

T+2 READINESS PROGRESS SURVEY RESULTS

Below is a summary of the CCMA's Second T+2 Readiness Progress Survey results.

The CCMA appreciates the efforts of the many industry members who took the time to reply to the survey during the busy holiday season and to industry associations who helped get the survey out further. This led to an almost 50% increase in responses compared to the first survey. We believe that the survey results continue to support the Canadian industry generally being ready for the Canadian marketplace to transition to T+2, with the understanding that until cross-industry testing is underway, many firms are likely to be somewhat cautious in confirming readiness.

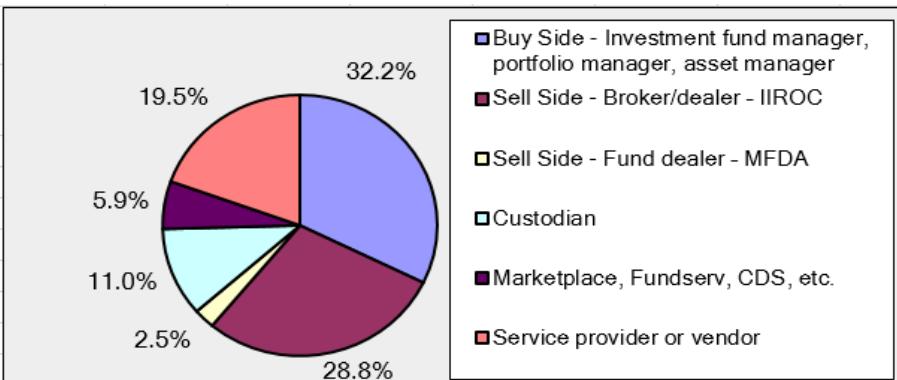
- The survey was issued in early December and closed on December 30, 2016. We received 118 responses (compared to 80 to the first survey in May-June 2016) from 585 emails sent to CCMA committee members and newsletter recipients, with an unknown number forwarded through industry associations yielding 27 of the 118 answers. About a third of the responses were from the buy side, with another third from the sell-side, and the remainder split among custodians, infrastructure (CDS, Fundserv, DTCC, exchanges, ATSS) and service providers/vendors. Buy side responses doubled in number to 38, but remain considerably fewer than the total number of such firms regulated by the commissions. On the dealer side, IIROC dealer respondents increased by 7 to 34 firms or about 20% of total active regulated entities, while MFDA dealers remained the same at 3 or about 3% of MFDA members.
- In terms of size of respondent firms, the split was almost the same as for the first survey, with slightly fewer large respondents (46% compared to 50%), and the remainder split evenly between medium and small. Of the buy side respondents, 38% were large, 24% medium, and 38% small or very small in size.
- Firms are at different stages of T+2 preparations. As could be expected, infrastructure and service providers are reporting that they are in the final stages of preparations before testing, with 10 of the 30 firms compliant or with development and test planning complete. Nearly 40% of custodians and 55% of dealers are in the test planning stages. Of buyside firms, 41% are in the analysis and business requirements phase.
- Communications up- and down-stream within the marketplace are in planning, underway or completed at the firms of respectively 84% and 89% of respondents. Approximately three-quarters of respondents are planning, or communicating, or have completed communications to institutional or retail clients.
- 80% to over 90% of firms are somewhat or very confident that their firm is on target to complete development and test successfully. A number of respondents are not sure or not confident of completing development by January 31, 2017 (this date, used in the T+2 Readiness Progress survey to see whether firms' internal development was complete, is a month after the UST2 Playbook calls for market participants to have completed development and a month before the first test environment (DTCC's) is to be open for testing). One respondent noted that some systems changes will continue after January 31, 2017. For example, some development work (i.e., changes for National Instrument (NI) 24-101 reporting) will not be completed until the CSA announces its decision on industry requests

for administrative relief relating to quarterly reporting. Importantly, 98% are very or somewhat confident that their firm will be ready for the September 5, 2017 transition date.

- A small number of respondents identified issues they believed might impede aspects of transition and these have been shared with the related committees.
- Seventy-four of the 118 respondents provided a project lead or other contact for the next survey.

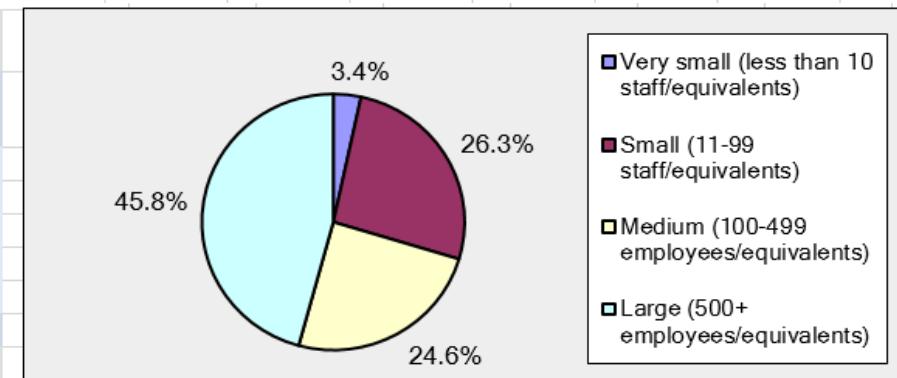
1. Please choose from this dropdown list the industry segment for which you are responding: (Please select one answer only)

