

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

**Tuesday, June 13, 2017 – 3:00 PM ET / 12:00 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 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 and Attendance  | <b>Members</b>                 |
| 2. Review/Approval of Draft May 9 Minutes<br>(Attachment 1, with Appendices A (Attendance) and B (Rolling Action Items)) | <b>Members</b>                 |
| 3. Updates from Members/Staff/Other Committees/Countries   |                                |
| i. <i>Member updates</i>   | <b>Members</b>                 |
| <ul style="list-style-type: none"> <li>• Status of member firm preparations?</li> <li>• Other</li> </ul>                 |                                |
| ii. <i>Results of media release</i>  | <b>Members</b>                 |
| iii. <i>Updates from T2SC, OWG, LRWG, MFWG, UST2 meetings</i>  | <b>Keith Evans/Kyle Bedeau</b> |
| 4. For Discussion/Approval   |                                |
| i. <i>Draft newsletter</i><br>(Attachment 2)   | <b>Members</b>                 |
| ii. <i>Draft FAQs (Batch 9)</i><br>(Attachment 3)  | <b>Members</b>                 |
| 5. Other Issues as Raised  | <b>Members</b>                 |
| 6. Next Meetings – Tuesday, June 13, July 8, August 12, September 10   |                                |



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

### Draft Minutes

Tuesday, May 9, 2017

#### 1. Welcome and Attendance

Members announced themselves (see **Appendix 1** to Attachment 1).

#### 2. Review/Approval of Draft April 11 Meeting Minutes

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

#### 3. Updates from Members/Staff/Other Committees/Countries

- i. Member updates:* Carol Reveredo said that Cycle 1 testing with CDS had gone very well, to the extent that CIBC Mellon did not see the need for further testing. The custodian, however, would be supporting clients' testing in CDS's second cycle, which had been extended by one week. John Coyle said that testing in the first CDS cycle had been near perfect. His firm would continue testing with Raymond James as test partner. Members noted the extension in CDS testing by two weeks at CDS's participants' request.
- ii. Update on T2SC, OWG, LRWG, MFWG:* The T+2 Steering Committee (T2SC) had met and some members had asked about some form of conversion weekend back-up plan for communication on and around the Labour Day weekend through September 7, as the U.S. was considering. While the transition would be in the hands of members, their service providers/vendors and their central infrastructure (CDS and FundSERV), Keith had agreed to investigate what might be possible and, if there were to be such a plan, the CEWG might become involved. The Operations Working Group had not met. The Legal/Regulatory Working Group had met and continued to work through issues; CSA approval of IIROC's rules was proceeding slowly, with one comment being that regulators may not feel the pressure to finalize this until testing were complete. FundSERV testing was continuing without concerns. The CCMA was preparing a draft submission to the CSA regarding the regulators' NI 81-102 request for comments for review by the T+2 Steering Committee, and member firms would be encouraged to write their own letter or one supportive of the CCMA response. Also (and to show that life goes on after T+2), Keith had been asked to prepare a post-implementation review for use should the settlement cycle be shortened further.
- iii. UST2 update:* Keith Evans was at a SIFMA conference in the U.S. Recent activity continued to be focused on testing. While testing with the buy-side had started slowly, no major systems issues among dealers and custodians had been identified to date, though joint work on a non-systems solution continued to avoid corporate actions with a September 5 ex date (CDS had discussed the issue with DTCC and with TSX; CDS was waiting for a summary document promised by DTCC in this regard). Carol Reveredo asked whether there was awareness of two issues: Bermuda was rumoured to be intending to move to T+2 settlement on September 5 and

Bank of New York had mentioned an industry-wide industry meeting on a securities lending issue. Barb noted that securities lending had been closed as a Canadian issue, although concerns had been expressed by investment managers as there are sometimes securities recall delays in today's environment. A member said that the challenge was the work from the time of recall until securities were received (20 hours), which would not change and not because the day the recall notice would be sent was being reduced by a day.

