



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

Tuesday, February 14, 2017 – 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 to and Attendance | Members |
| 2. Review/Approval of Draft January 10 Minutes
(Attachment 1, with Appendices A (Attendance) and B (Rolling Action Items)) | Members |
| 3. Updates from Other Committees/Countries | |
| i. UST2 update | Keith Evans |
| ii. Updates re T2SC, OWG, LRWG | Keith Evans |
| • Submission on investment funds, meeting with regulators | |
| iii. Updates re MFWG | Kyle Bedeau |
| • Survey | |
| iv. Member updates | Members |
| • Status of member firm preparations? | |
| Also: | |
| • Brent noticed ACPM's The Observer recirculated CCMA's T+2 article | |
| • Mark Austin's ECSDA transition article http://ecsda.eu/archives/3793 | |
| • April 20 – 6th Annual PCMA Private Capital Markets Conference (Toronto Board of Trade) | |
| • May 25-26 – Canadian Funds Summit (Sheraton Centre, Toronto) | |
| 4. For Discussion/Approval | |
| i. Discuss draft newsletter
(Attachment 2) | Members |
| ii. Discuss draft FAQs | Members |
| iii. (Attachment 2) | |
| 5. Other Issues as Raised | Members |
| 6. Next Meetings – Tuesday, March 14, April 11, May 9, June 13, July 8, August 12, September 10, October Party? | |



T+2 Communications and Education Working Group (CEWG)

Draft Minutes

Tuesday, December 13, 2016

1. Welcome and Attendance

Members announced themselves. Attendees are listed in Attachment 1.

2. Review/Approval of Draft December 13 Meeting 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

i. UST2 update: Keith Evans advised that there was nothing new to report from south of the border. Barb Amsden added that there were no new items posted on the UST2 website.

ii. Updates re T2SC, MFWG, OWG, LRWG: Keith said that the T2SC, OWG and LRWG did not meet in December. The MFWG had not met, and Kyle Bedeau reported on changes in the T+2 testing schedule (a delay in the start from March 1 to 21, although March 21 was the “usual” start time for version updates) due to tax administration changes that would not affect investment fund movement to T+2. As well, Fundserv would be holding town hall calls just before the mocks for those wanting more information. Fundserv expected to post more information for its members, that could be shared with the group, in or around the third week of February,

iii. Member updates:

Action	Who
Circulate to CEWG members the report provided by Mark Austin on the European transition (see http://ecsda.eu/archives/3793)	Barb Amsden

4. For Discussion/Approval

iv. Discuss survey results: Barb Amsden summarized the survey results; after concerns about the disappointing number of responses in mid-December, the follow-up requests had been successful in bringing in a good increase in completed surveys. Members discussed whether anything additional needed to be done to continue to raise awareness and reach out to parties as not yet engaged. Brent Merriman noted the lack of likely interest in national media. As industry media had not publicized T+2 issues other than issued by the regulators, this route was not one likely to be successful.

Action	Who
Include entry in next newsletter about survey results and also asking for project manager contact	Barb Amsden

- v. **Discuss opportunities to expand reach to firms not yet T+2 engaged, with media, to raise with regulators, etc.** **Members**

Members discussed options. Blair said he shared the concern and suggested speaking with IFIC, the mFDA, IIAC and IIROC; continued involvement of custodians was important in reaching the buy-side as well.

Action	Who
Pursue other ways to reach those not yet engaged in T+2	Barb Amsden

- vi. **Confirm topics for draft seventh newsletter** **Members**
(Survey results, update on regulatory rule reviews, next series of FAQs)

Action	Who
Circulate draft newsletter #7	Barb Amsden

5. Other Issues as Raised:

None.

