



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

Tuesday, January 10, 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! 😊

- |  |                     |
|--|---------------------|
| 1. Welcome to and Attendance   | Members             |
| 2. Review/Approval of Draft December 13 Minutes<br>(Attachment 1, with Appendices A (Attendance) and B (Rolling Action Items)) | Members             |
| 3. Updates from Other Committees/Countries   | CCMA/Members        |
| i. UST2 update   | Keith               |
| ii. Updates re T2SC, MFWG, OWG, LRWG   | Keith/Kyle          |
| iii. Member updates  | Members             |
| 4. For Discussion/Approval   |                     |
| i. Discuss survey results<br>(Attachment 2)  | Barb/Keith, Members |
| ii. Discuss opportunities to expand reach to firms not yet T+2 engaged, with media, to raise with regulators, etc.             | Members             |
| iii. Confirm topics for draft seventh newsletter<br>(Survey results, update on regulatory rule reviews, next series of FAQs)   | Members             |
| 5. Other Issues as Raised  | Members             |
| 6. Next Meetings – Tuesday, February 17, 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 and Barb Amsden reported that staff from the Investment Funds Institute of Canada had provided a new representative, Jana (Janaki) Nagulan of Intinfotech to succeed Amie Lauder who had moved to different responsibilities. Attendees are listed in Attachment 1 to Appendix 1)

#### 2. Review/Approval of Draft November 15 CEWG 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. **Updates re T2SC, MFWG, OWG, LRWG:** Keith provided updates from the most recent CCMA meetings: Kyle advised that there would be some system downtime on the implementation weekend and provided other updates on Fundserv's preparations for member testing (environments, mock cycles, repurposing of the V26 text environment).
- ii. **UST2 Update:** Keith advised that test CUSIPs had been published on the UST2 website
- iii. **Member updates:** Mark spoke of an enquiry from a client – not a CCMA committee member – about being ready for T+2, which was

#### 4. For Discussion/Approval

##### i. Status of survey responses and how to increase return rate

Members discussed the number of responses to date to the survey which, at 78, remained lower than the total responses to the first CCMA T+2 survey from the preceding May-June. David Locke suggested a clear "response requested" in the subject line. Members agreed that a further request to respond to the survey should be circulated.

Action	Who
1. Recirculate the survey and request associations to distribute it to their members directly	Barb Amsden

##### ii. Comment on/approve changes to draft sixth newsletter

Action	Who
2. Comment on the draft newsletter by the end of the week	Members

##### iii. Final comments on FAQs

Action	Who
3. Comment on the draft newsletter by the end of the week	4. Members

#### 5. Other Issues as Raised:

None.

#### 6. Next Meetings: The next meeting is set for January 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	Present
Mr. Mark	Austin	CCL	Present
Mr. David	Locke	CGI	Present
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	Present
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	Present
Mr. Jack	Rando	IIAC	Unable to attend
Ms. Bonny	Tang	MD Management	Unable to attend
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. Phil		TD	Present
Mr. Rob	Candido	TD	Present
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

**Rolling Action Item List**

<b>Action</b>	<b>Who/Status</b>
<b>From December 13 Meeting</b>	
1. Recirculate the survey and request associations to distribute it to their members directly	Keith Evans/Barb Amsden – <b>Done</b>
2. Comment on the draft newsletter by the end of the week	Members – <b>Done</b>
3. Comment on the draft newsletter by the end of the week	Members – <b>Done</b>
<b>From November 15 Meeting</b>	
4. Add a question regarding interest in a simplified webinar to a future newsletter	Barb Amsden
<b>From October 11 Meeting</b> ( <i>includes items transferred from Issue Logs</i> )	
1. Add discussion of value/ability to provide quality bulletin-board-type question/answer facility to future agenda nearer September 5, 2017	Barb Amsden
<b>From September 13 Meeting</b>	
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	<b>Done</b>
2. Request feedback from IFIC on potential impact on retail clients, products.	C. Wang, IFIC, asked; referred issue to Fundserv; IFIC <b>provided new representative</b>
<b>From July 12 Meeting</b>	Complete
<b>From June 17 Meeting</b>	Complete or on workplan
<b>From May 17 Meeting</b>	Complete or on workplan
<b>From May 3 Meeting</b>	Complete or on workplan
<b>From April 19 Meeting</b>	
1. Approach regulators to offer to present on T+2	<b>Done verbally</b>
<b>From April 5 Meeting</b>	Complete or on workplan
<b>From March 22 Meeting</b>	Complete or on workplan
<b>From March 8 Meeting</b>	Complete or on workplan
<b>From January 19 Meeting</b>	Complete or on workplan
<b>From January 5 Meeting</b>	Complete or on workplan
<b>From December 15 Meeting</b>	Complete or on workplan
<b>From December 1 Meeting</b>	Complete or on workplan
<b>From November 19, Meeting</b>	
1. Provide list of known/expected industry events, dates if known	Members (ongoing)