Answer Options	Response Percent	Response Count
Buy Side - Investment fund manager, portfolio	32.2%	38
Sell Side - Broker/dealer - IROC	28.8%	34
Sell Side - Fund dealer - MFDA	2.5%	3
Custodian	11.0%	13
Marketplace, Fundserv, CDS, etc.	5.9%	7
Service provider or vendor	19.5%	23
<i>answered question</i>	118	
<i>skipped question</i>	0	



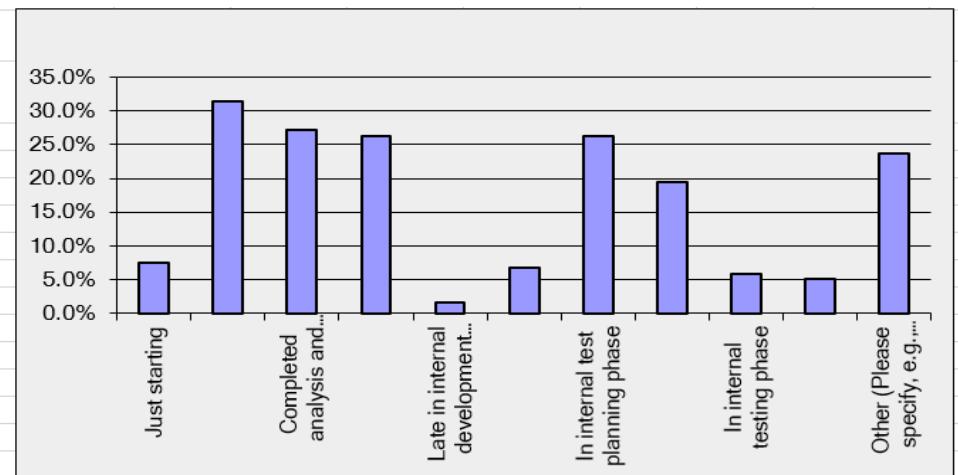
2. What size company best describes the company you work for?
 (Please select one answer only)

Answer Options	Response Percent	Response Count
Very small (less than 10 staff/equivalents)	3.4%	4
Small (11-99 staff/equivalents)	26.3%	31
Medium (100-499 employees/equivalents)	24.6%	29
Large (500+ employees/equivalents)	45.8%	54
Please elaborate if you wish.		8
<i>answered question</i>	118	
<i>skipped question</i>	0	



3. What is the status of your T+2 preparations? (Please select all that apply and complete the comment field to elaborate on your answer)

Answer Options	Response Percent	Response Count
Just starting	7.6%	9
In analysis and business requirements phase	31.4%	37
Completed analysis and business requirements phase	27.1%	32
In internal development phase	26.3%	31
Late in internal development phase and will complete	1.7%	2
Completed internal development phase	6.8%	8
In internal test planning phase	26.3%	31
In external test planning stage	19.5%	23
In internal testing phase	5.9%	7
Completed internal development testing (UAT)	5.1%	6
Other (Please specify, e.g., our firm is already T+2)	23.7%	28
<i>answered question</i>	118	
<i>skipped question</i>	0	



4. What is the status of your T+2 informational/readiness communication(s) to each of the following groups?

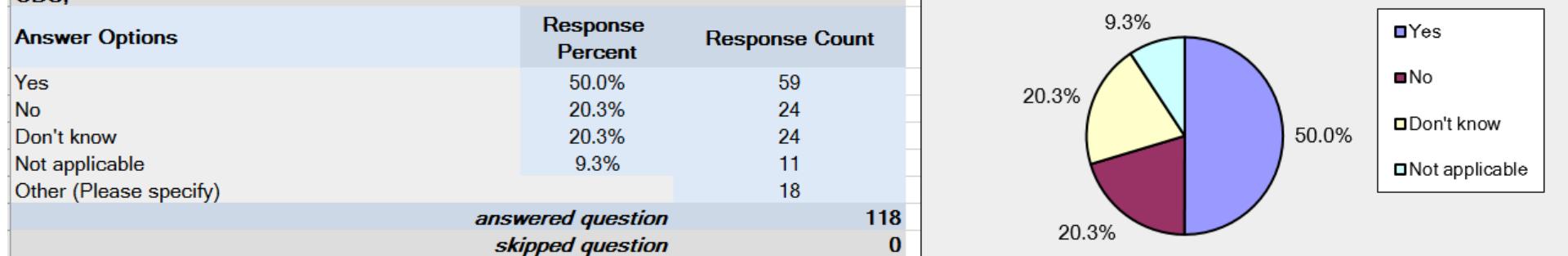
(Please select an answer to all questions)

