

CCMA Canadian T+1 Asset List

(as at May 31, 2022)

Please provide comments/questions to info@ccma-acmc.ca by June 24, 2022

This is the list of investment products that CCMA members believe will adopt a shorter **standard** settlement cycle of T+1 in 2024. It is based on the final 2017 list of asset categories in Canada that moved to T+2, adjusted – **for discussion purposes** – to reflect those expected to move to the future standard settlement cycle of T+1. The list reflects CCMA committee member comments received to date on two drafts and has been approved for release to seek broader comments by the CCMA’s T+1 Steering Committee. The CCMA asks all Canadian capital markets stakeholders to review this document carefully and provide any additional comments or questions to info@ccma-acmc.ca to enable this list to be confirmed as soon as possible.

For convenience, sold/redeemed (in contrast to traded) securities – for example, investment funds broadly speaking, most often settled through the facilities of Fundserv – have been copied and reproduced in a separate table (starting on page 8) with other fund/fund-like investment options. For completeness, this includes a list of investment funds that do *not* fall under National Instrument 81-102 *Investment Funds*.

As you review this list, please also send us:

- Any “security type(s)” that no longer exist and any new products that have emerged since the T+2 go-live date of September 5, 2017 (with their current and a proposed settlement date)
- Any updates, corrections, explanations or other changes recommended.

During the T+2 project, there were two updates to the first version of the list as new information emerged, but changes were few. It’s important for the list of assets expected to move to T+1 settlement to be as complete as possible for industry planning purposes. Your feedback is most important to us. We aim to have a ‘final’ list published by the end of **June 2022**, recognizing that a very small number of changes may follow as more information becomes known.

The T+1 Asset List identifies investments trading on secondary markets that are expected to move from a standard T+2 to a standard T+1 settlement cycle. It excludes ‘new issue’ transactions (such as initial public offerings or IPOs), the ETF create/redeem process, current ‘special terms’ trades, and products whose settlement cycle is set out in a prospectus, including products that are not priced daily.

Note: The ETF unit creation/redemption process is being analysed by the Canadian ETF Association (CETFA).

EXCHANGE AND OVER-THE-COUNTER/NON-EXCHANGE ASSETS

Note: When reviewing the list, please also:

1. Identify any products that should be (a) removed from or (b) added to the list. New ones already mentioned for possible, but not certain, inclusion are:
 - Interest-bearing crypto assets
 - Securities-based swaps
 - Carbon-emissions-allowance futures.
2. Identify the current and proposed settlement cycle of new products.

Security Type	Description	Shorten to T+1? Yes/No	Comments
Cash and Equivalents			
1. Cash	Cash balances (regardless of currency)	NO	No change
2. Cashable Guaranteed Investment Certificates (GICs)	Only liquid GICs (redeemable) are to be included as a cash equivalent.	NO	Default settlement of GICs is T (same day), however, parties may agree on delayed settlement conditions
3. High-Interest Savings Accounts (HISAs)	It is assumed that all HISAs provide timely liquidity (full or partial).	NO	Already T+1 settlement
4. Money Market Funds	Includes money market exchange-traded funds (ETFs) and money market closed-end funds comprised of short-term, or less-than-one-year-term-remaining securities	NO	Already T+1 settlement
5. Short-Term Notes	Includes all term notes, bonds or paper where term to maturity from issue date is < 1 year; this includes, but is not limited to:	NO	No change
	• Asset-backed commercial paper (ABCP)	NO	No change
	• Bankers' acceptances	NO	No change
	• Certificates of deposit (CDs)	NO	No change
	• Commercial paper (CP)	NO	No change
	• Treasury bills (T-bills)	NO	No change
6. Other Cash and Cash-Equivalent Products	• Savings bonds	NO	No change
	<i>Placeholder for any new or unidentified products</i>		
Fixed Income			
7. Corporate Bonds	Includes corporate bonds/debentures as well as high-yield bonds and capital trust securities where the term to maturity from issue date \geq 1 year	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current ‘special terms’ trades will stay unchanged.