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

## T+2 READINESS PROGRESS SURVEY RESULTS

Below is a summary of the CCMA's Second T+2 Readiness Progress Survey results.

The CCMA appreciates the efforts of the many industry members who took the time to reply to the survey during the busy holiday season and to industry associations who helped get the survey out further. This led to an almost 50% increase in responses compared to the first survey. We believe that the survey results continue to support the Canadian industry generally being ready for the Canadian marketplace to transition to T+2, with the understanding that until cross-industry testing is underway, many firms are likely to be somewhat cautious in confirming readiness.

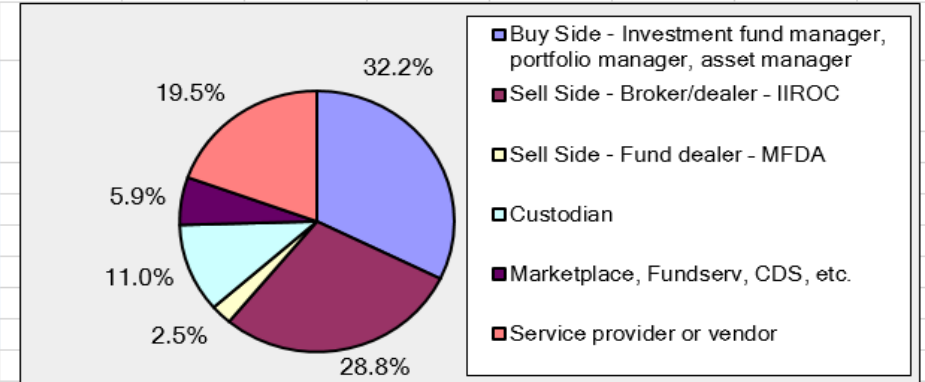
- The survey was issued in early December and closed on December 30, 2016. We received 118 responses (compared to 80 to the first survey in May-June 2016) from 585 emails sent to CCMA committee members and newsletter recipients, with an unknown number forwarded through industry associations yielding 27 of the 118 answers. About a third of the responses were from the buy side, with another third from the sell-side, and the remainder split among custodians, infrastructure (CDS, Fundserv, DTCC, exchanges, ATSS) and service providers/vendors. Buy side responses doubled in number to 38, but still remain considerably fewer than the total number of such firms regulated by the commissions. On the dealer side, IIROC dealer 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.
- In terms of size of respondent firms, the split was almost the same as for the first survey, with slightly fewer large respondents (46% compared to 50%), and the remainder split evenly between medium and small. Of the buy side respondents, 38% were large, 24% medium, and 38% small or very small in size.
- Firms are at different stages of T+2 preparations. As could be expected, infrastructure and service providers are reporting that they are in the final stages of preparations before testing, with 10 of the 30 firms compliant or with development and test planning complete. Nearly 40% of custodians and 55% of dealers are in the test planning stages. Of buy-side firms, 41% are in the analysis and business requirements phase.
- Communications up- and down-stream within the marketplace are in planning, underway or completed at the firms of respectively 84% and 89% of respondents. Approximately three-quarters of respondents are planning, or communicating, or have completed communications to institutional or retail clients.
- 80% to over 90% of firms are somewhat or very confident that their firm is on target to complete development and test successfully. A number of respondents are not sure or not confident of completing development by January 31, 2017 (this date, used in the T+2 Readiness Progress survey to see whether firms' internal development was complete, is a month after the UST2 Playbook calls for market participants to have completed development and a month before the first test environment (DTCC's) is to be open for testing). One respondent noted that some systems changes will continue after January 31, 2017. For example, some development work (i.e., changes for National Instrument (NI) 24-101 reporting) will not be completed until the regulators announce decisions on industry requests

for administrative relief relating to quarterly reporting. Importantly, 98% are very or somewhat confident that their firm will be ready for the September 5, 2017 transition date.

