

T+2 Steering Committee

Agenda

October 26, 2016

10:30 AM ET – 7:30 AM PT

- | | |
|---|---|
| 1. Approval of the September 22 nd Minutes | Keith Evans |
| 2. UST2 - Status of T+2 | John Abel |
| 3. CCMA Update | Keith Evans |
| 4. Industry Readiness - Attestation | Keith Evans |
| 5. T2SC Working Group Status | |
| a. OWG | Michael Holmes |
| | Dom Sgambelluri |
| b. LRWG | Jamie Anderson |
| c. CEWG | Barb Amsden |
| d. MFWG | Kyle Bedeau |
| 6. Issues completed by working groups for approval | Jason O’Born |
| a. OWG | |
| i. IIROC Rule Comment Letter | |
| ii. CSA NI 24-101 Comment Letter | |
| iii. SEC Rule Comment Letter | |
| b. LRWG - | |
| c. CEWG – Review of CEWG Issue Log | |
| 7. Other Business | |
| 8. Next Meeting | November 24, 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 September 22, 2016

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

1. Approval of the August 25, 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 August 25, 2016 were unanimously approved.

2. UST2 - Status of T+2

John Abel

John Abel provided an overview of the status of the UST2 project;

- Legal and Regulatory: The SEC Rule issuance has been delayed, however, the SEC has indicated that they will be issued before the end of September. All other Rule issuances are on track.
- Development and testing: All is in good shape. Deloitte has been engaged by the UST2 to coordinate the testing program. In addition, Deloitte will be assessing the overall industry readiness through a number of interviews with industry organizations. The current Detailed Test Plan is considered Final, from a process point of view. Detailed ISINs and other details will be provided closer to the beginning of the testing period.
- Implementation: Deloitte will be determining the implementation tasks through a series of industry meetings. A formal attestation is no longer being considered by either the UST2 organization or DTCC. They will likely utilize a series of surveys to determine industry readiness.
- The US Asset List is still out for final review by the UST2 working group. John expects this list to be published before the end of September. They are still

trying to finalize two types of instruments before publishing. They are Global Corporate Bonds, and OTC Derivatives.

- DTCC is hosting a half day T+2 Forum on October 28th in NY. John will check to see if a dial in number or weblink will be made available for this session and report back.
- There was a question whether the buy-in procedures at DTCC would change with a move to T+2. There would be no change – buy-ins would remain at 3 days after settlement date.

3. CCMA Update

Barb Amsden

Keith Evans reported that the CCMA had recently issued its fourth issue of the T+2 newsletter. He also said that recent postings on the CCMA website include a Buyside Checklist, updated FAQs, and a PowerPoint T+2 presentation that firms can use and customize as needed for internal use.

Keith said that with regards to proposed changes to NI 24-101, the OWG had requested that the CCMA draft and submit a comment letter on behalf of the industry. The comment letter is to address the timing of the implementation of the reporting component to the CSA. The letter will recommend that the commencement of the new reporting should start on October 1, 2017, in line with a new quarterly reporting period.

4. Industry Readiness

Members

There was general discussion regarding the pros and cons of following the lead of the UST2 by not having a formal sign off on industry readiness. Keith said that the CCMA was still supportive of a formal attestation. CDS said that they too supported a formal sign off, but further review will be required. There were differing views on the subject. Keith said that this issue will be left on the agenda till next meeting in order to assess what the impact of not formally signing off will mean. In particular, if there is no CCMA signoff required, will the regulators impose one themselves?

5. T2SC Working Group Status/Approvals

a. OWG

Dom Sgambelluri

Domenic Sgambelluri reported that the last meeting of the OWG received updates on the Detailed Test Plans issued by CDS, Fundserv, and DTCC. There was no material changes in the latest versions. TELUS was still an ongoing discussion topic, with TELUS and Computershare discussing various options, including utilizing a single ISIN instead of the current two ISIN approach.

NI 24-101 was discussed at length. The issue of when to start reporting under the revised regulation was proposed to be moved out to the beginning of the next quarter (October 1, 2017). This will ease the reporting by members by keeping an entire quarter (June to Sept 2017) under one reporting format. The CCMA was asked to draft a submission on behalf of the industry and present it for approval at the next OWG meeting.

b. LRWG

Jamie Anderson

Jamie reported that the attestation process was discussed at the last LRWG meeting held on September 21. During the discussion, IIROC advised that it will be monitoring dealer member readiness by asking T+2 preparedness questions during routine examinations conducted from now up to the T+2 implementation date. The LRWG requested that the IFIC representative on the MFWG inquire whether the MFDA would be undertaking a similar process for its members.