Security Type	Description	Shorten to T+1? Yes/No	Comments
8. Government Bonds	Includes bonds issued from any form of government including but not limited to the following where term to maturity from issue date > 1 year:		Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
	• Municipal bonds	YES	
	• Provincial bonds	YES	
	• Federal bonds – term over 3 years	YES	Currently settles on T+2.
	• Federal bonds – term of 3 years or less	YES	Savings bonds do not trade.
	• Savings bonds	NO	
• Agency Bonds (e.g., Canada Mortgage Bonds issued by the Canada Housing Trust and fully guaranteed by the Government of Canada through the Canada Mortgage and Housing Corporation (CMHC))	YES	This does not apply to settlement for primary issuance of these bonds.	
9. Convertible Bonds	While at times treated as equity given they may be converted to equity, these securities should remain a unique asset class under Fixed Income until and if such a time as conversion is exercised. At the time of exercise, the holding will appear under the subtype of the security the debenture was converted into	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades (other than T+2) will stay unchanged.
10. Fixed-Income Funds	Includes fixed-income-focused:	Under review by the mutual funds industry; see separate Funds table below	See separate Funds table below
	• Mutual funds		
	• Investment funds		
	• Pooled funds		
	• Common trust funds		
	• Index-replicating vehicles (IRVs)	YES	
	• Equity closed-end funds (CEFs)	YES	
	• Equity ETFs	YES	
• Platform-traded funds (PTFs)	YES		
11. Asset-Backed Securities (ABSs)	Includes mortgage-backed securities (MBSs), collateralized debt obligations (CDOs) and any other product that attracts a pool factor stemming from an iterative and ongoing return of principal	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
12. Non-Cashable Guaranteed Investment Certificates (GICs)	• Any liquid (redeemable) GICs will appear under cash equivalents, and all non-liquid GICs are aligned in this subtype under Fixed Income	NO	GIC instruments do not current trade on a two-day settlement basis and therefore are not affected by the transition to T+1. Note: Market-linked GICs are expected to settle on T+1 if currently settling on T+2.
	• Market-linked GICs	YES	
13. Strips, Coupons and Residuals	Any interest portion or non-principal-based portion of a bond that can be and is segregated from the initially offered bond product and sold separately	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
14. Other Fixed Income Products	<i>Placeholder for any new or unidentified products</i>		

Security Type	Description	Shorten to T+1? Yes/No	Comments
Preferred Shares			
15. Preferred Shares	Company stock with dividends that are paid to shareholders before common stock dividends are paid out. In the event of a company bankruptcy, preferred stock shareholders have a right to be paid company assets first. Preference shares typically pay a fixed dividend, whereas common stocks do not. Unlike common shareholders, preferred shareholders usually do not have voting rights.	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
16. Convertible Preferred Shares	A preferred share with a convertible feature should remain a preferred share sub-type until (and if) such a time as conversion is exercised, at which point the resulting holding will appear under the proper sub-type for the security now held after conversion.	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
Equity			
17. Common Shares	Industry standard common stock where the unit represents a percent ownership in a corporation	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades (other than T+2) will stay unchanged.
18. Equity Funds	Includes:	Under review by the mutual funds industry; see separate Funds table below	See separate Funds table below
	• Equity mutual funds		
	• Equity index-replicating vehicles (IRVs)		
	• Equity closed-end funds (CEFs)		
	• Equity ETFs		
• Platform-traded funds (PTFs)	YES		
19. Rights	A certificate that permits the owner to purchase a certain number of shares, or, frequently, a fractional share of new stock from the issuer at a specific price	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
20. Warrants	A security that gives the holder the right to purchase securities (usually equity) from the issuer at a specific price within a certain time-frame	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
21. Units	Represents products sold as a 'unit', which includes bundled stock and warrants, etc.	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
22. Trust Units	All units structured under a trust deed but excluding real estate investment trusts (REITs) as they are reported under a unique sub-type	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
23. Limited Partnership Units (LPUs)	An ownership unit in a publicly traded limited partnership, or master limited partnership (MLP) that provides the	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current

Security Type	Description	Shorten to T+1? Yes/No	Comments
	unitholder with a stake in the income generated by the partnership company		'special terms' trades will stay unchanged.
24. Instalment Receipts	An equity issuance in which the purchaser does not pay the full value of the issue upfront. In the purchase of an instalment receipt, an initial payment is made to the issuer at the time the issue closes; the remaining balance must be paid in instalments. Although the purchaser has not paid the full value of the issue, he or she is still entitled to full voting rights and dividends.	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
25. Subscription Receipts	Shares carrying the right (but not the obligation) to be exchanged for common stock of a firm at a predetermined price and within a specified period, while simultaneously carrying the right to a dividend prior to the exchange.	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
26. Canadian Depositary Receipts (CDRs)	Similar to American Depositary Receipts (ADRs), a security that provides exposure to shares of global companies, but are traded in Canadian dollars on a Canadian stock exchange.	YES	This is a new product, trading on NEO, currently only issued by one issuer.
27. Real Estate Investment Trusts (REITs)	Investment vehicle similar to a mutual fund (unit trust). REITs use the pooled capital of several investors to make mortgage loans to builders or developers, or to directly invest in income-producing property that offers tax benefits in addition to interest and capital gains.	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
28. Flow-Through Shares	A flow-through share is a type of common share which allows a "principal-business corporation" to transfer the tax deductions to investors, who can apply them against their personal or corporate income tax.	YES	Any transaction that currently trades on a T+2 basis will transition to T+1. Current 'special terms' trades will stay unchanged.
29. Private Shares	Non-publicly traded shares that may or may not have a secondary market. Includes private placements, private equity funds, and Canadian-controlled private corporations (CCPCs)/Qualified Small Business Corporations (QSBCs).	YES Only secondary market trades	Settlement periods and terms are agreed to by both parties at the time of transaction.
30. Other Equity Products	<i>Placeholder for any new or unidentified products</i>		
Balanced Mandates			
31. Balanced Funds	To avoid any mismanaged expectations for the unitholder, if a fund mandate is balanced, that is, the fund may contain a moving target allocation split across multiple sub-types (e.g., between Equity and Fixed Income) then it is best to single such holdings out through a discrete sub-type so that the end client is well aware that the holding may move between various types at any point in time.	Under review by the mutual funds industry; see separate Funds table below	See separate Funds table below

