



T+2: Fundserv and IFIC Working Group Agenda

Date: Thursday, August 11, 2016
Time: 10:30 a.m. – 12:00 p.m.
Location: Fundserv Boardroom, 17th Floor
Conference Info: 1-866-303-6834
Participant Code: 842819
Web Conference Info: https://join.onstreammedia.com/go/60352630/t2_fundserv_ific_aug11

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| 1. Introductions | |
| 2. Review/Approval of the June 30 Meeting Minutes | Members |
| 3. Review v27 T+2 Integration proposal & make recommendation | Members |
| 4. Review Testing Strategy (including Mock environment) | Members |
| 5. Other Business | Members |

T+2: Fundserv and IFIC Working Group

Minutes: Thursday, August 11, 2016, 10:30 a.m. to 12 p.m. ET

Fundserv Boardroom, 17th floor, The Exchange Tower

BUSINESS

1. Minutes

The minutes dated May 27, 2016 were tabled and accepted, with the following changes to Section 2, “Legal & Regulatory Changes”:

When a transaction is expected to settle in three days or T+3, but the distributor fails to settle, a manufacturer must “force settle” the transaction on the 4th day. ~~For example, if a transaction is expected to settle in three days or T+3, but the distributor fails to settle, a manufacturer can “force settle” the transaction.~~ When a transaction is expected to settle in three days or T+3, but the distributor fails to settle, a manufacturer must “force settle” the transaction on the 4th day. In a T+2 environment, the manufacturer would need to force settle on T+3,

2. Proposed Changes to Integrate T+2 in v27

Based on member concerns about supporting multiple test environments, Fundserv re-examined how best to facilitate T+2 testing without having to create too many additional test environments. The Working Group agrees that only two environments are needed to support T+2 testing: one region for “all-purpose” (including T+2) testing and one to simulate the implementation weekend (aka Mock).

- Fundserv did a walk-thru of the proposal that was sent to the Working Group on July 21st via e-mail. The Working group agreed with the updates needed for the NSR screens.
- Regarding ICT edit changes, the group agreed on the following “From Fund” ICT edit changes.

Edit 1: “Must be a fund with a settlement period > 1”

Edit 2: “All funds must have the same settlement period”

There was discussion about expanding Edit 2 above to allow funds with different settlement periods (T+5, T+7, T+10) whereby the Buy Fund would be based on the lowest settlement period from the sell side. The group agreed that this could not be accomplished on the Sell Side as monies may not be available due to liquidity reasons prior to stipulated settlement date.

- Regarding the following “To Fund” ICT edit change and examples:

“Must be a fund with a settlement period equal to or greater than (the From Fund ID settlement period less a settlement day).

Example#1:

From Fund ID Settlement Period: T+2

To Fund ID: Must = T+1 or greater

Example #2:

From Fund ID Settlement Period: T+5

To Fund ID: Must = T+4 or greater e.g. T+5, T+6

The Working group members were asked if there was any business or regulatory reasons why a fund on the Buy side could not settle early. A member mentioned that there could be interest accrual implications for fund company(ies) receiving the monies one day earlier. However, in the existing ICT process, the ICT Buy Side settles one day early accruing a day’s interest.

Action Item: Working Group members asked to confirm how early a fund on the ICT Buy Side can settle? For example, on the ICT Buy Side, can a T+5 fund settle on T+2?

Action Item: Should there be a limit to the number of days a “To Fund” can settle early. For example, if the From Side is a T+2, should we allow a T+10 on the To Side, which would require that fund to settle 9 days early?

- ICT CAX allowed up to S-1. (see proposal for change)

3. Testing Plan Review

Fundserv shared the High-level test plan with tracked changes and will share the finalized document with members once action items relating to testing have been confirmed. The Working Group agreed that there would only be one v27 & T+2 integrated testing environment, available from March 2017 up to and beyond the T+2 Implementation. Manufacturers would need to provide T+2 funds upon activation and Fundserv would maintain a list of these T+2 funds and provide a list on the T+2 testing landing page. Fundserv will provide a life cycle order test case as a minimum guide for a testing plan; however participants should create their own test plans.

Fundserv will create a minimum of 3 Mock cycles to allow participants to simulate the implementation weekend with the following proposed dates:

Mock 1 - June 22 – June 30

Mock 2 - July 6 – July 14

Mock 3 - July 20 – July 28

Based on the discussion, the above dates may need to be moved up to allow vendors to provide attestation to CCMA by the Go-No Go date. It was indicated that this date may be on or around July 15th.

There was discussion about Fundserv being able to copy Production funds into the Mock test region or whether the existing funds would be copied over from the UAT environment. Based on feedback in the meeting, it seemed as it would not be prudent to copy over funds from production as some manufacturers or their vendors use test fund codes that are not present in the production environment. Manufacturers would then be required to send an FD file ("ZD" in test) with an effective date of the Tuesday within the cycle to affect the change from T+3 to T+2.

