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T+1 Communications and Education Working Group (CEWG)

Proposed Agenda

Tuesday, March 14, 2023 – 11:00 am ET/8:00 am PT

- | | |
|---|---------------------|
| i. Welcome, introductions | All |
| ii. Draft minutes of February 14 CEWG Meeting (<i>Attachment 1</i>) | Members |
| i. Review/approve | |
| ii. Review matters arising from minutes | |
| iii. New T+1 news/information | Members/CCMA |
| i. Member/association updates | Members |
| ii. Canadian update | Staff |
| iii. U.S. update | Staff |
| iv. International news | Members/Staff |
| v. Event/article/other communications and education updates | Staff |
| • FYI LinkedIn tips https://blog.hootsuite.com/linkedin-hashtags-guide/#:~:text=Add%20a%20hashtag%20to%20a,yourself%20which%20is%20way%20faster%E2%80%A6 | |
| iv. For review, amendment, approval | Members |
| i. Draft FAQs (<i>Attachment 2</i>) | |
| ii. For discussion | Members |
| i. March 31 newsletter content (SEC decision; word from the Executive Director à la Churchill re impact on Canada; ValueExchange survey; results and conclusions; new FAQs, | |
| ii. Draft webinar content (<i>to follow</i>) | |
| iii. Other issues as raised | Members |
| iv. Summary of action, next steps, and next meeting (April 11) | Staff |

T+1 Communications and Education Working Group (CEWG)

Draft Minutes

Tuesday, February 14, 2023 – 11:00 am ET

1. Welcome and introductions

The CEWG welcomed Mauro Lagana, Senior Legal Counsel, at the CBA and Yianna Daklaras, Senior Advisor, Communications, NBC Wealth Management. Yianna was replacing Colleen Bronson, who had been also on the CEWG for the 2015-2017 move to T+2. Barb thanked Colleen for her contributions, particularly editing. **Note:** See attached list of meeting participants, agreements, and action items.

2. Draft minutes of February 14 CEWG Meeting

The draft minutes of the February 14 CEWG meeting were accepted without change. The items identified for action had been completed or were on the day's agenda, ongoing, or scheduled for the future.

3. New T+1 news/information

i. Member/association updates

Barb thanked Matt for e-introductions to the heads of AIMA and CAASA to help expand industry awareness. Both calls had been helpful, and both were interested in keeping in touch as they saw the move to T+1 impacts their members.

ii. Canadian and U.S updates

• Canadian update:

- After discussions with SIFMA counterparts, and a request from the IIAC, the CCMA had drafted a letter for the IIAC to send, and sent a CCMA letter, to the SEC with new arguments as to why the Labour Day 2024 transition date was the best implementation date for T+1.
- The Buyside Task Force had met for the first time in late January and Fran Daly, engaged for purposes of advancing an understanding of buyside issues, was speaking with a range of pension plan, other investment manager, and custodian firms to identify areas of opportunity or blockage.
- There had been an uptick in CCMA LinkedIn followers, which had led to a connection with the Europe-centred, but global International Securities Association for Institutional Trade Communication (ISITC), which also was helping press for a Labour Day T+1 implementation date.
- Operations Working Group members had revisited the earlier-agreed-upon 3:59 a.m. on T+1 as the preferred timing to reach 90% of matched trades.

- The CCMA had arranged a meeting with the SEC, pushed to February 21, regarding a go/no go date to confirm, say, two months before the implementation date that the industry on both sides of the border are ready.

- **U.S. update:**

The SEC still has set no implementation date for U.S. T+1; there had been a big swell of additional support for a Labour Day transition, however, there were growing concerns that the SEC would maintain the end of Q1 date or adopt Memorial Day 2024. Of particular concern, it appeared there was a misunderstanding or rumour circulating that T+1 was 'optional' in Canada, or that Canada had 'chosen' Labour Day to go. The SEC was to have an open meeting on February 15, open to the public, and it was expected a date would be announced then. The CCMA would share relevant information emanating from that session with CCMA members, and likely a draft media release.

iii. International news

ISITC has been quite outspoken in sharing European concerns with the SEC's T+1 decision. The U.K. T+1 task force is making efforts to speed up its analysis of moving to T+1 and the issue has garnered significant profile in Europe. This is helpful in expediting attention, but is not yielding solutions at present.

iv. Events, Etc.

