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

**Meeting Information**

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

**July 25, 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 June 27, 2023
2. General Industry Update
   1. Mexico
   2. Mutual Funds
   3. CCMA Funding
3. Working Group Reports
   1. Operations - Sheera Badial and Domenic Sgambelluri
      1. OWG general update
      2. Issue Log – Priority update
      3. ETF TF – update (report attached)
      4. TMS - update
   2. Legal/Regulatory - Jamie Anderson
      1. LRWG Update
   3. Mutual Funds - James Stares and Rosemary Marchesano
      1. MFWG Update
   4. Education/Communications - Barb Amsden
      1. CEWG Update
4. Other Business
5. Next Meeting August 22, 2023 at 11:00 AM ET

**T1SC - Minutes of June 27, 2023**

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 May 23, 2023**

Keith reported that the Minutes from the last full T+1 Steering Committee meeting, held on May 23, 2023, were distributed with the meeting package. There was only one minor change in item 4A, where the intraday files were being changed from proposed by the marketplaces to being requested of the marketplaces. There were no other 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:

Keith reported that the PTM cycle 2 industry testing had been completed at the end of May, and that is now on hold until the completion of T+1 in next May 2024.

Keith reported that not much has been completed over the past month. However, there continues to be progress made on Securities Lending, ETFs, and NI 24-101. Most of these items are on the agenda today, so no further updates were provided.

**3 – CCMA Funding**

Keith reminded members that CCMA would be collecting a new round of funding. This round of funding will be collected as part of the CDS billing cycle for the month of July 2023, with the actual collection being made on August 11, 2023. CCMA will coordinate the issuance of a CDS Bulletin in early July describing the particulars of the collection.

**4 - Working Group Reports**

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

**A - Operations**: Sheera Badial of Canaccord Genuity reported that at the last meeting of the OWG, members discussed the Final report from the Buyside Taskforce, with the following recommendations;

* That buyside firms were reporting simultaneously to the sellside and the custodians.
* That buyside firms were reporting between 90 and 97% of their trade allocations on Trade Date.
* Custodians were reporting that they have the ability to automatically confirm trades when the confirmations come in from the buyside.
* Current processing timelines including Client/Custodians reporting deadlines and any SLA’s need to be reviewed and amended to ensure that trade reporting by the broker/dealer is close to or at 100% in sufficient time for the custodians to confirm the trade if the expected CSA deadline for confirmed trades of 3:59am on T+1 is to be met.

**There were six recommendations on this issue.**

1. Custodians review and update Client agreements and client reporting deadlines to meet the new CSA deadlines. These changes should be implemented at least 6 months prior to the May 2024 transition date.
2. Custodians revise client agreements to require that all institutional clients regardless of size report allocations in an electronic format (FIX, Swift etc.) either through internal proprietary systems, custodian proprietary systems or vendor solutions.
3. Custodians develop/implement reporting solutions to track the receipt of Client instructions vs the receipt of trade notification messages from CDS and follow-up with clients for corrective action as required.
4. Custodians develop/implement reporting solutions to track the frequency and volume of mismatches and follow-up with clients for corrective action as required.
5. CDS generate the alternate view of the STP reporting stats monthly at the Custodian level rather that an aggregate industry level commencing at least 6 months prior to the May 2024 transition date. CCMA Operations Working Group Monitor these reports and follow up if no significant incremental improvement in trade confirmations is observed during this period.
6. Institutional clients and Broker Dealers review and revise/update current technologies (including Order Management Systems, messaging solutions, etc.), processes and procedures to ensure that trade/allocation details are communicated so that transactions are entered in CDSX at the earliest opportunity, but no later than 7:30 PM on TD to facilitate the trade confirmation process.

***Members of the CCMA T+1 Steering Committee approved these action items.***

**NI 24-101**

Sheera reported that the taskforce had prepared a summary document titled “Parties subject to National Instrument 24-101 regarding

* The document provides an overview of NI 24-101 and its Companion Policy with regards to the requirements and guidance for trade matching parties. Trade matching parties that are Registered Dealers and Registered Advisers are required to have policies and procedures to achieve 90% matching no later than the trade matching deadline and must encourage their trade matching counterparts to enter into a trade matching agreement or provide a trade matching statement.
* Various investment managers have advised that they do not fall into the category of “Adviser” under securities law and as such are not legally required to implement the trade matching procedures. However, these investment managers have indicated that they have instituted processes to voluntarily meet the matching requirements and intend on continuing to meet these requirements. While it is encouraging that such voluntary participation is occurring, the lack of mandatory trade matching requirements for all trade matching parties has the potential to cause serious barriers to achieving timely trade matching, especially in a T+1 or shorter environment.

**There was one recommendation on this issue.**

1. That CCMA should request clarity from the CSA as to the scope of NI 24-101 with respect to: investment managers that are not advisers, and custodians. To the extent that the CSA is of the view that these entities should be subject to the mandatory requirements (as Registered Advisers and Registered Dealers are), it should be proposed that NI 24-101 be amended.

***Members of the CCMA T+1 Steering Committee approved this action item.***

Sheera also reported that a Final decision from the CSA on the NI 24-101 deadline is needed as soon as possible. The uncertainty of the required deadline presents issues for all parties in getting the required resources to be able to engage in the projects that will be necessary to address the need for faster confirmation of trades.

**There was one recommendation on this issue.**

1. It is recommended that CCMA continue its efforts to obtain a final decision on the acceptability of the proposed 3:59am deadline and the issuance of the final version of the revised instrument at the earliest opportunity.

