**T+2 Steering Committee (T2SC)**

**Agenda**

**July 27, 2017 at 2:00 PM ET - 11:00 AM PT**

1. Approval of the June 22, 2017 [Minutes](#Minutes) Keith Evans
2. UST2 - Status of T+2 Keith Evans for John Abel
3. CCMA Update Keith Evans
   1. Status of Project Acknowledgment Form collection
4. Implementation Plan ([see bottom of package](#Implementation)) Keith Evans
5. T2SC Working Group Status
   1. OWG Michael Holmes

Dom Sgambelluri

* 1. LRWG Jamie Anderson
  2. CEWG Barb Amsden
  3. MFWG Kyle Bedeau

1. Issues completed by working groups for approval Jason O’Born
   1. OWG – Issue Log
      1. OWG – 001 – Industry Testing
      2. OWG – 026 – Chi-X
      3. OWG – 027 – Instinet
      4. OWG – 028 – CBID (Perimeter)
      5. OWG – 029 – Omega
      6. OWG – 030 – Match Now
      7. OWG – 031 – Liquidnet
      8. OWG – 032 – CanDeal
      9. OWG – 034 – Ex-Date issue
   2. LRWG - Issue Log
      1. LRWG-009 (TSX Trading Policies)
      2. LRWG-015 (TSX-V Trading Policies)
      3. LRWG-024 (IIROC - member rules)
      4. LRWG-029 ( TSX Company Manual)
      5. LRWG-031 (TSX-V Corporate Finance Manual)
      6. LRWG-041 (ICE Clear Credit LLC)
      7. LRWG-042 (LCH Clearnet Limited)
      8. LRWG-052 (IIROC – UMIR)
      9. LRWG-064 (NI 62-104 – *Takeover Bids and Issuer Bids*)
2. Other Business
3. Next Meeting TBD

**Conference Details**

Conference ID:  7312646#

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

**Minutes of June 22, 2017**

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

1. **Approval of the May 25, 2017 meeting minutes Keith Evans**

Keith reported that the minutes had been distributed prior to the meeting and that one comment had been received. In section 4b, the minutes indicate that comments on the proposed rules changed to NI 81-102 are due July 16, 2017. This should have read that the comments are due July 26, 2017. No additional comments were made at the meeting and the minutes of May 25, 2017 were unanimously approved.

1. **UST2 - Status of T+2 John Abel**

John Abel provided the following update on activities in the US.

* Testing
  + US is in Cycle 10 of the 14 two-week cycles.
  + 1 million or more transactions per cycle are being processed.
  + Buyside is ‘light’ on their participation and DTCC/Omgeo are setting up a ‘dummy’ buy side entity for testing purposes.
  + Corporate Actions are also being tested on each cycle (30+ types of events)
  + The industry is currently meeting weekly to review the testing results.
  + No systemic issues have been identified
* Implementation
  + SIFMA and DTCC are working on designing an industry Implementation Plan.
  + It is still a work in progress and more information should be provided at the next T2SC meeting.
* Regulatory
* Office of the Comptroller of the Currency and FDIC have yet to finalize their rule amendments for T+2 (they believe their rules permit a move to T+2; the UST2 ISC believe changes are required). John reported the Investment Company Institute made a submission to the U.S. Treasury to encourage OCC and FDIC to make the rule changes. OCC has since indicated it will make rule changes. Work continues with FDIC.
* September 5 Ex-date and corporate actions
* John advised that they are still working on the documentation regarding the Ex-date impacts and what DTCC would do if an ex-date falls on September 5. He noted that NASDAQ released an issuer notice regarding no ex-dates occurring on September 5.[[1]](#footnote-1) NYSE and BATS are expected to likewise publish issuer notices regarding no September 5 ex-dates. There is also discussion with FINRA on the matter.
* He expects the final document to be released by the end of June.
* OTC derivatives are still under review by ISDA.
* CMOs
* SIFMA mortgage backed group and UST2 ISC are developing some communication regarding CMOs (such as Fannie Maes, Freddie Macs, Ginnie Maes) due to industry questions
* Prime Broker disaffirmation
* The cutoff will be 5pm EST on settlement date minus one
* Securities Lending
* There was discussion whether there are changes required for the master securities lending agreement used by organizations. SIFMA has drafted some proposed text for those firms wishing to update their agreements (posted on the UST2 website).

1. **CCMA Update Keith Evans**

Keith provided an update on overall CCMA T+2 activities.

