

**Request for Comments by March 15 on Expectation of T+2 Settlement for Rarer Investment Fund Types**

Below is an extract from the CCMA Asset List, expanded to break down into greater detail investments funds according to the securities rules or other documents governing them, with additional commentary and expectations regarding moving to T+2 in the case of rarer types of funds, as well as requests for feedback in a number of more specialized areas. Please circulate this list to those in your organization who have knowledge of funds and provide – or request that they provide – **feedback or other fund-knowledgeable contacts to [the CCMA](#)** to help confirm each category as either moving to a T+2 standard; *not* moving to a T+2 standard; or will vary (and why). **Please note that the CCMA is particularly interested in any information regarding funds that will *not* be moving to T+2, for example, potentially some that may be domiciled outside of Canada where they are subject to a T+3 or more cycle, or are bound by other rules, practices, or situations.**

Security Type	Description	Expected to Transition to T+2?	Comments
<b>Investment Funds subject to NI 81-102 settlement provisions</b>			
Money market investment funds	Comprised of short-term, or less-than-one-year-term-remaining securities	<b>No; already at a T+1</b>	Settlement cycle applicable to sales and redemptions.
Mutual funds	If prospectus-based and also a reporting issuer	<b>Will move to T+2<sup>1</sup></b>	Settlement cycle applicable to sales and redemptions.
Non-redeemable investment fund	If a reporting issuer (e.g., closed-end funds)	<b>Will move to T+2</b>	Settlement cycle applicable to sales and redemptions.
Non-conventional investment funds that permit redemptions for a proportionate interest of the fund’s net assets more than once a year	Considered to be a mutual fund whether or not listed on an exchange. Same operational requirements as conventional funds. Includes exchange-traded funds (ETFs) that distribute their securities using designated brokers, track an index and distribute their securities continuously. Some split-share companies also fall into this category.	<b>At least exchange-traded funds to move to T+2 – others?</b>	Settlement cycle applicable to sales and redemptions.
Non-conventional investment funds that do <b>not</b> permit redemptions for a proportionate interest of the fund’s net assets more than once a year	Subject to the core operational requirements of NI 81-102. Permitted to engage in certain investment strategies, and invest in certain asset classes, beyond what is allowed for conventional mutual funds. Includes closed-end funds (usually listed on an exchange) and flow-through limited partnerships.	<b>At least exchange-traded and closed-end funds to move to T+2; others?</b>	Settlement cycle applicable to sales and redemptions.
<b>Investment Funds NOT subject to NI 81-102 settlement provisions</b>			
Mutual funds that are <u>not</u> reporting issuers	E.g., pooled funds	<b>As yet not known – expectations?</b> Settlement period current ranges from T+1 to T+10. The majority are T+3. Settlement governed by contract.	Includes mutual funds that sell securities to the public only under capital-raising exemptions in securities legislation.

<sup>1</sup> See section 9.4 of NI 81-102, which provides for maximum settlement of T+3. See also section 10.4 requiring T+4 settlement date re: forced settlements/buy-ins.

**DRAFT FOR COMMENT**

<b>Security Type</b>	<b>Description</b>	<b>Expected to Transition to T+2?</b>	<b>Comments</b>
			1,100 pooled funds are cleared through Fundserv (approx. 600 are T+3).
Investment funds that are <u>not</u> reporting issuers	E.g., non-redeemable investment funds that are not reporting issuers, e.g., hedge funds, alternative funds, exempt market products such as MICs, REITs, mortgage funds, etc.	<b>Such products currently settling on T+3 expected to move to T+2</b> Transactions that currently have a longer settlement cycle (such as T+10, for example) would not be expected to change their cycle.	In Canada, the issuer of these funds publishes the settlement provisions within the prospectus or offering memorandum.
Scholarship or education plans		<b>As yet not known – expectations?</b>	
Investment funds organized under an <i>Act to establish the Fonds de solidarité des travailleurs du Québec</i> (F.T.Q.) (chapter F-3.2.1)	<b>Like LSIFs?</b>	<b>As yet not known – expectations?</b> Subscription settlement governed by contract. Redemptions governed by statute.	
Investment funds organized under an <i>Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi</i> (chapter F-3.1.2)	<b>Like LSIFs?</b>	<b>As yet not known – expectations?</b> Subscription settlement governed by contract. Redemptions governed by statute.	
Investment funds organized under an <i>Act constituting Capital régional et coopératif Desjardins</i> (chapter C-6.1)		<b>As yet not known – expectations?</b> Subscription settlement governed by contract. Redemptions governed by statute.	
Labour-Sponsored Investment Funds (LSIFs)		<b>Will move to T+2 standard</b> Regulation 1015 General issued pursuant to the Securities Act (Ontario), s. 240(2) paragraph 8, a rule, policy, or practice of the Commission or Director shall not apply to matters concerning sales or redemptions of securities of mutual funds in respect to Labour-Sponsored Investment Funds)	150 LSIFs are cleared through Fundserv – almost all are T+3.
Private mutual funds	E.g., investment clubs	<b>As yet not known – expectations?</b>	Settlement period may be governed by contract.
Commodity pools	Mutual funds that are permitted to invest in derivatives or commodities (where otherwise prohibited under NI 81-102)	<b>As yet not known – expectations?</b>	Governed by NI 81-104.