

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

Tuesday, November 15, 2016 – 2:00 PM ET / 11:00 AM PT

Toronto dial-in 416-933-8665; Toll-free: 1-888-402-9166; ID: 7312646#

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 October 11 Minutes
(Attachment 1, with Appendices A (Attendance) and B (Rolling Action Items)) | Members |
| 3. Updates from Other Committees/Countries | CCMA/Members |
| i. <i>Member updates</i> | Members |
| • Thanks Michel Brassard, Brent re translation help, members for newsletter comments | |
| • Media in U.S. http://www.assetserVICingtimes.com/astimes/ASTimes_issue_150.pdf | |
| • CIBC Mellon's Lou Lesnika, on OWG and T2SC, was featured in article on T+2
http://assetserVICingtimes.com/astimes/ASTimes_issue_151.pdf#page=30 | |
| ii. <i>Other Updates re T2SC, MFWG, OWG, LRWG</i> | Keith/Kyle |
| • CEWG issue log completion approved by T2SC | |
| iii. <i>UST2 Update, including DTCC Oct. 8 T+2 event</i> | Keith |
| • DTCC's T+2 event on October 28 | |
| 4. For Discussion/Approval | |
| i. <i>Discuss questions for next survey</i>
<i>(Attachment 2)</i> | Members |
| ii. <i>Discuss need for, approach to next CCMA event</i> | Members |
| iii. <i>Discuss contents for next CCM newsletter (attesting, survey, year-end, US/CA FAQs)</i> | Members |
| iv. <i>Comments on fourth set of FAQs re order and content</i>
<i>(Attachment 3)</i> | Members |
| 5. Other Issues as Raised | Members |
| 6. Next Meetings – December 13; set for 2017 (yikes) | |



T+2 Communications and Education Working Group (CEWG)

Draft Minutes

Tuesday, October 11, 2016 – 2:00 PM

1. Welcome to New Members and Attendance

Members welcomed Nancy Miles, Amanda Thompson, Michel Brassard and Millicent Asiamah to the committee. The new members brought a range of experience including project management, training, communications, wealth management and marketing. Barb Amsden noted some difficulties with her bamsden@ccma-acmc.ca account and asked members to “white list” her bjamsden@gmail.com account just in case/when it is used.

2. Review/Approval of Draft September 13 Minutes

Members who had attended the last meeting had no comments and the draft minutes were accepted as written.

3. Updates from Other Committees/Countries

- Draft CCMA submissions in response to IIROC and CSA requests for comment had been drafted and would be circulated to the Operations Working Group shortly for comment. A final version reflecting OWG comments would be sent to the T2 Steering Committee for approval. CCMA staff would provide CEWG members with a copy of the drafts on request.
- The ACPM article was in the final stages of translation, courtesy of CIBC Mellon, and would be submitted to ACPM the following day.
- The SEC has now issued its awaited request for comments and the CCMA may submit a brief response. As referenced in the agenda, the CCMA had followed up on its request to DTCC that it explore the possibility of a teleconference link available for interested Canadian firms for its October 28 T+2 event, but this was not to be; Keith Evans will attend and report back. CCMA staff would review the recently released U.S. FAQs and asset list to see if there were any items of relevance.
- Kyle Bedeau updated members on work of the fund side, saying that the Standards documentation updates required for T+2 would be available shortly and that Fundserv’s implementation and test plan would also be available.
- Since the last CEWG meeting, the LRWG, OWG and T2SC had met. The LRWG continued to close items on the Legal Issues Log; the OWG had reviewed outstanding open items and closed a number, received updates on testing and another outstanding matter, and would consider further the issue of certification/attestation of T+2 transition readiness. The T2SC had approved closure of recommended items and considered the implications of a CCMA staff update on the

U.S.'s intention (of UST2 and DTCC) not to require T2 readiness certification/attestation. This matter will be considered by yT2SC further before a final resolution is made.

Action	Who
1. Forward Fundserv test plan to the CCMA for the CCMA website	Kyle Bedeau

4. For Discussion/Approval

1. CEWG Issue Log

Barb Amsden suggested that the five items on the CEWG issues log had been completed essentially and that the few remaining sub-items (below) could be transferred to the CEWG's rolling action item list:

- Convert OWG log to plainer language and/or FAQs
- Seek to identify material T+2 impacts, if any, on retail clients (to be assigned to IFIC)
- Connect effectively with UST2 from a communications perspective
- Remain aligned with the CSA to support contacts in the IM community.

Members concurred that the five issues had been addressed although a number of items had implicit ongoing tasks: periodic newsletter, website updates, etc.

