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

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**T+1 Operations Working Group**

**Agenda**

**March 14, 2024 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 February 8, 2024**
2. **T+1 Steering Committee Update – Keith Evans**
   1. **General Update - Argentina**
3. **Issues for discussion**
   1. **Industry Testing**
      1. **Update from CDS**
      2. **Update from Fundserv**
   2. **ETF Task Force update – Jamie Anderson**
   3. **Proposed Acknowledgement Form – Keith Evans**
   4. **Transition Communications – Keith Evans**
   5. **Securities Lending Update – Phil Zywot**
   6. **Review of Issue Log - Sheera/Domenic**
      1. **OWG-033 NI 62-104 Issuer Bids – Jamie Anderson**
4. **Other Business**
   1. **Follow up items**
      1. **ISDA/Swaps update – Barb Amden**
      2. **CDS Risk Systems - timing issues under T+1.**
      3. **CDS reporting of canceled exchange trades/incorrect settlement date on the daily file.**
      4. **Can CDS provide a list of expected events known for transitional period.**
5. **Next Meeting April 11, 2024 at 11:00 AM ET**

**T1-OWG -** **Minutes of February 8, 2024**

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 January 11, 2024**

Domenic reported that the Minutes from the last T+1 Operations Working Group meeting, held on January 11, 2024, 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**
2. Keith provided an update on the activities of T+1 as follows:
   * As of today there are only 109 days until the transition to T+1.
   * The Steering Committee approved closing the Issue Logs recommended by the OWG at the last meeting.
   * Keith said that he has updated the Issue Log to reflect these closings and it has been posted on the CCMA website.
   * No news from either Europe or UK on their possible transition to T+1. They have indicated that they are interested in seeing how the North American transition progresses before deciding on their direction.
   * The US is continuing with their industry testing, and are not reporting any material issues.
3. **Issues for discussion**
4. CDS Industry Testing – Sheera ask George Chung from CDS to provide an update on the first cycle of industry testing. George reported some initial set up issues on the participant and CDS sides. Overall Cycle 1 went very well and no material issues were reported. He reported that the job scheduler showed marked improvement in the run times to a point where the jobs were running ahead of schedule. Cycle 2 starts on February 9th. An issue was raised where marketplaces are withholding cancellations until the last file of the day. One member reported that this causing reconciliation issues, since these trades are not noted as a cancellation trade. CDS was asked to consider an option where these trades could be identified as a cancellation on the trade record. Another issue raised was if CDS were to receive too many trades with the incorrect settlement date. Can CDS do some verification of the trade files before inputting the trades into the system?
5. Fundserv Industry Testing – Since Fundserv was not represented at the meeting, Keith Evans provided the following update. Fundserv completed its first cycle of industry testing, with no material issues being raised. Overall, some 23,000 funds and 30 manufacturers participated.
6. ETF Taskforce - Update – Sheera asked Jamie Anderson of CCMA to provide an update to the group. Jamie said that the ETFTF has a meeting later in the day to try and finalize a letter to the regulators on the acceptability of cash collateral within the primary market. The ETFTF worked together with the CETFA working group to draft a single joint (CETFA and CCMA). If it is agreed to today, the OWG and the Steering Committee will need to be set up to approve the letter for submission.
7. NI 62-104 Take over bids. Sheera asked Jamie Anderson to report on this subject as well. Jamie reported that with the shortening of the settlement cycle, takeover bids should probably also shorten the period within the National Instrument. Jamie reported that the SEC is the US has issued its view that the timing to settle takeover bids should align with the prevailing settlement cycle (i.e. T+1). The industry members agreed that we should follow the US approach. Keith said that CCMA would draft the letter to the regulators and bring it back for review prior to submission.
8. **Review of Issue Logs**. Domenic introduced the topic of reviewing the ‘Low’ priority issues current on the OWG Issue Log. Domenic reviewed each of the following Logs and described why it was on the list, and why it should be considered for closing.
   * 1. OWG-022 – Ex Date processing during the transitional period. Keith reported that TMX and other exchanges will copy the approach followed in 2017’s move to T+2 asking for issuers to avoid this period of time. TMX Group has already issued a letter to its issuers; a follow up letter will be sent again before the transitional period. Sheera indicated that there is no other work to be done on this Issue Log. Keith suggested and it was agreed that we will update the Issue Log, but keep it open until we know more about the issuers plans closer to the transition dates. To a question raised, Keith said that we will ask CDS to provide as much information as possible on known events expected (dividends, etc.) currently set up in CDS. We will also ask CDS to address some of the operational processes expected around the transitional period.
     2. OWG-038 – Conversion weekend activities. Sheera introduced the subject of conversion activities. What preplanning can we undertake to set up a plan of attack if issues go wrong in May. Keith said that there is likely no Go/No-Go decision to make. He said that if the US goes, Canada goes. We added the possibility of the US deciding to back out on Monday May 27th, what Canada would do, since we would have already started with T+1.
9. **Other Business**

