

T+2 Communications and Education Working Group (CEWG) Proposed Agenda

Tuesday, May 17, 2016 – 2:00 PM ET / 11:00 AM PT

If your systems permit, click on WebEx Meeting Link

Meeting#: 808 479 259; **Password:** weare#1

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1-650-479-3208; Access code: 808 479 259

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Tips for the best-quality experience for all members:

1. Use headphones if at all possible
2. Put your line on mute unless speaking (remember: take off mute to speak!)
3. Never put your committee mates on hold with bad music! 😊

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|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| 1. Welcome and Attendance | Members |
| 2. Review/Approval of Draft April 5 Minutes
(Attachment 1 and Appendices A (Attendance) and B (Rolling Action Items)) | Members |
| 3. Updates from Other Committees/Countries | CCMA/Members |
| i. <i>Member updates</i> | Members |
| ii. <i>Updates re T2SC, MFWG, OWG, LRWG, and UST2</i> | Keith/Kyle |
| iii. <i>Update re outreach, event</i> | Barb |
| • PIAC article | |
| 4. For Discussion/Approval | |
| i. <i>First T+2 readiness survey questions</i>
(Attachment 2 to follow) | Members |
| ii. <i>CEWG Issues Log Update – confirm what’s done; priorities of remaining items</i>
(Attachment 3) | Members |
| iii. <i>Segment-specific checklists – discuss approach in one requested for PMs</i>
(Attachment 4) | Members |
| iv. <i>Expectations of end clients by segment</i>
(verbal update) | Institutional, Retail Subgroups |
| 5. Other Issues as Raised | |
| 6. Next Meetings | |
| Tuesday, June 14, and consider July 11, August 15, September 12, October 10, November 14, December 12 | |



T+2 Communications and Education Working Group (CEWG) Draft Minutes of May 3, 2016 Meeting

1. New members

Barb noted that two new members had joined and agreed to circulate their particulars (Wentworth Walker, UBS and Marie-Eve Dubé from Intact).

2. Review/approval of draft May 3 minutes

Members had no comments on the draft minutes.

3. Updates from other committees/countries

- i. Updates:* Amie said that she was updating IFIC committee members on T+2. NBCN was arranging an information session for its clients now confirmed for June 2.
- ii. Updates re T2SC, MFWG, OWG, LRWG, and UST2:* The T2SC had agreed the 'T+2 Asset List' should be issued for comment and circulated to all CCMA contacts (including the CEWG). Kyle said the MFWG had met on April 22 and would be discussing the list at its May 27 meeting. He updated members on Fundserv's test plan development and timing (plan targeted for issue in late June/early July 2016; testing in 2017 through a month after the V.27 release implementation in June 2017). The OWG and LRWG had met and continued to work on reducing the number of outstanding issues. One issue to be dealt with is being clear about what 'Closed' on issue lists means. Note: For the UST2 update, members may visit the webcast or slides on the CCMA website.

iii. Update re outreach:

- T+2 Asset List release: The release had been sent to all CCMA committee members, as well as to Investment Executive, Advisor.ca and Wealth Professional. There was no pick-up, however, Advisor.ca and Investment expected to do something once some comments on retail investor impact could be identified. While not expected, it is disappointing.

Action	Who
1. Speak with Brent offline to discuss opportunities for approaching pension plan media	Barb

- <http://www.finiki.org/wiki/settlement:>

Action	Who
2. Add commentary to the Canadian settlement date wiki noting the pending T+2 changes	Barb

- [Preparing for Canada's Move to a T+2 Settlement Cycle](#) (CIBC Mellon): The bulletin had been added to the CCMA website.

- French side to CCMA website: Preliminary work is under way.
- Other: The CCMA had followed up on a tip from Laurie Clark about a Toronto conference with a T+2 panel, but no Canadian content; the CCMA would now be on the panel.

4. For Discussion/Approval

- v. **CCMA April 20 T+2 Event Analysis and Discussion:** Barb summarized the event analysis circulated with the agenda, noted it had been a ‘learning experience’, and asked members who had attended in person or electronically for feedback.

Action	Who
3. Provide feedback on what was experienced at or heard about the T+2 event to help prepare for the next event	Members

- vi. **Draft newsletter:** Barb summarized the draft newsletter’s topics and noted that the OSC expected to issue a letter to ICPMs the following week that could also be referenced if issued by the time the newsletter was ready to be issued.

Action	Who
4. Provide feedback on draft newsletter content	Members
5. Proofread draft newsletter once amended	Colleen

- vii. **First T+2 readiness survey questions:** Art said that Omgeo had issued a T+2 readiness survey to its clients.