6. Next Meetings: The next meeting is set for March 10, 2017.

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.	John	Coyle	Canaccord	Alternate?
Mr.	Mark	Austin	CCL	Present
Mr.	David	Locke	CGI	Alternate?
Ms.	Margaret	Stephens	CGI	Present
Mr.	Paul	Tamburro	CIBC	Present
Mr.	Brent	Merriman	CIBC Mellon	Present
Ms.	Carol	Revoredo	CIBC Mellon	Present
Ms.	Dina	Martinovic	CIBC Mellon	Unable to attend
Ms.	Merici	Young	Compass360 Consulting Inc.	Present
Mr.	Michel	Brassard	Desjardins	Present
Mr.	Kyle	Bedeau	Fundserv	Present
Mr.	Paul	Peer	FMR	Unable to attend
Ms.	Diane	Gomes	GMP Securities	Unable to attend
Mr.	Blair	Munn	IFDS	Present
Ms.	Millicent	Asiamah	IFDS	Unable to attend
Mr.	Jack	Rando	IIAC	Unable to attend
Ms.	Bonny	Tang	MD Management	Succeeded by Nicola Lowery
Ms.	Colleen	Bronson	NBC	Unable to attend
Ms.	Nancy	Miles	RBC	Present
Ms.	Mylene	Choucha	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	Unable to attend
Mr.	Keith	Evans	CCMA	Present
Ms.	Barb	Amsden	CCMA	Present

CCs

Karen	Copeland	BMO NB	Joe	Riga	GMP Securities
Sahil	Duggal	Broadridge	Marie-Eve	Dubé	Intact
Kratika	Paliwal	Broadridge	Marie-Josée	Bernard	Intact
Sandra	Gonzalez	CIBC	Alain	Alexandre	NBF
Stasha	Ninkovic	CIBC Mellon	Edouard	Strew	RBC
Daniele	Masse	Desjardins	Mylene	Choucha	RBC
Gary	James	Fidelity	Chris	Wilkinson	TD

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

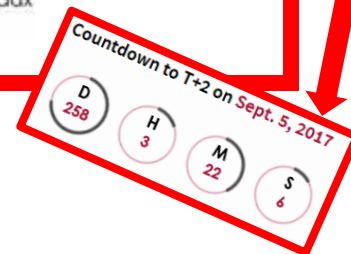
Rolling Action Item List

Action	Who/Status
Circulate to CEWG members the report provided by Mark Austin on the European transition (see http://ecsd.eu/archives/3793)	Barb Amsden; done
Include entry in next newsletter about survey results and also asking for project manager contact	Barb Amsden; done
Pursue other ways to reach those not yet engaged in T+2	Barb Amsden; on agenda with regulators
Circulate draft newsletter #7	Barb Amsden; done
From December 13 Meeting	Complete
From November 15 Meeting	
1. Add a question regarding interest in a simplified webinar to a future newsletter	Barb Amsden
From October 11 Meeting (includes items transferred from Issue Logs)	
1. Add discussion of value/ability to provide quality bulletin-board-type question/answer facility to future agenda nearer September 5, 2017	Barb Amsden
From September 13 Meeting	
1. Request feedback from IFIC on potential impact on retail clients, products.	C. Wang, IFIC, asked; referred issue to Fundserv; IFIC provided new representative
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



UPDATE

Issue 76 – February **xx**, 2016

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](#) [to be linked to] support the Canadian industry generally being ready for the marketplace to transition to T+2 at the same time as the U.S., with 98% of those expressing a view (excluding Not Applicable and Don't Know) being Very or Somewhat Comfortable that their firm; the service provider, infrastructure and counterparties they deal with; and the rest of the industry will be ready. Of respondents, 10% replied Don't Know: until internal and then cross-industry testing is underway, it is natural some respondents will be somewhat cautious to confirm readiness.

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	91%	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 was split among custodians, infrastructure (CDS, Fundserv, DTCC, exchanges, ATSS) and service providers/vendors. Buyside 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, IIROC respondents increased by 7 to 34 firms or about 20% of total active regulated entities, while MFDA dealers remained the same at 3 or about 3% of MFDA members. Respondent firms included 46% large, with the remainder split evenly between medium and small.

Key to success

Your firm is locked into a highly-interconnected securities processing chain and the key to ensuring no blockages at the September 5, 2017 transition is successful industry testing. The CCCMA will do its 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 [34 companies](#) [link to be added]. If your firm isn't on this list, please ask your project team to find out and communicate who the contact is.

The CCMA also has asked and is working with [key infrastructure, service provider/vendor organizations and custodians](#) [link to be added] to provide a T+2 [readiness acknowledgement](#) [link to be added].

Tick tock test time!

DTCC – February 13; Fundserv – March 21; CDS – April 13; CDCC (only options as the only product type that is impacted directly by the T+2 project) – April 13.



