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T+1 Communications and Education Working Group (CEWG)

Proposed Agenda

Tuesday, November 8, 2022 – 11:00 am ET/8:00 am PT

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|--|---------------------|
| 1. Welcome, introductions, new member | All |
| • CSE | |
| 2. Draft minutes of September 13 CEWG Meeting (<i>Attachment 1</i>) | Members |
| i. Review/approve | |
| ii. Review matters arising from minutes | |
| 3. New T+1 news/information | Members/CCMA |
| i. Member/association updates | Members |
| ii. Canadian update | Keith |
| iii. U.S. update | Keith |
| iv. International news | Members/CCMA |
| • AFME | |
| v. Event/other updates | Barb |
| • AGC | |
| 4. For review, amendment, approval | Members |
| N/A | |
| 5. For discussion | Members |
| i. The Value Exchange Survey third-party survey (<i>Attachment 2</i>) | Barb |
| ii. November 2022 newsletter topics | |
| iii. Ideas for new FAQs | |
| iv. Next podcast or webinar | |
| 6. Other issues as raised | Members |
| 7. Summary of action, next steps, and next meeting (December 13) | Staff |



T+1 Communications and Education Working Group (CEWG)

Draft Minutes

Tuesday, September 13, 2022 – 1:30 pm ET/10:30 pm PT

8. Welcome, introductions, new members

Members welcomed Frank Baron from CIBC Mellon, a custodian. Barb advised that Jack Rando of the Investment Industry Association of Canada (IIAC) had notified the CCMA that he has moving to a new position. CCMA staff recognized Jack's excellent contributions to CEWG work in the 2015-2017 move to T+2 as well as in the more recent efforts to move to T+1. He had provided the CCMA with an IIAC replacement, however, that person is not to be the representative. **Action:** CCMA to follow up with the IIAC for an IIAC member to help co-ordinate communications with the broker-dealers.

Note: See appended list of participants, agreements, and action items.

9. Draft minutes of August 9 CEWG Meeting

The draft minutes of the August 9 CEWG meeting were accepted as written. The items identified for action by the day's meeting had been completed or were on the day's agenda. With respect to Advocis allowing T+1 material to be included for pick-up at Advocis's fall 2022 event, Paniz and Barb would be speaking on this in the near future.

10. New T+1 news/information

i. Association update

- IFIC staff explained that the IFIC T+1 Task Force report to the IFIC Board had recommended that no changes to NI 81-102 be pursued to support T+1. Individual fund manufacturers can determine if they will move their funds to T+1. Funds with a large percentage of T+2-settling foreign holdings may not move to a shorter settlement period – no change to the rule will avoid the need to request exemptions from an updated rule. IFIC is awaiting the CSA release. As in 2017, which funds will move to T+1 or stay at T+2 will be found, in due course, on a spreadsheet on Fundserv's website.
- Pat said that there was no choice for ETF providers to move to T+1 as they must adhere to TMX rules, which would be changed to make T+1 the standard. While there may be some challenges in the primary market, it will be designated brokers that have will the most to do to meet T+1 members.
- Barb thanked Ahren and Joseph for support completing the pension article for the ACPM's *The Observer*.

ii. Canadian update

Keith provided an update on CCMA matters. There remain many unresolved questions from an operational perspective. On the positive side, he is seeing more T+1 project offices starting to ramp up and an increase in the number of people wanting to join T+1 committees. In summary, because the SEC continues not to release an implementation date, the current posture is effectively 'hurry up and wait.' The CSA is expected to launch its consultation sometime in the fall, possibly as early as October. The CCMA will respond to the proposal/consultation.

iii. U.S. update

Keith said that there was nothing new to report from the U.S. – as said, no implementation date had yet been announced. He said that after the series of meetings this spring and summer that had led to the issuance of the T+1 Playbook, U.S. counterparts are expected to start up some meetings again in November. One big concern, with the delay in announcing an implementation date, is what the SEC would say about a move to T+0.

iv. International news

There is some beginning of discussion of T+1 in Europe, if only to address the impact of the North-American move to T+1. Keith mentioned India's slow transition to T+1, and said that ACSDA (American CSD Association) was continuing to monitor developments. It was noted that use of collateral is not common in Europe; this may make some issues easier there as they currently use available cash rather than collateral, however, there are other impediments there.

v. Event/other updates

Keith was to speak to Canadian members of DTCC in October.