- Six respondents identified what they consider to be significant matters that should be addressed and a further 7 referenced minor issues.
- Seventy-four of the 118 respondents provided a project lead or other contact for the next survey.

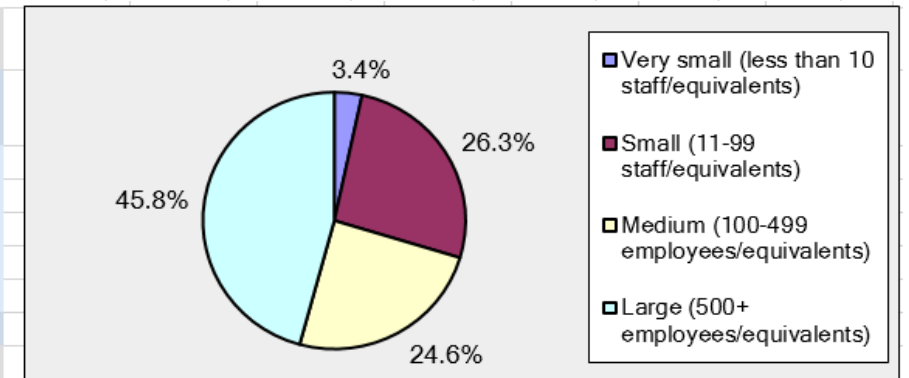
**1. Please choose from this dropdown list the industry segment for which you are responding: (Please select one answer only)**

Answer Options	Response Percent	Response Count
Buy Side - Investment fund manager, portfolio	32.2%	38
Sell Side - Broker/dealer - IIROC	28.8%	34
Sell Side - Fund dealer - MFDA	2.5%	3
Custodian	11.0%	13
Marketplace, Fundserv, CDS, etc.	5.9%	7
Service provider or vendor	19.5%	23
<i>answered question</i>		<b>118</b>
<i>skipped question</i>		<b>0</b>



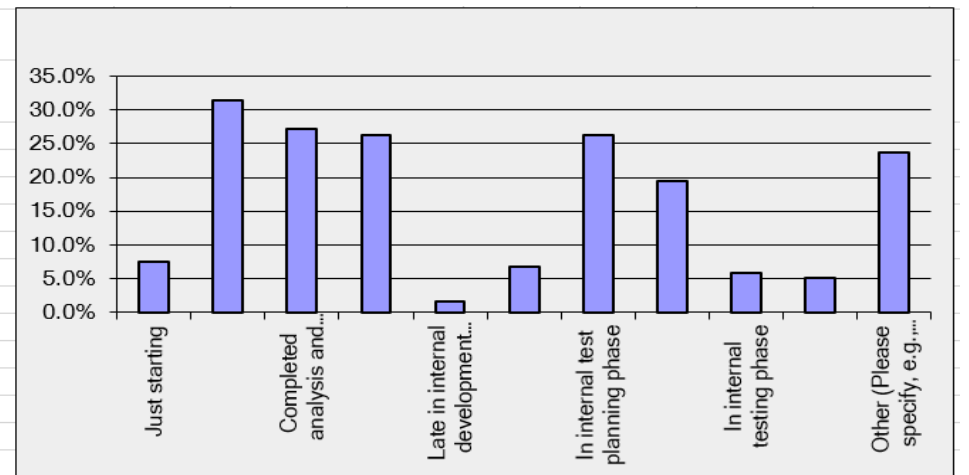
**2. What size company best describes the company you work for? (Please select one answer only)**

Answer Options	Response Percent	Response Count
Very small (less than 10 staff/equivalents)	3.4%	4
Small (11-99 staff/equivalents)	26.3%	31
Medium (100-499 employees/equivalents)	24.6%	29
Large (500+ employees/equivalents)	45.8%	54
Please elaborate if you wish.		8
<i>answered question</i>		<b>118</b>
<i>skipped question</i>		<b>0</b>



**3. What is the status of your T+2 preparations? (Please select all that apply and complete the comment field to elaborate on your answer)**