Action	Who
2. Transfer outstanding CEWG Issue Log sub-tasks to the committee's rolling action item list	Barb Amsden
3. Update CEWG Issue Log and forward to Keith Evans for consent by the T2SC to close all items	Barb Amsden

2. Comments on third set of FAQs re order and content

Action	Who
4. Provide feedback to CCMA by October 19 on third tranche of FAQs	Members
5. Add discussion of the value and ability to provide a quality bulletin-board-type question/answer facility to a future agenda closer to the September 5, 2017 implementation date	Barb Amsden

5. Other Issues as Raised

The next meeting's agenda would address feedback from the DTCC event from Keith Evans, the next T+2 preparedness survey, and a next series of FAQs.

6. Next Meeting

Confirmed for Tuesday, November 15, 2017.

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

Mr.	Art	Valdes	BMO	Unable to attend
Mr.	Mark	Austin	CCL	Present
Mr.	Andrew	Jen	CIBC	Unable to attend
Mr.	Paul	Tamburro	CIBC	Present
Mr.	Brent	Merriman	CIBC Mellon	Present
Ms.	Carol	Revoredo	CIBC Mellon	Present
Ms.	Dina	Zivanovik	CIBC Mellon	Unable to attend
Ms.	Merici	Young	Compass360 Consulting Inc.	Present
Mr.	Michel	Brossard	Desjardins	Present
Ms.	Amie	Lauder	Franklin Templeton	Unable to attend
Mr.	Kyle	Bedeau	Fundserv	Present
Ms.	Diane	Gomes	GMP Securities	Unable to attend
Mr.	Joe	Riga	GMP Securities	Unable to attend
Mr.	Blair	Munn	IFDS	Unable to attend
Ms.	Millicent	Asiamah	IFDS	Present
Mr.	Jack	Rando	IIAC	Unable to attend
Ms.	Amanda	Thompson	MD	Present
Ms.	Colleen	Bronson	NBC	Unable to attend
Ms.	Nancy	Miles	RBC	Present
Ms.	Laurie	Clark	Smarten Up Institute	Unable to attend
Mr.	Ivan	Yang	State Street	Present
Mr.	Brandon	Buckley	TD	Present
Mr.	Rob	Candido	TD	Unable to attend
Ms.	Tracey	Randell	TD	Unable to attend
Ms.	Carrie	Tuck	Vanguard	Unable to attend
Mr.	Walker	Wentworth	UBS	Present
Mr.	Keith	Evans	CCMA	Unable to attend
Ms.	Barb	Amsden	CCMA	Present
CCs				
Ms.	Karen	Copeland	BMO NB	
Mr.	Sahil	Duggal	Broadridge	
Ms.	Kratika	Paliwal	Broadridge	
Ms.	Marie-Eve	Dubé	Intact Investment Management, Canada	

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

Rolling Action Item List

Action	Who/Status
From October 11 Meeting <i>(includes items transferred from Issue Logs)</i>	
1. Forward Fundserv test plan to the CCMA for the CCMA website	Kyle Bedeau; Done
2. Update CEWG Issue Log and forward to Keith Evans for consent by the T2SC to close all items	Barb Amsden; Done
2. Transfer outstanding CEWG Issue Log sub-tasks to the committee's rolling action item list a. Convert OWG log to plainer language and/or FAQs b. Seek to identify material T+2 impacts, if any, on retail clients (to be assigned to IFIC) c. Connect effectively with UST2 from a communications perspective d. Remain aligned with the CSA to support contacts in the IM community	Barb Amsden; Done
3. Provide feedback to CCMA by October 19 on third tranche of FAQs	Members; Done
4. Add discussion of the value and ability to provide a quality bulletin-board-type question/answer facility to a future agenda closer to the September 5, 2017 implementation date	Barb Amsden
From September 13 Meeting	
1. Approach IFIC, PMAC, CAILBA, AIMR, FMFD, Rosanna de Lieto at Teachers, CSA, IDBs, others re information on and opportunity to communicate on T+2	Barb Amsden; added to newsletter list; seeking direct communication too
2. Request feedback from IFIC on potential impact on retail clients, products.	Barb Amsden; Done – answer awaited
From July 12 Meeting	Complete
From June 17 Meeting	Complete or on workplan
From May 17 Meeting	Complete or on workplan
From May 3 Meeting	Complete or on workplan
From April 19 Meeting	
1. Approach regulators to offer to present on T+2	Done verbally
From April 5 Meeting	Complete or on workplan
From March 22 Meeting	Complete or on workplan
From March 8 Meeting	Complete or on workplan
From January 19 Meeting	Complete or on workplan
From January 5 Meeting	Complete or on workplan
From December 15 Meeting	Complete or on workplan
From December 1 Meeting	Complete or on workplan
From November 19, Meeting	
1. Provide list of known/expected industry events, dates if known	Members (ongoing)

Ongoing: Newsletters, FAQ updates, tools, surveys, events



Second CCMA T+2 Readiness Survey

Attached is a reproduction of the first CCMA survey done in late spring of last year. We will discuss which questions should remain for continuity, which questions should be replaced as they are less important (e.g., perhaps “where you get T+2 information?”), and what new questions should be added.