Security Type	Description	Shorten to T+1? Yes/No	Comments
Alternative Investments			
32. Physical Commodities	Direct ownership (e.g., of gold, silver, other precious metals, rare earth metals, etc.).	NO	Not a security
33. Exchange-traded Receipts (ETRs)	Issued by the Royal Canadian Mint; are traded on the stock exchange, or once a month they can redeem them for gold coins or bullion.	YES	Redemption for gold coins or bullion out of scope.
34. Segregated Funds	A type of pooled investment that is similar to a mutual fund, but is considered an insurance product. Proceeds received by the insurance company are used to purchase underlying assets that may cross sub-types, and then units of the segregated funds are sold to investors. Segregated funds may guarantee a specific return over the life of the investment or upon maturity of the fund.	May vary	
35. Leveraged Investments	Investments that rely principally on leverage. That includes split capital shares, Leveraged ETFs and Inverse ETFs.	YES	
36. Derivatives	A financial instrument whose value is based on one or more underlying assets. In practice, it is a contract between two parties that specifies conditions (especially the dates, resulting values of the underlying variables, and notional amounts) under which payments are to be made between the parties. The most common types of derivatives are:		Note: Exchange-traded derivatives (options, futures, etc.) are out-of-scope for T+1, but exercises and assignments of these derivatives are <i>in</i> scope and reported to CDS for settlement and will move to T+1 if the underlying security do.
	• Forwards	NO	T+1 today
	• Futures	NO	T+1 today
	• Options	NO	T+1 today
	• Swaps	NO	Settled as bilaterally agreed or through swap execution facilities (SEFs) or centrally cleared facilities where the settlement cycle is not expected to change
37. Hedge Funds (Private)	A typically aggressively-managed portfolio of investments that uses advanced investment strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark).	Refer prospectus	In Canada, the issuer of these funds publishes the settlement provisions within the Prospectus or Offering Memorandum.
38. Structured Products	Following the broad definition used by regulators such as the SEC, NASD, and NYSE that define a “structured product” as a security derived from or based on another security (including a bond), basket of securities, index, commodity, or foreign currency. Common examples include:	Refer prospectus	Refer settlement provision within the Prospectus or Offering Memorandum.
	• Exchange-traded notes (ETNs)	Refer prospectus	

Security Type	Description	Shorten to T+1? Yes/No	Comments
	<ul style="list-style-type: none"> Principal at risk notes (PRNs) 	Out of scope	Subject to issuer; not cleared through CDS
	<ul style="list-style-type: none"> Principal-protected notes (PPNs) 	Out of scope	Subject to issuer; not cleared through CDS
	<ul style="list-style-type: none"> Market-/index-linked notes 	Out of scope	
39. Other Alternative Investment Products	<i>Placeholder for any new or unidentified products</i>		

FUNDS AND OTHER PRODUCTS PROCESSED (SOLD/REDEEMED) THROUGH FUNDSERV

Note: For the convenience of fund product reviewers, the following rows have been extracted from the table above and combined for easier review with other non-exchange-traded fund types. Also, some products are ‘fund-like’ and/or also are processed through Fundserv, such as REITs, units, wraps, GICs, and HISAs. Funds trading on an exchange (e.g., exchange-traded fund) or other platform currently settle on a T+2 basis and will move to T+1 settlement with the U.S.

