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

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**T+1 Operations Working Group**

**Agenda**

**September 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 August 10, 2023**
2. **T+1 Steering Committee Update**
3. **Issues for discussion**
   1. **ETF Task Force update – Jamie Anderson**
   2. **Review of Issue Log - Sheera/Domenic**
      1. **OWG-005 - NI 24-101**
      2. **OWG-038 – Transition Issues**
   3. **See participant submitted questions at the top of the next page…JPMorgan**
4. **Other Business**
   1. **Presentation by Torstone Technologies at Noon**
5. **Next Meeting October 12, 2023 at 11:00 AM ET**

**3.C Issues for discussion**

**Topic #1** Auto-confirming DP non-exchange trades at 2:30 PM (Lock In confirmation) on T

*LI (lock in) confirmation process is an automated process that****confirms or locks in matching-eligible trades that do not have a counter trade.***

*Process currently runs at 2:30 PM on T+1 and after moving to T+1, the process will run at 2:30 PM on T (while market hours are until 4 PM).*

For intra-company trades, multiple shapes received during course of day are netted and these (DP non-Exchange CNS eligible trade) instructions are sent to CDS between 4:30 PM and 5:30 PM.

In current state, these trades are auto-confirmed on T+1 with the lock in confirmation process running at 2:30 PM.

In future state, since the time (2:30 PM) of the lock in process is not changing but moving to T, all participants with setup described above will be impacted.

**In essence, Lock in confirmation process might become significantly diminished or unusable, for majority of the participants, with the move to T+1 settlement.**

**Participants have the following options**:

1. Influence CDS, thru CCMA, to have the lock in confirmation process timing changed to 6:00 PM or later (and before 7:30 PM) on T (preferred option)
2. Influence CDS, thru CCMA, to have the current lock in confirmation process kept intact at 2:30 PM and add an additional lock in confirmation process at 6 PM or later (and before 7:30 PM) on T (alternate preferred option)
3. Forgo benefit of lock in confirmation process and send both sides of trade instructions (increased cost to participants with changes required by each impacted participant and possibly increased cost with CDS processing additional instructions)
4. Manually confirm the trades before 7:30 PM (increase support/operations staff) and accept risk that on days of heavy volume, not all trades might get confirmed by 7:30 PM
5. Do nothing and let the trades be auto-confirmed during lock in confirmation process on T+1 (Settlement date). Trades identified as non-CNS will settle TFT by EOD and those marked as CNS however will not settle EOD on T+1 resulting in increased fails)

#4 and #5 are a no-go

**Topic #2** Trade matching metrics and details - National Instrument 24-101 Institutional Trade Matching and Settlement

*3.1 (1) A registered****dealer must not execute a DAP/RAP trade with or on behalf of an institutional investor unless the dealer has established, maintains and enforces policies and procedures designed to achieve matching as soon as practical****after such a trade is executed and in any event no later than 12  p.m. Eastern Time on T+1 (time changed to 3:59 a.m. on T+1 to be effective on May 27, 2024 when Canada goes live with T+1).*

Though the regulation requires the dealer to maintain and enforce policies and procedures designed to achieve 90% matching by a defined time, the dealers are required to develop bespoke tools and processes to identify and address problem areas (clients) and gauge compliance with the rule.

Currently, reports provided by CDS only include % of matched trades at set intervals.

**Proposal: On behalf of the industry, to improve market efficiencies, CDS should provide detailed trade matching metrics, for both broker-to-broker non-exchange trades and the Institutional trades, to each of its participants that would include respective client details and other relevant information.**

Note: As per CDS, the client details are optional and hence not all participants might be including it with the trade instructions.

**Topic #3** Broker to Broker non-exchange trades Trade matching quarterly compliant trade percentage

*Part B of IDPC Rule 4700 sets out the general trading and delivery requirements applicable to all transactions including requirements for Dealers to match non-exchange trades executed between Dealers (broker-to-broker). Dealers are required to enter, accept and reject these trades in an acceptable trade matching utility by 6pm on the day the trade is executed. We are not proposing to amend the 6pm cut-off time as this time is considered sufficient to support a T+1 settlement.*

**Proposal**: To benefit from netting and novation at 10:30 PM, participants are required to send in allocations and confirm the broker-broker non-exchange trades by 7:30 PM while the 90% trade matching statistics are expected to be achieved by 6 PM.

Suggest the timing for assessing compliance with 90% trade matching be set to 7:30 PM.

**T1-OWG -** **Minutes of August 10, 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 July 13, 2023**

Domenic Sgambelluri reported that the Minutes from the last T+1 Operations Working Group meeting, held on July 13, 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 the T+1 Steering Committee.

Keith reported 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.
  1. ETF Taskforce
  2. Securities Lending
* We are still awaiting response from the CSA on our requests to changes to the proposed NI 24-101 rule.
* The US will commence the first of their 21 cycles of their industry testing next week.

