

## T+2 - Legal and Regulatory Working Group (LRWG)

### Agenda

**Wednesday June 22, 2016 - 11:00 AM ET (8:00 AM PT)**

1. Approval of the May 19, 2016 meeting minutes Jamie Anderson
2. Matters arising from the May 19, 2016 meeting minutes
  - (a) Recommended effective date for NI 24-101 amendments Keith Evans
3. Update from T2SC meeting May 26, 2016 Jamie Anderson
4. Review of Open Issues

(a) ATS's	Liquidnet (#057) – assessment of subscriber agreement and F2 filing	Al Kovacs
(b) Clearing Agencies	CDS (# 001) - Determination of Procedure amendments for: Trade Corrections; Trade Reporting; Cross-border clearing and settlement; Reg SHO; NYL Softcap; Risk Model	Johann Lochner
(c) Legislation and Rules	Prospectus delivery after purchase (#032)	Jamie Anderson
(d) National Instruments	NI 81-102 Investment Funds s. 9, s. 10 (#004) NI 81-104 - Commodity Pools s. 6.3 (#014) - Update re: Investment Funds Branch	Charles Wang Charles Wang
(e) Insurance	Segregated Funds CLHIA Guideline (#007)	Charles Wang
(f) Investment Funds	Prospectuses and contracts (#013) - update re: reminder to entities (prospectus review; practices regarding MFDA requirements for settlement date inclusion on trade confirmations); readiness/closure	Charles Wang
(g) SROs	IIROC - member rules (#024); UMIR (#054); IDA MR0366 (#051) – update from May 19 FAS	Answerd Ramcharan

5. Classification of regulated entities' amendments e.g. NI21-101CP s.6.1(5)(b) Jamie Anderson



6. Issues completed to report to T2SC for approval

Jamie Anderson

7. Other Business

8. Next Meeting – Thursday July 21, 2016 @ 11am

### **Conference Details**

Local Dial-in (416) 933-8665 Toll-free Dial-in: 1-888-402-9166 **Conference ID:** 7312646#

## T+2 - Legal and Regulatory Working Group (LRWG)

### Minutes

May 19, 2016 - 11:00 AM ET (8:00 AM PT)

Jamie Anderson welcomed all to the LRWG meeting. A role call was taken and the attendees are listed at the end of the minutes.

#### 9. Approval of the April 19, 2016 meeting minutes<sup>1</sup>

Jamie Anderson

The minutes were approved.

#### 10. the April 19, 2016 meeting minutes

Matters arising from  
Jamie Anderson

There were no matters arising.

#### 11. meeting April 21, 2016

Update from T2SC  
Jamie Anderson

Jamie reported that the US industry provided an update to the T2SC. The US detailed test plan should be available by the end of June 2016. The US is working on an updated, more detailed asset list as to what products are in- and out-out-scope regarding T+2.

The CCMA industry event was held April 20. It was well attended and the presentation slides<sup>2</sup> and webcast audio recording<sup>3</sup> are available on the CCMA website.

The T2SC will be discussing T2 industry readiness (i.e. formal or informal declaration) at its next meeting.

The OWG has produced a Canadian asset list regarding in- and out-out-scope products.<sup>4</sup> Feedback would be appreciated by May 27.

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<sup>1</sup> <http://ccma-acmc.ca/en/wp-content/uploads/LRWG-MeetingPackage-2016-April-19.pdf>

<sup>2</sup> <http://ccma-acmc.ca/en/wp-content/uploads/CCMA-Presentation-CCMA-Industry-Event-April-20-2016.pdf>

<sup>3</sup> <https://event.on24.com/eventRegistration/EventLobbyServlet?target=registration.jsp&eventid=1174443&sessionid=1&key=84B8BA7FF9210823BD5361A07E61512B&sourcepage=register>

<sup>4</sup> <http://ccma-acmc.ca/en/wp-content/uploads/T2-SettlingAssetListForIndustryComment-April302016.pdf>

The T2SC approved closure of LRWG-015 (TSX Venture Exchange Rule Book), LRWG-021 (Natural Gas Exchange Inc.), and LRWG-059 (Bloomberg Tradebook Canada Company).

**12.  
Issues**

**Review of Open**

**(a) ATS's**

***Liquidnet (#057)***

**Al Kovacs**

Al was unable to attend the meeting.

Liquidnet has advised it will have systems changes. The subscriber agreement and F2 filings still need to be assessed.

**(b) Exchanges**

**TSX-V Corporate Finance Manual (#031)**

**Mark Jarrett**

Mark reported that work is ongoing (assessment should be complete by the end of June 2016). The plan is to take any amendments for this issue log (and the other TMX issue logs) to the respective boards in December 2016.

