**T+1 Steering Committee (T1SC)**

**Meeting Information**

**Join Zoom Meeting**

https://us02web.zoom.us/j/83259537780?pwd=a2prVnlNZkEwL3EzbFpTTER1ZWFSUT09

Meeting ID: 832 5953 7780

Passcode: 650007

**Dial by your location**

+1 204 272 7920 Canada

+1 438 809 7799 Canada

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+1 312 626 6799 US (Chicago)

+1 646 558 8656 US (New York)

Meeting ID: 832 5953 7780

Passcode: 650007

**January 25, 2022 at 11:00 AM ET**

**T+1 Steering Committee (T1SC)**

**Agenda**

**Co-Chaired by:**

Jason O’Born – RBC

Keith Evans – CCMA

1. Approval of Minutes from the meeting held on December 16, 2021
2. Discussion with the OSC
3. Updated T+1 Steering Committee Membership (included below)
4. Working Group Updates
   1. Operations – Sheera Badial and Domenic Sgambelluri
      1. Recommendation on OWG-008 (included below)
   2. Legal/Regulatory – Jamie Anderson
      1. Recommendations on 20 LRWG Issues (see attached Issue Log)
   3. Mutual Funds – Russ White
   4. Education/Communications – Barb Amsden
5. Issue Logs – Updates if any
6. Other Business
7. Next Meeting February 22, 2022 at 11:00 AM ET

**T1SC - Minutes of December 16, 2021**

Keith Evans of CCMA welcomed attendees to the T+1 Steering Committee meeting. He asked all members to send an email to him indicating their attendance at the meeting.

1. **Approval of the Minutes from the meeting held on November 18, 2021**

Keith reported that the Minutes from the last T+1 Steering Committee meeting, held on December 16, 2021, 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 Membership**

Keith referenced the pre-mailed meeting package and the draft list of members for the Steering Committee, where the membership is an ‘official’ list of members that could be called upon if a formal vote is required. Keith indicated that all members now listed, had agreed to be included. At the request of the members, Credit Suisse (Sam Farrell) was added to ensure that Torstone (vendor) was represented on the Steering Committee. Likewise, it was recommended that a small, independent and self-clearing broker dealer be included to ensure the full range of members are represented on the Steering Committee. *(Post meeting Note: Andre Zanga, from Casgrain has agreed to be a member of the Steering Committee*).

1. **CCMA Funding**

Keith Evans asked the chairs of each of the working groups to provide a brief update on their respective working groups’ activities.

* 1. Operations: Domenic Sgambelluri updated the committee on the first meeting of the OWG. He said a review of the preliminary Issue Log was undertaken and the members were looking forward to getting down to resolving the issues.
  2. Legal: Jamie Anderson said that his working would not be holding their first meeting until the following day, but that he expected to dive right into the Issue Log. He said that the Issue log current has about 70 items on it, with 20 or so hopefully being closed during the first meeting.
  3. Mutual Funds: Russ White said that his working group would not be holding their first meeting until the end of January. It is expected that this working group will be coordinated via Fundserv through their monthly Standards Steering Committee.
  4. Education: Barb Amsden updated the group on the first meeting of the Communications and Education working Group. She said that they have about 50 members and many who participated during the T+2 project a few years ago.

1. **Issue List**

Keith reported that since the working groups are just getting started the issue Logs will not be avaible until the next meeting.

1. **Other Business**

Keith said that he has had a number of requests to hold virtual meetings instead of just conference call. His investigation indicated that no one product worked for all members, due to corporate restrictions in place at many firms. Consequently, Keith said that future meetings would be held virtually via Zoom, for those that can, and a Zoom dial in phone number will be provided for those that cannot.

1. **Next Meeting**

The next meeting of the T+1 Steering Committee will be scheduled for January 25, 2022, at 11:00 AM Eastern.