1. **Issues for discussion**

A – CDS ITP Stats – Sheera introduced the issue and said that Johann Lochner from CDS would provide the update. Johann said that a document was distributed with the meeting package. This is an updated set of intervals times in which CDS will collect and distribute NI 24-101 stats to the industry. The only change from the previous document reflects the fact that CDS will undertake their development based on the yet-to-be-approved 3:59 AM cut off for trades to be affirmed, as well as the trade input cut off time being moved from 8:00 PM to 7:30 PM on TD, as approved by the OWG recently. Johann then mentioned that the Buy side taskforce had asked that CDS provide these stats, at the Custodian level, during the testing period. This was to provide some insight as the project gets closer to implementation. Johann mentioned that CDS does not have the resources to complete this request given the short timeframe to implementation.

After a general discussion this issue was accepted by the OWG members.

B – ETF Taskforce - Update – Sheera asked Jamie Anderson of CCMA to provide an update to the group. Jamie said that the ETFTF had recently met 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 creation process. This includes getting clarity about what the National Instrument (81-102) allows and does not allow.
* In the short term the taskforce will work with the CSA to obtain blanket exemption relief
* The longer term solution is to have the National Instrument updated to codify the exemptive relief option.
* Other work contemplated includes looking at the ETF redemption process to determine if any issues can be identified and possible solutions pursued. As well, the taskforce will investigate the possibility of automating the creation and redemption processes through the facilities of CDS (similar to what DTCC does in the US).

C – Securities Lending – Sheera asked Phil Zywot from BNYMellon to provide an update on the activities of the CASLA work on securities lending. Phil summarized their activities as follows;

* The TMX Portal has been under investigation. The main activities recently have been to identify the mandatory fields that will be required and working with TMX to incorporate this information into the portal design.
* TMX Portal with be interoperable with all vendors and smaller lenders in the marketplace, including non-CDS members.
* TMX has proposed a fee proposal that is acceptable to all members of the industry.
* TMX hopes to complete their proposal by the end of August, followed by a prototype by the end of October.
* Testing to start with vendors in September, and full industry testing to commence in December.
* CASLA has agreed that the current recall timeframes (3:00 PM on TD) will not need to change for T+1. Various lending agreements dictate what the appropriate timeframes will be. This work was completed in conjunction with Sifma, RMA and CASLA.
* CASLA is very optimistic that all of the necessary work can be completed by the T+1 implementation date next May.

D – Issue Log update – Sheera introduced the following Issue Logs for closure;

1. OWG-004 – Derivatives
   * Given that no development is required and testing will be completed in conjunction with the CDS Test Plan, this issue can be closed.
2. OWG-010 – Northbound/Southbound Flips
   * Given that Flips are a post settlement activity and not driven by trading activity, this issue can be closed.
3. OWG-039 – NI 24-101 stats
   * Any changes in the stats will be incorporated into issue log OWG-005, therefore this issue can be closed.
4. OWG-012 – DP Trade Matching
   * The current 6:00 PM TD deadline does not need to be modified as a result of the move to T+1, therefore this issue log can be closed.

**The members of the OWG unanimously agreed to close all 4 issue logs. These logs will be presented to the Steering Committee for approval at their next meeting.**

1. **Other Business**

Sheera sked Keith to update the group on some questions recently brought forward via email.

Keith summarized as follows;

* One email asked about possible changes to Buy Ins over the transition weekend. Keith explained that this issue, along with others, will be captured as part of the discussion on transition weekend activities within Issue Logs OWG-22 and 38.
* Another issue raised was to ask members of the working group if they plan on repapering client forms to reflect the changes made to the Trade matching statement. After discussion, most firms will simply tell their existing clients that a new TMS has been updated and they can review it if required. Firms will only be using the new TMS for new client account openings.
* Barb Amsden provided a high level overview of a couple of questions that formed part of the recently completed survey. She pointed out that many within the industry were confident in their own company’s ability to be ready for T+1, but they were less confident in their client, custodians, vendors and suppliers. Further information will be provided at a later date.