On the (regulatory) record

The CCMA's [November 1, 2016](#) response to the proposed T+2-enabling rule changes issued by Canadian Securities Administrators (CSA) did not ask for amendments to National Instrument (NI) 81-101 – Investment Funds – as this matter was proceeding along a separate path. Later in November, the Investment Funds Institute of Canada (IFIC) members and CSA Staff investigating rule changes for investment funds concluded 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 settlement/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). In December, the coincidence of these events led to a number of questions being raised. This led to the identification of some useful points that the CCMA's T+2 Steering Committee agreed to address in a [letter](#) to the CSA. IFIC – representing the fund manufacturers managing the vast majority of Canadian-domiciled funds – confirmed that the industry is moving to a T+2 standard for settlement cycle for funds on September 5, 2017 at the same time as the U.S. [\[IFIC to be asked to provide wording\]](#) The CCMA has requested a late-February meeting with CSA representatives regarding investment funds, industry transitional relief requests, and the expected timing of final rules.



To Do's

- [Send us](#) (if not already done via the survey) the name and e-mail of your firm's T+2 project manager or lead decision-maker to whom the next T+2 readiness survey will be sent so that we may receive one response per entity for the final survey
- Keep forwarding the CCMA's newsletter to any counterparties and service providers who still may not be engaged in T+2
- [Tell us](#) if you are interested in the CCMA arranging a teleconference Q&A on T+2 generally or on specific topics

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 and let us know](#) if you are interested in the CCMA arranging a teleconference Q&A on T+2 generally or on specific topics

Tools

- Check out the CCMA's draft [table listing non-NI-81-102 funds](#) – [email us](#) with any comments/questions and suggestions for improving its accuracy
- 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

- Results of the CSA's, IIROC's, and SEC's responses to comment requests on T+2 rules
- Industry wide-survey of readiness in June/July 2017

New FAQs

Will there be any T+2 impact on record and payable dates?

In the U.S., the ex date on declared actions such as dividends or other distributions will become one business day prior to record date instead of two business days prior. The outcome will be the same in Canada, however, the process is slightly different: the exchange on which a security is listed provides the ex date to CDS, and CDS populates the date into its system. This will result in a one-day change.

Will there be an impact from the change in start date for Fundserv V. 27 testing?

No. The change from March 1 to March 21, caused by the need to accommodate additional tax reporting requirements related to the Common Reporting Standard, will have no impact on Fundserv participant T+2 testing. In fact, the March 21 timeframe has historically been the start of the particular year's version implementation testing.

What is being done and what should a firm do to prepare for the challenges associated with holiday processing when a holiday in one country that is not in another country shortens what should be a T+2 settlement to effectively T+1?

Using the example of Canada Day, a trade in a security in the U.S. on June 30th will in future settle on July 2nd in Canada and Canadian firms will not see the trade reported until T+2. This means that if there are problems with the transaction, there is no time to make corrections prior to settlement date. Also, at CDS, trades will be marked to market on the evening of T, meaning CDS participants will not have an opportunity to correct trades prior to the mark-to-market calculation. CDS and the exchanges have implemented an enhanced communication process to manage expected settlement dates during all holidays throughout the year. As well, CDS has said that, if trades reported incorrectly impact the collateral determined by the CDS risk management systems, CDS will work with individual firms (or the broader community) to mitigate any adverse impact on the participant(s) (for example, through the reversal of collateral calls for a single security, incorrect price or entire trade file) and communicate the correction process to those affected by the error. Individual firms are encouraged to review staffing levels around mismatched holidays and generally to ensure enough staff are available to manage unmatched trades or collateral errors. Options include shift work, split work streams, additional automation, etc.

Are there any issues with respect to securities lending in a T+2 environment as a number of parties have identified that there may be a problem in this area?

Securities on loan need to be recalled for settlement purposes and each firm should identify if any changes are needed to allow quicker return of securities on loan. Areas to consider, but which are not expected to be a problem, include: whether agreements need to be amended (it appears no standard industry agreements do, but check that all agreements in force are standard ones), what internal processes/procedures/systems may need modification, and what steps utilities/vendors can take to accommodate any foreseeable issues. Consider testing securities recall during the testing period and contact any parties in the securities-lending process that have on more than the odd occasion not been able to return securities as contracted to see what their plans are to ensure timeliness in a shorter settlement environment.

Add question re mutual funds if IFIC and/or commissions agree on wording.

Add question re transitional relief if regulators provide one.