* Keith said that the CCMA recently issued the third readiness survey with a completion date of June 26th. There are approximately 200 recipients (20% received back to date). He encouraged everyone to respond as soon as possible.
* Keith also reported that the Project Acknowledgement Form was distributed to the 37 infrastructure providers on June 1st. The deadline for return is June 30th. Again, Keith encouraged the 37 firms to sign and return as soon as possible. At this point, one-third have been returned. Bloomberg Tradebook has ceased operation in Canada so it means there are 36 entities to return the Form. CDS reported that it has received back about 40% of its acknowledgements from IIROC members; and overall the response rate is approximately one-third.
* Keith discussed the framework for what the CCMA plans will be during the transitional period. He said that each infrastructure provider will have their own implementation plan, and the industry should rely on each of those plans for transitional support.
* The CCMA will
  + Establish regular conference calls to discuss issues, raise questions, seek guidance, etc.
  + Emergency situations will be dealt with as needed.
  + Provide statistical information, where available.
  + Share industry issues, as appropriate.

1. **CSA Notices**

For NI 81-102, Keith reported that a proposed CCMA/industry response letter was included in the T2SC meeting material. The letter is very simple; we thanked the CSA for their continued support of changes necessary to support the transition to T+2, and that they should go ahead and implement the proposed changes as soon as possible.

There was a question concerning funds that have underlying securities that have longer settlement timelines. As under current NI 81-102 rules, an exemption would be appropriate – Jamie noted that the CSA has not received any exemption requests for the current T+3 settlement environment. As an exemption request would still be possible under an amended NI 81-102, the view was that the letter did not need to address this process.

After a short discussion, the letter was approved for submission to the CSA, prior to the July 26th deadline.

1. **T2SC Working Group Status**
   1. **OWG Michael Holmes**

**Domenic Sgambelluri**

Domenic reported that most of the items discussed at the last OWG meeting were discussed earlier in this meeting – Testing, Ex-Date discussion, etc.

He also reported that two sets of Issues remain outstanding. The first is the readiness of the ATS community. The OWG has agreed that once the Project Acknowledgment Forms are signed and received by the CCMA, these issues can be closed. The other relates to Testing, and it has been agreed that this issue can be closed once a substantial amount of the testing has been deemed successful….probably the next T2SC meeting in July.

* 1. **LRWG Jamie Anderson**

Jamie reported that the LRWG continues to work through their list of outstanding Issues. He summarized the work left to do as follows;

There are a total of 67 issue logs, 31 which are closed.

Of the 36 remaining open logs:

* + 1 is pending closure later in the meeting
  + 4 were transferred to the OWG for completion. These are expected to be closed in July
  + 9 are under review by the US, as the entities have their prime regulator(s) in the US.
    - 3 appear to require rule amendments:
      * ICE Clear Credit LLC – Rule 2206
      * LCH Clearnet Limited – procedures s. 2E, Enclear 1.13.2
      * Options Clearing Corp – Rules 901(d), 903, 2209A(a) & (d), 2502 are under review by UST2; Rules 1302, 1302B, 1503 to be determined
    - 4 do not appear to require rule changes:
      * CME, CBOT, COMEX, NYMEX ("CMEG")
      * ICE Futures US
      * Chicago Mercantile Exchange Inc.
      * CLS Bank International
    - 2 are unknown as to rule changes (not publically available):
      * SS&C Technologies Canada Corp.
      * One Chicago, LLC
  + That leaves 22 remain open – each of these open items are following a course of action that should see them closed prior to September 5th.
    - 4 are non NI 81-102 Funds
    - 2 are related to changes at Clearing Agencies
    - 9 are related to changes with Exchanges
    - 4 are related to changes at SROs
      * 3 – IIROC
      * 1 - MFDA
    - 1 is NI 62-104
    - 2 are related to changes associated with NI 81-102
* Based on a question, Jamie indicated that none of these are items to worry about, and that all of the issue logs are being worked on and will not impact the transition.
* Jamie noted that he had a discussion with the Market Regulation branch of the OSC regarding the ex-date matter; the OSC is aware that the CCMA is tracking progress on the issue.
  1. **CEWG Barb Amsden**

Barb reported that the most recent survey had been issued and she encouraged members to complete it as soon as possible. She also reported that a new set of FAQs has been posted to the CCMA website. The next newsletter (near mid-July) will focus on the results of testing.

* 1. **MFWG Kyle Bedeau**

Kyle Bedeau from Fundserv was unable to attend, therefore no formal report was provided. Members reported that:

V27 had recently been implemented, which contained all the T+2 code changes required for T+2. Mock 1 testing was underway, with a second version scheduled for July, and

Fundserv was working on its implementation plan and it is expected that it will have the plan available on its website in July.

1. **Issues completed by working groups for approval Jamie Anderson**

Jamie reported that the LRWG was presenting LRWG – 048 – Crowdfunding Portals, for closure. He indicated that the review of this issue identified that there were no changes required in order to transition to T+2, since there are no settlement periods set out for the portals. The portals facilitate the purchase but not sale of securities. The distribution period is specified in the crowdfunding offering document. The securities are not cleared through a clearing agency.