Action	Who
Identify if it were possible to share a sample retail client notification	John Coyle
Follow up on U.S. industry meeting on a securities lending issue and on whether Bermuda also would be moving to T+2 on September 5, as well as other countries that may be moving to T+2 on that date	Barb Amsden

#### 4. For Discussion/Approval

- i. Media Release:* With the move to T+2 in its final stages and the lack of other than a little industry-specific media coverage, CCMA staff had briefly discussed with Brent Merriman issuance of a T+2 news release across the wire. Members briefly discussed the draft release, which used the CSA rule release and testing as the "news". Nancy Miles suggested that due to the date, it may be appropriate to wait until June 2, the new CDS testing completion date, and members agreed that this made eminent sense. Brent had kindly agreed to help with final touches on the release, put the release on the Canada News Wire and place a few calls after the release to see if it would be possible to garner some interest from the trade publications. To manage expectations, he believed that mainstream media coverage would likely only cover the issue right around the conversion day or immediately after. That said, Barb suggested that the release would be an indication to the regulators of industry efforts to communicate broadly to investors, as well as the expected communication at the firm-to-client level.

Action	Who
Comment on draft media release	Members
Polish release and provide to CNW	Brent Merriman
Finalize and post release on website	Barb Amsden

- ii. FAQs:* The draft FAQs focused on what investors needed to know, and what industry participants needed additionally or could use to respond to possible client questions.

Action	Who
Comment on draft FAQs	Members
Finalize and post FAQs	Barb Amsden

- iii. Final survey questions:* Members briefly discussed the survey. A member asked whether the CDS T+2 project acknowledgement would be similar to or the same as the CCMA one.

Action	Who
Comment on survey questions	Members
Finalize and circulate survey	Barb Amsden
Verify if the CDS and CCMA T+2 project acknowledgements were the same	Barb Amsden

- iv. Newsletter:* Members discussed newsletter topics

Action	Who
Prepare draft newsletter	Barb Amsden

**5. Other Issues as Raised**

There was a brief discussion of fails in the securities lending process, but moving to T+2 in Europe had not led to an increase in fails as compared to the T+3 environment. The claims process was used if parties believed they had been disadvantaged.

**6. Next Meetings:** The next meeting is set for June 13, 2017.

**CCMA T+2 Communications and Education Working Group Attendance**

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

Mr.	John	Coyle	Canaccord	Present
Mr.	Mark	Austin	CCL	Unable to attend
Mr.	Phil	Elliott	CGI	Present
Ms.	Margaret	Stephens	CGI	Unable to attend
Mr.	Paul	Tamburro	CIBC	Present
Mr.	Brent	Merriman	CIBC Mellon	Unable to attend
Ms.	Carol	Revoredo	CIBC Mellon	Present
Ms.	Dina	Martinovic	CIBC Mellon	Present
Ms.	Merici	Young	Compass360 Consulting Inc.	Unable to attend
Mr.	Michel	Brassard	Desjardins	Present
Mr.	Kyle	Bedeau	Fundserv	Unable to attend
Ms.	Erin	Cudmore	Fundserv	Present
Ms.	Mariola	Sterniczuk	FMR	Present
Mr.	James	Stergiou	FMR	Represented by Mariola
Ms.	Diane	Gomes	GMP Securities	Unable to attend
Mr.	Blair	Munn	IFDS	Unable to attend
Ms.	Millicent	Asiamah	IFDS	Unable to attend
Ms.	Jana	Nagulan	Intinfotech	Represented by Mike
Mr.	Jack	Rando	IIAC	Unable to attend
Ms.	Nicola	Lowery	MD Management	Unable to attend
Ms.	Colleen	Bronson	NBC	Unable to attend
Ms.	Nancy	Miles	RBC	Present
Ms.	Mylène	Choucha	RBC	Represented by Nancy
Ms.	Laurie	Clark	Smarten Up Institute	Present
Mr.	Ivan	Yang	State Street	Present
Mr.	Brandon	Buckley	TD	Present
Mr.	Rob	Candido	TD	Present
Ms.	Tracey	Randell	TD	Represented by Jason
Mr.	Jason		TDAM	Present
Ms.	Carrie	Tuck	Vanguard	Unable to attend
Mr.	Walker	Wentworth	UBS	Unable to attend
Mr.	Keith	Evans	CCMA	Unable to attend
Ms.	Barb	Amsden	CCMA	Present

**CCs**

Art Valdes and Karen Copeland		BMO NB	Joe	Riga	GMP Securities
Sahil Duggal and Kratika Paliwal		Broadridge	Marie-Eve	Dubé	Intact
Sandra	Gonzalez	CIBC	Marie-Josée	Bernard	Intact
Daniele	Masse	Desjardins	Alain	Alexandre	NBF
Gary	James	Fidelity	Edouard	Strew	RBC
Erin	Cudmore	Fundserv	Chris	Wilkinson	TD