T+2 READINESS SURVEY

1. Please choose from the industry segment for which you are responding:

Answer Options	Response Percent	Response Count
Buy Side - Investment fund, portfolio, asset manager		
Sell Side - Broker/dealer – IIROC		
Sell Side - Fund dealer – MFDA		
Custodian		
Marketplace, Fundserv, CDS		
Service provider or vendor		
Total	100%	

2. What size company best describes the company you work for?

Answer Options	Response Percent	Response Count
Very small (< 10 staff/FTEs)		
Small (11-99 staff/FTEs)		
Medium (100-499 employees/FTEs)		
Large (500+ employees/FTEs)		
Total	100%	

3. In your view, are appropriately senior people in your organization aware of: (please select one answer per question)

Answer Options	Yes	Somewhat/p artly	No	Don't know	Not applicable
i. T+2 implications for your firm?					
ii. The key industry-wide T+2 project dates (development completed, testing, cutover to T+2)?					
iii. Your firm's current trade entry and matching rates?					
Please elaborate if desired or enter N/A.					

4. Do you have a T+2... (please select one answer per question)

Answer Options	Yes	Somewhat/p artly	No	Don't know	Not applicable
i. Project manager and team?					
ii. Plan?					
iii. Budget?					
Please elaborate if desired or enter N/A.					

5. Has your firm: (please select one answer per question)

Answer Options	Yes	Somewhat/ partly	No	Don't know	Not applicable
1. Documented its business and systems process flows?					
2. Analyzed the gap between its current and the desired T+2 state?					
3. Reviewed the draft CCMA T+2 asset list?					
4. Discussed what you will require with infrastructure service providers, vendors?					
5. Assessed the business impact of a shorter settlement cycle?					
6. Determined business process changes (with timelines for communicating information) are needed to move to T+2 settlement?					
Please elaborate if you wish.					

6. How do you stay abreast of T+2 developments? (check all applying)		
Answer Options	Response Percent	Response Count
1. Association(s) my firm/I belong to		
2. CCMA committee(s)		
3. CCMA website		
4. CCMA news letter		
5. Event		
6. UST2 website (www.UST2.com)		
7. Regulatory notices		
8. Information from legal, accounting professionals		
9. Other: please specify		
Other: please specify		
7. Please provide any ideas, questions, and comments, e.g., guidance, tools/information or support you'd like the CCMA to consider providing to help industry participants and stakeholders successfully adopt T+2 settlement, particular business issues, etc.		

Possible questions:

1. Do you plan to test third parties? Who? CDS, Fundserv, ...

DRAFT 1 of FAQs 4

Members to discuss what's missing? What is unnecessary?**1. Will the CCMA be reviewing and updating best practices issued when the industry was looking to move to T+1?**

This issue has been raised and will be reviewed to determine the need for this work.

2. Will there be an impact on collateral management and, if so, what?

With the shortening of the settlement date from T+3 to T+2, there is no expected impact on collateral with respect to transactions that settle on a trade-for-trade basis in CDS, where collateral requirements will continue to apply on settlement date. With respect to CDS's Continuous Net Settlement (CNS) eligible securities, as settlement moves from T+3 to T+2 there will be a corresponding and seamless one-day advance from T+2 to T+1 in the timing of novation – the replacement of transactions between counterparties to a trade with one to the central counterparty that guarantees settlement through assignment of collateral. Since novation and settlement will still be separated by one day, it is not anticipated that there will any material change in the amount of collateral that must pledged to the CNS central counterparty service.

3. While most T+2 changes will be, or be almost, invisible to clients, this is not the case when it comes to redeeming mutual funds where some may stay at T+3. As most will be T+2, what is an example of a fund that will not move from T+3 to T+2 and the reason?

With respect to funds that may not move to T+2 settlement, large fund manufacturers that operate global funds – with clients as far apart as Japan and the U.S. – and having to manage two- and three-day securities settlement cycles and fund settlement cycles at three and sometimes four days with only one subscription/redemption cycle per 24 hours must manage additional complexity. For this reason, pooled and mutual funds are considered as in-scope to change to a shorter T+2 settlement cycle if they invest in assets whose cycle is changing from T+3 to T+2.

How will the public know what funds currently settling on T+3 will not move to T+2? Will it be information publicly available to clients or must be passed on by an advisor?