4. Implementation Review

➤ Fund Profile Update Process

Fundserv recommends that manufacturers must send FD files in v27 format, in Production, indicating which fund profiles are being moved to the T+2 settlement period. These can be sent any time after the v27 Implementation on June 12, 2017. The FD files should be created with a future effective date of September 6, 2017. To a manufacturer-member request to be able to send .csv files instead of FD or Delta files, Fundserv reminded them that per audit reasons this would not be permitted. As there will be additional updates to the FD file elements in v27, in addition to the settlement change required for T+2, Fundserv is reviewing options to make this process easier for the manufacturers to create the change and easier for the distributors to consume the changes.

➤ Distributor Requirements

A member reiterated the request that distributors and distributor vendors made for the need of a separate file indicating funds moving from T+3 to T+2 (preferably in a .csv format), in advance of the implementation. As previously documented, the information is not critical for trade processing, trade settlement or trade reconciliation, as distributors rely upon the wire order information provided in the reconciliation files. Currently, this is made available by way of the Fund Setup (FD) file, to which distributors or vendors would need to request if they do not currently receive it. The Fund Confirmation (FC) file, which would be available after 4 pm on the Friday of the implementation weekend (as the Monday is a holiday), would provide confirmation of the fund changes from T+3 to T+2. It should be noted that the FD File is optional for distributors; and consequently, the FC File is optional and distributors would need to notify Fundserv if they would like to receive the FD or FC file, as they can opt to receive one or both. Fundserv also has a Fundlist file (xml only) which can be made available on the implementation weekend. There was discussion about using the Fund Profile located on Fundserv's public site, as this is currently available in .csv format; however, the update to the site may not be timely and there may be other limitations.

5. Other Business

No other business.

ACTION ITEMS

Item #	Responsible party	Item	Action	Opened	Status
1.	All Members	V27 – T+2 Integration Proposal – “To Fund” ICT edit changes	Should there be a limit to the number of days a “To Fund” can settle early? For example, if the From Side is a T+2, should we allow a T+10 on the To Side, which would require that fund to settle 9 days early?	08/11/16	Open
2.	All Members	V27 – T+2 Integration Proposal – “To Fund” ICT edit changes	Working Group members asked to confirm how early a fund on the ICT Buy Side can settle? For example, on the ICT Buy Side, can a T+5 fund settle on T+2?	08/11/16	Open
3.	Fundserv	Fund Profile Update Process – T+2 and New v27 Elements	Fundserv to provide additional recommendations on this process.	08/11/16	Open
4.	C. Wang. IFIC	Legal/Regulatory Changes “Forced Settle Trades”	C. Wang to follow up with IFIC Legal and Compliance Working Group and provide update at next meeting.	06/30/16	Open
5.	P. Goldthorpe, CLHIA	Segregated Funds	P. Goldthorpe to review with CLHIA and determine if there are any legal issues and advise this WG at the next meeting	03/07/16	Open

Next Meeting

The next meeting of the T+2: Fundserv and IFIC Working Group is scheduled for Tuesday, September 20, 2016 from 10:30a.m to 12p.m. in the Sims Boardroom, 17th Floor at Fundserv.

Meeting Adjourned

List of Attendees

(Those who indicated via email during the meeting or afterwards that you were on the call should be included here. Apologies if you were missed.)

Firm	Name	
AGF Investments Inc.	Chris	Sotiropoulos
BMO Financial Group	Anaida	Ghionea
BMO Financial Group	Jason	Hicks
BMO Nesbitt Burns	Steve	Braugiroux
Broadridge Financial Solutions	Mike	Morgan
Keith	Keith	Evans
Canadian Capital Markets Association – CCMA	Barb	Amsden
CGI	Margaret	Stephens
CGI	Mike	Trieu
CI	Zubair	Hotewala
CIBC Capital Markets	Jan	Beckerleg
CIBC Mellon	Jale	Wright
CIBC Mellon	Dina	Zivanovic
CIBC Mellon	Carol	Revoredo
Credential Financial	Tom	White
Desjardins	Anna-Maria	Bonacci
Equitable Life of Canada	Anne	Neves
Fidelity	Mohammad A	Sheikh
Fidelity	Sacheen	Mehta
Fidelity	Tracy	Magee-Bilan
Franklin Templeton	Kelly	Bick
Fundserv	Fatima	Jafri
Fundserv	Russ	White*
Fundserv	Alex	Wong
Fundserv	Kyle	Bedeau**
Fundserv	Rick	Ambrozic
Great-West Life	Linda	Mosthaf
IFDS	Blair	Munn
IFDS	Dan	Bozdog
IFDS	Millicent	Asiamah
IFDS	Steve	Benham
Manulife	Bill	Devolin
Manulife	Theresa	Deveau
National Bank of Canada	Natalie	Roberge
RBC DS	Karen	Grant
RBC Investor Services & Trust	Henderson	Leacock
RPM Technologies	Pauline	Barter
Scotiabank	Raymond	Grech
SGGG	Owen	Brown
TD	Michael	Kenny
Univeris	Robert	Wagner

*Chair

**Minutes