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

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**T+1 Operations Working Group**

**Agenda**

**January 12, 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 December 8, 2022**
2. **T+1 Steering Committee Update**
3. **Issues for discussion**
   1. **Asset List – updated version – attached (Blacklined and Clean)**
   2. **CSA Consultation paper of NI 24-101**
      1. **Draft Comment Letter - attached**
   3. **CSA Staff Notice – 81-102**
   4. **CDS – Migration to T+1 – Q & A with CDS**
   5. **Broadridge - BPS and Dataphile T+1 project update**
   6. **Kyndryl - T+1 project update**
   7. **Paramax – T+1 project Update**
   8. **OWG - 031 Trade Confirmation/Affirmation/Matching Process**
      1. **Buyside Task Force - Update**
4. **Other Business**
5. **Next Meeting February 9, 2023 at 11:00 AM ET**

**T1-OWG -** **Minutes of December 8, 2022**

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 November 10, 2022**

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

Sheera asked Keith to provide an update on the last T+1 Steering Committee meeting.

Keith also reported that the Steering Committee has not met recently, due to the November and December meeting being combine and scheduled for later in December. Keith did update on the following issues;

* He reported that the SEC was not likely to make the final determination of the transition date for T+1 until as late as the end of Q1 2023. This is much later than originally thought. Keith also mentioned that this uncertainty was causing a lack of focus and funding of money and resources in Canada. There is a certain amount of pressure being applied to the SEC, south of the border, to provide clarity around the implementation date……to date no information is forthcoming.
* Keith reported that the CSA is still planning on issues consultation papers on both National Instruments 24-101 and 81-102. These papers are expected within the next month or so. Like the lack of US regulatory certainty, this lack of clarity from Canadian regulators is a cause of concern. Keith hopes both become public sooner rather than later.
* Keith said that the U.S. (Sifma etc.) appeared to be hedging their position by concentrating more on March 2024 instead of September 2024.
* Keith then reported that there are issues related to the CDS PTM project. Keith said that T+1 relies on the CDS settlement systems to facilitate settlement. Consequently, any delays in implementing this project has material concerns for T+1…..particularly the industry testing of T+1. He said that PTM must go virtually perfect in order to meet the needs of T+1, and that this is highly unlikely.
* There was a general discussion around the testing plans for both the U.S. and Canada, but all agreed that the lack of regulatory certainty was a major concern.

1. **Issues for discussion**

Sheera introduced the Issue Log items up for discussion today.

1. CDS T+1 Migration paper. Sheera asked CDS to provide an overview of their requirements document issued recently. George Chung from CDS summarized the document as follows;
   1. The document is a functional review of the changes needed to transition to T+1.
   2. He identified the functional areas reviewed including, exchange services, Issuer services, depository services, clearing services, international services, corporate action services, and risk management services.
   3. There are no CDS Rules expected to be impacted.
   4. There will be procedural changes to reflect the shortened settlement period.
   5. There will be some minor ‘parameter’ changes in order to facilitate the shortening of the settlement period.
   6. There will be a complete review of the risk models used to risk proof the overall systems of CDS.
   7. George reported that a supporting ‘Testing’ paper will be issue early in the New Year.

There was question asked regarding the timing of the distribution of CDS files that support the trade reconciliation process. After a short discussion, Keith suggested that we have a separate meeting to focus on the CDS document. He suggested that members review the documents, and a Q and A session will be set up with CDS to concentrate on this paper.

1. OWG-031 – Trade Confirmation/Matching: Sheera introduced this subject.

Sheera mentioned that we have had this issue on the agenda of the OWG for a number of meetings now. She said that so far we have agreed to changes that support the earlier reporting of exchange trades through multi batch intraday files/messages, and the earlier reporting of ITP trades to CDS (by 8:00 PM ET) on Trade Date. She said that in order to better identify issues and solutions that it is recommended that a Task Force be temporarily established under the umbrella of the OWG, to concentrate on these issues. It is proposed that this Task Force would;

* Be made up a small number of members….probably no more than 25.
* Will consist of the four Canadian Custodians.
* Buyside firms will be invited. This will include large, medium, and small firms.
* Should include firms that have an international presence,
* Should represent firms that ‘do it right’ today and those that struggle to meet the timelines needed for settlement purposes.
* The expectation is that within 3 – 5 months these issues and solutions could be identified, including any potential regulatory support that might be deemed necessary.
* The first meeting is likely to start in late January 2023 and be completed by the end of May.
* This Task Force could be made more permanent at a later date if it is deemed necessary or desired.