Ask Fundserv to respond

4. What differences are there between the Canadian and U.S. product lists?

There are lists are generally the same, however, there are some differences, for example:

- **Country-specific products:** ADRs and 144A-eligible securities are particular to the U.S.; CCPCs are to Canada.
- **List wording:** Canada has included currently T+3-settling private placements and alternative investments as in scope, whereas they may fall under particular general categories (equity or debt) in the U.S. list.
- **A small number of existing settlement cycle differences:** The settlement cycle for fed-eligible products is not expected to change, for example, as it is already less than T+2.
- **Federal:** The U.S. FAQs stated that the settlement cycle for Fed-eligible products is not expected to change, whereas in Canada T+3-settling government debt is expected to change to settle on T+2.
- **Level of detail in the break-outs within a general category:** The level of detail varies in, for example, the funds and bond categories, however, the products within the categories are expected to be the same, for

example, note types are more broken out on the U.S. list, while mutual funds and ETFs are listed in more detail on the Canadian list.

- **Derivatives:** The Canadian list identifies what is expected to be changing to T+2 settlement. The American group working on the in-T+2-scope asset list suggested a review, which is ongoing, of over-the-counter (OTC) derivative products to determine the impact, if any, of different instrument types' move to T+2.
- **Money market instruments:** In the U.S. list, there are several money market instruments that are in scope for the move from T+3 to T+2 settlement. In Canada, money market instruments typically settle on a same-day or next-day (T+1) basis, and therefore are not expected to be affected.
- **Notes:** On the Canadian list, there are three types of notes identified – two are forms of structured notes (PRNs and PPNs) that are out of scope for T+2 because they are subject to the issuer's involvement, rather than cleared and settled through CDS. Exchange-Traded Notes (ETNs) are not identified as in scope (moving from T+3 or more to T+2) but rather the settlement cycle is determined by the any related prospectus. **[confirm]** In the case of the U.S., a participant in the UST2 secretariat has advised that ETNs are included on the U.S. Asset List, although not specifically listed. The UST2 has been asked to clarify under what currently listed asset category ETNs currently fall.

5. Q Is there any information about the impact T+2 may have on inter-listed stocks, particularly if a stock is listed on both the Toronto and New York Stock Exchanges?

The U.S. and Canadian markets both plan to implement T+2 on the same day (September 5, 2017). Therefore, it is not anticipated that the Canadian and U.S. markets will be on different settlement cycles. The U.S. FAQs state that the T+2 Command Center, in conjunction with the U.S. Industry Steering Committee (ISC), plans to identify and track risks that would occur if the U.S. and Canadian markets were to be on two different settlement cycles. While work in the U.S. on considering this is scheduled to begin later in 2016, the CCMA had commissioned a Charles River Associates Study that conclude that the U.S. shortens its settlement cycle, so too will Canada – at the same time, and neither before after. We believe that the Canadian regulators support this position.

6. Is it true that the U.S. Command Center will NOT be making a final Go/No Go decision but rather the implementation date will be determined by the implementation of the proposed SEC Rule implementation date of September 5th, meaning no last-minute delay is possible due to the number of organizations involved?

An SEC representative has stated this verbally at a DTCC event on October 28, 2016. We are awaiting formal confirmation from the SEC.

7. Question re attestation if we have an answer

8. Will the IIAC be providing an updated trade-matching statement template because of the amendments to NI 24-101 considering some of the material changes to sections 6.5, 6.6, 6.7 and 6.8 of the instrument?

IIAC requested to answer.

9. Are flips **(define) in scope?**

No, flips are out of scope since they are a post-settlement activity and so completely unaffected by T+2.

10. In the U.S., the Ex date on a declared action such as dividend will become one business day prior to record date instead of two business days. Will this be the case in Canada too?

Answer to be requested of Keith

11. What will be the effect of T+2 on the 'create and redeem' process for ETFs?

The Operations Committee of the Canadian Exchange-Traded Funds Association (CETFA) has considered this issue and determined that there are no known issues related to this process going into a T+2 environment. The

ETF industry currently deals with some products that settle in T+2 and there are no issues. It is not expected that the greater volume in a shorter period will not prove to be an issue, however, this should be verified during the test period.

12. Will T+2 have an impact on retail investors?

Securities (IIROC) dealers believe that there will be no expected or only rare impacts on retail clients as clients have cash or securities that can be sold to finance a new purchase or often can borrow on margin. The one exception, which would not be a problem for investors that can borrow on margin, would be in the case of physical certificates clients hold in their own name. The de-registration process may not be able to be accommodated in the shorter timeframe, in which case the investor will need to bring the certificates to the firm according to the firm's specified timeframes.

In the case of mutual fund (MFDA) dealers, it may be that advisers will not place trades until a cheque is received. While any decisions will be up to the individual firms or advisors, the fund community has been asked to review this question to provide a more detailed response.