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

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**T+1 Operations Working Group**

**Agenda**

**December 14, 2023 at 11:00 AM ET**

**Co-Chaired by:**

Sheera Badial of Canaccord Genuity

Domenic Sgambelluri of Northern Trust

1. **Approval of Minutes from the meeting held on November 9, 2023**
2. **T+1 Steering Committee Update**
   1. **General Update – Keith Evans**
3. **Issues for discussion**
   1. **ETF Task Force update – Jamie Anderson**
   2. **ITP Stats**
      1. Can CDS provide stats at 3:59 starting in January 2024
      2. ITP stats discussion
      3. ETF fail statistics
   3. **Review of Issue Log - Sheera/Domenic**
      1. OWG-011 Capital/collateral implications
      2. OWG-021 Restricted Share Transfers (Residency/Hold periods etc.)
      3. OWG-023 Holiday Processing
      4. OWG-027 STAC Issues
      5. OWG-032 Operational Issues with T+1 processing
      6. Review of Low Priority Logs (time permitting)
4. **Other Business**
5. **Next Meeting January 11, 2024 at 11:00 AM ET**

**T1-OWG -** **Minutes of November 9, 2023**

Keith Evans of CCMA welcomed attendees to the T+1 Operations Working Group meeting. Keith then turned the meeting over to Domenic Sgambelluri and Sheera Badial.

1. **Approval of the Minutes from the meeting held on October 12, 2023**

Domenic Sgambelluri reported that the Minutes from the last T+1 Operations Working Group meeting, held on October 12, 2023, 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. **T+1 Steering Committee Update**

* Keith provided an update on the activities of T+1 as follows:
  + There are a few items on today’s agenda that were part of the Steering Committee, so he said they would be covered later in the meeting.
  + As of today there are only 200 days until the transition to T+1.
  + US testing is ongoing, with no material issues being reported.
  + Recent questions form the industry have centered on the potential of a delay in the implementation. Most of these questions seem to originating in the UK and Europe. Keith said that under no circumstances is a delay in the date being considered. Keith further said that the only way the date changes is if the SEC changes the US date…..and there are no discussions ongoing.
  + ITP stats are still very low, and Keith asked members to think about this and be prepared to discuss the issue under Other Business later in the meeting.
* CDS provided an update on the CDS/CNS risk Model.
  + Marco Carcocole said that CDS is currently working on finalizing the review of the CNS Risk system.
  + As promised, CDS will provide an impact analysis will be provided in January 2024.
  + The current system supports T+1, within CDSX.
  + Only minor changes are required and they will be completed by the end of 2023.
  + Overall industry impact to be provided in January, as well as at the individual participant level.
  + Testing to be performed in the new year.
  + A new same day resizing of the overall fund will be implemented prior to T+1. Details are still being worked out, but will be shared with the industry early in the new year.
* CDS provided an update on the Cross Border Service Risk Model.
  + Newton Hong provided the update.
  + Confirmed the changes being imposed by NSCC.
  + CDS changes have been identified and will be completed by the end of the year.
  + The industry will be advised of the impact of the move to T+1 in January 2024.
  + Testing to be performed in the new year.

1. **Issues for discussion**

A – ETF Taskforce - Update – Domenic asked Jamie Anderson of CCMA to provide an update to the group. Jamie said that the ETFTF continues to meet monthly and he summarized their activities as follows:

* The current focus of the taskforce is to work on the ability to provide collateral as part of the ETF primary market process.
* NI 81-102 provides the rules for the primary ETF market (as well as Investment Funds).
* There is a lack of clarity within the industry, if cash can be substituted for an asset in the creation process. Some members believe you can, while other believe you cannot.
* In the US, cash is used as collateral for a missing underlying asset.
* The concern in Canada, is that in the primary market, if one asset of fifty is not available, then the entire creation of the ETF cannot be completed. Further, in certain circumstances, any secondary trades in the ETF will also fail until the assets are delivered for the ETF.
* Three options being explored with the CSA;
  + A CSA Staff Guidance Notice to be issued that will clarify that cash is usable as a substitute for an underlying asset until such time as that asset is made available.
  + An exemptive relief application be pursued to allow each ETF Manufacturer to accept cash. However, each manufacture would need to apply on their own, at a cost of about $5,000 each (an omnibus application may be possible but without fee relief, each applicant would need to pay the fee). Only the applicants would be covered.
  + A CSA consolidated blanket order be requested which would cover all manufacturers, including any new manufacturer entering the market. The order in Ontario has a maximum of 18 months, renewable one time.