11. For review, amendment, approval

Members discussed the draft newsletter and provided comments. **Action:** Confirm fund-related wording with IFIC.

12. For discussion

No discussion due to lack of time. **Action:** Provide feedback on new FAQ possibilities and the updated issue log to the CCMA.

13. Other issues as raised

None raised.

14. Summary of action, next steps, and next meeting

Keith explained that he now had a conflict with the scheduled CEWG meetings and asked to change the hour from 1:30 pm to 11:00 am ET.

Agreements	
1.	Members will advise CCMA staff of other T+1 speaking opportunities.
Action Items	

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#	Description	Who	Status
1.	Follow up with the IIAC for an IIAC member to help co-ordinate communications with the broker-dealers.	Barb	Email sent
2.	Confirm fund-related wording with IFIC	CCMA	Complete
3.	Provide FAQ ideas; review issue log and provide suggested updates to the CCMA by email	Members	
4.	See if the OSC has or can get from IOSCO/other a list of settlement cycles of major markets	Frank	No available;
From preceding meetings			
5.	Extend media outreach once more concrete information is available	CEWG	To be added to future agendas
6.	Help on the Buyside Checklist	Travis	TBD
7.	Manage podcast or blog/Qs&As re buyside liquidity issues	Merici	TBD
Meeting Attendees			
Paniz	Ghazanfari	Advocis	
Jason	Lau	CAAT	
Liz	Naumovski	Caldwell Securities	
Troy	Sy	Caldwell Securities	
Frank	Baron	CIBC Mellon	
Umair	Azan	CBA: Canadian Bankers Association	
Pat	Dunwoody	CETFA: Canadian ETF Association	
Matt	Latimer	FMFD: The Federation of Mutual Fund Dealers Canada	
Pamela	Egger	IFIC: Investment Funds Institute of Canada	
Pira	Kumarasamy	IFIC: Investment Funds Institute of Canada	
Kim	Barrett	LTI	
Annetta	Ho	OSC: Ontario Securities Commission	
Frank	Lacroce	OSC: Ontario Securities Commission	
Ahren	Estabrooks	PIAC: Pension Investment Association of Canada/OTPP	
Steve	Isgar	RBC Investor Services	
Keith	Evans	CCMA: Canadian Capital Markets Association	
Barb	Amsden	CCMA: Canadian Capital Markets Association	

Operationalising T+1

ValueExchange Campaign: Questions overview

#	Question	Format	Why are we asking this question?
Section 1: About you today			
1	Which part of the industry do you work in? (Executing) Broker Prime Brokerage Custodian Wealth Manager (Mutual) Fund manger Hedge Fund manager Pension Fund Insurer Public / Official Institution Fund administrator What about financial advisors?	Select one	Segmentation of results
2	Where are you located? [Region / Country]	Two-tier drop down	Segmentation of results
3	Which market are you completing this survey for? USA - as a depository participant USA - as a non-depository participant Canada - as a depository participant Canada - as a non-depository participant Other	Select one	Segmentation of results
4	What is your role / department? CEO	Select one	Segmentation of results

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- COO / Head of Operations
- CFO / Head of Finance
- Sales / Trading
- Portfolio Manager
- Middle Office
- Back Office
- Finance / Treasury
- Product management / Strategy
- Compliance
- Other

Technology? Project managements?