**Appendix B to Attachment 1**  
(updates in bold)

**Rolling Action Item List**

Action	Who/Status
<b>From May 9 Meeting</b>	
Identify if it were possible to share a sample retail client notification	John Coyle
Follow up on U.S. industry meeting on a securities lending issue and on whether Bermuda also would be moving to T+2 on September 5, as well as other countries that may be moving to T+2 on that date	Barb Amsden; <b>securities lending issue added to FAQ, Peru now documented; Bermuda Stock Exchange/Depository sent request for Bermuda status</b>
Comment on draft media release by May 19	Members; <b>Done</b>
Polish release and provide to CNW	Brent Merriman; <b>Done</b>
Finalize and post release on website	Barb Amsden; <b>Done</b>
Comment on draft FAQs by May 19	Members; <b>Done</b>
Finalize and post FAQs	Barb Amsden; <b>Done</b>
Comment on survey questions by May 19	Members; <b>Done</b>
Finalize and circulate survey	Barb Amsden; <b>Done</b>
Verify if the CDS and CCMA T+2 project acknowledgements were the same	Barb Amsden; <b>Done</b>
Prepare next draft newsletter	Barb Amsden; <b>Done</b>
<b>From April 11 Meeting</b>	Complete
<b>From February 14 Meeting</b>	Complete
<b>From January 10 Meeting</b>	Complete
<b>From December 13 Meeting</b>	Complete
<b>From November 15 Meeting</b>	
Add a question regarding interest in a simplified webinar to a future newsletter	Barb Amsden; <b>Done in #7</b>
<b>From October 11 Meeting (includes items transferred from Issue Logs)</b>	
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>	
Request feedback from IFIC on potential impact on retail clients, products.	<b>Not received</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>	Complete or on workplan
<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, event

Issue 10 – June xx, 2017

**DRAFT 1**

## T+2: What's New

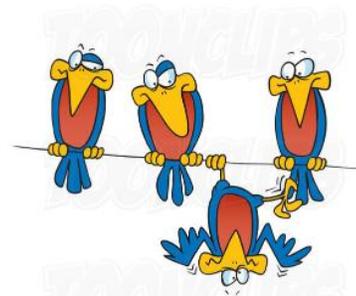
### Countdown continues!



To mark that the industry has crossed the 100-day-until-T+2-transition threshold, the CCMA issued a [media release](#) on May 29, 2017 to national and other media, titled 'Canadian Capital Markets Association declares fewer than 100 days to go until T+2 settlement helps bring faster, safer exchange of securities for cash'. The release explains the impacts on institutional and retail investors, and notes that rulemaking and testing are proceeding well. CCMA Executive Director Keith Evans (inset left) has donned a T+2 command centre hat in readiness for the final few months until equities, medium- and long-term bonds, with investment funds, transition to a two-day trading and settlement/redemption cycle with the U.S. on September 5, 2017.

### Now it's down to the wire

Testing should be complete or in the very final stages for the Canadian industry. As announced months ago, June 2017 is a critical month for people in the Canadian and U.S. marketplaces to finish testing and everyone should be readying themselves for the final move to a shorter settlement cycle. Here is an update on the latest:



**CDS:** [to come] [CDStesting@tsx.com](mailto:CDStesting@tsx.com).

**Fundserv:** [to come] [T2Feedback@Fundserv.com](mailto:T2Feedback@Fundserv.com)

**CDCC:** [to come]

#### CCMA:

- ⊙ The CCMA had requested 37 [key infrastructure, service providers, custodians and intermediaries](#) to sign a [CCMA T+2 Project Acknowledgement Form](#) [to come]
- ⊙ The results of the final CCMA survey are in! [to come]

**DTCC:** [to come]

### More regulatory progress towards T+2

- ⊙ The CCMA [replied](#) [to be linked when final] to the Canadian Securities Administrators (CSA) [consultation document with interim guidance](#): *Notice and Request for Comment: Adoption of a T+2 Settlement Cycle for Conventional Mutual Funds* and proposed amendments to National Instrument 81-102 *Investment Funds* (NI 81-102) and National Instrument 81-104 *Commodity Pools* (NI 81-104). CCMA members are encouraged to write their own brief letter in support of (or could endorse the CCMA's letter, approved by the T+2 Steering Committee, on) the proposed regulatory changes and for conventional funds transitioning to T+2 redemption effective September 5, 2017, even if the rule change has not received all final CSA member approvals by that date.
- ⊙ IIROC rule changes and its response to the industry's request for transitional relief continue to await CSA member approval. IIROC staff expect to make final documents public shortly after approval is received.
- ⊙ [bullets on remaining legal issues to come from Jamie Anderson]