B – Issue Log update – Domenic introduced the following Issue Logs for discussion and closure;

* + OWG-001 - CDS Test Plan. Domenic noted that the detailed CDS Test Plan has been presented and discussed at previous OWG meetings, and that individual firms are addressing specific issues with CDS. He suggested that since there are no outstanding issues to be addressed, this Issue Log should be presented to the CCMA Steering Committee for closure.
  + OWG-005 – NI 24-101. Domenic noted that since the CSA had issued their Staff Notice supporting the industry’s recommendation of 3:59 AM as the cutoff for the entry and confirmation of trades, and that are no outstanding issues to be addressed, this Issue Log should be presented to the CCMA Steering Committee for closure. Keith noted that this would be identified as ‘Closed – Pending issuance of the Final NI 24-101 Rule later this year or early next year.
    - There was a further discussion on the implementation plan. It was noted that the new stats are expected not be in effect until July 1, 2024. (CCMA comment letter requested the start of a quarter after the transition date).
  + OWG-009 – Securities Lending. Domenic said that since CSLA has worked with TMX/CDS to develop a new portal to communicate the recalls between lenders and borrowers has largely been completed. He said that no new work is contemplated at this time. Therefore he suggested that since there are no outstanding issues to be addressed, this Issue Log should be presented to the CCMA Steering Committee for closure.
  + OWG-031 – Trade Life Cycle. Domenic said that since all of the activities from trade execution to trade settlement have been discussed and no new development has been completed or will be completed in the coming months, this issue is now complete. Therefore, Domenic suggested that since there are no outstanding issues to be addressed, this Issue Log should be presented to the CCMA Steering Committee for closure.

**All four Issue Logs were unanimously accepted as being complete, and should be recommended to the CCMA T+1 Steering Committee for closure.**

1. **Other Business**

* There needs to be a further discussion and analyst on the impact of a low confirmation rate leading up to the transition to T+1.
* There is a need to gather statistics on ETF’s (metrics on instances of delayed payments due to unavailable securities in the underlying basket); and their impact on fails.

1. **Next Meeting**

The next meeting of the CCMA - T+1 Operations Working Group will be scheduled for December 14, 2023, at 11:00 AM Eastern.