1. **Next Meeting**

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

**ATTENDEES**

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| --- |
| Adetoun Dinah |
| Alex |
| Ali Jaffer |
| Almin Virji |
| Alpa Kalra |
| Alvin Lam |
| Amit Joshi |
| Andrea Brake |
| Andrew Malenowski |
| AndrewLedbury - kyndryl |
| Angie |
| Anna Tyniec |
| Arman Sabanal |
| Art Valdes |
| Ashtab Ruffudeen - HOOPP |
| Avery |
| Barb Amsden |
| Barry McIntyre - TDSecurities |
| Ben Tell |
| Bernd Schwericke |
| BOC - Chioma |
| Brent Blake |
| Calonda Brown |
| Carolyn Sebek |
| Casey Als - TD |
| cfaull |
| Chad Boyette |
| Chong# Kelly |
| choybri |
| Chris Durham (Credit Suisse) |
| Chris Leckawicz - Broadridge |
| Christine Desjardins |
| Collette Clarke |
| Connie Tam (Credit Suisse) |
| Dan Brennan |
| Daniel Bailey |
| Daniel Shu |
| Danny Leca CIBC |
| Darren Maguire |
| Darshin Patel |
| Dave O'Marra |
| David Petiteville @rbc |
| David Rocco |
| dconnolly |
| Deepak D. |
| Dina Bartle |
| Dom Sgambelluri |
| Drew |
| Dwayne |
| Edson |
| Eileen Flores |
| Elaine Partridge |
| Elyssa Sahr |
| Eric Man-chi-ming |
| Erika.Vigna@wellsfargo.com |
| Femisha - Questrade |
| Finbar Patrick Robinson |
| Francis Coche AMF |
| francis pignoti pana |
| Frank Baron - CIBC Mellon |
| Frank Battaglini |
| Franklin Lacroce |
| Gary Marder |
| Geoff Baxter - TD |
| George Chung |
| Giancarlo |
| Ginelle Ciuffreda |
| grakovic |
| Greg Harris |
| Greg Moroz |
| Gregory Sutton - CIBC |
| Habby Bauer |
| Hardik Shah |
| Harry Li - Broadridge |
| Hector Toriz AMF |
| Ian Jamieson - TD |
| Iris Trotman |
| Isaac Volonte - CDS |
| Ivy Sananikone - LBC |
| J P Howarth |
| James Fernihough TDS |
| Jamie Anderson - CCMA |
| Jamie Parks - BMO |
| Jason Golding |
| Jason Kwong (RBC） |
| Jean-Francois |
| Jeff Lunshof |
| Jeff Watches |
| jholjeva |
| Johann Lochner - CDS |
| John Coyle RBC I&TS |
| Jonathan Grenier (SocGen) |
| jonathan maurice |
| JSanchez |
| Jude Dant |
| Judith Marcelo |
| Julie Boyer (AMF) |
| Kaitlyn O'Donnell |
| Katarina Savic |
| Katherine TDS |
| Katie Pennington |
| Keith Evans - CCMA |
| Kelly Reynolds @Hillsdale |
| Kevin |
| Kilee - ATB Securities |
| Kristen Little |
| Lavanya CIBC |
| Laxman |
| Leonard |
| Liam Rodenburg |
| Linda Mosthaf |
| Loredana Salceda |
| Lotharius# Ana |
| Louis Lesnika |
| lyndon james - Citi (lyndon james) |
| Mahaua Chowdhury |
| Mamadou Diakhaby - CDCC (Mamadou Diakhaby) |
| Manda# Navin |
| Marco Drumond (HOOPP) |
| Marcy Bowers (E92300) |
| Margaret Reid |
| Maria Cortina |
| Mariam Osman |
| Mark Borthwick RBC |
| Mary Anne Palangio# CSE |
| Mathew Isaac |
| Matthew Andreacchi (OSC) |
| Mazen Ghanem |
| Meaghan Li |
| Mee Chee Beutel - Broadridge |
| Michael Cagayat |
| Michael G |
| Michael Kenny / TDW Canada |
| Michael Lowes - TD Securities |
| Michael Palmiotto |
| Michelina Crecco |
| Mieka Halliday-Gunn |
| mreid |
| Natalia Markelova (BMO) |
| Natalia Zand |
| Natalie |
| Nav Badhan (BNY Mellon) |
| Nicole Gallimore (She/Her) |
| Niranjan Rudraradhya |
| Nishant Bhatia |
| NS |
| Olga Svistoun - BMO |
| Patrice Naughton |
| Patrick Owens |
| Paul Jordan |
| Pavan |
| Pavithra Arcot |
| Peter Burns |
| Phil Zywot# CASLA/BNY Mellon |
| Pierre Mital |
| Pim |
| prem |
| Raghuram Garapati |
| Ray Sheridan |
| Ricardo Dacosta - IRESS (Ricardo Dacosta) |
| Richard King |
| Rick Frise |
| Rob Candido |
| Rose# Alison |
| Rowena K Cheung-Wong |
| Roy Manio |
| Ruell Gomez |
| Sachin Mohindra |
| Safiya Bannister(she/her)- HOOPP |
| Satish Krovvidi - TDSI |
| Saviano# Caterina |
| Scott Abbott |
| Scott Lipton |
| SHAHZA8 |
| Sharon Lund |
| Shaun Noorzay |
| Sheera Badial - Canaccord |
| Sobhi Boucetta |
| Sridhar Kothandaraman |
| SteblaiD - Broadridge |
| Stefan Bijelic |
| Stephane Ritz |
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| Susan Byers |
| Svetlana Perunova |
| TAE5098 |
| Tammy Savinkoff |
| Tara Dobson (ATB) |
| Toni McMillion |
| Tony Kalvik |
| u578318 |
| Vincenza Riga - Broadridge |
| Vishal Hingane |
| Walter Raposo - Cboe MATCHNow |
| Waqas Ahmed |
| Weijia Luan |
| Welch# Michael |
| Winston Poh |
| wyoung |
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| Yasmine Garreau |
| Yolanda Rodrigues |
| ZHIJAZI |
| Zubair |