

T+2 Steering Committee

Agenda

August 25, 2016

10:30 AM ET – 7:30 AM PT

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| 1. Approval of the June 23 rd Minutes | Keith Evans |
| 2. UST2 - Status of T+2 | John Abel |
| 3. Asset List Update | Barb Amsden |
| 4. OTC Transactions | Keith Evans |
| 5. Industry Readiness | Members |
| a. Who will need to attest (attached below) | |
| b. What will need to be signed (attached below) | |
| 6. T2SC Working Group Status/Approvals | |
| a. OWG | Michael Holmes |
| | Dom Sgambelluri |
| b. LRWG | Jamie Anderson |
| c. CEWG | Barb Amsden |
| d. MFWG | Kyle Bedeau |
| 7. Issues completed by working groups for approval | Jason O’Born |
| a. OWG – | |
| b. LRWG – | |
| 8. Other Business | |
| 9. Next Meeting | September 22, 2016 at 10:30 AM ET 7:30 AM PT |

Conference Details

Conference ID: 7312646#

Local Dial-in 416-933-8665 Toll-free Dial-in: 1-888-402-9166

Minutes of June 23, 2016

Keith Evans of CCMA welcomed and thanked all members for attending the T2SC meeting.

1. Approval of the May 26, 2016 meeting minutes

Keith Evans

Keith Evans reported that the minutes had been distributed prior to the meeting and that no comments had been received. No additional comments were made at the meeting and the minutes of May 26, 2016 were unanimously approved.

2. UST2 - Status of T+2

John Abel

John Abel reported on the latest activities in the US. He said that the regulatory committee continues to meet and make excellent progress. The rules process is going as planned; John mentioned that the MSRB rule amendments have been approved and several sets of rules by other regulators have been issued for comment (FINRA comment period ending; Nasdaq comment period still open; DTCC draft filing has been provided to the SEC). He indicated that all regulators have committed to being ready on time for transition on September 5, 2017.

John also reported that the detailed test plan was still a work in progress. System changes at Omgeo, NSCC, and DTC were already underway and scheduled for completion later this year. The detailed industry test plan will be ready by the end of July. He said that DTCC will have a dedicated T+2 test region (converted from the existing test region), in addition to maintaining a new T+3 test region. The T+2 test region is targeted for February 2017 (the new T+3 region will be available December 2016).

The UST2 Command Center will be up and running within the next few months, and will be made up largely of the industry steering committee members. It will be

recommended that the CCMA have a representative on the Command Center. In terms of the “go/no-go” decision for the T+2 transition date, it is expected that such a decision would need to be made 4 to 6 weeks before the transition date.

Keith asked whether the U.S. regulators have proposed rule amendments that were not anticipated by the committee. John noted that the regulators have proposed additional amendments beyond those contemplated by the committee. These amendments are being considered by the US ISC to determine whether they are necessary. The US ISC has requested that firms take a close look at proposed amendments to confirm whether they agree with the changes.

Alyse Kefeli of Citigroup asked about the product scope for derivatives. John advised that the remaining open item pertains to OTC derivatives. The US ISC decided to approach ISDA to obtain a recommendation for these products. ISDA has dealt with these matters for the European transition to T+2 and will consider the impact for North America. John said that ISDA is dealing with the South Africa transition to T+3 and had prepared material with regards to OTC derivatives for that market. John advised he would send the material to Keith for circulation.

Additionally, once John receives the similar analysis for the European transition, he will send to Keith for circulation. There was a question as to whether Canada would follow whatever OTC derivative guidelines are developed for the U.S. Jamie noted that OTC derivatives transactions are typically cross-border and dependent on the clearinghouse used. John noted that the issue concerns only uncleared OTC derivative transactions and specifically equity and credit derivatives.

The US asset list is undergoing additional changes, with a new working group looking at all of the details. The new listing should be available shortly.

Jamie asked whether the U.S. has considered timelines associated with tender offers/takeover bids and the timing under which payments for the same must be made. For example, in the Canadian jurisdictions, there is a three day period for

payment (after which, the submitter to the tender offer can retract their shares).

John said he would discuss with his corporate actions team.

