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

**Meeting Information**

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

**January 24, 2023 at 11:00 AM ET**

**Agenda**

**Co-Chaired by:**

Jason O’Born – RBC

Keith Evans – CCMA

1. Approval of Minutes from the meeting held on December 20, 2022
2. General Industry Update
3. Working Group Reports
   1. Operations - Sheera Badial and Domenic Sgambelluri
      1. OWG Update
      2. Revised Asset List – requires approval.
      3. NI 24-101 Comment Letter – draft copy for discussion purposes.
   2. Legal/Regulatory - Jamie Anderson
      1. LRWG Update
      2. LRWG – 029 – Securities Lending Agreement – for closure.
   3. Mutual Funds - Russ White
      1. MFWG Update
   4. Education/Communications - Barb Amsden
      1. CEWG Update
4. Other Business
5. Next Meeting February 28, 2023 at 11:00 AM ET

**-T1SC - Minutes of December 20, 2022**

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

**1 - Approval of the Minutes from the meeting held on October 25, 2022**

Keith reported that the Minutes from the last T+1 Steering Committee meeting, held on October 25, 2022, 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.

**2 – General industry update**

Keith Evans provided a general update on the status of the T+1 project as follows;

* Sam Farrell of Credit Suisse had retired as of December 14th. Brenda McIntyre of Canaccord Genuity will retire on December 22nd, and that Russ White of Fundserv has announced he will be retiring as of June 2, 2023. Keith thanked all three for their outstanding support of the CCMA initiatives over the past number of years and wished them all the best in the future.
* The SEC in the U.S had not yet issued their Final Rule notice which includes the T+1 compliance date. Keith said that the SEC may not publish the Final Rule until the end of Q1 2023. He said that this poses increased uncertainty and risk around timing of project deliverables, such as industry testing, and system and rule updates.
* The CSA had issued their consultation paper on December 15th. The consultation paper focused on potential updates to NI 24-101. He noted that most of the updates were expected. The only area where there was a different result, was with the cut off time for the confirmation of ITP trades. Today, the cutoff is Noon on T+1 for settlement on T+2. The consultation paper recommends moving this cutoff time back to 9:00 PM on Trade Date for settlement on T+1. Keith said that CCMA would be drafting a Comment Letter for review by the Steering Committee, where the letter will provide justification on why the 9:00 PM ET on Trade Date should be moved to 3:59 AM ET on Trade date +1. The draft letter could be ready as early as the next meeting of the Steering Committee on January 24th.
* The CSA also issued a Staff Notice with respect to NI 81-102. This notice indicated that the CSA was not proposing any changes to the National Instrument at this time. The CSA did indicate that they are of the view that, where practicable, mutual funds should settle primary distributions and redemptions of their securities on T+1 voluntarily. Keith said that CCMA is considering if a Comment Letter is required or needed.
* Keith said that CCMA had distributed a T+1 Survey issued by the Value Exchange, and he encouraged members to take the time to complete the survey as it will provide global clarity around the readiness of the industry. Keith said the survey needs to be completed by early January 2023.

**4 – Working Group Reports**

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

**A - Operations**:

1. Domenic Sgambelluri of Northern Trust that at the last meeting of the OWG several items were discussed.
   1. The first was that CDS had issued and presented their T+1 Migration paper. He indicated that this paper reviewed all aspects from a functional point of view. He also said that CDS does not anticipate any Rule changes at this time.
   2. The second item was that the OWG had established a temporary T+1 Buyside Taskforce to focus on ITP trade matching issues between the Buyside and Custodians. The four main Canadian Custodians and Buyside firms representing those with good processes and those that are struggling to get trade confirmed on the night of Trade Date. He said that this Taskforce, while temporary, could be made permanent if it is deemed necessary. The expectation is that this Taskforce will start early in the New Year and be completed before the summer.
2. OWG-006 – International Client Allocations – Domenic reported that this item is being recommended for closure as all of the activities of this Issue Log item have been combined with Issue Log OWG-031 – Trade Confirmation/Allocation process. After a brief discussion, **all members of the T+1 Steering Committee unanimously agreed with the recommendation; therefore Issue Log OWG-006 is now approved to be closed.**
3. OWG-016 – Penalty for Fails. Domenic reported that the Bank of Canada had recently issued a paper, where a penalty will be implemented on all failed trades involving Canada T-Bills and Bonds. This fee will be implemented after the conclusion of the T+1 project. However, it is also expected that this is likely to impact equity and corporate debt transactions at a much later date. In the meantime, the OWG did not consider it was necessary for a penalty fee for T+1. After a brief discussion, **all members of the T+1 Steering Committee unanimously agreed with the recommendation; therefore Issue Log OWG-016 is now approved to be closed.**

**B - Legal:** Jamie Anderson reported that the LRWG that at the last meeting the working group discussed

* Reviewed the IIROC Rule amendments. Next steps are for IIROC to do their internal review and issue the amendments for comment. This would be similar to the T+2 process.
* The Bank of Canada fail fee. Just raised to be aware of by members.
* FX transactions. Preliminary discussion only.
* Securities Lending. Preliminary discussion only. Both Sifma and ISDA had made changes to master agreements during the move to T+2 which makes them agnostic to a specific settlement date. Therefore no changes are being considered. However, members were encouraged to review their own agreements, specifically on Recalls.

