

T+2 Legal & Regulatory Working Group

(LRWG)Agenda

Tuesday November 22, 2016 - 11:00 AM ET (8:00 AM PT)

1. Approval of the October 27, 2016 meeting minutes¹ Jamie Anderson
2. Matters arising from the October 27, 2016 meeting minutes
 - MFDA - T+2 preparedness questions (in addition to settlement date on trade confirmations)
3. Review of Open Issues

(a) Clearing Agencies	CDCC update (#003)	Jamie Anderson
(b) Exchanges	<ul style="list-style-type: none"> • Bourse de Montréal (#012) • Canadian Securities Exchange (#010; #030) • Aequitas NEO Exchange (#011; #050) 	Jean-Phillippe Joyal Jamie Anderson Cindy Petlock
(c) SROs	IIROC - member rules (#024); UMIR (#052)	Answerd Ramcharan
(d) National Instruments	<ul style="list-style-type: none"> • NI 81-102 - <i>Investment Funds</i> s. 9, s. 10 (#004) • NI 81-104 - <i>Commodity Pools</i> s. 6.3 (#014) *Update re: IFIC's position • NI 24-101 <i>Institutional Trade Matching</i> *Request for comments update 	Charles Wang Charles Wang Max Paré
(e) Insurance	Segregated Funds CLHIA Guideline (#007) *Update re: letter from CLHIA confirmation in writing	Charles Wang

4. Issues to recommend to T2SC for closure Jamie Anderson
 - LRWG-045 Omgeo Canada Matching Ltd.
5. Other Business
6. Next Meeting – Tuesday January 17, 2016 @ 11am

Conference Details

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

¹ <http://ccma-acmc.ca/en/wp-content/uploads/LRWG-MeetingPackage-2016-October-27.pdf>

Draft Minutes of the LRWG meeting on Thursday October 27, 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.

1. Approval of the September 21, 2016 meeting minutes² Jamie Anderson

The minutes were approved with the following change in the last paragraph in section 6 “Other Business”: the word “by” was replaced with “may include”.

2. Matters arising from the September 21, 2016 meeting minutes

Charles Wang said he will report at the November 22 LRWG meeting as to whether the MFDA plans to monitor mutual fund dealer readiness as IIROC plans for its dealer members (such as the possibility of asking T+2 preparedness questions during routine examinations).

3. Update from T2SC meetings September 22 and October 26, 2016 Jamie Anderson

US Industry Steering Committee update

On September 28, 2016, the SEC voted to issue a request for comments for proposed amendments to Rule 15c6-1(a) of the *Securities Exchange Act* of 1934.³ Comments are due on or before December 6, 2016. The CCMA has drafted a comment letter which has been presented to the T2SC. The comment letter is supportive of the proposed changes. Additionally, the letter notes that Canada-U.S. cross-border activity is substantial and hence the impact of T+2 on investors in each country is significant.

The final US Asset List has been published (cash products in scope).⁴

DTCC is hosting a T+2 forum in New York in the morning of October 28. The presentations are available in person only and will not be recorded. Keith Evans will be attending for the CCMA.

NI 24-101 Request for Comments

The proposed changes to NI 24-101 have been published by the CSA for a 90-day public comment period. The comments are due by November 16 2016. The CCMA has drafted a letter supporting the proposed amendments.

² <http://ccma-acmc.ca/en/wp-content/uploads/LRWG-MeetingPackage-2016-October-27.pdf>

³ <https://www.gpo.gov/fdsys/pkg/FR-2016-10-05/pdf/2016-23890.pdf>

⁴ <http://www.ust2.com/pdfs/t2-cash-products-in-scope.pdf>

Industry Readiness & Attestation changed to Project Acknowledgement

The T2SC agreed that the form of the attestation would be softened to become a T2 project acknowledgement (rather than a certification). The US ISC has dispensed with the concept of an attestation (as has DTCC); rather they will be using surveys to ascertain readiness. The form of the acknowledgement will be assessed at the next T2SC; the timeline for signing the acknowledgement will be June or July 2017. CDS is likely to also use an acknowledgement for its participants. The acknowledgements will provide the CCMA a good basis from which to advise the US command centre as to the readiness of Canada to proceed.

CEWG update

The CEWG is working on its fourth round of FAQ's and will be comparing the FAQ's to the US equivalent to determine if there are any differences.

IIROC comment letter

In addition to the SEC and CSA comment letters, the CCMA has also submitted a comment letter for the IIROC request for comments. Keith noted that the CCMA letters reflect the T2SC position as opposed to an industry-wide position and encouraged firms and associations to send their own comment letters as well.

4. Review of Open Issues

(a) SRO's

IIROC - member rules (#024); UMIR (#052)

Answerd Ramcharan

Answerd reported the comment period ended yesterday and that one public comment letter was received (from the CCMA).⁵ The CCMA letter made a request for relief concerning trade confirmation suppression reporting. It is expected that any comments from the CSA will be received within the next couple of weeks. Provided the CSA approves the amendments, IIROC would issue an implementation notice (date to be aligned with the T+2 timeline).

