**CCMA - T+1 Operations Working Group**

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**T+1 Operations Working Group**

**Agenda**

**April 14, 2022 at 11:00 AM ET**

**Co-Chaired by:**

Sheera Badial of Canaccord Genuity

Domenic Sgambelluri of Northern Trust

1. **Approval of** [**Minutes**](#OWGMinutes) **from the meeting held on March 10, 2022**
2. **Update from the T+1 Steering Committee.**
   1. **CCMA Comment Letter to the SEC (separately attached)**
3. **Issues for discussion**
4. **OWG-013 – CDS Job Scheduler (separately attached)**
5. **OWG-003 – ETF Create/Redeem (**[**verbal update**](#OWG003)**)**
6. **OWG-025 – Asset List (verbal update)**
7. **OWG-005 – NI-24-101 (**[**see below**](#OWG005)**)**
8. **OWG-034 – Client Communications (**[**see below**](#OWG034)**)**
9. **Other Business**
10. **Next Meeting May 12, 2022 at 11:00 AM ET**

**T1-OWG -** **Minutes of March 10, 2022**

Keith Evans of CCMA welcomed attendees to the T+1 Operations Working Group meeting. He asked all members to send an email to him indicating their attendance at the meeting. Keith then turned the meeting over to Domenic Sgambelluri and Sheera Badial.

1. **Approval of the Minutes from the meeting held on February 10, 2022**

Domenic reported that the Minutes from the last T+1 Operations Working Group meeting, held on February 10, 2022, were distributed with the meeting package. There were no additions, subtractions or material corrections requested by members, therefore the Minutes of the meeting were approved as presented.

1. **Update from the T+1 Steering Committee - Issue Log OWG-007**

Domenic reminded members that at the last meeting of the OWG, it was agreed to recommend to the T+1 Steering Committee that all Corporate Actions will not need any material changes, other than the correct calculation of the Ex-Date when establishing a new event. Domenic said that the Steering Committee unanimously agreed and approved with the recommendation.

Johann Lochner from CDS said that the U.S. has indicated that if the entitlement trades with due bills, the Ex-Date will be the same as Due Bill Redemption Date. He also reported that another area that will be impacted is the protect period / letter of guarantee period related to voluntary event expiries. In a T+1 environment the period will be reduced. However, DTCC is proposing to get rid of the protect period as part of the move to T+1. The impact will be that the tendered share has to be delivered to the depositary agent by the expiry date / time of the offer. The Canadian market will follow suit related to the letter of guaranteed period.

Domenic asked that this clarification be added to the Issue Log.

1. **Review of Issue Log**
2. OWG-013 – CDS Job Scheduler: Domenic introduced this issue and the importance that it we play in setting the tone for almost everything else that we do to ensure trades settle on time. Keith Evans reported that CCMA had brought in Fran Daly, formerly of CDS, to undertake the sorting of the Job scheduler and make a recommendation back to the OWG on how the industry needs to move in order to transition to T+1. He expects the recommendation to come back to the OWG in May of this year. Fran walked through the scope of his assignment, as follows; Document current end of day batch processing schedule, Identify inputs/outputs for each processing function, Identify current start and end time for each job stream, Identify roadblocks to support T+1 securities settlement, Propose revisions to job stream timelines to support T+1 securities settlement, Present recommendations to Operations Working Group. The assignment will also Document Service Bureau/Vendor business processes for each CDS job stream, Document participants business processes for each CDS job stream, and Identify roadblocks to support T+1 securities settlement. The functional areas to be reviewed are Trade Entry, Trade Correction, Trade Confirmation, Trade Matching, Block Trade allocation, Trade Reconciliation, International Trade Processing, and Cross Border Transactions.
3. OWG-009 – Securities Lending: Domenic introduced the issue of Securities Lending and the impact of the transition to T+1 will have. He introduced Phil Zywot of CASLA to provide an update on the issues related to Securities Lending. As background information Phil said that Securities Lending in Canada is a major supporter of the overall settlement process, while eequally important, Securities Lending provides a revenue stream to buyside firms. Phil reported that about $65 billion in equities and $200 billion in fixed income are out on loan at any one time. The primary issue identified to date is that ‘Recalls’ will become a challenge. Whenever possible the lending agent will search out a substitute lender within their portfolio before issuing a recall of previously lent securities. Even though only 5% of the loans need to be recalled in order to facilitate another transaction by the lender, the process could lead to higher ‘Failed trades’ in the future. Phil said that the move from T+3 to T+2 did not have much of impact on Sec Lending, however T+1 presents a much more difficult situation for the lending community. Late trade notification could result in loans that may not be recalled until Settlement Date, or may lead to some positions not being lent out at all, and that the processing of corporate actions may be problematic as well. The bottom line is that the recall feature will need to change under a T+1 environment. He expects that more automation is likely the only solution; to automate the calculation of positions to be recalled, and to issue of the recall notice, etc.