Answer Options	Response Percent	Response Count
Just starting	7.6%	9
In analysis and business requirements phase	31.4%	37
Completed analysis and business requirements phase	27.1%	32
In internal development phase	26.3%	31
Late in internal development phase and will complete	1.7%	2
Completed internal development phase	6.8%	8
In internal test planning phase	26.3%	31
In external test planning stage	19.5%	23
In internal testing phase	5.9%	7
Completed internal development testing (UAT)	5.1%	6
Other (Please specify, e.g., our firm is already T+2)	23.7%	28
<i>answered question</i>		<b>118</b>
<i>skipped question</i>		<b>0</b>



**4. What is the status of your T+2 informational/readiness communication(s) to each of the following groups?  
(Please select an answer to all questions)**

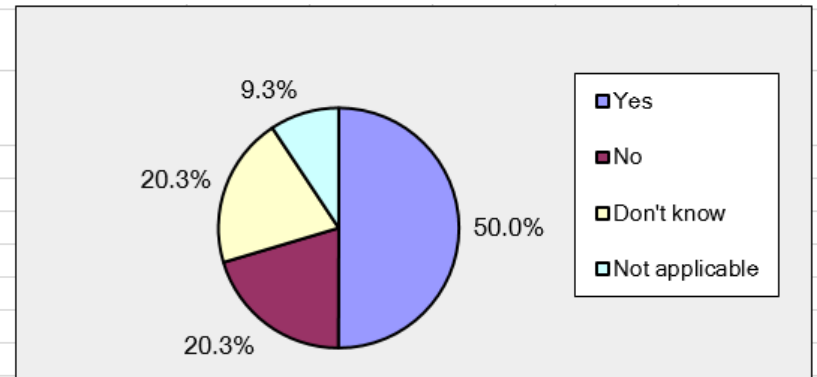
Answer Options	Not started	In planning	Underway	Completed	Subt IP, U, C	% of Total - NA	Don't know	Not applicable	Response Count
i. Downstream to financial firm clients/members/participants?	14	31	38	14	83	84%	2	19	118
ii. Upstream to suppliers?	6	21	43	16	80	89%	4	28	118
iii. To institutional investors?	16	34	26	8	68	77%	4	30	118
iv. To retail investors?	17	28	20	3	51	72%	3	47	118
v. To other parties?	9	30	27	9	66	84%	4	39	118
<i>answered question</i>									<b>118</b>
<i>skipped question</i>									<b>0</b>

**5. How confident are you that your firm is on target...: (Please select one answer per row)**

Answer Options	Very confident	Somewhat confident	Confident to All - N/A	Not confident	Don't know	Not applicable	Response Count
i. To complete necessary development before January 31, 2017?	39	37	80%	12	7	23	118
ii. To complete testing with CDS+CDCC between April 13-May 26, 2017?	45	27	90%	2	6	38	118
iii. To complete necessary testing with Fundserv (Mock 1 June 22 - June 30, 2017)?	39	24	90%	2	5	48	118
iv. To complete necessary testing with Fundserv (Mock 2 July 13 - July 2017)?	40	23	91%	1	5	49	118
v. To complete necessary testing with DTCC (starts February 13) by June 30, 2017?	31	24	83%	3	8	52	118
vi. To complete necessary testing with DTCC Fund/SERV by June 30, 2017?	24	25	84%	1	8	60	118
<i>answered question</i>							<b>118</b>
<i>skipped question</i>							<b>0</b>

**6. Does your firm intend to test T+2 readiness with any third parties other than CDS,**

Answer Options	Response Percent	Response Count
Yes	50.0%	59
No	20.3%	24
Don't know	20.3%	24
Not applicable	9.3%	11
Other (Please specify)		18
<i>answered question</i>		<b>118</b>
<i>skipped question</i>		<b>0</b>





