

## T+2 - Legal and Regulatory Working Group (LRWG)

### Agenda

**January 14, 2016 - 11:00 PM ET (8:00 AM PT)**

- |  |  |                                   |
|--|--|-----------------------------------|
| 1. Approval of the December 17, 2015 meeting minutes |  | Jamie Anderson                    |
| 2. Review of Open Issues                             |  |                                   |
| (a) Clearing   | CDS • LRWG - 001   | Fran Daly                         |
| Agencies   | FundServ • LRWG - 02   | Charles Wang                      |
|  | CDCC • LRWG - 003  | Roger Warner                      |
| (b) National   | 81-101, 81-102, 81-104 • LRWG - 004; 013; 014  | Charles Wang                      |
| Instruments  | 24-101 • LRWG - 005 (update from OWG)  | Keith Evans                       |
| (c) Investment                                       | Fund Prospectuses • LRWG - 006   | Charles Wang                      |
| Funds  |  |                                   |
| (d) Insurance  | Segregated Funds • LRWG - 007  | Charles Wang                      |
| (e) Exchanges  | Aequitas • LRWG - 011; 050   | Cindy Petlock                     |
| (f) SROs   | IIROC • LRWG - 024; 025; 051; 052  | Answerd<br>Ramcharan              |
|  | MFDA • LRWG - 026  | Paige Ward                        |
| (g) ATS's  | Omega; Candean; EquiLend; ICX; Liquidnet;<br>TriAct; Bloomberg; CBID; MarketAxess; TMX<br>Select • LRWG – 053 to 062 | Leo Drori (ICX)<br>Jamie Anderson |
| 3. Issues completed to report to T2SC for approval   |  | Jamie Anderson                    |
| 4. Other Business                                    |  |                                   |
| 5. Next Meeting – Thursday Jan. 28, 2016 @ 11am      |  |                                   |

### Conference Details

Local Dial-in (416) 933-8665 Toll-free Dial-in: 1-888-402-9166

Conference ID: 7312646#

**T+2**

**Legal and Regulatory Working Group (LRWG)**

**Minutes**

**December 17, 2015**

**2:00 PM ET (11:00 AM PT)**

**1. Approval of the December 3, 2015 meeting minutes**

**Jamie Anderson**

The minutes of December 3, 2015, were approved with two changes. The first was that the reference to IIROC Standard Agreements should read ‘may’ instead of ‘will’ change as written in the last sentence of the first paragraph in Section 6 of the minutes. The second related to “Issue 005 - NI 24-10 status update” in Section 4 of the minutes. The third sentence was amended to insert “regarding institutional trade matching” before the text “were required”.

In addition, Jamie reported that at the last meeting, members requested additional time to provide comments on the Mandate. He indicated that no comments were received, and that the Mandate was now approved. Jamie also reported that the Mandate had been submitted and accepted by the T2SC, and will be posted on the CCMA website shortly.

**2. Review of Issues**

a. SROs

i. IIROC

**Answerd Ramcharan**

Answerd Ramcharan from IIROC reported that changes will likely need to be made to Rule 800.27(c) that deals with Accrued Interest (change from third clearing day to second), Rule 800.27(f) that deals with mortgage-backed securities, in regards to commitment period (change from third clearing day to second), Rules 800.40 and 800.41 that deal with Buy-Ins (reducing delivery timelines), and Rule 800.34 that deals with Unregistered Shares (change from two full business days to one). These changes will need to be reviewed by the IIROC FAS Operations Committee before being submitted in their final form.

He also reported that IIROC is reviewing its Standards Agreements for members. These agreements do not need to proceed through a “Rule” approval process.

Policy advisory committees and external legal counsel will be reviewing any proposed changes to the agreement with a view to have it completed early in 2016.

In addition, IIROC has an internal project underway to update its rule book to plain language and update previous IIROC notices as required (including those that reference T+3). The plan is to have this project completed by the end of 2016.

b. Custodians (Securities Lending)

Stasha Ninkovic

Stasha was not in attendance at the meeting, but had provided input via email prior to the meeting. She indicated that the Securities Lending Agreements do not hard-code a specific settlement period (the reference is to “standard settlement period”). Therefore no contractual changes will be required. Jamie’s recommendation that issue # LRWG – 008 be marked as ‘Closed’ and submitted to the T2SC was accepted by the LRWG.