There was a good discussion on this topic and it was agreed that further work needs to be done by the CASLA and then brought back to the OWG in the future.

1. OWG-003 – ETF Create/Redeem - Domenic introduced the issue of ETF processing. He introduced Pat Dunwoody, head of the Canadian ETF Association. Pat said that her working group was currently meeting to document the process flow, where they believe that the create/redeem process will be a challenge, particularly for non-North American funds. She said that they expect to complete their work over the next couple of moths, but she will be back next month to discuss the progress.
2. OWG-025 – Asset List – Domenic introduced the issue of identifying issues that will transition to T+1. He asked Keith to provide an update. Keith said that CCMA had prepared a draft asset list, which is based on the final T+2 asset list issued in 2017. He said that the basic assumption is that all issues currently settling on a T+2 basis will transition to T+1. He said that new instruments have been added, while some obsolete instruments have been removed. Keith said that the document is split into Mutual Funds and non-Mutual Funds. The MFWG will deal with the Mutual Fund assets, while OWG will deal with the rest. Keith asked members to undertake a review of this list and report and changes to Domenic, Sheera or Keith before the end of April. The updated list will go to the Steering committee in May and hopefully be finalized by the end of June.
3. **Other Business**

One member asked if CCMA had heard about the possibility that the US may be delaying the implementation date of March 2024. Keith said that he had not heard of any discussions, other than last summer when some US members expressed concerns about meeting a Q1 20924 deadline.

Another couple of member asked about what changes might be considered for NI 24-101, including the potential of manual partials. Keith reported that while there is much work to be done, and any changes to this NI will likely become clearer once the CDS Job scheduler work has been completed. However, changes to the NI timelines appear to be likely affected in some way. There was further discussions on if the NI could be canceled al together. Keith said that this is something that will need to be discussed further in the coming months.

1. **Next Meeting**

The next meeting of the T+1 Operations Working Group will be scheduled for April 14, 2022, at 11:00 AM Eastern.