3. CCMA Survey Results

Barb Amsden

Barb Amsden reported that the CCMA considered the survey results to be encouraging, and generally consistent with the recently issued DTCC survey results. The survey had been completed by 80 people, quite evenly spread among buy side, sell side, custodian, marketplace/agency and vendor/service provider respondents although a relatively smaller percentage of the total possible buy side firms. Of respondents, 50% were large, with the remainder split evenly between medium and small. Senior people at all respondents are generally aware of T+2 implications for their firms, with somewhat less awareness of trade entry/matching rates and key deadlines. The significant majority of respondents have a project manager or someone with this responsibility, most have a plan and nearly three-quarters have a budget, with only one respondent saying that analysis of the T+2 impact has not begun. Securities lending was raised as an area that could benefit from additional scrutiny.

Keith advised that the French version of the website should be ready in the next couple of weeks.

4. Asset List Update

Barb Amsden

Barb Amsden said that comments had been received from 14 members. Responses ranged from assets to add or specific text to be amended, to general comments about adding what happens when a new asset is identified and introductory text, to clarification of some products, to confirmation of detailed review with agreement or no comments. She said the comments were clear and feedback would be provided. Follow-up has been initiated with some industry participants such as DTCC and the Montreal Exchange; questions concerning investment funds have been provided to

the MFWG which meets on June 30. It was noted that some investment funds may not be moved to T+2 settlement – this may be a function of the frequency of pricing of these funds and this will be confirmed. Keith noted that any investment fund that currently settles T+3 is expected to move to T+2, whether it settles through Fundserv or not. The asset list will be updated and shared with the Operations Working Group at their next meeting. The final asset list will be posted on the CCMA website in early July (coinciding with the issuance of the third CCMA newsletter).

5. Overall Industry Readiness

All Members

Keith Evans summarized the Readiness Document that was included in the meeting package. The document summarized the position of the T2SC, in terms of what and how, the Canadian industry T+2 readiness will be determined.

He highlighted that the readiness will be based on;

- That ‘Industry Readiness’ would be determined via an industry survey. The makeup of that survey still needs to be determined.
- That CDS/DTC/Fundserv would have some form of formal attestation requirement for their participants.
- That the CCMA would seek some form of formal attestation from a Vendor list. This Vendor list still needs to be agreed upon.
- The Survey must include all sides of a trade (Sell/Buy/Custodian) and include marketplaces.
- The CCMA hopes to be a member of the US command center making a “go/no go” decision in August 2017 and as such will need to be in a position to advise on the readiness of Canada.
- The legal and regulatory framework supporting T+2 must align with the implementation date of September 5, 2017.

6. T2SC Working Group Status/Approvals

a. OWG

Dom Sgambelluri

Michael Holmes advised that there has been significant discussion concerning testing, especially with regards to new marketplaces in Canada (e.g. Aequitas).

He reported that at the last meeting of the OWG, holiday processing errors were the main topic of discussion. He said that many issues and options were being discussed but that no conclusions have been drawn. He also reported that the TMX and CDS were going to look into alternatives, as well as a newer recovery process should errors occur in a T+2 environment.

Also discussed was the issue of residency restricted securities, where the share conversion from foreign owned to domestically owed would likely cause failed trades unless a more efficient process was found. The matter appears to be solely applicable to Telus. It was reported that there were ongoing discussions with the transfer agent for Telus to look for a better solution.

b. LRWG

Jamie Anderson

Jamie reported continued excellent progress on all of the LRWG issues. He highlighted that the CSA is targeting to have the proposed NI 24-101 changes out for a 90-day public comment period starting in August 2016.

Jamie also reported on the question raised in the March 24, 2016 T2SC meeting in the context of the UST2 analysis concerning exceptions to the “Access=Delivery” Rule 172. The T2SC asked that the LRWG examine whether there are any similar or related issues in Canada. In the U.S., under Rule 173, a purchaser must receive a prospectus within two days after settlement. This is generally not an issue as under Rule 172, electronic access (to the prospectus) made available to a purchaser is deemed to be delivery of the prospectus (thus access=delivery). There are, however, various exceptions to Rule 173 where a physical prospectus must be sent. For these exceptions, the purchaser must receive the physical prospectus within two days after settlement (i.e. within T+5 in the current three day settlement environment). If the settlement period is reduced to two days, the purchaser must receive the physical prospectus by T+4 (i.e. delivery timeline is reduced by one day). The U.S. is looking to obtain exemptions in order to maintain the T+5 delivery timeline.

In Canada, the requirement is to send the prospectus within two days after purchase. This differs from the timeline for receipt in the U.S. As such, there is

no impact if the settlement period is reduced. The Canadian requirements are in the provincial and territorial securities acts (except Manitoba, which has the requirement in a securities commission rule; Newfoundland is still to be confirmed as to the specific timeline).