Action	Who
6. Contact Cheryl Williams of Omgeo to see whether Omgeo will share its readiness survey to enable the CCMA to benefit from consistent questions.	Barb

viii. **Expectations of end clients by segment:**

Action	Who
7. Contact IFIC staff/IFIC committee to discuss opportunity to elicit expected retail client expectations/concerns/education needs	Amie
8. Contact Mike Holmes to help identify retail T+2 issues	Barb
9. Call to discuss retail client impacts	Laurie, Mike?, IFIC contact?
10. Call to discuss institutional client impacts	Mark, Laurie, Barb, other?

5. Other Issues as Raised

In discussion of how to make the issues logs more useful for those who join the T+2 project later, Brent suggested looking at the format of the FAQ section. This also linked to discussion earlier in the meeting about what “closed” on the issue logs meant.

Action	Who
11. Investigate ability to convert ‘closed’ items into FAQs	Keith

6. Next Meeting

Tuesday, June 14

Appendix A to Attachment 1

CCMA T+2 Communications and Education Working Group Attendance

Note: Please advise if you identify any names missing or errors

Ms.	Karen	Copeland	BMO NB	Represented by Art Valdes
Mr.	Sahil	Duggal	Broadridge	Unable to attend
Mr.	Kratika	Paliwal	Broadridge	Unable to attend
Mr.	Andrew	Jen	CIBC	Present
Mr.	Brent	Merriman	CIBC Mellon	Present
Mr.	Mark	Austin	Connor Clark Lunn	Unable to attend
Ms.	Amie	Lauder	Franklin Templeton	Present
Ms.	Diane	Gomes	GMP Securities	Unable to attend
Mr.	Joe	Riga	GMP Securities	Unable to attend
Mr.	Harold	Walton	GMP Securities	Unable to attend
Mr.	Kyle	Bedeau	Fundserv	Present
Mr.	Blair	Munn	IFDS	Unable to attend
Mr.	Jack	Rando	IIAC	Present
Ms.	Colleen	Bronson	NBC	Unable to attend
Ms.	Laurie	Clark	Smarten Up Institute	Present
Mr.	Brendon	Buckley	TD	Present
Mr.	Rob	Candido	TD	Present
Ms.	Tracey	Randell	TD	Rep'd by Brandon/Rob
Mr.	Zain	Yusuf	TD Securities	Unable to attend
Ms.	Carrie	Tuck	Vanguard	Unable to attend
Mr.	Keith	Evans	CCMA	Unable to attend
Ms.	Barb	Amsden	CCMA	Present

Appendix B to Attachment 1
(updates in bold and italics)

Rolling Action Item List

Action	Who
From May 3 Meeting	
1. Speak with Brent offline to discuss opportunities for approaching pension plan media	Barb
2. Add commentary to the Canadian settlement date wiki noting the pending T+2 changes	Barb
3. Provide feedback on what was experienced at or heard about the T+2 event to help prepare for the next event	Members
4. Provide feedback on draft newsletter content	Members
5. Proofread draft newsletter once amended	Colleen
6. Contact Cheryl Williams of Omgeo to see if Omgeo will share its readiness survey to enable the CCMA to benefit from consistent questions	Barb
7. Contact IFIC/IFIC committee to discuss opportunity to elicit expected retail client expectations/concerns/education needs	Amie
8. Contact Mike Holmes to help identify retail T+2 issues	Barb
9. Call to discuss retail client impacts	Laurie, Mike?, IFIC contact?
10. Call to discuss institutional client impacts	Mark, Laurie, Barb, other?
11. Investigate ability to convert 'closed' items into FAQs online	Keith
From April 19 Meeting	
1. Send notices/request to circulate T+2 information to the service bureaus and vendors	Barb
2. Approach regulators to offer to present on T+2	Barb/Keith
3. Provide additional FAQs (with answers if possible) to add to the proposed list	Members
From April 5 Meeting	
1. Update draft minutes to reflect April 22 Fundserv meeting	Barb
2. Add 'presentation-in-a-box' to the agenda of a future meeting	Barb
3. Follow up with individual members to help review that high-level issue log descriptions are worded in plain language	Barb
From March 8, March 22 Meetings	
From January 19 Meeting	
1. Send invitation to be informed of or participate in T+2 efforts to as-yet-not-engaged stakeholders	Done for all industry associations
From November 19, December 1, December 15, January 5 Meeting	
Ongoing	
1. FAQ update	Members and CCMA
2. Advise CCMA staff of industry events spotted at which CCMA could speak	Members
3. Event(s) and webinar(s)	CCMA
4. Surveys	Keith, Barb
5. Use of LinkedIn	Keith, Barb
6. Availability of statistics to support or promote CCMA efforts	

