of NI 24-101 amendments <ul style="list-style-type: none"> • Earlier of the Canada and U.S. transitions – provides flexibility
3.	Publication of the CSA approved amendments to NI 24-101 <ul style="list-style-type: none"> • Request for regulatory certainty sooner than later • Decision regarding the matching deadline (9pm v. 3:59 am)
4.	Data collection times for Quarterly Reporting <ul style="list-style-type: none"> • Updated as to agreement for times proposed by the CSA • Removed T at midnight (previously suggested by CCMA)
5.	Quarterly Reporting follow same transition as T+2 <ul style="list-style-type: none"> • 1st quarter ending after effective date, use previous data collection times • End of May 2024 T+1 conversion would mean <ul style="list-style-type: none"> • Q2 report – Apr. 1 to June 30, 2024 – use old data collection times • Q3 report – July 1 to Sept. 30, 2024 – use new data collection times

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Keith Evans
Executive Director
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~~Month~~ March ~~Day~~ 17, 2023

To the Canadian Securities Administrators (“CSA”):

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority
of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission

Financial and Consumer Services Commission (New
Brunswick)
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and
Labrador
Superintendent of Securities, Yukon Superintendent
of Securities, Northwest Territories
Superintendent of Securities, Nunavut

c/o

The Secretary
Ontario Securities Commission
20 Queen Street West
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Toronto, Ontario
M5H 3S8

E-mail: comments@osc.gov.on.ca

M^e Philippe Lebel
Corporate Secretary and Executive Director,
Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
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E-mail: consultation-en-cours@lautorite.qc.ca

Dear CSA Members:

**Re: Request for Comments on the T+1 Proposals ~~National Instrument (NI) 24-101~~ regarding
T+1 Settlement**

On behalf of the members of the Canadian Capital Markets Association (“CCMA”), I am responding to the CSA’s Proposed Amendments to NI 24-101 *Institutional Trade Matching and Settlement* (“NI 24-101”) and Proposed Changes to Companion Policy 24-101 *Institutional Trade Matching and Settlement* (“CP 24-101”) (collectively, “T+1 Proposals”). CCMA members may also respond individually on particular matters that the T+1 Proposals raise.

CSA Staff Notice 81-335 *Investment Funds Settlement Cycles*

The CCMA notes that the CSA also issued CSA Staff Notice 81-335 *Investment Funds Settlement Cycles* (“Staff Notice”) contemporaneously with the T+1 Proposals. The CSA indicated that it currently is not proposing amendments to National Instrument 81-102 *Investment Funds* (“NI 81-102”). The CCMA requires additional time to review the Staff Notice and NI 81-102. While we are

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~~not currently aware of any potential adverse impacts on the industry or investors, we would provide comments at a later date should they arise during our work on the T+1 project. in order to assess the impact on the industry and investors.~~

~~Below is background information relating to the CCMA and shortened settlement.~~

Background

The CCMA is a national, federally incorporated, not-for-profit organization, launched in 1999 to identify, analyze and recommend ways to meet the challenges and opportunities facing Canadian and international capital markets. Its mandate is to communicate, educate and help co-ordinate the different segments of the Canadian investment industry on projects spanning multiple parts of Canada's capital markets.

In 2015, the CCMA was tasked with co-ordinating the move to a T+2 settlement cycle. This move was successfully completed in September 2017. In 2021, the CCMA was similarly tasked to co-ordinate the further shortening of the Canadian settlement cycle as currently then proposed in the United States. ~~Industry observers are of the view that the move to shorten the settlement cycle is likely to target T+1 settlement first and then move to T+0. To the extent that the U.S. proposes adoption of a settlement period other than T+1 (for instance, a move to same day settlement without an interim step to T+1), the CCMA notes that the T+1 Proposals would need to be revisited in order for Canada to synchronize with the U.S.~~

To ensure a smooth and timely adoption of a shortened settlement cycle at the same time as the U.S., the CCMA works through an industry steering committee and four working groups. More than 500 committee and working group members, comprised of individuals working for investment and asset managers, investment fund manufacturers, investment and mutual fund dealers, custodians, infrastructure entities, service bureaus, vendors, regulators, self-regulatory organizations, and others, continue to discuss issues and solutions relating to the move to a shortened settlement cycle. As well, more than 150 individuals have subscribed to CCMA T+1 newsletters or attended an event at which the CCMA has presented on T+1. More stakeholders are kept informed through the CCMA's partnering associations, service bureaus and vendors. Others access the CCMA's website, www.ccma-acmc.ca, for updates and tools, as well as social media applications. Additionally, CCMA staff participate in U.S. industry meetings concerning the shortened settlement project and it is expected that the CCMA would also have a seat at the U.S. Command Center during the transition phase (as it did for the T+2 initiative).

The CCMA appreciates the efforts by the CSA and self-regulatory organizations to communicate with and encourage registrants to become and stay engaged in the shortened settlement initiative and to implement the required process and system enhancements to achieve a shortened settlement cycle. The CCMA believes a shortened settlement cycle is critical for Canada's capital markets (and all of its stakeholders, including investors, issuers, and registrants) and the broader economy.

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Effective Date for the Proposed Amendments and Proposed Changes

~~At present, the~~ The final Securities Exchange Commission (“SEC”) rule¹ mandating ~~the specific length of the T+1 settlement cycle in the United States was approved on February 15, 2023.² and the for achieving such has not yet been published—it is expected that the final rule will be published by the end of the first quarter of 2023.~~ Additionally, while a proposed SEC rule indicates a compliance date of March 31, 2024, While major industry commenters on both sides of the border (including the CCMA) ~~are seeking~~ sought a 2024 compliance date similar to that for the move to T+2 (i.e. transition over the Labour Day weekend) for a number of reasons, some set out in the CCMA’s responses to the SEC request for comments,³ May 28, 2024 has been selected as the U.S. compliance date. As all Canadian stakeholders have agreed, Canada will transition to T+1 at the same time as the U.S. It is acknowledged that the shorter timeline will cause complications in terms of less time and stress on competing resources with various regulatory and market structure undertakings such as the TMX/CDS Post-trade Modernization project.

In terms of the specific transition date, May 28, 2024 incorporates a long weekend in the U.S. (Memorial Day). However, it is not a three-day weekend in Canada. In light of the lack of a three-day weekend in Canada, the industry has decided to plan for the T+1 settlement cycle commencing in Canada on May 27, 2024. This would allow for the weekend to convert, avoiding the risk associated with: (1) an extremely short conversion timeline (after market close on May 27, 2024), and (2) converting while batch systems are running a T+2 cycle for trades executed on May 27, 2024. As such, the CCMA requests that the final T+1 Proposals come into force on the earlier of the U.S. and Canadian transition dates to T+1.