### Asset list extract regarding investment funds

The CCMA received input from a member with some helpful additional detail regarding less traditional fund types and so we are republishing an updated [Asset List Investment Fund Extract](#) [\[link to follow\]](#). As no feedback has been received on remaining items on the list, the conclusion is that they are relatively few in number and/or of immaterial value, and so will be treated as out of scope. *[Note: Questions with respect to two products not currently on the list have been forwarded to Fundserv and IFDS].*

### To Do's

- Send a response to the CSA's [consultation document with interim guidance](#) supporting the rule change and guidance and agreeing that, should the rule amendments not be approved by September 5, 2017, conventional mutual fund managers and distributors should still transition to a T+2 redemption/settlement basis as of that date.

### Tips

- Mexico and Peru have announced that they are transitioning to T+2 on September 5, 2017, at the same time as the U.S. and Canada; while September 4 is a Labour Day weekend holiday in Canada and the U.S., it appears to be [\[confirm\]](#) a clearing and settlement day in Mexico
- *Other? [to be determined]*

### Tools

- Check out the CCMA's ninth series of [T+2 FAQs](#) [\[update\]](#)
- Review the latest information on the [U.S. T+2 website](#) [\[check if there is new information when newsletter is to be released\]](#)

### To Come

- IIROC T+2-related rule changes and answers to the [industry's request](#) to IIROC for transitional relief
- Final NI 81-102 rule changes
- Conversion period communications plan [\[to be discussed by OWG/T2SC\]](#)

**Draft 1 – FAQs Batch 9****Is there any difference between the CDS and the CCMA “T+2 Project Acknowledgement Form”?**

There is no difference in content. The only variation is in the signature section, where the CDS version specifies that the signatory should be a Schedule B authorized signer, as defined in CDS rules. The CCMA expects that the [CCMA T+2 Project Acknowledgement Form](#) will be signed by authorized signers of the 37 [key infrastructure, service providers, custodians and intermediaries](#) that received the form. Both CDS and the CCMA have received some signed forms already *[may need to be updated depending on release date]*.

**Are there any outstanding T+2 issues regarding securities lending?**

The U.S. T+2 team has identified that some firms’ tailoring of the industry’s Master Securities Lending Agreement mentions T+3 and possibly also a standard settlement cycle. A draft form Amendment to Master Securities Lending Agreement has been prepared, which replaces a reference to the third business day following notice of a loan termination with the termination date being no later than the standard settlement date of the loaned securities. A new [www.UST2.com](http://www.UST2.com) FAQ on the subject is expected.

**Has there been any additional information on derivatives from the U.S.?**

The U.S. is discussing the issue of OTC equity derivatives that are or have been entered into before September 5, 2017. As at the date of this FAQ, International Swaps and Derivatives Association (ISDA) members were divided on whether these should remain on a T+3 cycle, which is the basis on which they were entered into, and could be manually handled, or be moved to settle on T+2. The CCMA will provide additional information once known.

**Has there been progress with respect to the issue of corporate actions with a September 5 ex date?**

CDS, DTCC, and the CCMA have discussed the subject and DTCC volunteered to document the issue of ex-date timing, using different scenarios, during the transition period. The exchanges are analyzing how to best avoid a September 5 ex-date, which could lead to different calculations for the double settlement date on September 7 (this could include advising issuers not to declare an ex date on the relevant date or some form of mandatory prohibition depending on tools/rules available to the exchange). Despite efforts to avoid the issue, industry members are being advised to be prepared in the event of a September 5 ex date, which may require trade-for-trade settlement, or forms of manual intervention. The CCMA and CDS will publish more information as it become available.

**Are there any major outstanding legal changes with respect to a T+2 transition?**

There are outstanding rules to be finalized in Canada, including IIROC rules (awaiting CSA approval) and updates to National Instrument 81-102 *Investment Funds*. There is no question that these will proceed and so have no impact on implementation. In the U.S., the Investment Company Institute is pursuing rule changes from the FDIC and OCC, where rules permit settlement on T+3 or less, to avoid potential mismatches between the settlement/redemption period of mutual funds and other investment companies and the securities that underlie them.