Jason O’Born asked if there were any questions or issues from committee members that would prevent these items from being closed.

There were no issues or concerns and the item was approved for closure.

1. **Other Business**

There were no issues raised under this section.

1. **Next Meeting July 20, 2017**

**List of Attendees**

CCMA Keith Evans (Co-Chair)

RBC – CM Jason O’Born (Co-Chair)

Bank of America Doug Butters

Blackrock William Trieu

Broadridge Theresa Blonde

Canaccord Brenda McIntyre

CCMA Jamie Anderson

Barb Amsden

CDS Johann Lochner

CIBC Mellon Carol Revoredo

Dina Martinovic

Louis Lesnika

CIBC World Markets Paul Tamburo

Citi Alyse Kefeli

Connor Clark Mark Austin

DTCC/UST2 John Abel

Ana Lotharius

Fidelity James Stergiou

Rob Argue

IBM Amy Li

IFDS Blair Munn

Goldman Sachs Adam LaKose

IIROC Marsha Gerhart

Ciro Marabella

L&TI-Larsen Toubro Infotech Larsen Toubro

Manulife Bill Devolin

National Bank Nelson Dugre-Sasserville

Northern Trust Domenic Sgambelluri

Raymond James Michael Holmes

Statestreet Ivan Yang

TD Bank Dave O’Marra

Brandon Buckley

Michael Kenny

**CCMA Transitional Back-up Support Proposal is on the next page**

**DRAFT**

**CCMA Transitional Back-up Support Proposal**

The move to a shortened settlement period in Canada (along with the U.S. and other countries) will occur on Tuesday, September 5, 2017. However, this is more than a one-day event. In fact, it will start with the last few days of T+3 trading from Monday, August 28, 2017 and end – assuming everything goes as planned – on the second settlement date of the T+2 transactions, on Friday, September 8, 2017. **This CCMA Transitional Back-up Support Proposal covers the 12-day period, including the Labour Day holiday weekend.**

The transition to T+2 will involve all segments of the industry, including sell-side, buy-side, custodians, infrastructure providers, etc. Each firm and each segment will have their own transition requirements, implementation plans, and staff/client awareness communication channels in effect for part, or all of this two-week period. In addition, infrastructure providers will have implementation strategies, which will provide their clients with the most pertinent information for their products. As such, these entities have all indicated that they have issued or will be issuing their own implementation plan with the timing of code changes, what they expect of clients, and communication plans. Members are encouraged to communicate directly with their clients and suppliers for any issue during the transitional period. **Any problems that occur within one firm or with a counterparty, infrastructure, service providers, vendors, or other intermediary should be dealt with directly with the relevant entity.**

The CCMA’s plan will act on a cross-industry basis to complement the individual firm and other plans mentioned above. The CCMA will not duplicate what individual firms and their infrastructure and service providers, as well as their vendors, will be doing in order to avoid unnecessary work and the potential for confusion. **Instead, the CCMA will provide a vehicle for the industry to ask questions that cannot be answered within a subpart of the industry, provide updates, and work with appropriate parties to determine any additional steps required, etc. across parts or all segments of the industry.**

The CCMA will provide the following information and support during the 12 day transitional period.

1. Communicate via email, to members of the T2SC, on the overall industry status, as it is known during the Labour Day weekend (Saturday, Sunday, Monday), based on input from CDS/CDCC/TMX, Fundserv, UST2 and others *voluntarily* providing information such as custodians and service provides/vendors, regarding:
   1. Did vendors and others implement their code changes successfully?
   2. Are there any known issues/concerns?
2. Set up the conference bridge at noon each day beginning Monday, August 28, 2017, and continuing until noon on Friday September 8, 2017, to:
   1. Provide a brief update as known (for example, that on the T+2 trading starting on September 5, 2017, the expected two-day settlement date was reported to the clearing agencies)
   2. Allow members to identify major surprises or concerns
   3. Facilitate questions related to the transition and answers
   4. Provide statistics related to trades reported, affirmed, etc. once available.
3. Provide a summary of the noon calls by e-mail and on the CCMA website shortly after the calls for non-Members and those unable to participate.
4. Set up an emergency conference call, if and when it is deemed necessary. The time and purpose of such calls, and whose attendance is desired, will be communicated via email to relevant members of the T2SC, and the various CCMA Working Group members, or others as appropriate.
5. Post a summary of all calls on the CCMA website.

Members wishing to provide additional contacts for this period are asked to email [info@ccma-acmc.ca](mailto:info@ccma-acmc.ca).

V2 – July 17, 2017

1. <http://nasdaq.cchwallstreet.com/nasdaq/pdf/nasdaq-issalerts/2017/2017-001.pdf> [↑](#footnote-ref-1)