T+2 Communications and Education Working Group Summary List of Issues (at May 10, 2016)

#	Issue/Risk	Needed	Status	Comments
1.	Stakeholder T+2 awareness: Because of the breadth of firms T+2 affects, and the technical nature of T+2, there is a risk that T+2 will not be given the necessary firm priority until too late, affecting institutional and retail clients.	<ol style="list-style-type: none"> List of affected products How different industry segments will be affected Expanded contact database Effective segment awareness-building approaches Self-serve presentation with T+2 info T+2 impact, if any, on institutional and retail clients Supportive regulatory communications 	<ol style="list-style-type: none"> Released for comment Draft checklist for PMs underway; others to follow ✓ Direct contact and industry associations used to expand contacts Asking service providers, vendors, custodians to support efforts; getting on industry event agendas Under way Just started Just started 	<ul style="list-style-type: none"> Contact list doubled Nov-May April 20, 2016 event drew bigger than expected crowd
2.	CCMA website: The CCMA website at T+2 inception was not user-friendly, nor able to be updated effectively, meaning the CCMA lacked a key dissemination channel.	<ol style="list-style-type: none"> Easy-to-update website All key content User-friendly layout Trained web update staff 	<ul style="list-style-type: none"> ✓ Complete ✓ Complete ✓ Complete ✓ Complete 	Closed; website will be updated as new items become available to post
3.	Key stakeholder engagement: The CCMA has a staff of three part-time staff and the broader capital markets are widely dispersed, meaning a risk of staff limitations delaying progress.	<ol style="list-style-type: none"> Knowledge of industry segments to be approached Contact database of key parties Request soliciting participation from key stakeholder associations/ organizations that can connect with all parts of the industry Main benefits for each industry segment affected and their clients Process to stay connected when needed to achieve desired result 	<ul style="list-style-type: none"> ✓ Complete – buy-side, sell-side, custodians, service providers, vendors, infrastructure involved ✓ Complete <ol style="list-style-type: none"> Letter sent asking for support and feedback, with key T+2 links, to financial associations; follow up with others Overall benefits established; segment-specific ones in prep Newsletters, comment requests, for events 	
4.	Co-ordination with the U.S.: In light of the common T+2 deadline, Canada and the U.S. must be ready at the same time, meaning not just in-synch systems and operations, but communications.	<ol style="list-style-type: none"> Connect with UST2 group Consistent messages Co-ordinated U.S./Canadian T+2 communications 	<ol style="list-style-type: none"> Contacted Crystal Levy-Bueno Messages on benefits and timing are aligned, plus 'Canada must move to T+2 given integration with U.S.' Efforts to connect with UST2 from a communications perspective are underway 	<ul style="list-style-type: none"> UST2 website hosts article by CCMA on T+2 in Canada A more formal connection should be discussed.
5.	Industry image/reputation: Due to the U.S. being the bigger market, Canada could neither lead nor follow the U.S., which could leave the mistaken impression Canada would not make the transition successfully.	<ol style="list-style-type: none"> Standby statements/Qs&As to be ready for questions Process for developing and releasing quick responses if needed Identify key data Be prepared with key spokespersons 	<ul style="list-style-type: none"> ✓ Completed – see FAQs on website ✓ Completed – process in place via CCMA ED/ Chair of CEWG, with members as needed <ol style="list-style-type: none"> Under way ED is spokesperson, with CCMA staff/committee chairs; CCMA Board 	

What Portfolio Managers Should Consider as They Prepare for T+2

[Note: Visit the CCMA website for background on T+2; look at the CCMA's 'T+2 Readiness Self-Assessment Checklist' for steps to get your T+2 project up and running at www.ccma.acmc.ca, Resources, Publications]

The institutional trade flow process consists of the following four major information transfers:

1. **Order initiation:** Buy-side (e.g., portfolio manager) communicates trade instructions to a broker/dealer
2. Notice of execution (NOE): Broker/dealer communicates the details of the trade executed
- 3.a **Trade allocations:** Buy-side (e.g., portfolio manager) communicates trade allocation details at the client and block levels to the broker/dealer
- 3.b **Trade allocations and settlement instructions:** Buy-side communicates trade details to the custodian to allow order confirmation at the client and block level

Three of these rely on the buy-side – asset manager – whether portfolio manager, investment counsel or other. While custodians, broker/dealers, service providers, vendors and infrastructure such as Fundserv and the Canadian Depository for Securities will help, the primary responsibility for readiness is the portfolio manager's.