Answer Options	Not started	In planning	Underway	Completed	Subt IP, U, C	% of Total - NA	Don't know	Not applicable	Response Count
i. Downstream to financial firm clients/members/participants?	14	31	38	14	83	84%	2	19	118
ii. Upstream to suppliers?	6	21	43	16	80	89%	4	28	118
iii. To institutional investors?	16	34	26	8	68	77%	4	30	118
iv. To retail investors?	17	28	20	3	51	72%	3	47	118
v. To other parties?	9	30	27	9	66	84%	4	39	118
							<i>answered question</i>	<i>118</i>	
							<i>skipped question</i>	<i>0</i>	

5. How confident are you that your firm is on target...: (Please select one answer per row)

Answer Options	Very confident	Somewhat confident	Confident to All - N/A	Not confident	Don't know	Not applicable	Response Count
i. To complete necessary development before January 31, 2017?	39	37	80%	12	7	23	118
ii. To complete testing with CDS+CDCC between April 13-May 26, 2017?	45	27	90%	2	6	38	118
iii. To complete necessary testing with Fundserv (Mock 1 June 22 - June 30, 2017)?	39	24	90%	2	5	48	118
iv. To complete necessary testing with Fundserv (Mock 2 July 13 - July 2017)?	40	23	91%	1	5	49	118
v. To complete necessary testing with DTCC (starts February 13) by June 30, 2017?	31	24	83%	3	8	52	118
vi. To complete necessary testing with DTCC Fund/SERV by June 30, 2017?	24	25	84%	1	8	60	118
					<i>answered question</i>	<i>118</i>	
					<i>skipped question</i>	<i>0</i>	

6. Does your firm intend to test T+2 readiness with any third parties other than CDS,



**7. With which of the following organizations does your firm intend to test?
(Please select all that apply)**

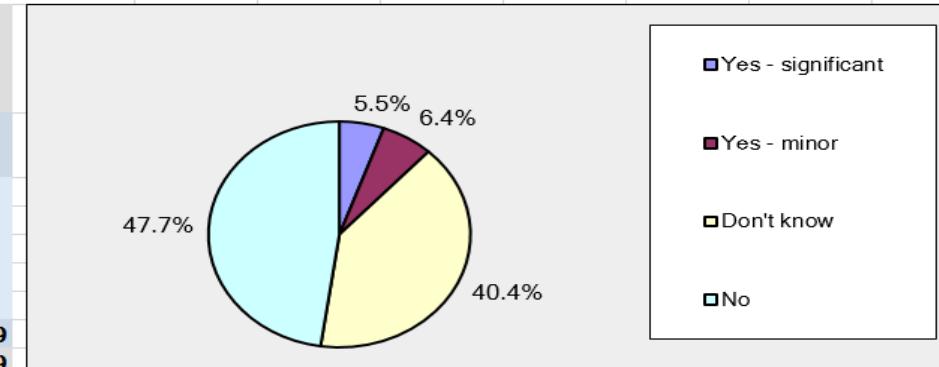
Answer Options	Response Percent	Response Count
Broker-dealer(s)	63.2%	36
Service bureau(s) (e.g., Broadridge, IBM)	56.1%	32
Other service provider(s) or vendor(s)	52.6%	30
Exchange(s) and marketplace(s) (e.g., TMX, Aequitas,	49.1%	28
Custodian(s)	47.4%	27
Mutual fund dealer(s)	36.8%	21
Investment (portfolio) managers	33.3%	19
Correspondent clearer(s)/intermediaries (e.g., NBCN,	24.6%	14
Other (Please specify below)	5.3%	3
Don't know yet	3.5%	2
answered question	57	
skipped question		61

8. How comfortable are you that...: (Please select an answer to all questions)

Answer Options	Very comfortable	Somewhat comfortable	Comfortable to All - N/A	Not comfortable	Don't know	Not applicable	Response Count
i. Your firm will smoothly transition to T+2 on September 5, 2017?	77	29	98%	0	2	1	109
ii. Your firm will smoothly handle double settlement date volumes (T+2/T+3 trades) on Sept. 7, 2017?	68	36	98%	0	2	3	109
iii. Your infrastructure, service providers/vendors will smoothly handle the transition to T+2?	52	43	95%	2	3	9	109
iv. Your counterparties in the industry will smoothly handle the transition to T+2?	41	49	91%	2	7	10	109
v. Other firms in the industry will smoothly handle the transition to T+2?	36	54	87%	2	11	6	109
					answered question		109

9. Is there anything – whether in your firm, other firms, or in the industry – that you think may impede a smooth transition to T+2 on September 5, 2017 and should be addressed? (Please select one answer only)

Answer Options	Response Percent	Response Count
Yes - significant	5.5%	6
Yes - minor	6.4%	7
Don't know	40.4%	44
No	47.7%	52
Other (Please elaborate)		16
answered question	109	
skipped question		9



10. Please provide, if known, the name and email address of your firm's T+2 lead, project manager or person who might sign off on any final CCMA T+2 readiness survey in 2017 when the CCMA may look for one reply only per firm.

Answer Options	Response Percent	Response Count
Name:	100.0%	74
E-mail address:	98.6%	73
	<i>answered question</i>	74
	<i>skipped question</i>	44

11. Please provide us with any other comments that you wish with respect to matters raised in this survey or the

Answer Options	Response Count
	8
<i>answered question</i>	8
<i>skipped question</i>	110