

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

Agenda

January 28, 2016 - 11:00 PM ET (8:00 AM PT)

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| 1. Approval of the Jan. 14, 2016 meeting minutes | | Jamie Anderson |
| 2. Matters rising from the Jan. 14, 2016 meeting minutes | | Jamie Anderson |
| 3. Update on Steering Committee meeting / closed issues | | Jamie Anderson |
| 4. Review of Open Issues | | |
| (a) Clearing | FundServ (#002) | Charles Wang |
| Agencies | | |
| (b) National | 81-102 (#004); 81-104 (#014) | Charles Wang |
| Instruments | 24-101 (# 005) | Keith Evans |
| (c) Investment | Fund Prospectuses (# 013) | Charles Wang |
| Funds | | |
| (d) SRO | IIROC (#025 Standard Agreements with dealers) | Answerd
Ramcharan |
| (e) Insurance | Segregated Funds (#007) | Charles Wang |
| (f) ATS's | Candeal (# 054) | Debra MacIntyre |
| | EquiLend (#055); Liquidnet (#057); TriAct (#058);
Bloomberg (#059); CBID (#060) | Jamie Anderson |
| 5. Issues completed to report to T2SC for approval | | Jamie Anderson |
| 6. Update from CEWG | | Keith Evans |
| 7. Other Business | | |
| 8. Next Meeting – Thursday Feb. 11, 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

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

Jamie Anderson welcomed all to the LRWG meeting. A role call was taken and the attendees are listed at the bottom of the minutes.

1 Approval of the December 17, 2015 meeting minutes

Jamie Anderson

There were two changes requested to be made to the minutes of December 17, 2015. The first was on the top of page two under the IIROC section, where 'any proposed changes' is to be inserted after the words 'will be reviewing' at the end of the third sentence. The second is also on page two under the Custodians section, where it was determined to delete the sentence that starts 'Additionally, the

The minutes were approved with these two changes.

2 Review of Open Issues

A) Clearing Agencies:

Johann Lochner provided the CDS update on behalf of Fran Daly. Johann reported that CDS has determined no Rule changes will be required. However, CDS has identified various procedures that will require changes (as outlined in CDS's white paper). There may be additional procedure amendments depending on the industry's direction with respect to the operational aspects of National Instrument 24-101. The procedure amendments will be tabled with CDS's Strategic Development and Review Committee for approval in in Q1 of 2017 and subsequently to CDS's regulators for approval, in time for implementation with the conversion to T+2 in Q3-2017.

Charles Wang from IFIC reported that the Mutual Funds Sub-Working Group (of OWG) has not yet completed its review of the FundSERV Rules and associated processes and systems. The next meeting of the Mutual Funds Sub-Working Group is scheduled for January 26th.

Consequently, a more complete update should be available for the next LRWG meeting. There was a discussion as to whether FundSERV rule and procedure amendments need to follow a

similar regulatory approval process as CDS. Max Pare of the OSC noted that FundSERV is a recognized clearing agency pursuant to the Ontario *Securities Act* and may be required to follow a similar process.

Keith Evans provided an update on behalf of the CDCC representative who was unable to attend the meeting. Keith reported that CDCC has completed the review of its Rules and Procedures. The changes required to be changed to support T+2 have been identified, and will be submitted for regulatory approval within the timelines needed to support the implementation of T+2 in 2017.

B) National Instruments

Charles Wang of IFIC reported that the review of 81-101, 81-102, and 81-104 is also being undertaken by the MFSWG. Jamie Anderson advised that his review of NI 81-101 indicated that no amendments were necessary. Charles confirmed that was his view as well and would advise before the T2SC meeting scheduled for January 21. For NI 81-102, section 9 has been tagged as requiring changes. NI 81-104 has yet to be reviewed. A more full report should be available after the meeting on January 26th.

Keith Evans reported that NI 24-101 is one of four High Priority items for the OWG. Keith said that he expected that this issue would be completed and a recommendation submitted by the end of April 2016. Generally, the prevailing view is that the operational parameters of NI 24-101 do not need to be amended to achieve a successful transition to T+2. Joe Riga of GMP agreed but did note that the matter of “foreign trades” would need to be further considered.

C) Investment Funds

Charles Wang of IFIC reported that the review of fund prospectuses is also being completed by the MFSWG. It is expected this review would take two months. A more full report should be available after the meeting on January 26th.

D) Insurance Funds

Charles Wang of IFIC reported that this review is also being completed by the MFSWG. A more full report should be available after the meeting on January 26th. Jamie Anderson noted that his analysis of the CLHIA IVIC Guidelines did not identify any required amendments.

