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

**Meeting Information**

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

**October 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 September 26, 2023
2. General Industry Update
   1. **Broadridge/Fundserv testing update – Henry DeLange**
3. Working Group Reports
   1. Operations - Sheera Badial and Domenic Sgambelluri
      1. OWG Update
         1. **Revised Asset List for approval**
         2. **Transitional issues**
   2. Legal/Regulatory - Jamie Anderson
      1. LRWG Update
         1. **Issue Log - update**
   3. Mutual Funds - James Stares and Rosemary Marchesano
      1. MFWG Update
   4. Education/Communications - Barb Amsden
      1. CEWG Update
         1. **Technical Bulletin**
4. Other Business
5. Next Meeting November 28, 2023 at 11:00 AM ET

**T1SC - Minutes of September 26, 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 August 22, 2023**

Keith reported that the Minutes from the last full T+1 Steering Committee meeting, held on August 22, 2023, were distributed with the meeting package. 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 introduced Barney Nelson, CEO at The ValuExchnage. Barney and the ValuExchange recently completed a pulse survey on T+1 readiness from a global perspective. Barney provided a detailed review of that survey and the following were the key take-aways.

1. Survey results were completed in December 2022 and January 2023, while this updated survey was completed within the month of September.
2. The survey was completed by 300+ industry players.
3. The recent survey indicates an uptick in the level of engagement, but some firms have not yet started.
4. Who is not ready
   1. Retail investors are not fully engaged….no change.
   2. 6% Institutional Investors are planning on cross industry testing.
5. Readiness around the world.
   1. North America is doing well.
   2. UK/Europe have picked up their level of involvement over the past few months.
   3. Asia-Pacific is well behind the rest of the world and not engaged.
6. T+1 is not a settlement issue, but the impact is felts across the different parts of the industry
   1. Account Opening
   2. F/X
   3. Middle Office
   4. Fails Management
   5. Securities Lending
   6. Etc.
7. T+1 impact is dependent on where you are in the world…..time zone impacts.
8. 5-10% of firms don’t expect to complete their T+1 until after the transition next May. The sense is this number will grow over the next few months.
9. Sellside is automating with Buyside will use increased staffing levels.
10. Funding is Sec Lending and Funding/FX
11. Less than 50% of Custodians and 1/3 of investors plan on doing end to end testing.

Keith Evans provided additional information on a few T+1 related items.as follows:

1. The 3:59 confirmation rate (24-101) is still very low at 46%. Keith reported that this number needs to at least double between now and transition.
2. CDS has asked for the Testing Support form be returned as soon as possible for planning purposes.
3. The CDS Sec Lending recall Portal….CDS is looking for an indication of interest in their new portal. There are still a large number to do so. Additionally, CDS has indicated a significant increase in fees for anyone who plans on waiting until next year to sign up.

**3 - 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**: Domenic Sgambelluri of Northern trust reported on the last meeting of the OWG, members discussed the following issues;

* + Discussed the high priority items;
    - The CSA has indicated their support for 3:59….good news
    - Transition issues to be discussed, such as in-flight Buy Ins, Corp actions and Entitlement Ex-Date, etc.
  + JP Morgan raised three issues that warrant further industry review. Members were asked to review these items internally and prepare to discuss at the next meeting. The items discussed were
    - The CDS Locked In process for direct participant non-exchange trades.
    - Trade metrics for broker to broker non-exchange trades.
    - Trade matching quarterly compliance for broker to broker non-exchange trades.

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

* The ETF taskforce continues to discuss the need for collateral to help in the ETF creation process.
* Reviewed a new FAQ on matching and settlements that identifies what type of trades, matching requirements, etc. The FAQ had been sent and received to CIRO and CSA for their review and agreement before posting on the CCMA website.
* LRWG has asked the OSC/CSA for clarity on the scope of “adviser” (individuals or entities that are in the business of advising others as to the investing in or the buying or selling of securities) and “registered advisers” (registered under a securities act or NI 31-103) for the purposes of determining whether certain investment managers/portfolio managers (such as those acting for/employed by pension funds) are, or are intended to be, covered under National Instrument 24-101. We are still awaiting for their clarification.
* There was a discussion on Mutual Funds that might transition to T+1, or remain at T+2. Statistics will be provided by Fundserv late this year or early next year as to how many funds have indicated on their intention to shorten their funds settlement date.
* IFIC advised that there was no regulatory requirement to disclose the settlement period in fund prospectuses, Funds Facts or ETF Facts. Fund manufacturers may do so at their discretion. Investors may determine the settlement period for funds that are cleared through Fundserv (the settlement period is publicly available on Fundserv’s website); ETFs are publicly traded and are subject to the publicly available rules concerning settlement in the various exchanges’ rules. Further investigation is required for funds that are not cleared through Fundserv (i.e. determining the universe of such funds and how investors are made aware of the settlement period prior to investment and before receipt of the trade confirmation).
* CIRO advised that its mutual funds division will be updating its sale compliance procedures to note that mutual funds may voluntarily move to T+1 (see LRWG15 issue log). CIRO will advise closer to the May 27, 2024 transition date when this is completed.
* The JP Morgan issue concerning the 6pm deadline for broker-to-broker trade matching was discussed. It was determined that this Rule has been in place since 2013 (previously the trades had to be matched within one hour of execution), and was not modified for the transition to T+2 in 2017. In addition, there have been no comments provided to CIRO as part of the public comment period on this topic. It was concluded that there is no support to modify this cut off time at this point.
* The Trade Matching Statement, previously approved by the Steering Committee, has been revised as follows;
  + Some minor tweaking to better match to the National Instrument and Companion Policy wording.
  + Made the form fillable and interactive to make it easier to use/complete.
  + Removed the IIAC endorsement (at their request) from the updated TMS.
  + CIRO will be issuing a Bulletin shortly with the new form and it will also be posted on the CCMA website. IIAC will be asked to point to this form from their website for their members to use.