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| **Attendance** | | **Organization** | | **Name** | |
|  | | AMF | | Claude Gatien | |
|  | | AMF | | Francis Coche | |
|  | | Bank of Canada | | Stefan Caputo | |
|  | | Bank of Canada | | Andre Usche | |
| **x** | | BMO | | Keri Peacock | |
|  | | Broadridge | | Mary Beth Law | |
|  | | Broadridge - US | | Doug Gifford | |
| **x** | | Canaccord | | Sheera Badial | |
|  | | Candeal | | Jamie Grant | |
| **x** | | Casgrain | | Andre Zanga | |
| **x** | | Casgrain | | Pierre Mital | |
| **x** | | CCMA | | Barb Amsden | |
| **x** | | CCMA | | Jamie Anderson | |
| **x** | | **CCMA** | | **Keith Evans - Co-Chair** | |
|  | | CDS | | Johann Lochner | |
| **x** | | CETFA | | Pat Dunwoody | |
|  | | CFA Canada | | Michael Thom | |
| **x** | | CIBC | | Carol Elmalem | |
| **x** | | CIBC | | Kapil Sharma | |
|  | | CIBC | | Fernandez, Shawn | |
|  | | CIBC - WM | | Charlena Gaulin | |
| **x** | | CIBC Mellon | | Louis Lesnika | |
| **x** | | CIBC Mellon | | Carol Revoredo | |
|  | | CIBC Mellon - CASLA | | Zywot, Phil | |
|  | | Citi - US | | David Smith | |
|  | | Citi-US | | Lyndon James | |
| **x** | | Connor Clarke | | Mark Austin | |
| **x** | | Consultant | | Jeff Carr | |
|  | | Cooperators | | Mitra Raghubir | |
|  | | Co-Operators - Mutual Funds | | Mehreen Hussain | |
| **x** | | Desjardins | | Pascal Deslauriers | |
| **x** | | Fidelity | | Stephanie Leblanc-Mchenry | |
| **x** | | FundServ | | Russ White | |
| **x** | | IFIC | | Pamela Egger | |
| **x** | | IFIC/L&T Infotech | | Janaki Nagulan | |
| **x** | | IIAC | | Jack Rando | |
| **x** | | IIROC | | Catherine Drennan | |
| **x** | | L&T Infotech - Regulatory | | Kim Barrett | |
| **x** | | Laurentian Bank | | Hurillon, Anne-Claire | |
| **x** | | Laurentian Bank Securities | | Jennifer Vachon | |
|  | | Manulifer and CLHIA | | Bill Devolin | |
| **x** | | National Bank | | Nelson Dugre-Sasseville | |
| **x** | | Northern Trust | | Domenic Sgambelluri | |
| **x** | | OSC | | Aaron Ferguson | |
| **x** | | OSC | | Annetta Ho | |
| **x** | | OSC | | Frank Lacroce | |
|  | | OSC | | Stephanie Wakefield | |
| **x** | | Paramax | | Allyn Howe | |
| **x** | | PMAC | | Melissa Ghislanzoni | |
|  | | PWC | | Samantha Paisley (CA) | |
| **x** | | Questrade | | Andrew Kerrison | |
| **x** | | Questrade | | Lulu Feng | |
|  | | RBC - IS | | Cathryn MacKay | |
| **x** | | RBC - IS | | John Riordon | |
|  | | RBC - IS | | Isgar, Stephen | |
| **x** | | **RBC - CM** | | **Jason O'Born - Co-Chair** | |
| **x** | | Scotia | | Corey Cunningham | |
| **x** | | StateStreet | | Denny Mendonca | |
|  | | Statestreet | | Ivan Yang | |
| **x** | | TD | | Rob Candido | |
|  | | TD Securities CASLA | | Sumit Sharma | |
| **x** | | TMX | | Amy Li | |
| **x** | | Torstone | | Dave Omarra | |
|  | | Torstone | | Geddes, Daniel | |
| **x** | | Torstone | | Mack Gill | |
| **x** | | Vanguard | | Darnel Miller | |
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**T+1 Steering Committee (T1SC)**