5	How many staff are in your organisation	Select one	Segmentation of results
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- 0-10 people
- 10-50 people
- 50-500 people
- 500-5000 people
- Over 5000 people

Should not overlap

6	What activities do you currently oversee?	Multiple choice	Segmentation of results
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Trading (break into equity and debt?)

- Middle / Back Office
- Asset servicing / corporate actions
- Valuations
- Securities Finance / Lending
- Derivative trading / clearing (Equity Options, Equity futures, etc.)
- GDRs

Foreign currency / settlement?

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7	How do you currently issue your trade affirmations?	<i>Select one option</i>	<i>Segmentation of results</i>
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- In-house
- Custodian
- Other

8	How would you describe your current status on preparations for T+1 in US / Canada?	<i>Select one option</i>	<i>Overall market readiness (by segment, region, department)</i>
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- 1. Researching / Learning up
- 2. Scoping out change requirements
- 3. Preparing project funding requests
- 4. Funded projects being executed
- No changes planned

9	Who are you working with to prepare for T+1?	<i>1-5 scale per area (including text for who)</i>	<i>Who is the support ecosystem today? Where do the partners rank today?</i>
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- No one external
- Consulting Firm
- Front office technology providers
- Middle Office technology providers
- Back office technology providers
- Industry association
- Brokers
- Custodians
- Others

Section 2: T+1 impact on US / Canada trading

10	How much is T+1 expected to impact your own processing of the following asset classes ?	<i>0-5 scale per asset class (where 0 is no impact, 5 is maximum impact)</i>	<i>Overall impact assessment per segment / region</i>
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- (Cash) Equities

Fixed Income
 Mutual funds
 Stock Derivatives
 GDR / ADRs
ETFs?

11	How much is T+1 expected to impact your own processing in the following activities (in terms of preparatory work required)?	<i>0-5 scale per activity (where 0 is no impact, 5 is maximum impact)</i>	<i>Detailed heatmap of T+1 impacts from front-to-back - from a practitioner's perspective</i>
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Trade execution (Affirmations)
 Middle Office (Confirmations / Allocations)
 Margining / Clearing
 Settlements
 Securities lending
 Corporate Actions
 Valuations
 Others
F/X?

12	For each area, why is this?	<i>1-5 scale for each of the activities marked >2 in previous question</i>	<i>What are the underlying limitations that people face in their businesses today?</i>
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Current (legacy) platforms are unable to scale easily
 Current reliance on manual tasks
 Current volume of bespoke / per client messaging types
 Current volume of paper-based activities

Section 3: Preparing for T+1 in the US / Canada

13	By the end 2024, when do you plan to be able to complete the following tasks for T+1 trades - and is this a change versus today?	<i>Drop down for each line: Before 7pm ET on T0; Before 9pm ET on T0;</i>	<i>How ready is the market (by segment, region) to meet the new required timings for T+1? Are people even aiming for the right timings yet? How much change is the industry having to realise (by segment / region)?</i>
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	<p><i>Before 11pm ET on T0;</i> <i>Before 11:30am on T+1</i> <i>Don't know yet</i> <i>Change versus today: Yes / No</i></p>	
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- Affirmations
- Confirmations
- Allocations
- FX booking
- SBL recall booking