**The members of the T1 Steering Committee unanimously agreed to approve this version for use.**

**C - Mutual Funds:** James Stares reported that Fundserv plans on running two test cycles in January and February of 2024. They also plan on issuing a survey at the end of October to determine their member’s interest in testing in either one, both, or none of the test cycles.

A member mentioned that Dataphile might not be connecting to Fundserv T+1 test region. This was news to the members, and Keith from CCMA agreed to follow up with Broadridge/Dataphile for clarity.

Post Meeting Note: Keith spoke with Broadridge who indicated that this was not the case, and agreed to clarify this at the next meeting of the Steering Committee.

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

* The next T+1 project Newsletter is expected to be issued by the end of September.

**4 – Other Business**:

There was no other new business brought forward.

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

**Attendees**

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| --- |
| Aaron Leyser |
| Allyn Howe; Paramax |
| Alzhan |
| Andre Zanga |
| Anne-Claire Hurillon |
| Arjun |
| Art Valdes |
| Assane Ndoye - Desjardins |
| Barb Amsden |
| Barnaby Nelson The ValuExchange |
| Bill Devolin Manulife |
| Bill Grossman CIRO |
| Carol Elmalem |
| Casey Als - TD |
| Catherine Drennan CIRO |
| Chantal Desroches |
| Chinmay(TD) |
| Christos Ekonomidis |
| Dan Brennan |
| Danny Leca CIBC |
| David Petiteville @rbc |
| Deepak D. |
| dmacDougall |
| Dom Sgambelluri |
| Doug Gifford |
| Edson Silva (Scotiabank) |
| Eric Man-chi-ming |
| Francis Coche AMF |
| francis pignoti pana |
| Frank Baron - CIBC Mellon |
| Franklin Lacroce OSC |
| Greg Sutton - CIBC |
| Hector Toriz AMF |
| Henry - Broadridge |
| Herman Tan |
| Iris Trotman |
| Ivy Sananikone - LBC |
| James Stares |
| Jamie Anderson - CCMA |
| Jarrod Smith - OSC |
| Jason O'Born-RBC |
| Johann Lochner - CDS |
| John Abel |
| Judith Marcelo |
| Kapil Sharma - CIBC |
| Katherine TDS |
| Keith Evans - CCMA |
| Kelly Chong |
| Keri Peacock - BMO |
| kerry |
| Kevin Calhoun TD |
| Kevin Duncan |
| Louis Lesnika - CIBC Mellon |
| lroberto |
| lyndon james - Citi |
| Maher Boutros |
| Mariam Osman |
| Mark Cicero- BMO |
| Martin Palivec Citi |
| Meaghan Li |
| Mei Yang- Citi Canada (Mei Yang) |
| Michael Giancursio |
| Michael Kenny / TD Waterhouse Canada |
| Michael Klinov |
| Michael Lowes - TD Securities |
| Michael Palmiotto |
| Muneeb Ahsan |
| Mya AIT-ALI |
| Navaz Keshavjee |
| Nelson Dugre-Sasseville (NBC) |
| Nicole |
| Noura Dube |
| Olga Svistoun - BMO |
| Olivier Demet (Credit Suisse) |
| Pamela Egger |
| Pat Dunwoody |
| Paul White BMO |
| prem |
| PV |
| R. Gamboa - TD |
| Rob Candido |
| RosemaryM |
| Ruo Liu |
| Sam Farrell |
| Sam Uddin, IIAC |
| Sandra Marcoccia |
| sauves |
| Scott MacKenzie - Wellington- Altus (ScottMacKenzie) |
| Sheera Badial - Canaccord |
| Silvia L |
| Sinan Zerbe (XFMH4NJ) |
| Siv Angalakuduru(Scotiabank) (Siv Angalakuduru) |
| Stefan Caputo (Bank of Canada) |
| Stephanie Leblanc-Mchenry |
| Sun Young Sauve |
| Tammy Savinkoff |
| Vasu Ganesan - Wealthsimple |