Barb said that Keith would be speaking at a quarterly IIROC/MFDA Financial and Operations Advisory Section (FOAS) session on February 23. An information session with the ValueExchange team was to be arranged to review the findings of the VX/DTCC/TMX survey, also supported by AFME, ISITC, and the CCMA. The T+1 event for PIAC members on April 13 had been confirmed.

v. For review/amendment

CCMA staff provided background on the series of FAQs explaining Canada's decision to propose a later matching time (3:59 a.m. on T+1) than the U.S.'s (midnight, which DTCC backed up to 9:00 p.m. on T). As the discussion of a position for the SEC release took higher priority, members were asked to provide feedback by email.

vi. For discussion

- v. Members discussed and re-ordered the key messages that would be used with media and to form the draft release if the SEC were to confirm a March 31st, May 29th, or Labour Day 2024 T+1 implementation date.
- vi. There being no more time, members were asked to review the other draft FAQs.

4. Other issues: None raised

5. Next meeting: Tuesday, February 14, 11:00 am. ET

Agreements			
1.	Members accepted the draft minutes as written.		
Action Items			
#	Description	Who	Status
1.	Share information emanating from SEC session with members	Barb	Done
2.	Provide feedback on the 9 pm T vs 3:59 am T+1	Members	Published
From preceding meetings			
1.	Develop a presentation for PIAC	Barb	Underway
2.	Provide information to CCMA about authoring T+1 article for (CIFP's) April edition	Pat	On hold pending T+1 date
3.	Follow up with the IIAC for an IIAC member to help co-ordinate communications with the broker-dealers.	Barb	Efforts ongoing
4.	Extend media outreach once more concrete information is available	CEWG	Discuss in future
5.	Help on the Buyside Checklist	Travis	TBD
6.	Manage podcast or blog/Qs&As re buyside liquidity issues	Merici	TBD
7.	Draft article for ACPM	Barb	March 15
8.	Draft article for CIFP	Barb	March 15
9.	Prepare an outline/draft generic T+1 presentation	Barb	Underway

Meeting Attendees		
Paniz	Ghazanfari	Advocis
Liz	Naumovski	Caldwell Securities
Mauro	Lagana	CBA: Canadian Bankers Association
Pat	Dunwoody	CETFA: Canadian ETF Association
Dany	Leca	CIBC
Pamela	Egger	IFIC: Investment Funds Institute of Canada
Pira	Kumarasamy	IFIC: Investment Funds Institute of Canada
Kim	Barrett	LTI L&T Infotech
Yianna	Deklaras	National Bank Financial Wealth Management
Frank	Lacroce	OSC: Ontario Securities Commission
Annetta	Ho	OSC: Ontario Securities Commission
Ahren	Estabrook	PIAC: Pension Investment Association of Canada/OTPP
David	Petitville	RBC: Royal Bank of Canada Investors Services
Dave	O'Marra	Torstone Technology
Keith	Evans	CCMA: Canadian Capital Markets Association
Barb	Amsden	CCMA: Canadian Capital Markets Association

Draft FAQs

- Q. Asset List: Are single stock futures, where the underlying security is physically delivered via CDS (currently on T+2) going to be able to move to T+1?**
- A. The underlying securities in a single stock future settle in CDS by way of a transaction file received from the Canadian Derivatives Clearing Corporation (DTCC) CDCC. While 'physically-delivered' sounds like an actual certificate transfer, there are no physical deliveries to CDCC; in this case, physical refers to an underlying security that is not a derivative or cash-settled. For futures and options, the underlying securities (called 'physical') settle electronically in CDS. The transactions CDCC forwards to CDS as a result of exercises, assignments, and tenders are settled directly between CDS clearing members. CDS does not foresee any issues in having single stock futures settle on T+1.
- Q. The T+1 Asset List says “special terms” trades are excluded (not in scope), but the currently applicable Universal Market Integrity Rule (UMIR) is being amended to from T+2 to T+1. Doesn't this imply there is a change to T+1?**
- A. It does seem counterintuitive, but in the case of T+2 currently, and what will be T+1 as of the day the Canadian market moves with the U.S. to T+1, the effect is to EXCLUDE standard trades from the provisions of the rule that allows counterparties to bilaterally choose something other than the standard time. In future, 'special terms' requirements/provisions apply to securities OTHER than those moving to a T+1 standard.
- Q. The T+1 Asset List says that the ETF create/redeem process is excluded (not in scope). What does that mean?**
- A. From the perspective of investors and trades in securities, there is no issue as these ETFs will be settled like debt and equities on a T+1 basis. The create/redeem process is between ETF management companies and designated brokers and is what occurs to 'make' the ETF units that are traded, and these firms will determine appropriate steps. The Canadian ETF Association has confirmed there is no further work being done on this issue. If there are further developments, the CCMA will share the information in meetings, the newsletter, or on LinkedIn.