

T+2 READINESS SURVEY RESULTS

Below is a summary of the T+2 readiness survey results. The full details are listed below this summary page.

Overall, the CCMA believes that the survey results represents a good return rate, as well as indicating a positive position for the Canadian marketplace in terms of overall T+2 readiness.

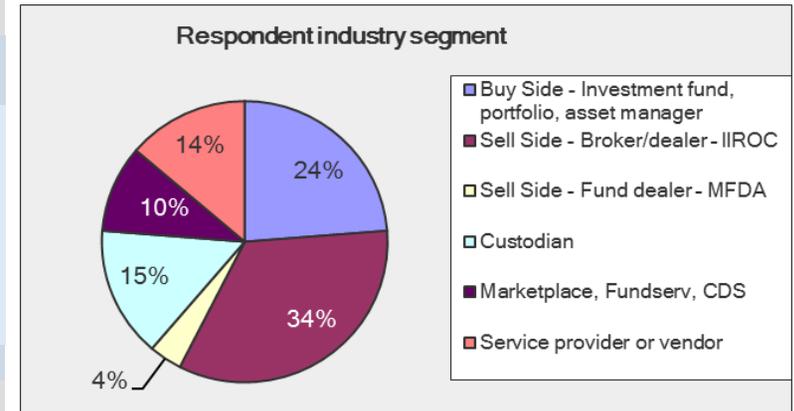
- The survey, issued May 25 and closing June 3 (extended to June 10, 2016), received 80 responses, quite evenly spread among buy side, sell side, custodian, marketplace/agency and vendor/service provider respondents. There were 19 buy side responses. As this represented a smaller percentage of total possible buy side firms than in the case of other respondent groups, the CCMA Communications and Education Working Group will undertake additional efforts to seek participation from buy side associations and individual firms for future surveys.
- The firms were less evenly dispersed by size: 50% were large, with the remainder split evenly between medium and small. Of the 19 buy side respondents, 8 were large, 4 medium, 5 small and 2 very small in size.
- Senior people at all respondents are aware of T+2 implications for their firm to a greater or lesser extent (82% fully; 18% somewhat/partly = 100%).
- There is slightly less awareness of trade entry and matching dates (66% fully; 28% somewhat/partly = 94%) and key deadlines (72% fully; 18% somewhat/partly = 90%).
- The significant majority of respondents have a project manager or someone with this responsibility to some extent, most have a plan and nearly three-quarters have a budget. Apart from one respondent saying that analysis of the T+2 impact has not begun, respondents appear confident that they are progressing and/or that there will be little impact. Accompanying comments (which were optional) indicated a fair degree of comfort with readiness and others were waiting for further information or displayed confidence due to their small size or experience with Europe's shortened cycle. Some noted that a plan and budget are not relevant as their systems already can manage T+2 settlement.
- With respect to more specific readiness steps, there was a good 82%-88% full or partial concurrence regarding having: documented business and systems flows; completed a gap analysis; reviewed the CCMA asset list; discussed requirements with infrastructure, service bureaus and vendors; assessed the T+2 business impact; and determined business process changes. There is greater variation in the split between yes/fully and somewhat/partly, for example, with only 22% having determined business process changes with certainty but 66% having reviewed the asset list with certainty.

- The top three information sources on T+2 are CCMA committees, the CCMA website, and the CCMA newsletter, with associations close behind.
- In all, 10% of respondents provided comments indicating general satisfaction of areas for desired improvement, which are being followed up on.

CCMA T+2 Readiness Survey - May 2016

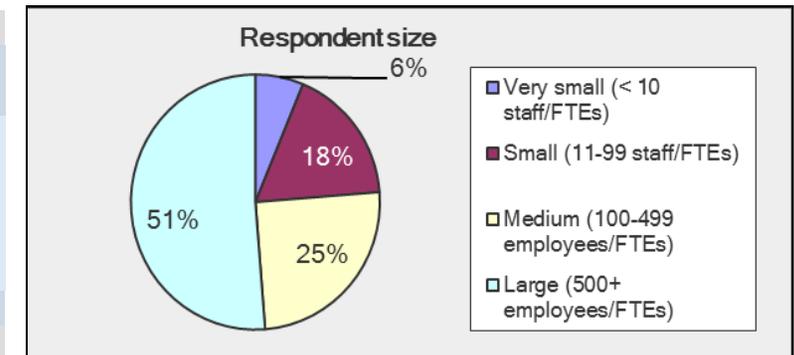
1. Please choose from the industry segment for which you are responding:

Answer Options	Response Percent	Response Count
Buy Side - Investment fund, portfolio, asset manager	24%	19
Sell Side - Broker/dealer - IIROC	34%	27
Sell Side - Fund dealer - MFDA	4%	3
Custodian	15%	12
Marketplace, Fundserv, CDS	10%	8
Service provider or vendor	14%	11
	100%	
<i>answered question</i>		80
<i>skipped question</i>		0



2. What size company best describes the company you work for?

Answer Options	Response Percent	Response Count
Very small (< 10 staff/FTEs)	6%	5
Small (11-99 staff/FTEs)	18%	14
Medium (100-499 employees/FTEs)	25%	20
Large (500+ employees/FTEs)	51%	41
	100%	
<i>answered question</i>		80
<i>skipped question</i>		0



3. In your view, are appropriately senior people in your organization aware of: (please select one answer per question)

Answer Options	Yes	As % of total less N/A	Somewhat/partly	As % of total less N/A	No	Don't know	Not applicable	Response Count
i. T+2 implications for your firm?	66	83%	14	18%	0	0	0	80
ii. The key industry-wide T+2 project dates (development completed, testing, cutover to T+2)?	53	66%	22	28%	4	1	0	80
iii. Your firm's current trade entry and matching rates?	49	72%	12	18%	2	5	12	80
Please elaborate if desired or enter N/A.								4
<i>answered question</i>								80
<i>skipped question</i>								0

Please elaborate if desired.