c. ATS Subscriber Agreements

LRWG

Jamie reported that only a few of the ATS’s (Chi-X Canada ATS, CX2 Canada ATS, Omega ATS, and Lynx ATS) he researched make their subscriber agreements publicly available. None of these would require changes for T+2. Jamie will contact the rest of the ATS’s to get assurances that no ATS requires changes to their subscriber agreements. Jamie did note that a CX2 notice on the OSC website declares T+3 as the default settlement basis.

d. Exchanges

i. CSE

Jamie Anderson

Jamie reported that there are no changes required for the CSE Listing Agreements or Listing Policies. However, the CSE Trading Rules will need to be updated (Rule 5-103 specifically). These updates will be targeted for completion in 2016 (CSE Board and Regulatory approval will be required). Jamie’s recommendation that issue # LRWG – 030 (re: CSE Listings) be marked as ‘Closed’ and submitted to the T2SC was accepted by the LRWG.

e. Clearing Agencies

i. FundSERV

Charles Wang

Charles Wang of IFIC provided an update on the new sub-group of the Operations Working Group that is reviewing the Mutual Fund and Investment Fund industry changes, as well as any segregated funds impact. He said that no major changes were likely. The next meeting is scheduled for January and more information would be provided to the next LRWG meeting.

f. Investment Funds

i. NI 81-102

Charles Wang

See e(i) above.

g. Individual Variable Insurance Contracts (seg funds)

Charles Wang

See e(i) above.

h. Investment Dealers (NI 24-101)

Keith Evans

Keith reported that any changes to this National Instrument regarding institutional trade matching parameters would come from the Operations Working Group. They have this issue on their agenda to be discussed (Issue OWG - 006), and Keith expects it to be dealt with on a high priority basis in the new year. The OWG will look at both the cut-off match times, and percentage confirmed basis during their review. There was some discussion as to whether the matching parameters were relevant in terms of the shortened settlement timeframe (since the NI deals with confirmation levels, not settlement levels). However, with a shortened settlement cycle, earlier confirmation timelines may be needed (for instance, with respect to “foreign trades”). Max Paré of the OSC noted that the parameters have an impact in terms of filing compliance reports as required under the NI. Answerd advised that changes to the NI parameters may impact IIROC Rule 800.49.

**3. Review of unassigned issues and new issues**

**Jamie Anderson**

Jamie noted that the vast majority of the unassigned issues are tagged to specific entities and that the issue log would be updated accordingly. In terms of new issues, Max recommend that the TSX Company Manual be added to the Issue Log, as changes may be required for items such as ex-dividend dates. Some consideration should also be given to entitlements under the ordinary process versus the due bills process. Answerd noted that IIAC has prepared a paper regarding

the due bills process and that may require an update. Answerd advised he would get in touch with Jack Rando at IIAC.

#### **4. Issues completed to report to T2SC for approval**

**Jamie Anderson**

Jamie reported that the following Issues are considered closed and will be reported to the next meeting of the T2SC for final approval.

LRWG – 008, 023, 030. LRWG-023 pertains to swap execution facilities – as swaps do not settle on a T+3 basis, this issue is not impacted by a shortened settlement period.

While LRWG-050 was noted as closed, Jamie suggested that it be marked as open until Aequitas could confirm the issue could be closed.

#### **5. Other Business**

Jamie reported that the MX has identified some Rules that require changes, and will therefore be added to the LRWG list of issues. The MX currently has an individual on the OWG; a representative for the LRWG will be sought.

Jamie reported that the MFDA has agreed to join the LRWG and will do so for the next meeting.

Max suggested that IIROC also look at Universal Market Integrity Rules (“UMIR”) to check for potential amendments. Brian Choy of Morgan Stanley suggested that UMIR Rule 7.10 and 1.1-30 [definition of Special Terms Order, s. (c)(i)] be examined. Answerd agreed to add this to the IIROC list.

#### **6. Next Meeting – Thursday Jan. 14, 2016 @ 11am ET (8:00 AM PT)**

### **List of Attendees**

BCSC	Barinder Sidhu
BCSC	Meg Tassie
Broadridge	Pratika Paliwal
CCMA	Keith Evans
CCMA	Jamie Anderson (Chair)
CIBC	Julia Tomson
CIBC	Terry Moore
Computershare	Lara Donaldson
First Asset	Ted Kelterborn



GMP Securities	Joe Riga
GMP Securities	Harold Walton
IFIC	Charles Wang
IIROC	Answerd Ramcharan
Morgan Stanley	Brian Choy
National Bank	Jean-François Caron
Northern Trust	Scott Kelly
OSC	Max Paré
TD	Brandon Buckley
TD	Rob Candido
State Street	Rose Mark