Publication of the Approved Amendments and Changes

Both Canada and the U.S. industries are under considerable time pressure to effect changes to processes and systems to achieve a T+1 settlement cycle by the end of May 2024. While the U.S. had its final SEC rule approved on February 15, 2023, the T+1 Proposals will not be approved until sometime after.

There will be downstream impact of the approved T+1 Proposals. For instance, service level agreements, policies, procedures, processes, and systems will need to be reviewed, amended accordingly, and agreed to for the purpose of meeting trade entry, allocation, confirmation, and affirmation deadlines that will necessarily flow from the establishment of the trade matching deadline in NI 24-101. It is imperative that the industry move quickly to undertake this work, especially in light of a timeline that is shorter than desired.

¹ <https://www.govinfo.gov/content/pkg/FR-2023-03-06/pdf/2023-03566.pdf>. SEC Commissioners noted in their approval of the final rule that a further shortening of the settlement cycle (i.e. to T+0) should be pursued in future.

² SEC Open meeting on February 15, 2023. <https://www.sec.gov/news/sec-webcasts>.

³ <https://www.sec.gov/comments/s7-05-22/s70522-20123491-279328.pdf>.

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The CCMA requests that the regulatory approval process across the CSA jurisdictions be advanced as expeditiously as possible in order to publish the approved T+1 amendments as soon as possible. This will provide market participants, their vendors, and clients with regulatory certainty sooner rather than later, facilitating a greater likelihood of success for the T+1 initiative.

Proposed Amendments

Repeal of T+2

The CCMA agrees with the T+1 Proposals to repeal “T+2” in the definitions section of NI 24-101. ~~Whether With~~ the U.S. ~~migrates migration~~ to T+1 ~~or a shorter period and~~, ~~with~~ the Canadian industry committed to moving in synch with the U.S., references to a T+2 settlement cycle will no longer be relevant.

Trade Matching Deadline

The CCMA raises concern with the proposal to achieve institutional trade matching by 9:00 p.m. Eastern Time on trade date (“T”) (currently established as noon on T+1) as provided in the suggested amendments to s. 3.1(1) and s. 3.3(1).⁴ While the 9:00 p.m. Eastern Time on trade date may align with a similar proposed deadline in the U.S., it does not account for the later overnight net settlement processing cycle at the clearing agency, CDS Clearing and Depository Services Inc. (“CDS”). The CDS overnight net settlement processing cycle currently commences after 3:59 a.m. Eastern Time on T+1, meaning that trades can be matched up until this time and still achieve ~~“overnight” T+1 settlement~~ reduced collateral requirements. ~~Furthermore, even if matched by 9:00 p.m. Eastern Time on T, the trades will not be processed by CDS until after 3:59 a.m. Eastern Time on T+1.~~ While it may be possible for CDS to undertake a systems and process redesign to advance the overnight settlement deadline, this would add considerable execution risk and cost to the overall shortened settlement cycle initiative by, among other things, applying additional resource demands on CDS and its participants at a time when such resources are already fully engaged on the TMX/CDS ~~p~~Post-trade ~~m~~Modernization project.

There are other considerations. While the industry has agreed to meet a best practice of submitting allocated ~~ITP~~⁵institutional trades by 8:00 p.m. Eastern Time on T, it would place buy-side firms and ~~/~~custodians under considerably ye shortened time constraints to affirm trades by 9:00 p.m. Eastern Time on T. Where buy-side firms and ~~/~~custodians need to refine or adjust their practices and processes to meet a shortened settlement cycle, it would be prudent to provide the largest timeframe possible for these entities to affirm trades (i.e. up to 3:59 a.m. Eastern Time on T+1) and provide the opportunity for those entities in European, Asian and other time zones where markets may be open to make any corrections and issue securities loan recall notices. Furthermore, while trade matching requirements in NI 24-101 ~~there are rules (regulatory~~

⁴ Similarly referenced in s. 2.2 of CP 24-101.

⁵ ~~Institutional Trade Processing.~~

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~~or otherwise)~~ applying to registered firms (both dealers and advisers registered under securities legislation) ~~investment dealers to require timely institutional trade matching~~, an equivalency does not exist for ~~buy-side firms or custodians~~ non-registered firms. Changing the current matching deadline from noon Eastern Time on T+1 to 9:00 p.m. Eastern Time on T would likely require the rule to be codified to apply to ~~buy-side firms and custodians~~ all participants in the trade matching lifecycle in order to avoid a proportionally large increase in failed trades. ~~—a~~ 3:59 a.m. Eastern Time deadline on T+1 would be more attainable for buy-side firms and custodians and likely reduce the need for a more expansive regulatory approach ~~for such entities~~.

On a final note, if the SEC ~~determines to adopt T+1 and~~ directs a move to T+0 some years hence, using resources to shift from the current 3:59 a.m. overnight cycle (and proposed CCMA trade matching deadline) to 9:00 p.m. could result in an expensive temporary solution. In such an event, resources may be better spent on the work to achieve the end goal (T+0) rather than on an interim step of 9:00 pm.

With all of these considerations ~~this in mind~~, the CCMA recommends that the deadline in s. 3.1(1) of NI 24-101 be 3:59 a.m. on T+1 rather than that proposed in the T+1 Proposal s.

Form 24-101F2 Clearing Agency Quarterly Operations Report of Institutional Trade Reporting and Matching (“Form 24-101F2”) and Form 24-101F5 Matching Service Utility Quarterly Operations Report of Institutional Trade Reporting and Matching (“Form 24-101F5”)

The CCMA agrees that Form 24-101F2 and Form 24-101F5 should be amended to reflect the shortening of the settlement cycle. The collection of data reflecting a T+2 settlement cycle will no longer be useful. ~~While the CCMA acknowledges that T+1 is likely not the “end of the line” for shortening the settlement cycle, the incorporation of data points reflecting a potential same day settlement may not be useful at this juncture. A shift to same day settlement will require very significant process and systems changes across the industry and would likely require many years to complete (at least, more years than the move to T+2 or T+1). The value of assessing matching data points at noon on T is not clear when the industry is targeting a later deadline. Additionally, if the matching deadline is moved to 3:59 a.m. Eastern Time on T+1 as recommended by the CCMA, this is a more relevant data point than 9:00 p.m. on T.~~

The CCMA recommends that the institutional trade matching (“ITM”) data reporting requirements by time for Form 24-101F2 and Form 24-101F5 be (all times Eastern Time):

<u>T at noon</u>	<u>As proposed by the CSA</u>
T at 4:00 p.m.	As now; the close of the m <u>Markets Close</u>
T at 8:00 p.m.	Aligning with the industry best practice deadline <u>for allocated trade entry</u>
T at midnight	
T+1 at 3:59 a.m.	<u>CCMA-recommended ITM deadline</u> , R reflecting the start of CDS’s overnight <u>net</u> settlement <u>processing</u> cycle

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T+1 at 12:00 p.m. noon	<u>As proposed by the CSA</u>
T+1 at 4:00 p.m.	<u>CDS Payment Exchange</u>
<u>T+1 11:59 p.m.</u>	<u>As proposed by the CSA</u>
<u>after > T+1</u>	<u>As proposed by the CSA</u>

Form 24-101F2 and Form 24-101F5 pertain to data collected for a calendar quarterly period. However, T+1 is expected to not commence at the beginning of a calendar quarter (U.S. compliance date of May 28, 2024 and Canada's transition on this date or earlier). As was determined by the CSA for the T+2 transition on September 5, 2017, the CCMA recommends that with respect to the first calendar quarter ending after the effective date of the T+1 Proposals, the version of Form 24-101F2 and Form 24-101F5 that were in force on the day before the effective date be used (unless the effective date is the first day of a calendar quarter).