1. Aware of the impending change, not fully aware of implications.
2. We have implemented Omgeo CTM and have been trading T+2 in Europe for over a year.
3. Not the bank's core business.
4. No matching required for mutual funds.

4. Do you have a T+2... (please select one answer per question)

Answer Options	Yes	As % of total less N/A	Somewhat/partly	As % of total less N/A	No	Don't Know	Not Applicable	Response Count
i. Project manager and team?	51	66%	14	18%	12	0	3	80
ii. Plan?	39	50%	32	41%	5	2	2	80
iii. Budget?	31	42%	21	29%	17	4	7	80
Please elaborate if desired or enter N/A.								13
							<i>answered question</i>	80
							<i>skipped question</i>	0

Please elaborate if desired or enter N/A.

1. We are working in conjunction with our transfer agent and Fundserv.
2. Already done in EMEA. Configurations required for US and CA migration.
3. Have not begun to analyze impact.
4. Finalizing requirements prior to an estimate being made available.
5. F16 budget set - F17 budget in progress
6. No changes required from investment ops side. Currently working on plan and budget for other business line but have no concerns.
7. Have a carrying broker but we are monitoring for our bond desk.
8. T+2 project and plan currently being developed. No budget assigned as of yet.
9. Completed Omgeo CTM implementation in 2014, already trading T+2 in Europe.
10. No impact on our operations, we can adapt the settlement conventions easily in our systems, whether we are issuing bonds, or buying.
11. Plan/budget finalization subject to industry utilities test system dates being finalized.
12. We feel the impact of T+2 to our business will be minimal.
13. N/A

5. Has your firm: (please select one answer per question)

Answer Options	Yes	As % of total less N/A	Somewhat/ partly	As % of total less N/A	No	Don't know	Not applicable	Response Count
1. Documented its business and systems process flows?	39	49%	31	39%	9	0	1	80
2. Analyzed the gap between its current and the desired T+2 state?	31	40%	35	45%	12	0	2	80
3. Reviewed the draft CCMA T+2 asset list?	53	66%	13	16%	8	6	0	80
4. Discussed what you will require with infrastructure service providers, vendors?	24	35%	34	49%	9	2	11	80
5. Assessed the business impact of a shorter settlement cycle?	35	44%	33	42%	10	1	1	80
6. Determined business process changes (with timelines for communicating information) are needed to move to T+2 settlement?	22	28%	45	57%	9	3	1	80
Please elaborate if you wish.								5

Comments

1. Business/technical process analysis to be finished within 1 month. Current indication is impact is low: organization areas need to be aware, but no significant changes to be made.
2. We operate in a fairly manual environment and volumes are relatively low as opposed to broker dealers. Therefore, the impact would be minimal.
3. Our products and systems are ready for T+2.
4. This change has a minimal impact on our business, systems, and processes.
5. N/A

6. How do you stay abreast of T+2 developments? (check all applying)

Answer Options	Response Percent	Response Count
1. Association(s) my firm/I belong to	53%	42
2. CCMA committee(s)	80%	64
3. CCMA website	60%	48
4. CCMA news letter	54%	43
5. Event	39%	31
6. UST2 website (www.UST2.com)	34%	27
7. Regulatory notices	48%	38
8. Information from legal, accounting professionals	15%	12
9. Other: please specify	10%	8
answered question	80	
skipped question	0	

Other: please specify

1. Staying in touch with industry colleagues
2. Fundserv and IFIC working committees
3. IFIC & other industry publications; SIFMA
4. Newspaper and any other publications / blogs etc.
5. FundSERV
6. Internal communications
7. N/A

7. Please provide any ideas, questions, and comments, e.g., guidance, tools/information or support you'd like the CCMA to consider providing to help industry participants and stakeholders successfully adopt T+2 settlement, particular business issues, etc.

Answer Options

answered question

skipped question

**Response
Count**

9

71

Comments

1. Use other industry-specific groups to assist in distributing the message and the prep work required - MFDA, IFIC, etc.
2. There are benefits to doing an "end to end" test (order, fill, trade, clear, settle, and reconciliation at each point) for both exchange-traded instruments and mutual funds. However, CDS testing window is short and Fundserv testing window may or may not line up with CDS. Note that there is significant planning and work in getting 3 or more test systems connected (2 is relatively easy). CCMA should work with these industry utilities to provide longer test windows (similar to the US) or more test windows.
3. We need to start seeing more of the detailed changes that are taking place for regulations, securities trading and clearing, and industry testing. Ensure testing aligns with U.S. testing.
4. Ideas on how organization might be able to quantify the benefits from implied reduced operational, liquidity and market risks.
5. Having securities lending agreement with custodians, we have a concern regarding the capability of custodians to recall lending securities as per a sale. Even today, sending sale instruction by T+0 17h00 (for a T+3) max we experience delivery problems.
6. Please continue to send status updates and restating the timelines
7. Keep up the great work.
8. We would like CCMA to make available the meeting minutes documentation shortly after every CCMA working group meeting.
9. N/A