**(DRAFT) Membership List**

**Buy Side**

Mark Austin Connor, Clark and Lunn Financial Group

Melissa Ghislanzoni PMAC

Pamela Egger IFIC

**Custodian**

Louis Lesnika CIBC Mellon

Domenic Sgambelluri Northern Trust/Co-Chair OWG

John Riordon RBC Investor Services

Denny Mendonca State Street

**Sell Side**

Keri Peacock BMO

Sam Farrell Credit Suisse

Corey Cunningham Scotiabank

Charlena Gaulin CIBC

Stephanie Leblanc-Mchenry Fidelity Clearing

Andre Zanga Casgrain

Nelson Dugre-Sasseville National Bank

Jason O’Born RBC Capital Markets/Co-Chair T1SC

Sheera Badial Canaccord Genuity/Co-Chair OWG

Rob Candido TD Waterhouse

**Other**

\*Special Purpose Vote See note below

Barb Amsden CCMA/Chair CEWG

Jamie Anderson CCMA/Chair LRWG

Russ White Fundserv/Chair MFWG

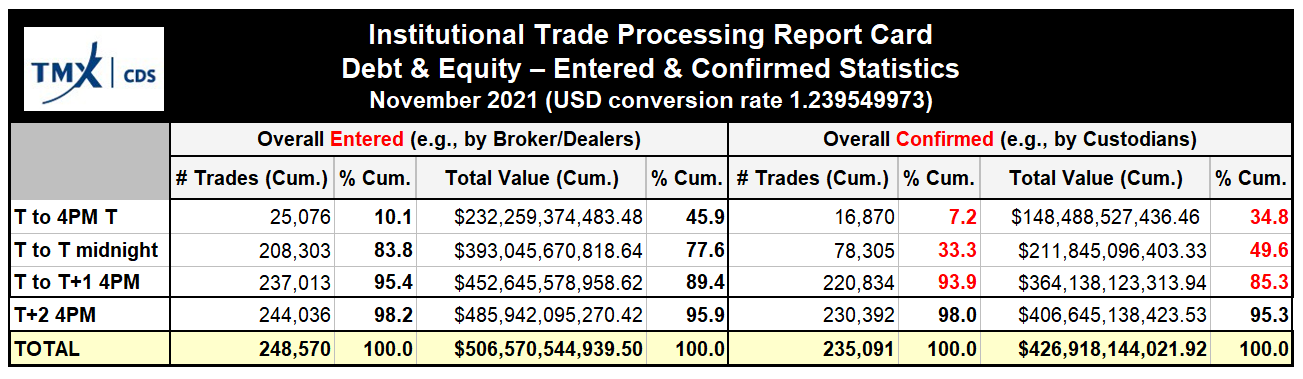
Keith Evans CCMA/Co-Chair T1SC

\* The Co-Chairs of the T1SC are authorized to fill the ‘Special Purpose Vote’ position, for any or each vote required by the T+1 Steering Committee, with a candidate who: (i) is a subject matter expert on, or (ii) broadly represents the industry segment materially affected by, the particular issue to be voted on.

**For Approval: OWG-008 - Trade Lifecycle Improvement Direction – January 2022**

**Recommendation:** The T+1 Operations Working Group (OWG) requests that the T+1 Steering Committee direct industry T+1 project resources towards advancing the timing of trade entry, error correction, block trade allocation, and confirmation to prior to the end of trade date.

**Background:** The overwhelming majority of trades today are entered into CDS – and broker-dealers submit contracts to their service provider. Reconciliation reports are then generated either by CDS, the service provider, or a third-party vendor. This is either done in batch or in near real-time. Most of the time these results are available to clients on the morning of T+1 and firms then make any necessary corrections, which currently can be done in the overnight batch process before T+2.

**Issue:** The question is: “Can we continue to follow or tweak the same clearing and settlement process as today and still be able to settle on T+1?” Reducing the standard debt, equity, and fund settlement cycle by 50% from T+2 to T+1 removes the current 24-hour period to correct errors, manage liquidity, etc. Although some improvements could be achieved through changes in procedures, behavior, and staffing, absent changes; 5% by number of trades, and over 10% by value could fail to settle on a timely basis on T+1 as shown in the adjacent table. The time to agree on, make, and test cross-industry changes is short, and resources are scarce. Given the 24-30-month deadline for identifying, making changes, and testing procedures and systems, OWG members discussed these options:

1. Keeping the current T+2 schedule and enhancing current processes, which would move Canada into unknown territory: the settlement of trades could take place before the trade correction process was complete, unless the corrections could be made outside the batch process or
2. Changing the deadlines/scheduler to require significantly more trades to be reported/corrected/ allocated before overnight batch settlement begins. However, this option would lead to a material amount of work, and undoubtedly would lead to larger upfront operational costs for some firms.

**Primary Considerations:**

* To settle on T+1, firms need: (i) as close to accurate an end-of-T position as possible to best manage margin/funding calls, securities lending requirements, settlement in foreign currencies, etc. and (ii) a way to make corrections on T rather than relying on overnight batch processes for this.
* The interconnectedness of Canadian and U.S. markets, significance of cross-border trading, and the extent of inter-listed securities will in any event require many, if not most firms to meet U.S. processing deadlines (currently being proposed as 7:00 pm ET on T for allocations, 9:00 pm for affirmations, 11:30 pm to start the overnight batch cycle).
* The U.S. Securities and Exchange Commission has on several occasions expressed a preference for moving to same-day settlement; should this happen, simply improving the status quo would leave Canadian firms further behind.

**Conclusion:** While improving today’s trade/allocate/affirm rates makes sense under either choice:

* **Option 1 is not recommended:** While the familiar process of using the current infrastructure and tightened processes may seem easier, safer, and cheaper, it is unlikely to provide sufficient comfort that Canada will be able to transition to T+1 at the same time as the U.S. in the first half of 2024 without an unpalatable increase in fails. This would be unacceptable from audit, risk, cost, and reputational perspectives.
* **Option 2 is recommended:** Moving deadlines for allocations, confirmations, any known corrections, and the start of the night-cycle batch process, to allow most trade reconciliations before the next business day starts on what will now be settlement date, has the greatest chance of long-term success with the fewest long-term downstream impacts. It keeps Canada aligned with the U.S, not only from a settlement point of view, but also from a stock exchange point of view, and so it keeps us positioned to move more easily to T+½ or T+0 in the future.