Repeal of the Exception Reporting Requirement in Part 4 of the Instrument

The CCMA agrees with the repeal of the exception reporting requirement in NI 24-101, reflecting a codification of the current reporting moratorium provided that where industry statistics indicate an insufficiency of ITM ~~matching~~, that ~~aggregate statistics as reported by~~ the clearing agency and matching service utilities data facilitate identification at a firm level of insufficient ITM ~~matching~~. Drilling down into the ~~statistics data~~ at this level would enable appropriate remediation efforts to improve ITM ~~matching~~ rates.

Alternatives

The CCMA concurs that there are no reasonable alternatives to the proposed changes. Failing to align with the U.S. by not shortening the settlement cycle would result in undesirable systemic risk and could lead to confusion in the markets with respect to settlement that could put investors at risk.

Conclusion

The CCMA believes that a further reduction in the settlement cycle from T+2 is more challenging than the earlier move from T+3 to T+2. ~~While CCMA progress on the shortened settlement initiative is at or ahead of that for T+2 at this point, i~~Increasing efforts on an industry basis are required due to the additional complexities of further shortening of the settlement cycle. With the settlement cycle already at T+2, The removal of at least one settlement day in the cycle significantly increases the risk that~~reduces the margin for~~ errors cannot be resolved within the settlement timeframe~~when the settlement cycle is already at T+2.~~

The CCMA appreciates the support of CSA members to encourage all industry participants to engage in and take the necessary steps to move towards a shortened settlement cycle. The reduction of settlement risk in the industry will benefit investors and the industry as a whole once

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the changes are fully in place. Aligning the settlement cycle with the U.S. will avoid disruptions in both countries.


The CCMA would be pleased to answer any questions or elaborate on industry views ~~to you~~ at your convenience.


Yours sincerely,


[original signed by Keith Evans]


	<p style="text-align: center;">T+1</p> <p style="text-align: center;">Legal and Regulatory Working Group</p>	
Issue: LRWG - 4	NI 81-102 Investment Funds	
Status	OPEN	
Description:	<p>s. 1.2(1) NI 81-102 applies <u>only</u> to:</p> <p>(a) a mutual fund that offers or has offered securities <u>under a prospectus</u> for so long as the mutual fund <u>remains a reporting issuer</u>,</p> <p>(a.1) a non-redeemable investment fund that <u>is a reporting issuer</u>, and</p> <p>(b) a person or company in respect of activities pertaining to an investment fund referred to in paragraphs (a) and (a.1) or pertaining to the filing of a prospectus to which subsection 3.1(1) applies.</p>	
Description:	<p>NI 81-102 does not apply to a scholarship plan.</p> <p>Despite s. 1.2(1), in Québec, in respect of investment funds organized under an Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1), an Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2), or an Act constituting Capital régional et coopératif Desjardins (chapter C-6.1), the following requirements apply:</p> <p>(a) sections 2.12 to 2.17;</p> <p>(b) Part 6</p> <p>(c) Part 15, except for paragraph 15.8(2)(b);</p> <p>(d) Part 19;</p> <p>(e) Part 20.</p> <p>If a provision of NI 81-102 conflicts or is inconsistent with a provision of the Employee Investment Act (British Columbia) or the Small Business Venture Capital Act (British Columbia), the provision of the Employee Investment Act or the Small Business Venture Capital Act, as the case may be, prevails.</p>	


	T+1	
	Legal and Regulatory Working Group	
Issue: LRWG - 4	NI 81-102 Investment Funds	
Status	OPEN	
Securities Act (Ontario) s. 1.1:	<p>“investment fund” means a mutual fund or a non-redeemable investment fund.</p> <p>“mutual fund” means an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer;</p> <p>“mutual fund in Ontario” means a mutual fund that is a reporting issuer or that is organized under the laws of Ontario, but does not include a private mutual fund;</p>	


	T+1	
	Legal and Regulatory Working Group	
Issue: LRWG - 4	NI 81-102 Investment Funds	
Status	OPEN	
	<p>“non-redeemable investment fund” means an issuer,</p> <ul style="list-style-type: none"> (a) whose primary purpose is to invest money provided by its security holders, (b) that does not invest, (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and (c) that is not a mutual fund <p>“private mutual fund” means a mutual fund that is,</p> <ul style="list-style-type: none"> (a) operated as an investment club, where, (i) its shares or units are held by not more than fifty persons and its indebtedness has never been offered to the public, (ii) it does not pay or give any remuneration for investment advice or in respect of trades in securities, except normal brokerage fees, and (iii) all of its members are required to make contributions in proportion to the shares or units each holds for the purpose of financing its operations, or (b) administered by a trust corporation registered under the Loan and Trust Corporations Act and consists of a common trust fund as defined in section 1 of that Act; 	
What is the issue:	S. 9.4(1), s. 9.4(2), and s. 10.4 each refer to 2-day settlement cycle.	


	T+1	
	Legal and Regulatory Working Group	
Issue: LRWG - 4	NI 81-102 Investment Funds	
Status	OPEN	
9.4 "Delivery of Funds and Settlement"	<p>(1) A principal distributor, a participating dealer, or a person or company providing services to the principal distributor or participating dealer must forward any cash or securities received for payment of the issue price of securities of a mutual fund to an order receipt office of the mutual fund so that the cash or securities arrive at the order receipt office as soon as practicable and in any event no later than the second business day after the pricing date.</p> <p>(2) Payment of the issue price of securities of a mutual fund must be made to the mutual fund on or before the second business day after the pricing date for the securities by using any or a combination of the following methods of payment: ...</p> <p>(3) [repealed]</p> <p>(4) If payment of the issue price of the securities of a mutual fund to which a purchase order pertains is not made on or before the second business day after the pricing date or if the mutual fund has been paid the issue price by a cheque or method of payment that is subsequently not honoured,</p> <p>(a) the mutual fund must redeem the securities to which the purchase order pertains as if it had received an order for the redemption of the securities on the third business day after the pricing date or on the day on which the mutual fund first knows that the method of payment will not be honoured; and</p> <p>...</p>	<p>Proposed/Potential Amendments</p> <p>No changes proposed for (1) and (2) in accordance with CSA Staff Notice 81-335.</p> <p>(3) [repealed]</p> <p>(4) <u>Payment of the issue price of the securities of a mutual fund to which a purchase order pertains must be made on or before the second business day after the pricing date.</u> If payment of the issue price of the securities of a mutual fund to which a purchase order pertains is not made on or before <u>the settlement date of the purchase order</u> second business day after the pricing date or if the mutual fund has been paid the issue price by a cheque or method of payment that is subsequently not honoured,</p> <p>(a) the mutual fund must redeem the securities to which the purchase order pertains as if it had received an order for the redemption of the securities on the <u>next third</u> business day after the pricing <u>settlement</u> date <u>of the purchase order</u> or on the day on which the mutual fund first knows that the method of payment will not be honoured; and</p> <p>...</p>