***Members of the CCMA T+1 Steering Committee approved these action items.***

Sheera then reported that the ETF Taskforce has had a number of meetings to identify issues with the creation and redemption of ETFs. She mentioned that one of the issues being pursued is the ability to use short term collateral for any missing components of a basket of assets. Secondly, they are looking at automating the creation and redemption process through the clearinghouse, the same way they do in the U.S. Jamie Anderson clarified that members of the taskforce had an exploratory meeting with the CSA to discuss what options might be available to enhance the regulatory framework for ETFs. One such issue was the use of a blanket exemption for members to post collateral, with a medium term solution to codify the exemption.

Sheera reported that the members discussed the Trade Matching Statement, which had been removed from the IIAC website. Members agreed that this was a very useful tool and would like the IIAC to reestablish this posting for industry use. The LRWG updated the old document to take into account changes needed for T+1, and this form has been sent to the IIAC for consideration.

Finally, Sheera highlighted the High priority issues that the OWG had agreed were the most important items to be addressed before we move to T+1 next year. Medium and Low priority items will be addressed if time permits.

**B - Legal:** Jamie Anderson reported that the LRWG at their last meeting discussed the following;

* Trade Matching Statement; Jamie summarized that the standardized Trade Matching Statement would be beneficial. He said that the LRWG, CIRO, IIAC and CCMA have all reviewed and endorsed the form as amended.
* There was a discussion on Securities Lending. It is expected that CASLA was working towards an automated and standardized recall function. Phil Zywot from BNY Mellon, who chairs the CASLA T+1 working group, said that they are in the middle of testing the new functionality, with a view of approving the product before the end of the summer.
* LRWG-020 – This issue log deals with the Rules of Fundserv, where Fundserv have said that there are no Rules and Procedures in need of change in order to support T+1. However they are making changes to its Data Standards and the Fundserv Standards Committee has approved the required changes. There are no changes required to its Electronic Processing agreement. The LRWG recommended that the issue log be closed.

***Members of the CCMA T+1 Steering Committee approved this action item.***

**C - Mutual Funds:** Rosemary Marchesano of Fundserv reviewed the timelines of the Fundserv timeline for T+1. She said that Fundserv has cancelled MFWG meetings for June, July and August, due to lack of issues to deal with. Secondly, Rosemary said that Fundserv will be providing for ‘Mock’ testing between January 18th to 26th and then again between February 8th and 16th 2024. Rosemary noted that Fundserv is not mandating testing, however members are encouraged to do so.

**D – Communication/Education:** Barb Amsden updated the group on the activities of the Communications and Education Working Group, as follows;

* A new project update bulletin will be provided on a bi-monthly basis starting at the end of June (later this week), where details by vendor readiness will be provided.
* Secondly, later this week, CCMA will be issuing a short survey (3-5 minutes to complete) to identify the pain points in members development and readiness planning for the T+1 transition next year. This will help identify which segments of the industry need the most support over the next year.

**5 – Other Business:** There was no new business brought forward.

**6 – Next Meeting:** The next meeting of the T+1 Steering Committee is scheduled for Tuesday July 25, 2023 at 11:00 AM ET.

**Attendees**

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| Adnan Quader TD Securities |
| AM |
| AndrewLedbury - kyndryl |
| Anne-Claire Hurillon |
| Assane Ndoye |
| Barb Amsden - CCMA |
| Bill Devolin - Manulife |
| Bill Grossman IIROC |
| Brent Blake |
| Catherine Drennan CIRO |
| Cathryn Mackay- RBC I&TS |
| Charlena Gaulin (CIBC) |
| Chelsey Morphy - Scotia |
| Christos Ekonomidis BNYM |
| Dan Brennan |
| Daniel |
| Daniel MacDougall |
| Danny Leca CIBC |
| Darnel Miller |
| Dave O'Marra |
| David Petiteville @RBC |
| Dom Sgambelluri |
| Doug Gifford |
| Elisabeth Falake |
| Eric Man-chi-ming |
| Fran Daly -CCMA (Francis Daly) |
| Francis Coche AMF |
| Frank Baron - CIBC Mellon |
| Franklin Lacroce |
| Halyna |
| Henry - Broadridge |
| Ian Graham |
| Iris Trotman |
| Ivy Sananikone - LBC |
| Jamie Anderson - CCMA |
| Jane Chan |
| Jarrod Smith (OSC) |
| jdufrene |
| JJW |
| Johann Lochner - CDS |
| Jonathan Grenier (SocGen) |
| Judith Marcelo |
| Keith Evans - CCMA |
| Kelly Chong |
| Keri Peacock - BMO |
| Kevin |
| KevinC TD |
| Kim Barrett - LTIM |
| Lavanya CIBC |
| Lou Lesnika - CIBC Mellon |
| Lou Rosato - BlackRock |
| Lyndon James |
| Mark Cicero- BMO |
| Martin Palivec (Citi) (Martin Palivec) |
| Mary Anne Palangio# CSE |
| Matthew Andreacchi (OSC) |
| Meaghan Li |
| Mei Yang -Citi Canada (Mei Yang) |
| Michael Cagayat |
| Michael G |
| Michael Kenny / TDW Canada |
| Muneeb Ahsan |
| Nathalie Picard |
| Nazmul Khan |
| Nelson Dugré-Sasseville (NBC) |
| Noura Dube - Deloitte |
| Olga Svistoun BMO |
| Pamela Egger |
| Pat Dunwoody |
| Paul White BMO |
| Phil Zywot# CASLA/BNY Mellon |
| Pooja BoC |
| prem |
| PV |
| Rags |
| Rakesh Jha |
| Ramesh Somalingam - CanDeal |
| Rishanthi Pattiarachchi - BOC |
| Rob Candido |
| Rosemary Marecesano - Fundserv |
| Roy Gamboa - TD |
| Sheera Badial - Canaccord |
| Silvia L |
| Stefan Caputo |
| Stephen Isgar |
| TAE5098 |