



## CCMA T+1 Technical Readiness Update

This is the second bimonthly CCMA bulletin providing progress on preparations by the organizations connecting and providing services to firms in all parts of Canada's capital markets. Making sure that transactions are processed straight-through, in as automated a fashion as possible, with no increase in fails, is a tall order. Recent CCMA survey results show there is a need for industry stakeholders to have comfort not only in their own preparedness for T+1, but also in the readiness of infrastructure, service bureaus, technology providers, and counterparties – the industry as a whole – in the move to next-day settlement. Have ideas or want to provide an update? Please email us at [info@ccma-acmc.ca](mailto:info@ccma-acmc.ca).



### In planning – vendor-agnostic securities loan recall portal

TMX is planning to develop a securities lending portal intended to let agent lenders and borrowers using different vendors (say, Equilend, FIS, Pirum) to receive/communicate and upload notifications. This would enable easier and more reliable processing of securities loan recalls by streamlining the process from the beneficial owner, who advises an agent lender of a recall need, and the agent lender getting that information to the borrower to process the recall. There is no change to the current CDS process for effecting the recall; that is, CDS participants will continue to process the loans and recalls through the pledge function or as a trade (TFT). The planned service is similar to DTCC's SMART/Track stock loan recall messaging service, with additional enhancements.

**Timing:** TMX expects to:

- Finalize, by the end of August 2023, the required mandatory and optional fields across market participants and vendors based on input from a recent Canadian Securities Lending Association (CASLA) survey of industry participants.
- Complete a portal prototype by the end of October 2023, with some vendor and small user group testing of interoperability and alignment between September and November 2023.
- Facilitate broader testing between December 2023 and February 2024.
- Make the portal available for end-to-end industry-wide T+1 testing in late winter/early spring 2024.

TMX expects non-CDS participants, such as large fund manufacturers and possibly other beneficial owners, to be able to use the service because the portal is about information-sharing and does not interact with CDS's core systems. A number of industry representatives have said that proposed pricing for the new portal appears to be fairly affordable across the board.

### TORSTONE **Overcoming Batch Cycle Processing**

Despite the recent good news regarding NI 24-101, achieving 90% matching of institutional trade details by 3:59 a.m. ET on T+1 and then settling that afternoon may still pose a challenge for the industry. Legacy systems' traditional overnight batch processing (typically running between 6-7 p.m. ET through 3-5 a.m. ET the following day), means that firms can no longer rely on a second cycle of batch processing to correct errors. [Torstone's Middle Office solution](#) offers continuously operating, real-time, and event-driven processing, where end-of-day (date rollover) activities take place over a much shorter period without impacting any ongoing transaction flows or use of online interfaces.

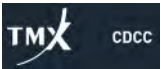


Torstone Middle Office highlights (cont'd.):

- In production: now.
- Client onboarding: 3-12 months (depending on the complexity of integrations).
- Ready to support industry testing for T+1.

**CIBC MELLON** **The latest from CIBC Mellon**

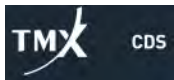
- CIBC Mellon has completed their technology and operational assessments.
- Development for clients will be complete by the end of 2023.
- CIBC Mellon will be ready to start industry testing in Jan 2024.



**The latest from the Canadian Derivatives Clearing Corporation**

CDCC confirms what is changing, and what won't change, when Canadian derivatives move to T+1.

Current Cycle	Future Cycle
<p>Options exercises, assignments, and futures tenders (equity, ETF, and fixed-income) are processed by CDCC with a T+2 settlement date.</p> <p><b>Note:</b> BTCC – Purpose Bitcoin ETF – currently settle and will remain on a T+1 settlement cycle.</p>	<ul style="list-style-type: none"> <li>• The standard settlement date for options exercises, assignments, and futures tenders will be T+1 (next business day), with <b>no change</b> to the (i) expiry process, (ii) 10:30 p.m. ET on T deadline for trade submissions to CDSX directly or through the central clearing counterparty (CCP), (iii) file and report delivery times, or (iv) timing of BTCC exercised and assignments.</li> <li>• CDCC will publish minor rule changes for comment (target: October 26, 2023).</li> <li>• CDCC participants will be able to test CDCC processes during a two-week period (date to be determined) during CDS's industry-wide test period (winter/spring 2024).</li> <li>• CDCC will make systems configuration changes over the May 25/26, 2024 weekend to facilitate migration to a standard T+1 settlement cycle.</li> </ul>



**Regulatory Reporting Data Reports Under Development**

Section 5.1 of National Instrument (NI) 24-101 Institutional Trade Matching and Settlement, requires clearing agencies, such as CDS, to deliver Form 24-101F2 with aggregate and individual participant institutional trade-matching data to regulatory authorities. In anticipation of the CSA's final NI 24-101 rule changes, CDS is proceeding with the following times as the requirements for changes to ITP statistics reporting (*all Eastern Time*).

- On trade date (T): noon, 4 p.m. (market close), and 7:30 p.m.
- On T+1: 3:59 a.m., noon, 4 p.m. (payment exchange), and 11:59 p.m.
- Greater than T+1.

In the event that the CSA does not accept the CCMA's recommendation, CDS notes that further changes and development will be required.