In terms of the CSA request for comments for NI 24-101, the T+2 amendments are reflective of the LRWG recommendations. There are also non-T+2 amendments proposed. These would impact matching service utilities.

Specifically, the requirement for a MSU to submit an audit plan for systems has been changed to an independent systems review (Form 24-101F3, Exhibit O). Furthermore, the independent party that would perform the ISR could be an external audit firm, third party information system consultants, or some other qualified party.

Jamie also advised that in terms of T+2 concordance amendments (e.g. replacing “T+3” with “T+2”) for regulated entities’ rules and procedures subject to rule protocols, OSC staff are of the view that such changes would be classified as housekeeping/technical amendments (i.e. not requiring a publication for comments).

c. CEWG

Barb Amsden

Barb Amsden reported that the fourth issue of T+2 – What’s New was issued recently. The CEWG is writing an article for the ACPM Associations fall newsletter. It will focus on the Buyside issues. The focus going forward is to reach out to the associations that support the Buyside. Barb asked member to provide any association that they believe that the CCMA should be touching base with. Barb also asked members to contact her if there are possible opportunities for the CCMA to speak at industry events or client meetings. The third batch of FAQs is also being developed.

d. MFWG

Kyle Bedeau

Kyle Bedeau from Fundserv reported that the second version of the Test Plan was recently issued and a final version is expected in October. There are no material changes from the first version issued in August. IFIC continues to work on the legal issues related to T+2 and Investment Funds.

6. Issues completed by working groups for approval

Jason O’Born

a) OWG Issues; Domenic Sgambelluri reported that there are six issues being brought forward for closure at this meeting.

1. OWG – 002 Trade Funding – was being closed as it has been determined to be behavioral and individual firms need to address this process.
2. OWG – 003 ETF Create and Redeem – was being closed and the CEFTA Operations committee had met and determined that the move to T+2 would not impose any changes to this process.

3. OWG – 008 Reduce Reconciliation times - was being closed as it has been determined to be behavioral and individual firms need to address this process.
4. OWG – 011 Capital and Collateral Implications – this item is being closed as CDS will be implementing early novation later this month and the implications have already been discussed and understood by the industry.
5. OWG – 014 Virtual Matching Utilities – is being closed as it has been determined the VMUs do not need to make and system, procedural changes in order to support T+2.
6. OWG – 021 FX - was being closed as it has been determined to be behavioral and individual firms need to address this process.

Jason O’Born asked if there no concerns with any of these recommendations, that the committee approve them for closure. No issues were raised and the issue were considered closed.

- b) LRWG Issues; Jamie Anderson reported that there are no issues being brought forward for closure at this meeting.

7. Other Business

There was no new business brought forward at this time.

8. Next Meeting

October 26, 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)
Bank of America	Doug Butters
Blackrock	William Trieu
Canaccord	Brenda McIntyre
CCMA	Jamie Anderson
	Barb Amsden
CDS	Fran Daly
	Anna Guercio
	Laura Ellick
CEFTA	Pat Dunwoody
CGI	Margaret Stephens
	Davis Locke
CIBC Mellon	Louis Lesnika
	Carol Revoredo
CIBC World Markets	Greg Holmes
	Paul Tamburo
	Andrew Jen
Citi	Alyse Kefeli
Connor Clarke	Mark Austin
DTCC	John Abel
	Ana Lotharius
Edward Jones	Allan Knight
Fidelity Clearing	Jordan Diltz
Fundserv	Kyle Bedeau
Goldman Sachs	Johnny Fells III
	Juan Ruiz
	Jeremy Meade
IBM	Amy Li

IFDS	Blair Munn
	Millicent Asiamah
Northern Trust	Domenic Sgambelluri
OSC	John Kearns
PIAC	Kevin Leblanc
Raymond James	Michael Holmes
Statestreet	Denny Mendoca
	Maggie Salisbury
	Ivan Yang
	Brent Blake
TD	Rob Candido
	Michael Kenny
	Dave O'Mara
	Sameer Syed
	Noman Hassan
	Brandon Buckley
	James Mikelson