Briefly, there are three areas that portfolio managers and other buy side/asset managers will want to pay particular attention to because of the effects of moving from a T+3 to a T+2 maximum standard settlement cycle.

1. Portfolio management
 - Misaligned settlement cycles and so cash flows creating a funding shortfall
 - Potential cost of credit to cover mismatches, especially at transition
2. Operations
 - Less time to instruct foreign exchange movements
 - Less time to settle a security transaction
 - Less time to fix mistakes
3. Client relationship/policy
 - Segregated cash flow timing
 - Pooled fund subscriptions and redemptions

High priority

- Look at CCMA and UST2 support material – identify where your firm may have to change its practices
- Obtain any data from your custodian(s) and broker(s)/dealer(s) regarding the timeliness and accuracy of the data you provide
- Find out the T+2 development and testing plans of your:

- Custodian(s)
- Broker/dealer(s)
- Service provider(s)
- Vendor(s)
- Review the asset classes your investment policy permits you to hold and check out the CCMA 'T+2 Asset List' on the CCMA website to see if the categories' settlement timeline will be changing; in particular, focus on the fund category: while most funds will move from T+3 to T+2, some currently are expected not to do so
- Know and prepare for the schedule for industry T+2 development and testing for the change to a maximum standard T+2 settlement (systems changes by December 31, 2016; testing in Q1 and 2, 2017; implementation September 5, 2017)
- If you are in the process of buying a new portfolio management system or upgrading other systems, make sure to check about the ability to smoothly manage a change in settlement date

Practical systems-related and procedural actions

- Analyse and prepare to update tools (systems or processes) you use to project cash flow (e.g., timing of dividends, verify corporate actions, check accrued interest)
- Identify technology and processing problems in the T+3 world – these challenges will only be worse in a T+2 environment
 - Are delays due to where your firm is located? West coast and non-western-hemisphere firms – for different reasons – will be under greater time pressure and may need to look at changing processes or staffing
 - Are delays due to technology – or lack of technology – issues? Is your firm still using faxes or secure emails with attachments? Expect pressure to find technological or outsourced solutions
 - Are there problems you don't know you have? In the best interests of smooth operations, some staff may have been using long-standing excel macro or other work-arounds – make sure to canvas everyone's input
- Work with your custodian(s), broker(s)/dealer(s), infrastructure and service provider(s), and vendor(s) to:
 - Eliminate, if at all possible, all data entry that will require a rekeying of information by finding out if your custodian(s) has/have an automated input system or identifying vendor(s) or a virtual matching utility that can help
 - Check and fix, or create, standing settlement instructions so as many transactions can be processed in automated fashion; check your data and check what data your custodian(s) and broker/dealer(s) have/need (*Note: need to check if there are any changes needed to <http://ccma-acmc.ca/en/files/2007-01-Data%20Standards%20Updated%20with%20Broker%20and%20Custodian%20comments.pdf>*)
 - Examine purchases of non-Canadian securities, both cross-U.S.-border and, more importantly, non-western-hemisphere
 - Identify securities that have features that may mean the securities take longer to clear and settle (restricted or legended shares (e.g., can't be sold to non-residents), physical securities, etc.)
 - While securities lending is not expected to become more problematic with a move to T+2, discuss any recall challenges with your custodian
 - Discuss any foreign currency translation issues

- Find out if there will be any processing timing/cut-off changes
- Check if there will be any contract amendments required
- Validate claims by service providers and vendors who say they will be ready

Exceptions

- Investigate holiday processing issues (processing delays or partial delays when markets are closed in one country and open in the other)
- Revisit your error correction process to see how it can be improved

Paperwork

- Prepare compliance, policy and documentary changes (e.g., trade-matching agreement or statement) – this should be the only ‘paper’ work as hopefully as much as possible that is transaction-related should move to electronic

Communications

- Plan your client communications strategy – understand what your clients (whether institutional or retail) need to know and how to convey it effectively
- To facilitate timely receipt of information,
 - Sign up for the CCMA newsletter by emailing info@ccma-acmc.ca... and share copies with both others in your firm and those with whom you interact in the clearing and settlement chain
 - Check the CCMA website regularly
 - Consider joining a CCMA or Fundserv/IFIC committee

Final Note: The devil is in the details