	T+1 Legal and Regulatory Working Group	
Issue: LRWG - 4	NI 81-102 Investment Funds	
Status	OPEN	
10.4 Payment of Redemption Proceeds	<p>(1) Subject to subsection 10.1(1) and to compliance with any requirements established by the mutual fund under paragraph 10.1(2)(b), a mutual fund must pay the redemption proceeds for securities that are the subject of a redemption order</p> <p>(a) within two business days after the date of calculation of the net asset value per security used in establishing the redemption price; or</p> <p>(b) if payment of the redemption proceeds was not made at the time referred to in paragraph (a) because a requirement established under paragraph 10.1(2)(b) or a requirement of subsection 10.1(1) had not been satisfied, within two business days of</p> <p>i. the satisfaction of the relevant requirement, or</p> <p>ii. the decision by the mutual fund to waive the requirement, if the requirement was a requirement established under paragraph 10.1(2)(b).</p> <p>...</p>	<p>No changes proposed in accordance with CSA Staff Notice 81-335.</p>
Major discussion points:	<p>Current wording in NI 81-102 permits settlement up to and including the second day of a trade (i.e. the maximum settlement period). If industry convention moves to T+1, technically, NI 81-102 does not specifically need to be amended (other than s. 9.4(4) but this could cause investor confusion.</p>	


	T+1	
	Legal and Regulatory Working Group	
Issue: LRWG - 4	NI 81-102 Investment Funds	
Status	OPEN	
Labour sponsored investment funds	Labour Sponsored Investment Funds / non-conventional investment funds that are considered mutual funds are also subject to NI 81-102. However, pursuant to Regulation 1015 General issued pursuant to the Securities Act (Ontario), s. 240(2) paragraph 8, a rule, policy, or practice of the Commission or Director shall not apply to matters concerning sales or redemptions of securities of mutual funds in respect to Labour Sponsored Investment Funds.	
Non-conventional investment funds that are considered mutual funds ETFs Close-end funds Flow-through LPs	<p>Non-conventional investment funds that permit redemptions for a proportionate interest of the fund's net assets more than once a year are considered to be mutual funds regardless of whether or not it is listed on an exchange. They are subject to the same operational requirements as conventional mutual funds. These funds include exchange-traded funds (ETFs) that distribute their securities using designated brokers, track an index and distribute their securities continuously. Some split-share companies also fall into this category of investment fund.</p> <p>Non-conventional investment funds that do <u>not</u> permit redemptions for a proportionate interest of the fund's net assets more than once a year are subject to the <u>core operational requirements</u> of NI 81-102, but will be permitted to engage in certain investment strategies, and invest in certain asset classes, beyond what is allowed for conventional mutual funds. This category of investment funds includes <u>closed-end funds</u> (usually listed on an exchange) and <u>flow-through limited partnerships</u>.</p>	


	T+1 Legal and Regulatory Working Group	
Issue: LRWG - 4	NI 81-102 Investment Funds	
Status	OPEN	
Previously for T+2	<p>CSA Guidance and Request for Comments issued April 27, 2017 (90 day comment period). Comments due July 26, 2017. Two comments received. CSA approved amendments on Aug. 31, 2017. CCMA submitted letter in favour of the amendments. There was a several month delay after CSA adoption to bring the amendments into force. BCSC issued its own request for comments.</p>	http://www.osc.gov.on.ca/documents/en/Securities-Category8/ni_20170427_81-102_investment-funds.pdf
Previously for T+2	<p>CSA guidance indicating expectation of T+2 being met. BCSC issued its own request for comments (identical proposed amendments to that of the CSA for a 60 day comment period) on Oct. 4, 2017.</p>	https://www.bcsc.bc.ca/-/media/PWS/Resources/Securities_Law/HistPolicies/HistPolicyBCN/BCN-201704-BCN-October-4-2017.pdf
Current Status:	<p>CSA Staff Notice 81-335 indicated no amendments required for mutual funds. Encourage funds to move to T+1. IFIC submitting a comment letter under NI 24-101 comment process (for amendments to s. 9.4(4) of NI 81-102).</p>	https://www.osc.ca/sites/default/files/2022-12/csa_20221215_81-335_investment-fund-settlement-cycles.pdf
Date of original posting:	17-Friday-Dec-2021	
Revised dates:	15-Wednesday-Mar-2023	
Completed by the Working Group:		
Passed to another Working Group?		
Closed by T1SC:		


	T+1		
	Legal and Regulatory Working Group		
Issue: LRWG - 17	New SRO of Canada - Corporation Investment Dealer & Partially Consolidated Rules		
Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
Description:	<ul style="list-style-type: none">• Fixed income trading – accrued interest (Rule 4803)• Fixed income delivery – regular delivery (Rule 4805)• Stock delivery – Rule 4808• When issued trading – Rules 4760, 5560, 5561, and 5562.• Trade Confirmations – Rule 3816(2)(iv) and 4805(4)(iii) – Mortgage-backed securities		<p>Previous numbering/categories in IIROC Dealer Member Rules:</p> <ul style="list-style-type: none">• Rule 100.2(d)(ii)(A) Foreign Exchange margin requirement• 100.2(d)(ii)(B) Risk Margin Requirement• Rule 100.19 - margin for when-issued trades• Rule 200.2(l) - trade confirmations (Now part of Rule 3816. Trade Confirmations s.2(iv))• RULE 800 TRADING AND DELIVERY• Rule 800.27 (c) - accrued interest• Rule 800.27(f) - MBS• Rules 800.33, 800.34 - dividends• Rule 800.47 - when-issued trades• Form 1, Schedule 11 (Unhedged Foreign Currencies Calculation) and 11A (Details of Unhedged Foreign Currencies Calculation for Individual Currencies with Margin Required Greater than or Equal to \$5,000) Notes and Instructions <p>For T+2 initiative, no amendments were required for the following: Rules 800.40; 800.41 - buy-ins after 4th clearing day</p>