* Sheera asked CDS (Marco Carcasole) to provide an update on the impact analysis completed on the impact that T+1 will have on the CDS risk systems. Marco reported that that at the aggregate level, the analysis showed a 31% reduction for the CNS pool, and a 39% reduction for the NSCU pool. He said that individual reports were provided to Participants in late January, and a second set of impact documents will be provided again in April. He also reported on the ‘same day’ resizing process. Marco said that participants will be told of the collateral call by 10 AM, with the posting of the collateral by participants expected by 11 AM. This is based on agreements with the Bank of Canada. To a questioned asked, CDS said that communication from CDS to participants will follow the same process as today. This timeframe (one hour) was pointed out as being too short for members to raise the necessary funds. Marco reported that this is being considered by CDS when trying to finalize the processes. It was pointed out that these reduction in numbers for the funds will only be realized once the confirmation rate of trades reaches at least the 90% threshold required under NI 24-101.
* Sheera said that the Value Exchange completed their recent T+1 survey and issued their results. Keith said that CCMA and the Value Exchange will be setting up a Zoom meeting on February 20th at 11 AM ET to present the results. Meeting invites will be set up over this coming weekend.
* A question was raised about the recall procedures for recalls of loans in the T+1 settlement period. It was agreed that Keith would invite Phil Zywot and be asked to address this issue at the next meeting.
* A question was asked about if we should reopen Issue Logs OWG-011 and 29. Keith agreed to have CDS respond to some of the questions at the next meeting.
* Jamie Anderson updated the working group on an outstanding action item from the BSTF Report that was issued and approved in the spring of 2023.[[1]](#footnote-1) He recapped that the NI 24-101 regulatory requirements are imposed on Registered Dealers and Registered Advisers. There is no NI 24-101 regulatory requirement for a custodian or an institutional investor (to the extent it is not a Registered Adviser) to enter into a trade matching agreement or to provide a trade matching statement. It was reported through the BSTF that institutional investors that are not a Registered Dealer or Registered Adviser (such as some pension funds) are voluntarily meeting trade matching deadlines. At least one institutional investor obtained OSC exemptive relief from the requirement to be registered as an adviser (because it managed some third-party assets).[[2]](#footnote-2) Another relief application to the OSC provides background on PSP Investments which provides investment management services to various federally-governed pension funds.[[3]](#footnote-3) In the relief application it was noted that PSP Investments is not registered as an “adviser” nor acts as an adviser in reliance upon exemptions from the adviser registration requirement under securities legislation. While as noted in discussions with the OSC that amending NI 24-101 could take up to 2 years, if it was desired to widen the net for trade-matching obligations, s. 3.2 and s. 3.4 could be amended to replace “are designed to encourage each trade-matching party…” with “require each trade-matching party…”.

1. **Next Meeting**

The next meeting of the CCMA - T+1 Operations Working Group will be scheduled for March 14, 2024, at 11:00 AM Eastern.