**7. With which of the following organizations does your firm intend to test?  
(Please select all that apply)**

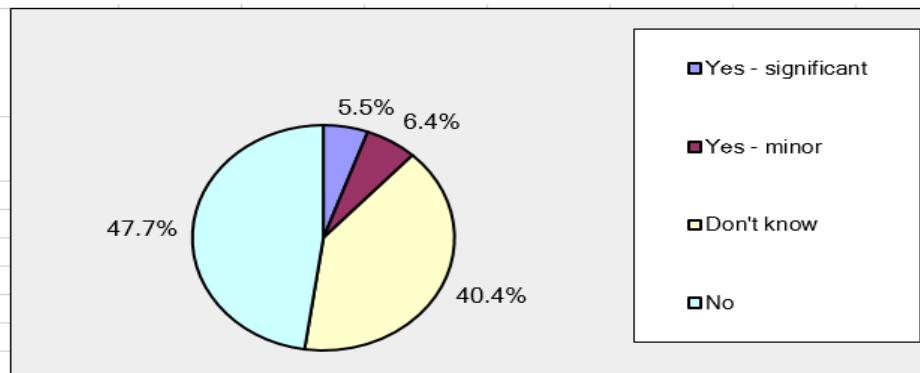
Answer Options	Response Percent	Response Count
Broker-dealer(s)	63.2%	36
Service bureau(s) (e.g., Broadridge, IBM)	56.1%	32
Other service provider(s) or vendor(s)	52.6%	30
Exchange(s) and marketplace(s) (e.g., TMX, Aequitas,	49.1%	28
Custodian(s)	47.4%	27
Mutual fund dealer(s)	36.8%	21
Investment (portfolio) managers	33.3%	19
Correspondent clearer(s)/intermediaries (e.g., NBCN,	24.6%	14
Other (Please specify below)	5.3%	3
Don't know yet	3.5%	2
<b>answered question</b>		<b>57</b>
<b>skipped question</b>		<b>61</b>

**8. 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 September 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	94%	3	3	8	109
iv. Your counterparties in the industry will smoothly handle the transition to T+2?	41	49	90%	3	7	9	109
v. Other firms in the industry will smoothly handle the transition to T+2?	36	54	87%	3	11	5	109
<b>answered question</b>							<b>109</b>
<b>skipped question</b>							<b>9</b>

**9. Is there anything - whether in your firm, other firms, or in the industry - that you think may impede a smooth transition to T+2 on September 5, 2017 and should be addressed? (Please select one answer only)**

Answer Options	Response Percent	Response Count
Yes - significant	5.5%	6
Yes - minor	6.4%	7
Don't know	40.4%	44
No	47.7%	52
Other (Please elaborate)		16
<b>answered question</b>		<b>109</b>
<b>skipped question</b>		<b>9</b>



### Significant concerns

1. Securities lending and borrowing [Note: Two similar free-form comments on earlier questions listed below under "Other comments..."]
2. SEC approval
3. Settlement notifications to custodians and brokers with allocation sheets are not automated
4. There seems to be a lot of confusion on the topic [transition/testing details?] -- what does this mean?, what do we have to do?, etc.
5. To have enough resources available at the time of transition

### Minor concerns

1. Shorter cycle for securities lending. Internal process to review as already difficult with T+3
2. Proper testing and availability of test environments
3. Communication plans outside of firms who are already directly engaged in the initiative could be coordinated through additional specific industry forums
4. Internal process unique to the individual firm that may have been overlooked
5. Fundserv requirement to manage - manufacturer fund set-up must be managed carefully between June 12th and Sept 5th.
6. The settlement and cash movement are big concerns.
7. Inability to reconcile exchange trades before netting occurs [Note: Holiday processing was identified as a concern by a number of U.S. respondents]

### Other comments that include reference to concerns

1. While I am confident in our processes I am not at all confident with CDS or Fundserv testing ability or understanding of the issues.
2. Fixed income trades are of concern due to lower trade matching rates. U.S. trades are also of concern since we do not have trade matching stats for U.S. securities.
3. While I believe that IIROC and buy side are close, the MFDs are going to have issues as they don't understand the issues.
4. Our main concern is the habit of custodians to reclass securities on loan. We're experiencing problem even with T+3
5. Shorter cycle for securities lending. Internal process to review as already difficult with T+3
6. There are the things you cannot predict like extreme market conditions, natural disaster or terrorism.

10. Please provide, if known, the name and email address of your firm's T+2 lead, project manager or person who might sign off on any final CCMA T+2 readiness survey in 2017 when the CCMA may look for one reply only per firm.		
Answer Options	Response Percent	Response Count
Name:	100.0%	74
E-mail address:	98.6%	73
	<i>answered question</i>	<b>74</b>
	<i>skipped question</i>	<b>44</b>

11. Please provide us with any other comments that you wish with respect to matters raised in this survey or the	
Answer Options	Response Count
	8
<i>answered question</i>	<b>8</b>
<i>skipped question</i>	<b>110</b>