

March 29, 2024

Dear Fund Manufacturer:

Re: Request Clarity by April 12, 2024 re Mutual and Segregated Funds Moving to T+1

We are asking for your help on behalf of Canadian Capital Markets Association (CCMA)¹ members (dealers, custodians) after several survey efforts haven't clearly elicited which funds will move from T+2 to T+1. Surveys have had modest response rates; some do not provide the necessary detail; and others by recordkeepers/custodians/vendors only cover their own clients meaning results aren't shared. T+1 is much more complicated than the move to T+2 in 2017 and it is particularly difficult for many fund managers to come to decisions to move or not move to T+1 when Europe, the U.K., Asia, and elsewhere are not moving to T+1. Fundserv will be providing more information than what was provided in the 2017 move to T+2 in the week prior to implementation. However, this is too late for legacy/hard-coded systems changes and for some service providers/vendors, and likely too late to most effectively prepare advisors to answer client questions. **With about 60 days until implementation, we are asking manufacturers (those using Fundserv and those not) to do the following three things:**

- 1. Please make known publicly and accessibly by April 12, 2024 which of your firm's T+2 funds will move to T+1, and which will not:** As a minimum:
 - **Non-Fundserv AND Fundserv members willing to do so:** Please complete this very short [survey](#) that will be used to make publicly available the latest information we know on the CCMA website.
 - **Fundserv members:** If your firm has not done so already, please complete the [Fundserv survey](#) (if there are issues accessing the survey, contact tech@fundserv.com).
- 2. Other than funds moving to T+1, minimize and if possible avoid fund settlement cycle changes during the week of May 27-June 1, 2024.** This is to mitigate transition risk, facilitate post-implementation regression testing, allow for a stabilization period, and reduce the potential for confusion.
- 3. Send formal notices to advise dealers of settlement cycle changes that occur after May 27 for the rest of 2024.** While many dealers receive files with updated information, and some manufacturers send notices through Fundserv for participants set up to receive them, advisors and investors do not currently have a straightforward way to be alerted when there is a change in settlement cycle. Few if any vendors or service provider solutions provide a quick-and-easy check of settlement date, meaning dealers, advisors, and self-directed clients will have to check daily or at least periodically for possible changes which may result in an awkward client experience.

We hope you will be able to help others in the Canadian capital markets by undertaking the above three steps and would be pleased to discuss any questions with you.

Yours sincerely,

Keith Evans

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¹ The CCMA's mandate is communicating, educating, and helping co-ordinate the different segments of the investment industry on projects and initiatives spanning multiple parts of Canada's capital markets. One such project is shortening the settlement cycle from two-days to one on May 27, 2024, following the U.S. Securities and Exchange Commission (SEC) rule change in the States and equivalent rule change in Canada in light of Canadian and American capital markets' significant interconnectedness.