

Fundserv CCMA T+1 Working Group

Meeting Minutes

Date:	Thursday March 24 th , 2022
Location:	Remote - teleconference
Time:	1:00 p.m. – 2:00 p.m.

SEC and CCMA Update:

R. White shared that the SEC - issued a draft law that says the move to T+1 must be done by the end of Q1, 2024, but it's still out for comment. The U.S. industry plan to reply saying they want Memorial Day weekend, which is May 28, 2024. The CCMA plans to respond -saying they want until the end of September and that their preference is that it be on an American and Canadian long weekend, which is Labour Day, 2024.

Aligning of Redemptions and Switches with T+1 Settlement

Members were reminded that the largest problem we have on the Issue Log is fund managers meeting cash flow obligations on large net redemption days. The chart of existing and proposed settlement dates for redemptions and switches was reviewed. The original intent of this idea was unrelated to T+1, which was to eliminate the benefit to advisors of faxing in redemptions. With T+1 causing further liquidity challenges, this could also be extremely beneficial for fund managers to raise money for redemptions and switches. It would also be beneficial for investors as fund managers wouldn't have to hold so much cash in their funds. Investors want fund managers to be fully invested.

We don't know what changes to the Fundserv Standards would be required yet. Members were asked to take this back to their colleagues and discuss. Fundserv will be conducting a survey, asking for feedback, however the following comments were gathered during the meeting

1. You can't put a fund in overdraft for more than 5%. This is a real issue today and will become- even more difficult with a move to T+1.
2. The group agreed that fund-initiated switches should still settle on T.
3. If switches changed to T+1, how would systematic plans like AWD, Systematic Switches, and Asset Allocation rebalancing be handled? Would it they be run on trade date or settle date, and would it be carried over to a new fund if it meets those conditions?

The following chart was reviewed:

Transaction Type	T+2			
	Redemptions		Switches	
	Settlement Date	Money Movement	Settlement Date	Money Mov to Switch-in Fund
N\$M W/O	T+2	T+2	T	T
Non-N\$M W/O	S	S+1*	T	T
Direct	T	T+1	T	T

*Client Name. By law, dealers have up to T+10 to submit settlement documentation

Transaction Type	T+1			
	Redemptions		Switch Proposal**	
	Settlement Date	Money Movement	Settlement Date	Money Mov to Switch-in Fund
N\$M W/O	T+1	T+1	T+1	T+1
Non-N\$M W/O	S	S+1*	T+1	T+1
Direct	T	T+2**	T+1	T+1

**Fund companies would auto settle on night of T+1. Advisors would not be able to redeem or switch the fund that was switched into, until T+2.

Issue Log:

All -outstanding Issue Logs were reviewed in today's meeting. Fundserv committed to sending members a survey in early April to vote on their preferences for some of the issues.

Discussion on the outstanding Issue Logs was as follows:

1. Issue Log #001: Are members supportive of the move to T+1 for all NI 81-102 funds?
2. Issue Log #002: Should ICT's continue as is, be removed from the Fundserv network or is there a better suggestion? Note: if we kept them as is, an ICT redemption would be settling on T+2 which may not be acceptable if the CSA passes a law that says they must settle on T+1. We have to look into this.
3. Issue Log #003: When will changes be made to the Standards? No feedback was received on the schedule proposed by Fundserv, but it will change if the implementation date is changed from Q1 2024.
4. Issue Log #004: Are members supportive of changing the settlement of direct redemptions and switches, as well as -wire order switches to the night of T+1?
5. Issue Log #005: How will dealers be able to obtain investor money in time to settle purchases? No feedback has been received yet, but this will be included in the survey.

6. Issue Log #006: Will international funds governed by NI 81-102 be able to fund redemptions on T+1 and hence be able to make the transition to T+1?
7. Issue Log #007: Should Fundserv change all funds to T+1 on implementation weekend or follow the same path as in 2017 when we moved to T+2, where fund companies were required to send a Fund set up file (FD or MD). Fundserv is reluctant to move all funds and then find that fund companies failed settlement after we moved them.
8. Issue Log #008: There was a discussion on cancellations and modifications of wire orders. DOT 80 in the funnel has been approved for V33, and it will enable dealers to cancel orders on Settlement Date. Currently, there isn't anything in the Standards that speaks to this. As a results, some fund companies reject them, some process them on Settlement Date, and others process them on Settlement Date +1. More discussion is required on cancel (CAX) requests.
9. Issue Log #009: How will pre-funding activities by fund managers be done in time, as they are usually done on the morning of T+1? One solution is to provide inter-day reports to the fund manager, to enable them to trade during the day to prepare for large net redemption days.

Request for FAQ:

Members are asked to provide feedback on the draft FAQs for publication on CCMA's website.

Please send your feedback to WorkingGroupCoordinator@fundserv.com.

Milestone Chart:

Although it is very early in the process, R. White shared a draft chart with milestone dates. He assured members that it will change. It was created to trigger members to begin thinking about the impact of T+1 and to share any challenges to what was presented. Please send your feedback to WorkingGroupCoordinator@fundserv.com.

New Business:

A member asked if there was any update from the IFIC Liquidity Task Force. R. White responded that they do not have a future meeting set up at this time, but he has been accepted as a new member and will provide feedback on the ongoing progress.

Meeting Adjourned.

Open Action Items:

Item #	Owner(s)	Action	Due by	Status
1.	Members	Members are asked to respond to the survey that Fundserv will issue in early April.	Next meeting	Open
2.	Members	Provide feedback on CCMA FAQs in the March 24 th agenda.	ASAP	Open

Next Meeting:

The next meeting will be held on **Thursday, April 28th, 2022, from 1:00PM to 2:00PM EST** by teleconference.

If you have any questions regarding the meeting invitations, or this initiative, please contact workinggroupcoordinator@fundserv.com for assistance.