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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
3816. Trade Confirmations [formerly DMR 200.2(l)(iv)]	<p>2(iv) in the case of trades in mortgage-backed securities, and subject to the proviso below:</p> <p>(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,</p> <p>provided that in the case of trades entered into from the <u>second</u> clearing day before month end to the <u>fifth</u> 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>	<p>2(iv) in the case of trades in mortgage-backed securities, and subject to the proviso below:</p> <p>(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,</p> <p>provided that in the case of trades entered into from the second clearing<u>first business</u> day before month end of the month to the fifth clearing<u>fourth business</u> 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>	<p>200.2(l)(iv). In the case of trades in mortgage-backed securities, and subject to the proviso below:</p> <p>(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</p> <p>provided that in the case of trades entered into from the <u>second</u> clearing day before month end to the <u>fifth</u> clearing day of the following month, inclusive, a preliminary confirmation shall be issued showing the trade date and the information in sub-clauses 200.2(l)(iv)(A), (B), (D) and (G) and indicating that the information in sub-clauses 200.2(l)(iv)(C), (E) and (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 above.</p> <p>And..."</p>


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3816. Trade Confirmations	<p>3816.Trade confirmations</p> <p>(2) The written confirmation must contain,:</p> <p>(x) notwithstanding the provisions of this section 3816, a Dealer Membershall not be required to provide a confirmation to a client in respect of a trade:...</p> <p>(b) In delivery against payment and receipt against payment trade accounts, provided that:</p> <p>...</p> <p>(VI) for broker-to-broker trade matching, the Dealer Member for the last four quarters,</p> <p>(A) has not filed more than two reports under section 4756 informing the Corporationthat it has not met the quarterly compliant trade percentage; and</p> <p>(B) none of the reports it filed under section 4756 informing the Corporationthat it has not met the quarterly compliant trade percentage has a quarterly compliant trade percentage of less than 85%.</p> <p>(VII) for institutional trade matching, the Dealer Memberhas a quarterly compliant trade percentage of greater than or equal to 85% for at least two of the last four quarters.</p>	<p>3816.Trade confirmations</p> <p>(2) The written confirmation must contain,:</p> <p>(x) notwithstanding the provisions of this section 3816, a Dealer Membershall not be required to provide a confirmation to a client in respect of a trade:...</p> <p>(b) In delivery against payment and receipt against payment trade accounts, provided that:</p> <p>...</p> <p>(VI) for broker-to-broker trade matching, the Dealer Member <u>has a quarterly compliant trade percentage calculated using the methodology in section 4756 of greater than or equal to 85% for at least two of the for the</u> last four quarters, <u>and</u> (A) has not filed more than two reports under section 4756 informing the Corporationthat it has not met the quarterly compliant trade percentage; and (B) none of the reports it filed under section 4756 informing the Corporationthat it has not met the quarterly compliant trade percentage has a quarterly compliant trade percentage of less than 85%.</p> <p>(VII) for institutional trade matching, the Dealer Memberhas a quarterly compliant trade percentage of greater than or equal to 85% for at least two of the last four quarters.</p>	


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4318. 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.	At LRWG on Nov. 17, 2022 - question whether the one business day needs to change. Item removed from presentation to OWG on Dec. 8, 2022.		
4319 - Frequency and review of bulk segregation calculation	(1) At least twice weekly , a Dealer Member must determine the securities required to be segregated according to the calculations in Part A.2 of Rule 4300.	At LRWG on Nov. 17, 2022, proposed twice weekly shifted to daily. Item removed from presentation to OWG on Dec. 8, 2022. (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	(1) A Dealer Member that determines it has a securities loan segregation deficiency must: (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. (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.	At LRWG on Nov. 17, 2022, question whether 5 business days should change. Item removed from presentation to OWG on Dec. 8, 2022.		


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4325. Client declared short sales segregation deficiency	(1) A Dealer Member that determines it has a client declared short sale segregation deficiency must: (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.	At LRWG on Nov. 17, 2022, question whether 5 business days should change. Item removed from presentation to OWG on Dec. 8, 2022.	
4326. Fails – client or other Dealer Members	(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: (i) borrow the same issue of securities to cover the deficiency, or (ii) undertake to buy-in the securities.	At LRWG on Nov. 17, 2022, question whether 15 business days should change. Item removed from presentation to OWG on Dec. 8, 2022.	

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4355. Securities in transit	<p>(1) If securities are in transit between internal storage locations:</p> <p>(i) for which there are no adequate internal controls maintained, or</p> <p>(ii) for more than <u>five business days</u>,</p> <p>those securities are not considered to be under the Dealer Member’s control or physical possession for purposes of good segregation.</p>	<p>At LRWG on Nov. 17, 2022, question whether 5 business days should change.</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>	Formerly DMR 2000.2
4357. Confirmations from transfer locations in Canada	<p>(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 <u>20 business days</u> of delivery.</p> <p>(2) If a Dealer Member has not received those securities within <u>20 business days</u> of delivery, it must obtain written confirmation of the position receivable from the transfer location within <u>45 business days</u> of delivery.</p> <p>(3) If the position remains unconfirmed after <u>45 business days</u> 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.</p>	<p>At LRWG on Nov. 17, 2022, question whether the timing should change.</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>	Formerly DMR 2000.2


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4358. Confirmations from transfer locations in the United States	<p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>At LRWG on Nov. 17, 2022, question whether the timing should change.</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>	<p>Formerly DMR 2000.2</p>
4359. Confirmations from transfer locations outside Canada and the United States	<p>(1) If a Dealer Member has delivered securities for re-registration to a transfer location outside Canada and the United States, the Dealer Member must receive those securities within 70 business days of delivery.</p> <p>(2) If a Dealer Member has not received those securities within 70 business days of delivery, it must obtain written confirmation of the position receivable from the transfer location within 100 business days of delivery.</p> <p>(3) If the position remains unconfirmed after 100 business days from delivery, the transfer location is a non-acceptable transfer location for that position, and the Dealer Member must transfer the</p>	<p>At LRWG on Nov. 17, 2022, question whether the timing should change.</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>	<p>Formerly DMR 2000.2</p>


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4360. Confirmations of stock dividends receivable and stock splits	<p>(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.</p> <p>(2) If the position remains unconfirmed after 45 business days, the Dealer Member must transfer the position to its difference account.</p>	<p>At LRWG on Nov. 17, 2022, question whether the timing should change.</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>	Formerly DMR 2000.9	
4603. General requirements (financing arrangements)	<p>(5) Buy-ins</p> <p>(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.</p>	<p>At LRWG on Nov. 17, 2022, question whether the timing should change.</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>		
4753. Use of a trade matching utility	<p>(1) For each non-exchange trade, involving CDS eligible securities, executed by a Dealer Member with another Dealer Member, the Dealer Member must at or before 6 p.m. on the day the trade was executed:</p> <p>(i) enter the trade into an acceptable trade matching utility, or</p> <p>(ii) accept or reject any trade entered into an acceptable trade matching utility by another Dealer Member.</p>	<p>At LRWG on Nov. 17 - Question - Should the 6 p.m. timing be adjusted?</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>	<p>Formerly DMR 800.49(1)</p> <p>For T+2, no changes were proposed.</p>	