The members of the OWG unanimously supported the recommendation.

1. OWG-006 – International Clients: This item was combined with OWG-031 – Trade Confirmation/Matching. Therefore this issue log was closed.
2. OWG-016 – Penalty for fails: Sheera asked if there were any comments on the potential need to consider a penalty for fails with respect to the transitions T+1.

One member reported that there is currently no automated capability to identify the entity that is causing the failure to occur. Consequently, if there was a fee there would need to be material development by CDS to help in defining who caused the failure (i.e. no instructions, no trade entered, lack of securities or funds, etc.).

It was agreed that there is no need at this time, since a penalty for fails would not help in regards to preparing for the move to T+1.

If the regulators wished to consider it the potential of a penalty for fails of equities and corporate debt, then the industry would participate on the issues at that time.

All members agreed and this issue is considered closed.

1. OWG-018 – Fixed Income Securities: Due to time constraints, this issue would be left on the agenda for further discussion at the next meeting.
2. **Other Business**

At the conclusion of the regular meeting, IIROC presented their list of potential rules changes as a result of the move to T+1. The material discussed was distributed as part of the meeting material package. The list of possible changes were in line with changes made during the transition to T+2 in 2017. IIROC suggested that if there are any questions with respect to the proposed changes, they should be directed to Muneeb Ahsan at muahsan@iiroc.ca

Sheera thanked IRROC for the presentation.

1. **Next Meeting**

The next meeting of the CCMA - T+1 Operations Working Group will be scheduled for February 9, 2023, at 11:00 AM Eastern.

**ATTENDEES**

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| Art Valdes |
| Ashtab Ruffudeen |
| Athida Keomuongchanh |
| Barb Amsden @CCMA (Barb Amsden) |
| BGrossman IIROC |
| Brenda McIntyre- Canaccord |
| Brent Blake |
| Brian Choy |
| Brian Steele |
| BTrudell - Broadridge-RPM |
| Calonda Brown |
| Carole F |
| CDrennan |
| Johann Lochner - CDS |
| Chelsey Morphy - Scotia |
| Chong# Kelly |
| Chris Swain |
| Cindy Boedefeld--OPS PMO--STL |
| Dan Brennan – FCC (Dan Brennan) |
| Daniella’s iPhone |
| Danny Leca @ CIBC |
| Darren |
| Dave O'Marra-Torstone Technology (Dave O'Marra) |
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| Ha Luong - ATBIM |
| Hagen Einspenner - Kyndryl Canada |
| Halyna |
| Harry Li - Broadridge |
| Ian Upjohn |
| Iris Trotman |
| James Gorman |
| Jamie Anderson |
| Jason Golding |
| Jean-Francois Charbonneau |
| Jeff Lunshof |
| jlee |
| Joan Beatty |
| joer- RF Clearing |
| JonesCathy @ CIBC |
| Jordana Pham |
| Katherine Whitby - Societe Generale |
| kathy malaga |
| Keith Evans - CCMA |
| Kelly Reynolds |
| Kevin Armstrong |
| Kim Killian (She/Her) | STL (CST) | CA Ops |
| Laura Leitch |
| Lavanya CIBC |
| Lilea Chong |
| Linda Mosthaf |
| Linda Pajaujis |
| Loredana Salceda |
| Lou Lesnika - CIBC Mellon |
| Lyndon James Citi |
| Malala Rakotondranaivo |
| Marc B |
| Mark Borthwick |
| Mark Reed |
| Mary Anne Palangio# CSE |
| Matthew Thompson |
| Mazen Ghanem |
| McCormick# Kevin |
| McLaughlinD |
| Mee Chee Beutel - Broadridge |
| Michael Kenny |
| Mike Lowes |
| Muneeb Ahsan - IIROC |
| Natalia Markelova |
| Nickey Deros |
| Nisha (Nisha - Khonshu Knights) |
| Pascal Deslauriers - Desjardins |
| Pat Dunwoody |
| Patrick |
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| Robert Argue |
| Rohit Kumar |
| Roy Gamboa - TD |
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| Ryan Gomez |
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