Jamie also said that the LRWG was trying to get clarity from the regulators if rule amendments for T+2 would be considered 'Material' needing 90 day public comment period, or 'Housekeeping' needing only 30 days for comment.

c. CEWG

Barb Amsden

Barb Amsden reported that the CEWG is now focusing on the CCMA Newsletter, submitting T+2 articles in industry newsletters (PIAC/PMAC), and updating the FAQs on the website, now that the Asset List is almost finished, and the Survey results indicated that the Canadian marketplace is sufficiently organized for T+2. The CEWG has approached the regulators to see if they would be able to lead an outreach session in order to further build awareness of the T+2 initiative.

d. MFWG

Kyle Bedeau

Kyle Bedeau from Fundserv reported that the next meeting of Mutual Funds Working Group was scheduled for the morning of Thursday June 30, 2016. He indicated that the overall test plan was in development and will be completed by August. IFIC continues to work on the legal issues related to T+2 and Investment Funds.

7. Issues completed by working groups for approval

Jason O'Born

- a) OWG Issues; Michael Holmes reported that there are no issues being brought forward for closure at this meeting.
- b) LRWG Issues; Jamie Anderson reported that there are no issues being brought forward for closure at this meeting
- c) CEWG Issues; Barb reported that there are no issues being brought forward for closure at this meeting.

8. Other Business

There was no other business identified.

9. Next Meeting

August 25, 2016 at 10:30 AM ET 7:30 AM PT

List of Attendees

CCMA	Keith Evans (Co-Chair)
RBC – CM	Jason O’Born (Co-Chair)
BMO	Art Valdes
Blackrock	William Trieu
Canaccord	Brenda McIntyre
CCMA	Jamie Anderson
	Barb Amsden
CDS	Fran Daly
CGI	David Locke
	Margaret Stephens
CIBC Mellon	Louis Lesnika
Citi	Alyse Kefeli
Connor Clarke	Mark Austin
Computershare	Lara Donaldson
Credit Suisse	Luigi Trentadue
DTCC	John Abel
	Ana Lotharius
Edward Jones	Al Knight
Fidelity Clearing	Jordan Diltz
Fundserv	Kyle Bedeau
GMP Securities	Joe Riga
IBM	Amy Li
IIROC	Marsha Gerhart
National Bank	Natalie Roberge
OSC	John Kearns
Questrade	Lulu Feng

Raymond James	Michael Holmes
Scotiabank	Dragica Grbavac
Statestreet	Denny Mendonca
	Maggie Salisbury
	Ivan Yang
TD	Gustavo Garcia-Herreros
	Michael Kenny
	Brandon Buckley
UBS	Walker Wentworth

Draft attestation list on the next page

DRAFT ATTESTATION LIST

Proposed organizations to provide attestation as to their T+2 readiness.

Clearing Agencies

- CDS
- CDCC
- DTC/NSCC
- Fundserv

Exchanges

- Aequitas
- MX
- CSE
- TSX, TSX-V, TSX Alpha

ATS's

- Bloomberg Tradebook
- Chi-X
- Equilend Canada
- Liquidnet Canada
- Match Now (TriAct)
- CanDeal
- CBID (Perimeter)
- Instinet Canada Cross
- MarketAxess Canada
- Omega/Lynx

Vendors

- Broadridge - BPS
- CGI
- IBM
- Paramax
- SGGG
- SunGard
- Broadridge - Dataphile
- IFDS
- Omgeo
- RPM
- SS&C
- Univeris

Custodian Vendors

- CIBC Mellon
- RBC Investor Services
- Northern Trust
- State Street

Draft attestation form on the next page

DRAFT ATTESTATION FORM

Name of entity: XYZ Services Inc

Dated the _____ day of _____, 2017

We certify that the entity:

- has successfully completed functional and systems testing (including those outsourced) for T+2 settlement to the extent required for the entity's operational activities;
- has enacted all necessary rule, procedure, contractual, regulatory and other similar amendments required to implement T+2 settlement;
- has advised all of its clients and members of the entity's T+2 settlement changes;
- will implement all necessary systems changes required for T+2 settlement; and
- has no outstanding issues preventing T+2 settlement from going live on the 5th of September, 2017.

Certified by the following officers of the entity:

Name:	Name:
Title:	Title:
Signature: _____	Signature: _____

Please email a scanned copy of the completed, signed, and dated Certification to info@ccma-acmc.ca no later than close of business on **Friday XXth of YYYY, 2017.**