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4754. Trade classification where a Dealer Member enters a trade into the matching utility 4755. Trade classification where a Dealer Member does not enter a trade into the matching utility	<p>Trade classification where a Dealer Member enters a trade into the matching utility – cut-off time for entering, accepting, rejecting trade is <u>6 p.m.</u> 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 <u>6 p.m.</u> for determining if trade is compliant or not.</p>	<p>At LRWG on Nov. 17 - Question - Should the 6 p.m. timing be adjusted?</p> <p>Item removed from presentation to OWG on Dec. 8, 2022.</p>	<p>Formerly DMR 800.49</p> <p>For T+2, no changes were proposed.</p>
4756. Trade matching quarterly compliant trade percentage	<p>(1) A Dealer Member must:</p> <p>(i) promptly report to IIROC when its quarterly compliant trade percentage is less than 90% in any quarter, and</p> <p>(ii) include in this report its action plan to improve its percentage.</p> <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>	<p>(1) A Dealer Member must:</p> <p>(i) promptly report to IIROC when its quarterly compliant trade percentage is less than 90% in any quarter, and</p> <p>(ii) include in this report its action plan to improve its percentage.</p> <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. <u>Where the Dealer Member’s quarterly compliant trade percentage is less than 90% for more than two consecutive quarters, the Corporation may pursue disciplinary action.</u></p>	<p>Formerly DMR 800.49</p>


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4757. Payment or delivery through client settlement agent	<p>(1) For any arrangement where the payment of securities purchased or delivery of securities sold is to be made to or through a client’s settlement agent, all of the following procedures must be followed:</p> <p>...</p> <p>(iv) the Dealer Member has obtained an agreement from the client stating that the client will:</p> <p>(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</p> <p>(b) ensure that its settlement agent affirms the transaction no later than the next business day after the date of execution of the trade to which the confirmation relates,</p>	<p>(1) For any arrangement where the payment of securities purchased or delivery of securities sold is to be made to or through a client’s settlement agent, all of the following procedures must be followed:</p> <p>...</p> <p>(iv) the Dealer Member has obtained an agreement from the client stating that the client will:</p> <p>(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</p> <p>(b) ensure that its settlement agent affirms the transaction no later than the next business day after end of the day on the date of execution of the trade to which the confirmation relates,</p>	<p>Formerly DMR 800.31</p> <p>For T+2, no changes were proposed.</p>


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4760. When Issued Trading (formerly DMR 800.47)	(1) Unless otherwise provided by IIROC or the parties to the trade agree otherwise: (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 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.	(1) Unless otherwise provided by IIROC or the parties to the trade agree otherwise: (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.	800.47. When Issued Trading Unless otherwise provided by the Corporation or the parties to the trade by mutual agreement: (a) All when issued trades made prior to the trading day before the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security; (b) When issued trades on or after the trading day before the anticipated date of issue of the security shall settle on the second settlement day after the trade date; and (c) If the security has not been issued on the date for settlement as set out in paragraph (a) or (b) above, such trades shall be settled on the date that the security is actually issued.


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4765. Trade matching quarterly compliant trade percentage	<p>(1) A Dealer Member must:</p> <p>(i) promptly report to IIROC when its quarterly compliant trade percentage is less than 90% in any quarter, and</p> <p>(ii) include in this report its action plan to improve its percentage.</p> <p>(2) The quarterly compliant trade percentage for a Dealer Member is determined by dividing the sum of the quarter’s compliant trades (which does not include “don’t know” trades) by the total number of non-exchange trades that are executed during the quarter by the Dealer Member with other Dealer Members.</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>	<p>For T+1, no changes were proposed.</p>	<p>Formerly DMR 800.49</p> <p>For T+2, no changes were proposed.</p>


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4803. Fixed income accrued interest (formerly DMR 800.33) Question - will the 12 p.m. time need to be amended as well?	<p>...</p> <p>(7) For bonds or debentures that are only available in registered form, transactions made one business day before a regular interest payment and up to two 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.</p> <p>(8) For bonds or debentures that are only available in registered form, transactions from one business day before the closing of the transfer agent's books up to and including two business days before a regular interest payment must be "less interest" from settlement date to the regular interest payment date.</p>	<p>...</p> <p>(7) For bonds or debentures that are only available in registered form, transactions made one business on the day before of 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.</p> <p>(8) For bonds or debentures that are only available in registered form, transactions from one business the day before the of 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.</p>	<p>800.33. Where dealings take place in bonds and/or debentures, available only in registered form:</p> <p>(a) Dealings made from one business day prior to a regular interest payment up to two business days prior to the closing of the transfer books for the next interest payment, both days inclusive, shall be on an "and interest" basis. Unless delivery is completed to the buyer by twelve o'clock noon at a transfer point on the date of the closing of the transfer books for a regular interest payment, then the full amount of such interest payment shall be deducted by the seller after the calculation of interest on the regular delivery basis;</p> <p>(b) Dealings made from one business day prior to the closing of the transfer books up to and including two business days prior to a regular interest payment shall be "less interest" from settlement date to the regular interest payment date.</p>


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4805. Fixed income delivery (formerly DM Rule 800.27)	<p>(1) In section 4805 “regular delivery” is defined as:</p> <p>(i) Government of Canada</p> <p>(a) The same day as the transaction date for Government of Canada Treasury Bills.</p> <p>(b) The <u>second</u> 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 <u>second</u> business day after the transaction date.</p> <p>(c) The <u>second</u> 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 <u>second</u> business day after the transaction date.</p> <p>(ii) Province of Canada</p> <p>(a) The <u>second</u> business day after the transaction date for all provincial bonds or debentures. Any accrued interest must be stopped on the <u>second</u> business day after the transaction date.</p> <p>(iii) Other Bonds and Debentures</p>	<p>(1) In section 4805 “regular delivery” is defined as:</p> <p>(i) Government of Canada</p> <p>(a) The same day as the transaction date for Government of Canada Treasury Bills.</p> <p>(b) The second<u>second-first</u> 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<u>second-first</u> business day after the transaction date.</p> <p>(c) The second<u>second-first</u> 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<u>second-first</u> business day after the transaction date.</p> <p>(ii) Province of Canada</p> <p>(a) The second<u>second-first</u> business day after the transaction date for all provincial bonds or debentures. Any accrued interest must be stopped on the second<u>second-first</u> business day after the transaction date.</p>	<p>800.27. All transactions are to be consummated upon the following regular delivery terms unless at the time each individual transaction takes place alternative terms are agreed upon and confirmed in writing:</p> <p>(a) In the case of Government of Canada Treasury Bills regular delivery shall be for the same day as the transaction takes place;</p> <p>(b) In the case of Government of Canada Bonds and Government of Canada Guaranteed Bonds except Treasury Bills) having an unexpired term of three years or less to maturity (or to the earliest call date where a transaction is completed at a premium) regular delivery shall involve the stopping of accrued interest on the <u>second</u> clearing day after the transaction takes place;</p> <p>(c) In the case of 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) and all provincial, municipal, corporation and other bonds or debentures, stock, or other certificates of indebtedness including (subject to clause (f)) mortgage-backed securities, regular delivery shall involve the stopping of accrued interest, where applicable, on the <u>second</u> clearing day after the transaction takes place; ...</p>

