

## T+2 Legal & Regulatory Working Group (LRWG)

### Agenda

**Wednesday September 21, 2016 - 11:00 AM ET (8:00 AM PT)**

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|---|----------------|
| 1. Approval of the August 24, 2016 meeting minutes          | Jamie Anderson |
| 2. Matters arising from the August 24, 2016 meeting minutes |                |
| 3. Update from T2SC meeting August 25, 2016                 | Jamie Anderson |
| 4. Review of Open Issues                                    |                |

(a) National Instruments	NI 81-102 Investment Funds s. 9, s. 10 (#004) NI 81-104 - Commodity Pools s. 6.3 (#014) - Update re: letter to Investment Funds Branch	Charles Wang Charles Wang
(b) Insurance	Segregated Funds CLHIA Guideline (#007) - Update re: letter from CLHIA confirmation in writing	Charles Wang
(c) National Instruments	NI 24-101 Request for Comment CSA Consultation Paper 24-402 Policy Considerations for Enhancing Settlement Discipline in T+2 environment	Max Paré

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| 5. Issues to recommend to T2SC for closure         | Jamie Anderson |
| 6. Other Business                                  |                |
| 7. Next Meeting – Thursday October 27, 2016 @ 11am |                |

### Conference Details

Local Dial-in (416) 933-8665 Toll-free Dial-in: 1-888-402-9166 **Conference ID:** 7312646#

## Minutes

**Wednesday August 24, 2016 - 11:00 AM 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 end of the minutes.

**1. Approval of the July 21, 2016 meeting minutes<sup>1</sup>**

**Jamie Anderson**

The minutes were approved.

**2. Matters arising from the July 21, 2016 meeting minutes**

There were no matters arising.

**3. Review of Open Issues**

**(a) National Instruments**

**NI 81-102 Investment Funds s. 9, s. 10 (#004)**

**Charles Wang**

Charles reported that IFIC will write to the Investments Funds branch of the OSC in the next two or three weeks on this matter requesting the amendments. The IFIC internal process will take approximately two weeks and then it will go to the OSC.

Jamie asked if the Investments Funds branch of the OSC is taking the lead on these amendments on behalf of the CSA. Charles noted there is a member from the Investments Funds branch of the OSC (Abid Zaman) that sits on the Mutual Fund Working Group. Charles advised he planned to write to Abid directly. Abid would presumably refer the matter to the CSA.

**NI 81-104 Commodity Pools (#014)**

**Charles Wang**

Charles advised that this will be addressed in the letter written to the Investment Funds Branch of the OSC.

**(b) Insurance**

**Segregated Funds CLHIA Guideline (#007)**

**Charles Wang**

Jamie noted that at the last meeting it was reported that Peter Goldthorpe of the CLHIA (who sits on the Mutual Fund Working Group) had advised that a formal letter will be drafted advising no changes are required. Keith Evans noted the CHLIA letter is on the MFWG agenda and that the CLHIA had

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<sup>1</sup> [link to be added]

not yet completed the internal review in order to draft the letter. The CHLIA plans to complete the review and letter by the next MFWG meeting on Tuesday September 20, 2016.

Charles advised any systems changes will be tracked by the MFWG. Most segregated funds will be moving to T+2.

### **(c) Investment Funds**

#### **Prospectuses and contracts (#013)**

**Charles Wang**

It was previously reported that when Fundserv publishes T+2 information for its users, a reminder will be included that strongly encourages entities review their prospectuses and practices regarding MFDA requirements for settlement date inclusion on trade confirmations.

Charles advised that the regulators have also provided a notice to all registrants (CSA Staff Notice 24-312 *Preparing for the Implementation of T+2 Settlement* issued April 2, 2015).<sup>2</sup>

Jamie noted that at the last meeting, concern as to how to obtain full coverage across all investment funds was raised. At that meeting, Barb Amsden had advised that she has approached a hedge fund association AIMA (Alternative Investment Management Association). Jamie requested that the members of the LRWG suggest any associations or otherwise with a view to maximizing the communications regarding T+2.

### **(d) National Instruments**

#### **NI 24-101 Request for Comment**

**Max Paré**

Max was unable to attend but has committed to speaking to this issue at the next LRWG meeting.

Jamie noted that the proposed changes included the T+2 recommendations from the LRWG. There are also various changes for matching service utilities, including a change from an audit plan for systems to an independent systems review report. He advised that the Companion Policy did have a number of changes as well.

There is also a Staff Notice 24-402 "*Policy Considerations for Enhancing Settlement Discipline in a T+2 Settlement Cycle*" that should be reviewed.

Charles asked whether the CCMA would be writing a comment letter. Keith reported that the T2SC would determine if the CCMA should be responding on behalf of the industry, or if individual firms will be submitting directly.

Dragica noted that Jack Rando at the IIAC was soliciting feedback on the behalf of investment dealers. Keith advised that the IIAC is determining whether there is interest amongst the investment dealers to form a working group to respond to the request for comments.

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<sup>2</sup> [http://www.osc.gov.on.ca/en/SecuritiesLaw\\_sn\\_20150402\\_24-312\\_t2-settlement.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_sn_20150402_24-312_t2-settlement.htm)

Keith also noted that the CSA Staff Notice pertained to settlement failures as opposed to T+2. Jamie advised that if certain comments warranted an exploration of changes for settlement discipline, a further request for comments would likely follow but this would not impact the T+2 initiative.

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

**Jamie Anderson**

The following issue logs were accepted for tabling with the T2SC for consideration for closure:

- LRWG – 022 Nodal Exchange LLP
- LRWG – 044 Nodal Clear LLC

Nodal Exchange trades financially settled electricity and natural gas contracts, all of which are cleared through Nodal Clear. Both Nodal Exchange's and Nodal Clear's primary regulator is the CFTC in the U.S. Initial and variation margin (in immediately available funds) are required for the trades, with variation margin calls being twice per day. These contracts do not currently trade on a T+3 basis and are not impacted by a move to T+2.

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

There was no other business.

#### **6. Next Meeting – Wednesday September 21, 2016 @ 11am**

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

### **List of Attendees**

Bloomberg Tradebook	Ed Moran
Bourse de Montréal	Jean-Philippe Joyal
Bank of Nova Scotia	Dragica Grbavac
CCMA	Jamie Anderson (Chair)
CCMA	Keith Evans
CGI	Margaret Stephens
Chi-X	Matt Thompson
CIBC	Terry Moore
CIBC	Julia Tomson
CIBC Mellon	Dina Zivanovic
CIBC Mellon	Carol Revoredo

Fidelity	Joanne Taylor
IFIC	Charles Wang
IIROC	Answerd Ramcharan
Morgan Stanley	Brian Choy
National Bank	Wayne Warner
Questrade	Andrew Morris
RBC	Yvonne Chang
TD	Sasi Chacko
TSX	Mark Jarrett