**ATTENDEES**

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| --- |
| Alison Rose |
| Adetoun Dinah |
| Allan Bisessar - HOOPP |
| Alpa |
| Althea Daley |
| Alvin Lam - Scotiabank |
| Amit Gandhi |
| Amit Joshi |
| Ana Lotharius |
| Andrew |
| Andrew Parker (Torstone Technology) (Andrew Parker) |
| Angie |
| Anna Campagnaro |
| Anna Meshcherova |
| Anne-Claire Hurillon |
| Arjun |
| Arman Sabanal |
| Ashish |
| Ashtab Ruffudeen - HOOPP |
| Assane Ndoye - Desjardins |
| Balaji (BR) |
| BaldwinT |
| Bernd Schwericke |
| Bertina Tu |
| Brandi Branson-EDJC |
| Brent Blake |
| Calonda Brown |
| Carol Revoredo - CIBC Mellon |
| Carolyn Sebek |
| cfaull |
| Chester Hinkson - Scotia |
| Chinmay(TD) |
| Chioma - BOC |
| choybri |
| Christopher Durham |
| Dan Brennan — FCC (Dan Brennan) |
| Daniel Bailey |
| Daniel Shu |
| Danny Leca CIBC |
| Darnel |
| Darren Maguire |
| Dave O'Marra |
| David Connolly |
| David Petiteville @rbc |
| David Rocco |
| Deepak D. |
| Denis Drogan - IC |
| dhopkinson |
| Dianne Duffy |
| Dipietro, Bruna |
| Dom Sgambelluri - Co-Chair |
| dtf9284 |
| Edson Silva (Scotiabank) |
| Elaine Partridge |
| Elliot Medina |
| Eugene Ing |
| Femisha |
| Frank Baron - CIBC Mellon |
| Frank Battaglini |
| Franklin Lacroce OSC |
| G Steffens - BCSC |
| Gail Henson |
| Galaxy Note20 Ultra 5G |
| Geoff Baxter - TD |
| George Chung - CDS |
| Giancarlo |
| Ginelle Ciuffreda |
| grakovic |
| Greg Harris |
| Guy Maffett |
| GYee |
| Ha Luong |
| Hardik Patel |
| Harry Li - Broadridge |
| Hector Toriz AMF |
| Himanshi Bansal |
| Ian Hooper |
| Ian Jamieson - TD |
| Ian Upjohn |
| Isabelle |
| Jaime Marasigan |
| James Fernihough TDS |
| Jamie Anderson - CCMA |
| Jason Dear - Scotiabank |
| Jason Golding |
| Jeff Haddock |
| Jesus Sanchez |
| jholjeva |
| Johann Lochner - CDS |
| JonesCathy @ CIBC |
| Judith Marcelo |
| Kadyll McNaught-Hermitt |
| Kaitlyn O'Donnell |
| Kamol Mavlyanov |
| Katarina Savic |
| Keith Evans - CCMA |
| Kelly Reynolds @Hillsdale |
| Kevin Duncan |
| Kilee - ATB Wealth |
| korzechowski |
| Lavanya CIBC |
| Liam Rodenburg |
| Lilea Chong |
| Louis Lesnika - CIBC Mellon |
| Lyndon James |
| M Bowers |
| Maher Boutros |
| Mamadou - CDCC |
| Manjula Sharma |
| Marc B |
| Marco |
| Marco Carcasole - CDS |
| MarepallyAn |
| Margaret Reid |
| Mark Borthwick RBC |
| Mark Cicero- BMO |
| Mary Anne Palangio, CSE |
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| Michael Kenny / TD Waterhouse Canada |
| Michael Palmiotto |
| Michelina Crecco BMO |
| Mieka Halliday-Gunn |
| Mobeen QT |
| Mya AIT-ALI |
| Natalia Markelova |
| natalie.panasiuk |
| Nav Badhan (BNY Mellon) |
| Navin Manda |
| Newton Hong (CDS) |
| nfrench |
| Nikita Patel |
| Nishant Bhatia |
| Olga Svistoun - BMO |
| Patrice Naughton |
| Patrick Owens |
| Paul White BMO |
| Paul Adair - Lysander Funds |
| Pavithra Arcot |
| Peter Altimas-BMO |
| Peter Burns |
| Phil |
| Philippe Beato |
| Rakesh Jha |
| Ricardo Dacosta - IRESS (Ricardo Dacosta) |
| Rick Frise |
| rlopresti |
| Rob Candido |
| Robert Argue |
| Roger Yin |
| Roy Gamboa - TD |
| Ruell Gomez |
| Rui Ferreira - Torstone Technology (Rui Ferreira) |
| RuthO |
| Ryan Gomez (Jefferies) |
| Sachin Mohindra |
| Safiya Bannister(she/her) |
| Sai Rajesh Indugu |
| Sam |
| Samsung SM-G990B2 |
| Sateesh Doniparthi |
| Satish Krovvidi - TDSI |
| Scott Abbott |
| Sheera Badial - Canaccord - Co-Chair |
| Simona Vaserman |
| Smrutha Santhosh |
| Sobhi Boucetta |
| SteblaiD - Broadridge |
| Stefan Bijelic - Scotia |
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| Toni McMillion |
| TsuiC |
| VALLEP3 |
| Vasu Ganesan - Wealthsimple |
| Vikram MK |
| Vincenza Riga - Broadridge |
| Walter Raposo |
| Weijia Luan |
| Wilfred |
| Winston Poh |
| wyoung |
| Zack Hijazi - Toronto - New |
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