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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
4805. Fixed income delivery (formerly DM Rule 800.27)	(4) New issues delivery ... (iii) For a mortgage-backed security transaction made during the period from the second business day before month-end to the first business day on or before the twelfth day of the following month, inclusive, delivery must take place on or after the fifteenth day of the month.	(4) New issues delivery ... (iii) For a mortgage-backed security transaction made during the period from the second <u>first</u> business day before of the month- end to the first business day on or before the twelfth <u>fourth business</u> day of the following month, inclusive, delivery must take place on or after the fifteenth <u>fifth business</u> day of the month.	800.27. All transactions are to be consummated upon the following regular delivery terms unless at the time each individual transaction takes place alternative terms are agreed upon and confirmed in writing: ... “(f) A trade in a mortgage-backed security made during a commitment period shall be entered into for delivery on the first clearing day on or after the fifteenth calendar day of the month. For the purposes of this clause (f), "commitment period" means the period from the second clearing day before month-end to the first clearing day on or before the twelfth calendar day of the following month, inclusive.”
4805. Fixed income delivery - Location [formerly DMR 800.28 and 800.29]	(5) Location (i) For any transaction between Dealer Members in the same municipality where physical delivery is to be made, the seller must complete the delivery before 4:30 p.m. on a business day. (ii) For any transaction between Dealer Members 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 business day, the seller is entitled to have charges paid up to the next business day after the expected arrival of the bank drafts.	(5) Location <u>Physical Delivery</u> (i) For any transaction between Dealer Members in the same municipality where physical delivery is to be made, the seller must complete the delivery before 4:30 p.m. on a business day. (ii) For any transaction between Dealer Members 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 business day, the seller is entitled to have charges paid up to the next business day after the expected arrival of the bank drafts.	For T+2, no changes were proposed.


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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
4808. Stock delivery (formerly DMR 800.34) Question - will the 12 p.m. time need to be amended as well?	<p>(2) In section 4808 “regular delivery” is defined as:</p> <p>...</p> <p>(ii) Unlisted registered shares</p> <p>(a) The settlement date generally accepted according to industry practice for the shares in the market in which the transaction occurs, including foreign jurisdictions.</p> <p>(b) For transactions between Dealer Members in shares that occur one business day before the record date, the shares must be traded ex dividend, ex rights, or ex payments.</p> <p>(c) For transactions between Dealer Members in shares that are not ex dividend, ex rights, or ex payments at the time the transaction occurs and delivery is not completed 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. For the purposes of this sub-clause 4808(2)(ii)(c), where the record date falls on a Saturday or other non-business day, the business day prior to the record date is to be treated as the effective record date.</p> <p>...</p>	<p>(2) In section 4808 “regular delivery” is defined as:</p> <p>...</p> <p>(ii) Unlisted registered shares</p> <p>(a) The settlement date generally accepted according to industry practice for the shares in the market in which the transaction occurs, including foreign jurisdictions.</p> <p>(b) For transactions between Dealer Members in shares that occur one business day before on the record date, the shares must be traded ex dividend, ex rights, or ex payments.</p> <p>(c) For transactions between Dealer Members in shares that are not ex dividend, ex rights, or ex payments at the time the transaction occurs and delivery is not completed <u>before twelve o'clock noon (12 p.m.)</u> 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. For the purposes of this sub-clause 4808(2)(ii)(c), where the record date falls on a Saturday or other non-business day, the business day prior to the record date is to be treated as the effective record date.</p> <p>...</p>	<p>800.34. Where dealings take place in unlisted registered shares, the shares shall be traded, ex dividend, ex rights, or ex payments one full business day prior to the record date. Where dealings take place in such registered shares which are not ex dividend, ex rights, or ex payments at the time the transaction occurs, the seller shall be 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, if delivery is not completed prior to twelve o'clock noon at a transfer point on the date of the closing of the transfer books. Should the record date fall on a Saturday or other non-business day, for the purposes of this Rule it shall be presumed to be effective the business day previous.</p>


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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
4808. Stock delivery (cont.) [fomerly DMR 800.40 and 800.41]	(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.	(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. <u>(4) Physical Delivery</u> <u>(i) For any transaction between Dealer Members where physical delivery is to be made, the seller must complete the delivery before 4:30 p.m. on a business day.</u> <u>(ii) For any transaction between Dealer Members, 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.</u>	800.40. In the case of dealings between Dealer Members in the same municipality, should delivery not be advised by 11:30 a.m. on the fourth clearing day after a regular delivery transaction takes place, the buyer may at his or her option, give written notice to the seller and to the Corporation on that day, or any subsequent clearing day, prior to 3:30 p.m., of his or her intention to buy in for cash on the second clearing day after the original notice. Such notice shall automatically renew itself from clearing day to clearing day from 11:30 a.m. until closing until the transaction is finally completed. If the buy-in is not executed on the second clearing day after the original notice, then the seller shall have 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. 800.41. Where transactions occur between Dealer Members located in different municipalities, should delivery not have been received by the buyer at the expiration of four clearing days after the transaction takes place, on or after the fourth clearing day, the buyer may serve the seller with a buy-in by forwarding notice thereof over a public telegraph wire system, such notice to be timed at the sender's point not later than noon to be effective the third clearing day following and also advise the Corporation. If, prior to 5 p.m. buyer's time the day following the wired notice, the seller has not advised the buyer by public telegraph wire that the securities covered by the buy-in have passed through his or her clearing and are in transit to the buyer, then the buyer may on the third clearing day following the wired notice, proceed to execute such buy-in. While such wired buy-ins shall automatically renew themselves from clearing day to clearing day, the seller shall, except with the consent of the buyer, forfeit all right to complete delivery of other than such portion of the transaction which is in transit by the day following the receipt of a wired buy-in. IIROC T+2 analysis: No amendments are required.