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| **In Attendance** | **Organization** | **Name** |
|  |  |  |
| X | AGF | Michael Kwok |
| X | ATB | Ha Luong |
| X | BlackRock | William Trieu |
|  | BlackRock | Meaghan Li |
| X | BMO | Art Valdes |
| X | Broadridge | Bryan Trudell |
|  | Broadridge | Dean Manchip |
| X | Broadridge | Lilea Chong |
|  | Broadridge | Roy Garafano |
|  | Broadridge | Srikar Basava |
|  | Broadridge | MeeChee Beutel |
| X | Canaccord Genunity | Brenda McIntyre |
| X | Canaccord | Sheera Badial **Co-Chair** |
| X | Canada Life | Linda Mosthaf |
|  | Casgrain | Andre Zanga |
| X | Casgrain | Pierre Mital |
| X | CCMA | Keith Evans |
| X | CCMA | Fran Daly |
| X | CCMA | Barb Amsden |
|  | CDCC | Ana May |
| X | CDS | Johann Lochner |
| X | CETFA | Pat Dunwoody |
| X | CI | Deborah Carlyle |
|  | CIBC | Carol Elmalem |
| X | CIBC | Jim Newman |
| X | CIBC | Kapil Sharma |
| X | CIBC | Danny Leca |
|  | CIBC | Mike Zellermayer |
|  | CIBC Mellon | Jale Wright |
| X | CIBC Mellon | Phil Zywot |
|  | CIBC Mellon | Jennifer Cheung |
|  | CIBC Mellon | Louis Lesnika |
| X | CIBC Mellon | Nick Douzenis |
| X | CIBC Mellon | Carol Revoredo |
|  | CIBC WM | Susan Fleming |
|  | Citi - US | David Smith |
| X | Citi - US | Lyndon James |
|  | Computershare | Donna McLaughlin |
| X | Computershare | Helen Lau |
| X | Connor Clarke | Mark Austin |
| X | Connor Clarke | Nikita Patel |
| X | Consultant | Tony Kalvik |
|  | Cooperators | Mitra Raghubir |
|  | Co-Operators - Mutual Funds | Mehreen Hussain |
| X | Credit Suisse | Ester Park |
|  | Credit Suisse | Wayne Cowell |
|  | Desjardin | Franck Herve Mpondo Eboa |
| X | Desjardin | Mario Honein |
| X | Desjardins | Pascal Deslauriers |
| X | DTCC | Ana Lotharius |
| X | Fidelity | Robert Argue |
| X | Goldman Sachs | Anit Patel |
| X | Goldman Sachs | Sachin Mohindra |
|  | Goldman Sachs | Lauren Diekroger |
|  | Goldman Sachs | Mustafa Al Niama |
|  | IFIC/L&T Infotech | Janaki Nagulan |
|  | Invesco | Austin Dukes |
|  | Invest PSP | Ali SaÃ¯b |
|  | Invest PSP | Caroline Rossa |
|  | Invest PSP | Charles Marois |
| X | Invest PSP | Elvira Federico |
|  | Invest PSP | Jason Fook Lun |
| X | Invest PSP | Lynne Carbonneau |
| X | Invest PSP | Nicholas Cadotte |
|  | Invest PSP | Victor Quan |
|  | Invest PSP | Vincent Brykczynski |
|  | Jefferies - USA | Christopher Buencamino |
|  | Jefferies - USA | Dennis Jiu |
| X | Kyndryl | Anna Capagnaro |
| X | Kyndryl | Andrew Leadbury |
| X | L&T Infotech | Kim Barrett |
|  | Laurentian Bank | Pim Manirath |
| X | Morgan Stanley | Dianne Duffy |
| X | Morgan Stanley | Mazen Ghanen |
|  | National Bank | Nelson Dugre-Sasseville |
| X | National Bank | Natalie Roberge |
|  | NEO Exchange | Joacim Wiklander |
|  | NEO Exchange | Natalie Panasiuk |
| X | Northern Trust | Domenic Sgambelluri  **Co-Chair** |
|  | Ontario Teachers | Sameer Punja |
|  | OSC | Aaron Ferguson |
| X | OSC | Annetta Ho |
|  | OSC | Emily Sutlic |
|  | OSC | Frank Lacroce |
|  | PSP Investments | Domenica Giannini |
| X | Questrade | Farhan Kazi |
|  | RBC - IS | Anthony Codreanu |
| X | RBC - IS | Cathryn MacKay |
| X | RBC - IS | Jay Gill |
|  | RBC - IS | Nadia Lall |
|  | RBC - IS | Vito Mazzoli |
|  | RBC - IS | Stephen Isgar |
|  | RBC - IS | Bruno Olivieri |
|  | RBC - IS | Kerry Phippen |
|  | RBC - IS | David Cosway |
|  | RBC - IS | Junah Park |
|  | RBC - IS | Rukshana Nanji |
|  | RBC - IS | Harpinder Mangat |
| X | RBC - IS | John Riordon |
| X | RF Clearing | Joe Riga |
| X | RF Clearing | Jeff Carr |
| X | Scotia | Adam Usajewicz |
|  | Scotia | Kurt Sylvan |
|  | Scotia | Victor Chow |
| X | Scotia | Mike Bieley |
|  | SS&C Technologies | Paul Skuriat |
| X | SS&C Technologies | Ginelle Ciuffreda |
|  | SS&C Technologies | Frank Battaglini |
| X | StateStreet | Denny Mendonca |
| X | StateStreet | Ivan Yang |
| X | StateStreet | Brent Blake |
|  | Sunlife | Ali Jaffer |
|  | Sunlife | Sameer Jamal |