14	How would you describe your (expected) readiness to meet these time-frames by end 2024?	<p><i>[For each area that is a change in previous question]</i> <i>High / Med / Low</i></p>	<p><i>How ready is the market (by segment, region) to meet the new required timings for T+1? What is the expected workload?</i></p>
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15	What steps are you taking (in terms of funded / scoped projects) to prepare for T+1 - and when are these projects running?	<p><i>Drop down for each: Ongoing / Q1, Q2, Q3, Q4 2023 / Q1, Q2, Q3, Q4 2024 / TBC</i></p>	<p><i>(Compared with previous question) Are we working - right now - on the areas where we are expecting the biggest impact? What solutions are we turning to to be ready?</i></p>
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<p><i>[For FO / MO / SBL]</i></p> <p>System replacement</p> <p>Standardisation of Trade data (using FIX / SWIFT formats)</p> <p>Use of a Centralised Matching Service Provider</p> <p>Outsourcing our trade affirmations to our custodian / prime broker</p> <p>Changing prime brokers</p> <p>Changes to locations of trade processing</p> <p>Re-papering client agreements / shifting to e-contracts</p> <p>Hiring more staff</p> <p>Other</p>	<p><i>[For Clearing / Margining]</i></p> <p>Standardisation of Trade data (using FIX / SWIFT formats)</p> <p>Implementing auto-fails coverage solution</p> <p>Implementing new margining / collateral management platform</p>	<p><i>[For Settlements, Corp Actions, Valuations]</i></p> <p>Using a centralised provider for SSI management</p> <p>System replacement</p> <p>New system / data integration (in Middle / Back office)</p> <p>Deploying new workflow tools to automate multi-party workflows</p> <p>Deploying new MI tools to monitor / predict settlement issues</p> <p>Re-papering client agreements / shifting to e-contracts</p> <p>Hiring more staff</p> <p>Other</p>
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16	How are you changing your global resourcing to support T+1 settlements?	<i>Multiple options</i>	<i>What does the staffing map look like globally - by segment / region? Where are the changes?</i>
	<p>New resourcing on the US / Canadian West Coast</p> <p>New resourcing on the US / Canadian East Coast</p> <p>New overnight staff (in Europe/Asia)</p> <p>Appointing vendor to manage T+1 booking in time-zone</p> <p>No change</p> <p>Don't know</p> <p>Other</p>		
17	How to do rate the following obstacles on your path to T+1?	<i>Drop down: Blocking progress Slowing progress, Not a problem</i>	<i>What external dependencies do we need to be prioritising from a market advocacy perspective?</i>
	<p>Moving FX booking from T+2 to T+1 and/or pre-funding</p> <p>Meeting new timings for Affirmations, Confirmations and Allocations</p> <p>Re-papering customers onto digital contracts</p> <p>Moving SBL recalls booking to T0</p> <p>Processing corporate actions in time for T+1</p> <p>Manual paperwork and physical stamp requirements to process</p> <p>Reg S/144a conversions</p> <p>[For Investors]</p> <p>Mis-matches in settlement cycles between US/Canada and other markets - for fund liquidity</p>		
18	What are the biggest internal challenges you face in preparing for T+1?	<i>Drop down: Blocking progress Slowing progress, Not a problem</i>	<i>How do people need help? How can we support participants in moving ahead?</i>

- Clarity on operating rules
- Lack of documentation / clarity on existing internal processes
- Securing investment / project funding
- Executing on system changes / Dependencies on legacy technology
- Availability of people to manage change
- Availability of vendor solutions
- Lack of industry messaging standards
- Competing technology projects**
- Competing regulatory projects?**
- Implementation date still unknown?**

19	Based on your current project outlook, what impact do you expect T+1 to have on the following in the first 12 months (after implementation)?	<i>From -100% to + 100%, Don't know</i>	<i>What does T+1 look like today in terms of outcomes (by region / segment)? What benefits and costs will it deliver - to whom?</i>
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- Funding / Margining requirements
- Resourcing / Headcounts
- Trade fail rate
- Securities lending activity
- CNS netting levels

Section 4: T+1 outlook

20	When do you expect the US / Canadian markets to move to T0 or to remove settlement cycles altogether	<i>Single choice</i>	<i>Who is looking at the longer term plan vs the short term objective?</i>
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- 2026
- 2027
- 2028
- 2029
- 2030
- Beyond 2030

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Never
Don't know

21	When do you expect to move to T+1 settlement cycles in your own market?	<i>[Latam, EMEA, APAC respondents]</i>	<i>Non-North American participants: map of world changes and who is preparing for that change now</i>
	2023		
	2024		
	2025		
	2026		
	2027		
	Beyond 2028		
	Never		