



Issue 7 – February 22, 2017

T+2: What's New

Survey said...

Thanks to the many industry members who took the time to reply to the CCMA's second T+2 readiness survey during the busy holiday season, leading to an almost 50% increase in responses compared to the first survey. The [survey results](#) support the Canadian industry generally being ready for the marketplace to transition to T+2 at the same time as the U.S.: 98% of those expressing a view are *Very* or *Somewhat Comfortable* that their firm, their service provider, the infrastructure and their counterparties will be prepared.

How comfortable are you that...: (Please select an answer to all questions)

Answer Options	Very comfortable	Somewhat comfortable	Comfortable to All - N/A	Not comfortable	Don't know	Not applicable	Response Count
i. Your firm will smoothly transition to T+2 on September 5, 2017?	77	29	98%	0	2	1	109
ii. Your firm will smoothly handle double settlement date volumes (T+2/T+3 trades) on Sept. 7, 2017?	68	36	98%	0	2	3	109
iii. Your infrastructure, service providers/vendors will smoothly handle the transition to T+2?	52	43	95%	2	3	9	109
iv. Your counterparties in the industry will smoothly handle the transition to T+2?	41	49	97%	2	7	10	109
v. Other firms in the industry will smoothly handle the transition to T+2?	36	54	87%	2	11	6	109
	<i>answered question</i>						109

Issued early in December 2016 and closed at month-end, the survey received 118 responses (vs 80 to the May 2016 survey) from 585 requests and an unknown number forwarded through collaborating industry associations (the latter yielded 27 of the 118 replies). About a third of responses were from the buy-side, with another third from the sell-side; the remainder were split among custodians, infrastructure (CDS, Fundserv, DTCC, exchanges, ATSS) and service providers/vendors. Buy-side responses doubled in number to 38, but remain considerably fewer than the total number of such firms regulated by the commissions. On the dealer side, IROC respondents increased by 7 to 34 firms or about 20% of total active regulated entities, representing the vast majority of assets held, while responding MFDA dealers remained the same at 3 or about 3% of MFDA members, likely due to many making direct sales that settle on a T+1 basis. Respondent firms included 46% large, with the remainder split evenly between medium and small companies.

Key to success

Your firm is locked into a highly-interconnected securities processing chain and the key to ensuring no blockages during the September 5, 2017 transition is successful industry testing.

The CCMA will do a third survey of T+2 transition preparedness in June/July 2017, asking only one person in a firm to reply on the company's behalf. We have only formally received the official survey contact for [32 companies](#). If your firm isn't on this list, please ask your project team to find out and [email the CCMA](#) who the authorized contact is.

The CCMA also has asked and is working with [37 key infrastructure, service provider/vendor organizations and custodians](#) to provide a T+2 [project acknowledgement](#) that will signal these firms' readiness

Tick tock test time!

[DTCC](#) – 14 biweekly test cycles from February 13 to August 25, 2017; [Fundserv](#) – March 21 to September 2017, with Mock 1 from June 2-June 30, Mock 2 from July 13-July 21 and provision for a third Mock if needed in August; [CDS](#) and [CDCC](#) – from April 13 to 26/28



On the (regulatory) record

The CCMA's [November 1, 2016](#) response to the proposed T+2-enabling rule changes issued by the Canadian Securities Administrators (CSA) did not ask for amendments to National Instrument (NI) 81-102 – *Investment Funds* as this matter was proceeding along a separate path. Later in November, the CSA Staff investigating rule changes for investment funds agreed that the existing regulatory framework did not need amendment to accommodate a T+2 settlement cycle for funds. A few days later, the U.S. Depository Trust and Clearing Corporation announced that the settlement date of domestic mutual funds currently on a T+3 sales/redemption cycle would be changed automatically to T+2 (on the expectation that the related Securities and Exchange Commission (SEC) proposed rule change would proceed). The coincidence of these events in November caused several industry representatives to raise a number of questions in December and later. This led to the identification of some useful points that the CCMA's T+2 Steering Committee agreed to address in a follow-up [letter](#) to the CSA. The CCMA has requested a meeting with CSA and other regulatory representatives regarding investment funds, industry NI 24-101 and IIROC transitional relief requests, and the expected timing of final rules.

Note: Vendors responsible for over half the active T+3 fund codes on the Fundserv network have confirmed they are not aware of any of these codes not making the move to T+2 when the industry is ready to transition in September of this year. While the standard settlement cycle for funds will shorten to T+2, there will remain possible exceptions such as funds that are not domiciled in Canada or alternative funds, which do not currently settle on T+3 and are out of scope. Preliminary results of a Fundserv survey of all its members corroborate these service providers' findings that the overwhelming number of funds processed through Fundserv will move to T+2.

To Do's

- [Email us](#) with any comments/questions and suggestions for improving an [expanded funds extract](#) of the CCMA Asset List
- [Tell us](#) if you are interested in the CCMA arranging a [teleconference Q&A](#) on T+2 – generally or on specific topics
- [Send us](#) (if not already done via the survey) the name and e-mail of your firm's T+2 [lead survey contact or project manager](#) to whom the CCMA will send the next T+2 readiness survey so that we receive only one response per entity
- Keep forwarding the CCMA's newsletter to any counterparties and service providers who still may not be fully engaged in T+2



Tips

- Joined the T+2 train a bit late? For a quick and easy way to find out what you missed, check out past CCMA [newsletters](#)

Tools

- For questions about testing not already answered in [infrastructure test plans](#), please contact CDStesting@TSX.com; t2feedback@Fundserv.com and t2testing@DTCC.com

To Come

- Answers to industry requests to the [CSA](#) and [IIROC](#) for transitional relief
- Results of the CSA's, IIROC's, and SEC's responses to T+2 rule comment requests
- Industry wide-survey of readiness in June/July 2017