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4810. Buy-ins	<p>(1) Buy-ins must be made within the times, using the notices prescribed, and according to IIROC requirements. For the purposes of clauses 4810(1)(i) through 4810(1)(v) a "regular delivery transaction" is deemed to have taken place once the Dealer Members involved have agreed on a price.</p> <p>(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:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(1) ...</p> <p>(i) For transactions between Dealer Members in the same municipality, where the seller does not advise the buyer about the delivery by <u>11:30 a.m. on the fourth second</u> business day after a regular delivery transaction:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>Formerly DMR 800.40</p>


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4810. Buy-ins	<p>(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:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(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:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>Formerly DMR 800.41</p>


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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
5464. Term risk margin requirement [formerly DMR 100.2(d)(ii)(B)]	<p>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:</p> <p>foreign exchange position</p> <p>x</p> <p>term risk margin rate for the position</p> <p>The term risk margin requirement must be converted to Canadian dollars at the current spot exchange rate.</p>	No amendments proposed for T+1.	<p>100.2(d)(ii)(B)</p> <p>"Term Risk Margin Requirement</p> <p>(1) The term risk margin requirement shall apply to all monetary assets and liabilities which have a term to maturity of more than 3-2 days, where the term to maturity is defined as the amount of time to when the claim to the monetary asset or the obligation to satisfy monetary liability expires.</p> <p>(2) The term risk margin requirement is calculated as the product of the market value of the monetary asset or liability, the weighting factor and the term risk margin rate. The weighting factor of a monetary asset or liability with a term to maturity of 2 years or less shall be the number of days to maturity of the monetary asset or liability divided by 365 days, provided that if the term to maturity is 2 business days or less the weighting factor shall be zero."</p> <p>IIROC analysis from T+2: The spot position is related to regular settlement date and being able to hedge COD transactions, which is linked to the regular settlement date cycle.</p>


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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
5560. Margin for Short Positions [formerly DMR 100.19(a)(i)]	(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 settlement day after the trade date of the short sale.	(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.	100.19. "When Issued Trading of New and Additional Issues (a) Margin for Sales (i) Short positions Margin for short positions resulting from short sales of a security traded on a when issued basis shall be calculated on the market value of the securities sold as required by the relevant provisions of Rule 100.2(f)(i) relating to short positions. Margin shall be posted on the second settlement day after the trade of the short sale.

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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
5561. Margin for hedged positions [formerly DMR 100.19(a)(ii)]	<p>(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.</p> <p>(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.</p> <p>(3) Dealer Member inventory margin shall be posted on the trade date of the purchase.</p> <p>(4) Client account margin shall be posted on the second settlement day after the trade date of the sale</p>	<p>(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.</p> <p>(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.</p> <p>(3) Dealer Member inventory margin shall be posted on the trade date of the purchase.</p> <p>(4) Client account margin shall be posted on the second first settlement day after the trade date of the sale</p>	<p>100.19. "When Issued Trading of New and Additional Issues</p> <p>(a) Margin for Sales</p> <p>...</p> <p>(ii) Hedged Positions Resulting From the Sale on a When Issued Basis of a Security</p> <p>Previously Purchased on a When Issued Basis</p> <p>When a person who has purchased a security to be issued pursuant to prospectus subsequently sells such security on a when issued basis, margin shall be calculated on the market value of the security purchased as required by the relevant provisions for long positions in Rule 100.2(f)(i) and shall be posted on the second settlement day after the sale.</p> <p>(iii) Sales on a When Issued Basis for Settlement in the Regular Market</p> <p>If a person who is deemed to own a security posted for trading on a when issued basis subsequently sells such security in the regular market and the trade occurs prior to the issuance or distribution of such security, margin shall be calculated on the market value of the securities sold as required by the relevant provisions in Rule 100.2(f)(i) relating to margin for short positions. Margin shall be posted on the second settlement day after the trade date.</p>

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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
5562. Margin for long positions [formerly DMR 100.19(b)]	(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 settlement day after the trade date of the purchase and the date of the issuance or distribution of the security.	(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.	100.19. "When Issued Trading of New and Additional Issues (b) Purchases of When Issued Securities Margin for purchases of securities on a when issued basis that have not been sold subsequently on a when issued basis shall be calculated as required by the relevant provisions in Rule 100.2(f)(i) relating to long positions. Margin shall be posted on the later of the second settlement day after the trade date or the date of the issuance or distribution of the security."

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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
Form 1, Part II – Schedules 11 and 11A Notes and instructions	<p>(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.</p> <p>(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.</p>	No amendments proposed for T+1.	<p>Form 1, Schedule 11 (Unhedged Foreign Currencies Calculation)and 11A (Details of Unhedged Foreign Currencies Calculation for Individual Currencies with Margin Required Greater than or Equal to \$5,000) Notes and Instructions</p> <p>“7. Weighted value is calculated for foreign exchange positions with terms to maturity of greater than two (2) 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.”</p> <p>“8. The total margin requirement is the sum of the spot risk margin and the term risk margin requirements. The spot risk margin rates apply to all unhedged foreign exchange positions regardless of term to maturity. The term risk margin rates apply to all unhedged foreign exchange positions with a term to maturity of greater than two (2) business days. The following summarizes the margin rates by Currency Group: ...”</p> <p>IIROC analysis re: T+2: The spot position is related to regular settlement date and being able to hedge COD transactions, which is linked to the regular settlement date cycle.</p>

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Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
			<p>Rule 100.2(d)(ii)(A) “(ii) Foreign Exchange Margin Requirement The foreign exchange margin requirement for foreign exchange positions shall be the aggregate of the spot risk margin requirement and the term risk margin requirement calculated based on the spot risk margin rate and the term risk margin rate, respectively, specified in Rule 100.2(d)(i)(A). (A) Spot Risk Margin Requirement (1) The spot risk margin requirement shall apply to all monetary assets and liabilities regardless of term to maturity. (2) The spot risk margin requirement shall be calculated as the product of the net monetary position and the spot risk margin rate. (3) Monetary assets and liabilities will be considered to be spot positions unless they have a term to maturity of more than 2 business days. (4) The spot risk margin requirement shall be converted to Canadian dollars at the then current spot exchange rate.”</p> <p>IIROC analysis from T+2: The spot position is related to regular settlement date and being able to hedge COD transactions, which is linked to the regular settlement date cycle.</p>
General process	FAS Ops & FAS Capital Formula subcommittees recommend approval. FAS recommends approval. Board approves request for comment. Publish for 90-day comment period.		

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Issue: LRWG - 17	New SRO of Canada - Corporation Investment Dealer & Partially Consolidated Rules		
Status	OPEN	Proposed amendments	Previous Dealer Member Rules (old numbering and wording)
Status:	Proposed amendments presented to LRWG on Nov. 17, 2022. Proposed amendments (adjusted after the LRWG presentation) presented to OWG on Dec. 8, 2022. Feb. 16, 2023, New SRO advised industry feedback received on MBS rules for settlement (proposed amendments reviewed).		
Date of original posting:	17-Friday-Dec-2021		
Revised dates:	13-Monday-Mar-2023		
Completed by the Working Group:			
Passed to another Working Group?			
Closed by T1SC:			