|  | TD | Barry McIntyre |
|  | TD | Brad Taylor |
|  | TD | Jorge Lanca |
|  | TD | Ian Jamieson |
|  | TD | Kevin Fraites |
| X | TD Asset Management | Julie Sandwell |
| X | TD Asset Management | Marnie Perepeluk |
| X | TD Asset Management | Ana Liz Fernandez |
|  | TD Asset Management | Jasvir Bhogal |
|  | TD Securities | Geoff Baxter |
| X | TD Securities | Mike Herford |
| X | TD Securities | Sumit Sharma |
| X | TD Securities | Rob Candido |
|  | TD Securities | Claudia Paradis |
|  | TD Securities | James Mikelson |
| X | TMX | Alexandre Prince |
| X | TMX | Mark Jarrett |
|  | TMX | Antonio Discenza |
|  | TMX | Amy Li |
| X | TMX/MX | Marc Broomfield |
| X | Torstone | Dave O'Marra |
|  | Torstone | Mack Gill |
|  | Torstone | Daniel Geddes |
|  | UBS | David Ferguson |
|  | USB | Shewtha Venkataramaiah |
|  | USB | Marc Sobolewski |
| X | USB | Walker Wentworth |
|  | USB | Andrew Clarke |
|  | USB | Lisa Von Redden |
|  | Vanguard | Darnel Miller |
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|  |  | **CCMA T+1** |
|  |  | **Operations Working Group** |
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| **Issue:** **OWG - 003** |  | **ETF - Create/Redeem** |
| **Status** |  | **OPEN** |
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| **Description:** |  | EFT - Create and Redemption process. |
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| **What is the issue:** |  | How will the ETF Create and Redeem process be affect by the shortening of the settlement period from T+2 to T+1 |
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| **Major discussion points:** |  | CEFTA working on a document to be shared with OWG |
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|  |  | C:\Users\kevans\Pictures\CCMA Logo.jpg   |  | | --- | | **CCMA T+1** | |
|  |  | **Operations Working Group** |
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| **Issue:** **OWG - 005** |  | **NI-24-101** |
| **Status** |  | **OPEN** |
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| **Description:** |  | The NI 24-101 is a National Instrument, under the CSA, that describes the timelines for reporting and confirming trades |
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| **What is the issue:** |  | The industry needs to consider how the current timeline need to change for the new settlement period of T+1 |
|  |  | What about Non North American trades are the current standards still appropriate. |
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| **Major discussion points:** |  | Should firms who execute 'Block' trades be mandated to have an automated process with the buy side and custodian (e.g.. SS&C) |
|  |  | The CDS Job Scheduler will need to be modified (OWG-013) to set new cut off times for trade entry, corrections, allocation. |
|  |  | Trades MUST be ready for settlement by the end of Trade Date in order to maximize the collateral reduction obligations to CDS |
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|  | **CCMA T+1** |
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| **Issue:** **OWG - 034** | **Client Communications** |
| **Status** | **OPEN** |
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| **Description:** | Communication to clients need to reviewed to ensure that trade confirmations (anything else?) can be completed within the shortened timeframes. |
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| **What is the issue:** | Trade confirmations need to be communicated to clients. Are there deadlines that, within T+1 are unlikely to met. Do regulations need to be modified to allow for electronic communications. What new deadlines should be applied. |
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| **Major discussion points:** | What communications need to be sent to clients; Trade Confirmations, etc. |
|  | How do members communicate these….via post office or electronic? |
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