(b) National Instruments

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

Charles Wang

NI 81-104 Commodity Pools (#014)

Charles reported that the IFIC letter to be sent to the Investments Funds branch of the CSA is still pending. IFIC is trying to address some non-T+2 items with the CSA but the letter is standalone in

⁵ http://www.iiroc.ca/Documents/2016/8301431a-9840-4c6f-809e-b6810e009a52_en.pdf

regards to T+2 (i.e. the letter will not incorporate non-T+2 matters). The expectation is that the letter will be sent by early to mid-November 2016. Charles noted that while Rule changes look to be necessary, there may be regulatory solutions as well (instead of the Rule amendments). Jamie asked as to the nature of the regulatory solutions. Charles advised that while the National Instruments have hard-coded T+3, it may not be necessary to amend the National Instruments (using previous regulatory actions as a precedent). Charles advised that they do not know the volume or dollar amount of the affected investment funds. Jamie asked whether IFIC is confident that a mid-November delivery of the letter to the CSA will provide enough time for all of the CSA jurisdictions to implement National Instrument amendments (assuming such are required) prior to September 5, 2017. Jamie noted that this specific issue was raised at the T2SC meeting the day previous – certain jurisdictions require much more time than the 90-day comment period. Keith commented he has met with various regulators and they have issued significant concern that time is running out on getting the National Instrument amendments implemented prior to September 5, 2017. Jamie also noted that the T2SC wanted to know whether any issue logs were approaching or in a “red” category and this specific issue log is approaching “red” status. Charles advised that if amendments are determined to be necessary, if they are not ready for September 5, 2017, it is not a deal-breaker for the T+2 activities. Keith asked whether IFIC has discussed the amendments with the CSA. Charles advised that not on these items. Jamie asked for clarity whether the rules amendments identified in the LRWG issue logs for NI 81-102 *Investment Funds* and NI 81-104 *Commodity Pools* may not be required. Charles advised that for certainty it would be better to make these amendments (the “for settlement” occurs after the T+2 timeline – currently it matches a T+3 settlement). Charles confirmed this is within the span of IFIC’s control to advance – there is no need to go back to the MFWG for instruction or approval.

(c) Insurance

Segregated Funds CLHIA Guideline (#007)

Charles Wang

Jamie noted that the LRWG is of the view that no changes to the segregated funds CLHIA guidelines are required. It was previously reported that Peter Goldthorpe of the CLHIA had advised that a formal letter will be drafted advising no changes are required and that Charles would follow-up with Peter to determine status.

Charles advised that he was not sure whether a letter will be drafted; rather he thinks it is more to obtain confirmation from the CLHIA committee that no changes are required. Charles is not aware of the formal process the CLHIA plans to undertake in this regard. Charles advised that a MFWG meeting has not occurred since Peter had advised he would be formalizing the CLHIA response. Charles is not sure whether Peter will update him directly or at the next MFWG meeting. Jamie asked whether Peter was aware that there is an issue log tracking this matter – Charles confirmed that Peter is aware of this.

5. Issues completed to report to T2SC for approval

Jamie Anderson

There were no issues completed to report.

6. Other Business

Jamie advised that he had requested assistance from U.S. colleagues regarding eight issue logs that pertained to entities operating in Canada but have their primary regulatory relationship in the U.S. Five of the issue logs (#020 – ICE Futures U.S.; #45 Omgeo; #017 & #034 for the CME Group; #038 CLS Bank) do not appear to require rule amendments (with the remaining three needing amendments – [#041 – ICE Clear Credit; #042 LCH.Clearnet Ltd.; #046 OCC]). Jamie said he has asked that for confirmation that these 5 issue logs do not need changes and for the other three issue logs, if changes are necessary, that the U.S. ISC (or appropriate sub-committee or industry group) is tracking the changes.

Jamie also advised he had asked U.S. colleagues whether the tender process under the Securities Exchange Act s. 14e-4(f)(5) requiring prompt payment for tenders follows a maximum three day payment expectation (mapping to the existing T+3 settlement timeline). This would provide some guidance for the process in Canada.

7. Next Meeting – Tuesday November 22, 2016 @ 11am

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

List of Attendees

BC Securities Commission	Meg Tassie
CCMA	Barb Amsden
CCMA	Jamie Anderson (Chair)
CCMA	Keith Evans
CIBC Mellon	Carol Revoredo
CIBC Mellon	Dina Zivanovic
Desjardins	Laura Ladisernia
IFIC	Charles Wang
IIROC	Answerd Ramcharan
NBC	Wayne Warner
OSC	Max Paré

RBC	Pina Teti
TD	Rob Candido
TSX	Mark Jarrett
UBS	Walker Wentworth