1. LRWG-018 – IIROC agreement with dealers. – There are no changes to the IIROC Standards Agreement (15 in total). After a brief discussion, **all members of the T+1 Steering Committee unanimously agreed with the recommendation; therefore Issue Log LRWG-018 is now approved to be closed.**
2. Plain Language. – There was a document distributed with the meeting package, and is provided to the members for information only and should be shared with internal parties affected by the changes.

**C - Mutual Funds:** Russ White said that the Mutual Fund working group had recently met and continues with their review of activities related to T+1. He reported that the CSA had recently issued their Staff Notice on NI 81-102. He said that there were no surprises in the notice and that the CSA is encouraging all funds to move to T+1 where practicable. Russ also mentioned that he was going to reach out to a number of the larger fund distributors in the New Year to try and get a sense of their plans for moving their funds to T+1. The only outstanding issue with the NI not being updated is that fund companies will need to force settle earlier, if their fund moves to T+1. The CSA will likely make a change to accommodate this request. It is still to be determined exactly how this change will be implemented.

**D – Communication/Education:** Barb Amsden reported that the CEWG had coordinated the CCMA issuance of the CSA announcements to members and suggested that they be shared internally with affected members. Also, a number of questions have been raised about specific issue types that might need to be added to the Asset List. Barb said that an update will be forth coming in the New Year. CCMA is working on a webinar on T+1 and once we get greater clarity on the dates associated with the implementation date. Finally, Barb said that we are always looking for questions that can be added to our FAQ section, so please send them into Barb for consideration.

**4 – Other Business:** Keith said that at the next OWG meeting scheduled for January 12th, the CDS Migration paper will be discussed and a Q&A will follow. In addition, Kyndryl, Broadridge BPS and Dataphile, as well as Paramax will be giving a high level overview of their T+1 projects. Keith asked members to ensure that they are well represented at this meeting.

There was no other business raised.

**5 – Next Meeting:** The next meeting of the T+1 Steering Committee is scheduled for Tuesday January 24, 2023, at 11:00 AM Eastern.

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| Aamir Shahzad - TD Securities |
| AC Hurillon-Laurentian Bk Securities |
| Adnan Quader TD Securities |
| Alessia |
| Allyn Howe; Paramax |
| Annetta Ho |
| Assane |
| Andre Zanga - Casgrain |
| Barb Amsden -CCMA |
| Cathryn Mackay- RBC I&TS |
| CDS - Johann Lochner |
| Chelsey Morphy - Scotia |
| Dan Brennan |
| Danny Leca @ CIBC |
| Dave O'Marra-Torstone (Dave O'Marra) |
| DEVOLIB |
| Dom Sgambelluri |
| Doug Gifford |
| Francis Coche AMF |
| Frank Baron - CIBC Mellon |
| Franklin Lacroce OSC |
| Hagen Einspenner - Kyndryl Canada |
| Halyna Fenkanyn Hawryshko - CIBC |
| Henry - Broadridge |
| Ivy |
| Jamie Anderson - CCMA |
| Jarrod Smith (OSC) |
| Jason Oborn - RBC |
| Jonathan Grenier |
| Kapil Sharma (CIBC) |
| Keith Evans - CCMA |
| Keri Peacock - BMO |
| Lavanya CIBC |
| Lou Lesnika - CIBC Mellon |
| Luigi Fisico - State Street (Luigi Fisico) |
| Lulu Feng - Questtrade |
| Mary Anne Palangio# CSE |
| Mary Beth Law |
| MeanguE |
| Mei Yang - Citi Canada (Mei Yang) |
| Michael Kenny |
| Muneeb Ahsan |
| Nadeem |
| Nathalie Picard |
| Nelson Dugré-Sasseville |
| Noura Dube - Deloitte |
| Pamela Egger - IFIC |
| Pooja BOC |
| Roy Gamboa - TD |
| Russ White - Fundserv |
| SL |
| Stefan Caputo (Bank of Canada) (Stefan Caputo) |
| Stephanie Leblanc-Mchenry |
| Steve L |
| Stuart Schady |