**ATTENDEES**

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| |  | | --- | | Aaron Butler | | Abhishek Dawra (BNY Mellon) | | Aleksandar Mandic | | Ali Jaffer | | Allan Bisessar - HOOPP | | Althea Daley | | Alvin Lam - Scotiabank | | Alzhan Uzakov | | Amit Joshi | | Amy Fisher | | Andrea Brake | | Andrew Malenowski | | Andrew Parker (Torstone Technology) | | AndrewLedbury - kyndryl | | Angie | | Anna Campagnaro | | Anna Meshcherova | | Anna Tyniec | | Anne-Claire Hurillon | | Annmarie Thompson | | Archana Sinha | | Arjun | | Arman Sabanal | | Art Valdes | | Ashtab Ruffudeen - HOOPP | | Assane Ndoye - Desjardins | | Azita | | Barb Amsden | | Barry McIntyre - TDSecurities | | Bernd Schwericke | | BNS -Hinkson | | Bobbisue | | bodenvald | | Brandi Branson-EDJC | | Brent Blake | | Brianna BoC | | CANDIR | | Carlos Merino | | Caroline Mingfok | | Carolyn Sebek | | Casey Als - TD | | Chioma O - BOC | | Chong, Kelly | | choybri | | Dan Brennan | | Daniel Bailey | | Daniel Farley | | Daniel Shu | | Darren Price | | Dave Omarra | | David Connolly | | David O'Marra | | David Petiteville @rbc | | Dawn Davies (xfmj5c6) | | Deepak Datt | | Denis Drogan - IC | | Dennis Jiu | | Denny Mendonca | | Dianne Duffy | | Dipietro, Bruna | | **Dom Sgambelluri - Chair** | | Domenica G. (giadom01) | | Doug Gifford | | Edson Silva | | Edward Ferry | | Elaine Partridge | | Elise Lu | | Esmy Vergel | | Eugene Ing | | Farhan - Questrade | | Femisha | | Francis Pignoti AMF | | Frank Baron - CIBC Mellon | | Frank Battaglini | | Geoff Baxter - TD | | George Chung [TMX-CDS] | | Giancarlo | | grakovic | | Greg Harris | | Greg Sutton - CIBC | | GYee | | Ha Luong - ATBIM | | Halyna | | Harry Li - Broadridge | | Hector Toriz AMF | | Himanshi Bansal | | Ian Hooper | | Ian Upjohn | | Ivy Sananikone | | J P Howarth | | James Fernihough TDS | | Jamie Anderson - CCMA (Jamie Anderson) | | Jason Dear - Scotiabank | | Jason Golding | | Jeff Haddock | | Jeff Lunshof | | Jess Lim | | Joseph Lam | | Judith Marcelo | | Kadyll McNaught-Hermitt | | Kamol Mavlyanov | | Katarina Savic | | Kathrine Maninang | | Keith Evans – CCMA | | Kellie | | Kilee - ATB Wealth | | Kimberly Lam | | Kirsty McAllister | | korzechowski | | Kristen Little | | Laxman | | lebmin01 | | Liam Rodenburg | | Lotharius, Ana | | Louis Lesnika - CIBC Mellon | | Lyndon James | | M Bowers | | Maher Boutros | | Mamadou CDCC | | Manda, Navin | | Marc B  Marc Sobolewski - UBS | | Marco Carcasole | | Maria Rosa | | Marie-Claude Lamond - Triasima | | Mark Borthwick RBC | | Mark Cicero- BMO | | Marnie Perepeluk | | Mathew Isaac | | Matthew Andreacchi (OSC) | | Mazen Ghanem | | McCormick, Kevin | | Meaghan Li | | Mee Chee Beutel | | Michael Cagayat | | Michael G. - BMO | | Michael Lowes - TD Securities | | Michael Palmiotto | | Michael Schleich | | Michelina Crecco BMO | | Mieka Halliday-Gunn | | Myessa | | Natalia Markelova | | Nathalie Nowlan - Triasima (Nathalie Nowlan) | | Nav Badhan - BNYM | | Navaz Keshavjee | | Niranjan Rudraradhya | | Olga Svistoun - BMO | | Patricia Neath | | Paul Adair - Lysander Funds | | Pavan Mandaknallikar | | Peter Altimas | | Peter Burns | | Philippe Beato - NBC | | Pierre Mital - Casgrain | | Pim | | Rahela Syed | | Raj | | Rajesh | | Ricardo Dacosta IRESS (Ricardo Dacosta) | | Rick Frise | | Ridhima Mishra- Bank of Canada | | rlopresti | | Robert Argue | | Roger Yin | | Ronald Osei - TD | | Roy Gamboa - TD | | Roy Manio | | Ruell Gomez | | Rui Ferreira - Torstone Technology | | RuthA | | Safiya | | Sam | | Scott Abbott | | Sean Van Es | | Senem Lacasse | | Shaun Noorzay | | Shaurattie Ramlagan | | **Sheera Badial – Canaccord - Chair** | | Shehan Huq (RBC WMC) (shehan huq) | | Simona Vaserman | | Sobhi Boucetta | | sr45295 | | Sri Ganesan | | SteblaiD - Broadridge | | Stefan Bijelic - Scotiabank | | Stephane Ritz (Stephane.Ritz@capco.com) | | steve.menchions | | t\_puls | | Tammy Savinkoff | | Tara Dobson (ATB) | | Theresa Trapp | | Tom Beaton (CIBC Mellon) | | Toni McMillion | | TsuiC | | U645685 | | Vasu Ganesan - Wealthsimple | | Vikram MK | | Vincenza Riga - Broadridge | | Walter Raposo – MATCHNow  Walker Wentworth - UBX | | Weijia Luan | | Welch, Michael | | Wilfred | | Winston | | wyoung | | Zack Hijazi - IGM | |
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1. “The CCMA request clarity from the CSA as to the scope of NI 24-101 with respect to: investment managers that are not advisers, and custodians. To the extent that the CSA is of the view that these entities should be subject to the mandatory requirements (as Registered Advisers and Registered Dealers are), it should be proposed that NI 24-101 be amended. One approach may be to require (rather than encourage) each trade matching party to enter into a trade matching agreement or provide a trade matching statement to a Registered Dealer or Registered Adviser prior to opening a trading account.” [↑](#footnote-ref-1)
2. <https://www.osc.ca/en/securities-law/orders-rulings-decisions/omers-administration-corporation-s-253-and-741>. [↑](#footnote-ref-2)
3. <https://www.osc.ca/en/securities-law/orders-rulings-decisions/public-sector-pension-investment-board-and-its-affiliates>. [↑](#footnote-ref-3)