Security Type	Description	Shorten to T+1? Yes/No	Comments	
Investment Funds				
3. High-Interest Savings Accounts (HISAs)	It is assumed that all HISAs provide timely liquidity (full or partial).	NO	Already T+1 settlement	
4. Money Market Funds	Includes money market exchange-traded funds (ETFs) and money market closed-end funds comprised of short-term, or less-than-one-year-term-remaining securities.	NO	Already T+1 settlement	
10. Fixed-Income Funds 18. Equity Funds 31. Balanced Funds And others	Funds include the following:	Under review by the mutual funds industry	Check fund prospectuses/offering documents for exceptions. Note: The settlement cycle for transactions involving physical certificates and non-redeemable investment funds, as well as direct purchases from the fund manufacturer, are not expected to change as a result of the move to T+1.	
	• Mutual funds			
	• Other investment funds			
	• Pooled funds			
	• Common trust funds			
	• Index-replicating vehicles (IRVs) (including fixed-income, equity and balanced)			
	• Closed-end funds (CEFs)			YES
	• ETFs			YES
	• Platform-traded funds (PTFs)			YES
	• Private equity funds			Refer prospectus
	• Venture capital funds	Refer prospectus		
	• Mortgage funds/mortgage investment corporations (MICs)	Refer prospectus		
	• Real estate funds	Refer prospectus		
37. Hedge Funds (Private)	• A typically aggressively-managed portfolio of investments that uses advanced investment strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark).	Refer prospectus	In Canada, the issuer of these funds publishes the settlement provisions within the Prospectus or Offering Memorandum.	
38. Structured Products	Following the broad definition used by regulators such as the SEC, NASD, and NYSE that define a “structured product” as a security derived from or based on another security (including a bond), basket of securities, index, commodity, or foreign currency. Common examples include:	Refer prospectus	Refer settlement provision within the Prospectus or Offering Memorandum.	
	• Exchange-traded notes (ETNs)	Refer prospectus		
	• Principal at risk notes (PRNs)	Out of scope	Subject to issuer; not cleared through CDS	
	• Principal-protected notes (PPNs)	Out of scope	Subject to issuer; not cleared through CDS	
	• Market-/index-linked notes	Out of scope		

Security Type	Description	Shorten to T+1? Yes/No	Comments
Segregated Funds			
34. Segregated Funds	Pooled investment, similar to a mutual fund, offered to customers through an Individual Variable Insurance Contract (IVIC). Premiums received by the insurance company are held in segregated funds outside the insurer's general account. The value of the IVIC varies depending on the performance of the funds selected by the client. At least 75% of the value of premiums is guaranteed at death of the policyholder and maturity of the IVIC.	May vary	

Note: The following are essentially the same as 4. Fixed-income funds, 18. Equity funds, and 31. Balanced funds above, broken out by regulatory reference.

Security Type	Description	Expect to Go to T+2?	Comments
Investment Funds subject to NI 81-102 settlement provisions			
Money market funds	Includes money market exchange-traded funds (ETFs) and money market closed-end funds comprised of short-term, or less-than-one-year-term-remaining securities.	No	Already at T+1; settlement cycle applicable to sales and redemptions.
Mutual funds	If prospectus-based and also a reporting issuer	Under review by the mutual funds industry	Settlement cycle applicable to sales and redemptions.
Non-redeemable investment funds	If a reporting issuer (e.g., closed-end funds)	Under review by the mutual funds industry	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.	YES for ETFs; others under review by the mutual funds industry	Note: The ETF unit creation/redemption process is being reviewed by the Canadian ETF Association (CETFA).
Non-conventional investment funds that do not 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.	YES for ETFs and closed-end funds; others under review by the mutual funds industry	
Investment Funds NOT subject to NI 81-102 settlement provisions			
Mutual funds that are <u>not</u> 'reporting issuers'	Includes mutual funds that sell securities to the public under only capital-raising exemptions in securities legislation, e.g., pooled funds (4,144 pooled funds are cleared through Fundserv (1,514 are T+2); see also Commodity Pools below).	May vary	Settlement governed by contract and settlement period currently ranges from T+1 to T+10.
Investment funds that are <u>not</u> reporting issuers	E.g., non-redeemable investment funds, e.g., hedge funds, alternative funds, exempt	May vary	In Canada, the issuer of these funds publishes the settlement provisions within the prospectus or offering

Security Type	Description	Expect to Go to T+2?	Comments
	market products such as MICs, REITs, mortgage funds, etc.		memorandum. Transactions that currently have a longer settlement cycle (such as T+10, for example) are not expected to change their cycle.
Scholarship or education plans		Out of scope	
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)	See https://www.fondsftq.com/ (French) or https://www.fondsftq.com/en/accueil.aspx (English)	Out of scope; 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)	See http://www.fondaction.com/ (French) and http://www.fondaction.com/english.php (English)	Out of scope	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)	See http://capitalregional.com/ (French) and http://capitalregional.com/en/ (English)	Out of scope	Subscription settlement governed by contract. Redemptions governed by statute.
Labour-Sponsored Investment Funds (LSIFs)	Regulation 1015 General issued pursuant to the <i>Securities Act</i> (Ontario), s. 240(2) paragraph 8, a rule, policy, or practice of the Commission or Director shall not apply to matters sales or redemptions of securities of mutual funds with respect to LSIFs)	May vary	101 LSIFs are cleared through Fundserv and 55 are T+2
Private mutual funds	E.g., investment clubs	Out of scope	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)	Out of scope	Governed by NI 81-104.