On an aside, Jamie noted that there has been discussion at previous LRWG meetings as to the classification of the amendments (i.e. "material/significant" versus "technical/housekeeping") for the purposes of the Rule Protocols to which the various marketplaces are subject. The approach taken should be consistent across all of the marketplaces (i.e. whether a public comment period is necessary). At this juncture, the CSA has not made any determination as to the classification of such amendments.

**(c) National Instruments**

**NI 81-102 Investment Funds s. 9, s. 10 (#004)**

**Charles Wang**

Charles advised that he will be discussing these amendments with the Investment Funds Branch of the OSC once he has completed his research on the previous T+5 to T+3 transition.

**NI 81-104 Commodity Pools (#014)**

**Charles Wang**

The potential amendment applies to s. 6.3 that refers to s. 10.4(1) of NI 81-102

Charles advised that he will be discussing this amendment with the Investment Funds Branch of the OSC.

**NI 24-101 Institutional Trade Matching (#005)**

**Keith Evans**

Keith noted that NI 24-101 deals with trade reporting, confirmation, and readiness for settlement (i.e. trade matching). The OWG, based on industry consultation, is recommending that the timelines and thresholds applying to domestic firms remain as is; however non-North American trades should move to align with the timelines applicable for domestic trades.

Max Pare advised that the CSA committee came to the same conclusion as the industry group regarding changes for non-North American trades. CSA staff would be targeting an August 2016 publication date for amendments to NI 24-101 for a 90-day comment period.

Jamie asked if the CSA staff have considered when the amendments would come into force (e.g. on a specific date or on a date confirmed by an appropriate body to be the day of transition for T+2). Initial thoughts are that the amendments would apply on the day declared to be the day of transition for T+2. Keith asked if there are no contrary views against the proposed amendments, would it be possible that the amendments come into force earlier than the transition date. Max indicated that could be a possibility but the CSA staff have not yet turned their attention to the coming into force date. Keith agreed to raise the timing with the T2SC.

**(d) Insurance**

**Segregated Funds CLHIA Guideline (#007)**

**Charles Wang**

Charles reported that the CLHIA is reviewing the IVIC guidelines and will report in to the MFWG upon completion of its analysis. Preliminary view is that no changes are required.

**(e) Investment Funds**

**Prospectuses and contracts (#013)**

**Charles Wang**

Charles reported that when Fundserv publishes the T+2 information for its users, a reminder will be included that strongly encourages entities review their prospectuses and practices regarding MFDA requirements for settlement date inclusion on trade confirmations. Jamie noted that this may align with the readiness discussion that the T2SC will have (i.e. whether individual firms are ready).

**(f) SROs**

**IIROC - member rules (#024)**

**Answerd Ramcharan**

Answerd reported that the mortgage backed securities items (Rules 200.2(l) and 800.27) will require amendments. For the follow-up with CDS on Rule 800.34 regarding ex-dividends and the best manner to treat days, it was agreed that it should be business days.

The IIROC subcommittees have vetted the amendments for the 12 items and the full Financial Administrator Section is vetting the amendments on May 19 (in the afternoon). The amendments for the member rules will be tabled for approval with the IIROC board in June and published for comment in July (90-day comment period).

**13. report to T2SC for approval**

**Issues completed to Jamie Anderson**

The following was agreed:

- Issue Log LRWG-043 (LCH.Clearnet LLC) – this particular LCH entity is classified as a US derivatives clearing organization and regulated by the CFTC. It operates Swapclear which clears interest rate derivatives (swaps). These products do not currently settle on a T+3 basis and are not impacted by the move to T+2. The committee agreed to table this issue log with the Steering Committee for closure.
- Issue Log LRWG-054 (Candéal) – no changes are required for the subscriber agreement and there will be no F2 filings required. There will be systems changes (to be tracked by the OWG). The committee agreed to table this issue log with the Steering Committee for closure.

**14. Other Business**

Keith advised that the CCMA will be issuing a survey to canvass the industry about knowledge of T+2, budget, plans and resources, etc. The survey will be confidential and results released only on

an aggregate basis. The survey is intended to help direct future CCMA activities for T+2. The survey is short and should take less than 5 minutes to complete.

**15. Next Meeting – Wednesday June 22, 2016 @ 11am**

Jamie thanked everyone for their attendance and input. The meeting was then adjourned.

**List of Attendees**

Aequitas	Cindy Petlock
BCSC	Anna Poezzheava
Bloomberg Tradebook	Ed Moran
Bourse de Montréal	Jean-Philippe Joyal
CCMA	Barb Amsden
CCMA	Jamie Anderson (Chair)
CCMA	Keith Evans
CETFA	Ted Kelterborn
CIBC	Julia Tomson
IFIC	Charles Wang
IIROC	Answerd Ramcharan
Instinet	Anne Marie D'agostino
L&T Infotech	Kim Barrett
L&T Infotech	Mike Lamacchia
Morgan Stanley	Brian Choy
National Bank	Wayne Warner
Northern Trust	Scott Kelly
OSC	Max Pare
TMX	Mark Jarrett