E) Exchanges

Cindy Petlock from Aequitas reported the issue log has recorded various potential changes for Aequitas' trading and policy manuals. Aequitas will be double-checking to determine whether the list of potential amendments is complete.

There was a general discussion of the timing to the submission of the rule/procedural changes for regulatory without a definitive implementation date. Max Pare of the OSC noted that an exact T+2 date has not yet been disclosed by the U.S. Keith advised that an exact date determination is likely to be made in Q2-2016 and that the CCMA would post the date. The OSC has not discussed the matter as to the timing of submission for proposed amendments. There is a CSA working group for T+2 but the terms of its mandate is still under discussion. Cindy noted that the classification of the amendments should also be agreed in advance (i.e. whether of a housekeeping/technical nature or otherwise). Max suggested that the CSA could take the matter under advisement.

Cindy asked whether the regulators have provided any commentary for the industry. Max advised that the CSA staff published a notice (24-312) in April 2015 regarding T+2. The OSC staff surveys of the industry indicated that Canada would need to move to T+2 at the same time as the U.S. Keith noted that the Communications and Education Working Group would provide an update regarding communications at the next LRWG. Max suggested that in the absence of doubts as to whether Canada needs to move to T+2 at the same time as the U.S., there is no reason to have a public consultation on this point. Max also suggested it would be useful for the CCMA to expand upon and reference previous studies conducted on aligning settlement periods with the U.S. Barb Amsden noted that the CCMA has the previous studies and once the new website is launched (expected mid-February), such resources can be posted.

F) SROs

Answerd Ramcharan from IIROC reported that all identified changes (24, 25, 51, and 52) will be put into a summary analysis package and submitted to IIROC committees for consideration in early March. Once vetted, the recommended changes will be submitted to the IIROC Board on June 29, 2016. Once approved by the Board, the changes will be issued for comment in July.

Paige Ward from the MFDA reported that the MFDA has no Rule changes nor is required to make any systems changes with regards to T+2. MFDA Rule 5.4.3 provides that the settlement date must be included on trade confirmations but does not set the settlement period. If the MFDA member has acted as principal or agent in connection with a trade, the MFDA member is

responsible for providing the confirmation (including the settlement date), unless the fund manager sends the confirmation. However, the fund dealer does not originate the settlement date that populates the confirmation; rather that comes from the settlement process/system. There was some discussion as to whether this meant that only FundSERV produces the settlement date (i.e. does FundSERV settle every mutual fund trade). It was agreed that the MFSWG would need to report back to the LRWG on this point. Paige also noted that the investment fund managers are regulated by the securities commissions/authorities). She did report some internal procedural changes will need to be made with respect to MFDA member compliance (sales compliance reviews). The LRWG agreed that the issue log would be kept open with respect to the MFDA internal procedural change.

G) ATSs

Jamie reported that he had communicated with all of the ATS's and has spoken with approximately half of them He has researching their websites and regulatory publications. For the ATS publicly available subscriber agreements, there are no apparent required amendments. He said that he hopes to speak with all of the ATS's over the coming weeks. Debra MacIntyre of CanDeal.ca Inc. advised that she will review CanDeal's subscriber agreement and other documentation to determine whether any changes are required. Additionally she will advise whether CanDeal has any systems or parameter changes required for T+2. Jamie also noted that TMX Select appears to have ceased operations (as per the IIROC website). Jamie will follow up on this matter.

3 Issues completed to report to T2SC for approval

Jamie Anderson

Jamie reviewed the Issue List for items to be closed. The following issues will be reported to the next T2SC for approval: LRWG – 006, 008, 023, 053, 062. Item 015 is pending closure with confirmation o be obtained from the TMX.

4 Other Business

Answerd Ramcharan from IIROC noted that UMIR section 7.10 did not need any amendments. Jamie Anderson agreed and advised that the issue log 052 had been documented as such.

5 Next Meeting – Thursday Jan. 28, 2016 @ 11am

Jamie thanked everyone for their attendance and input. The meeting was then closed.

List of Attendees

Aequitas	Cindy Petlock
AMF	Martin Picard
AMF	Anna Tyiec
BCSC	Meg Tassie
CanDeal	Debra MacIntyre
CCMA	Keith Evans
CCMA	Barbara Amsden
CCMA	Jamie Anderson (Chair)
CDS	Johann Lochner
CGI	Margaret Stephens
CIBC	Terry Moore
GMP Securities	Joe Riga
GMP Securities	Harold Walton
IFIC	Charles Wang
IIROC	Answerd Ramcharan
MFDA	Paige Ward
MFDA	Laura Miliken
Morgan Stanley	Brian Choy
Northern Trust	Scott Kelly
OSC	Max Paré
State Street	Rose Mark
State Street	Christen Henry