

## T+2 Legal & Regulatory Working Group Agenda

**Thursday June 8, 2017 - 11:00 AM ET (8:00 AM PT)**

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|--|----------------|
| 1. Approval of the May 11, 2017 meeting minutes          | Jamie Anderson |
| 2. Matters arising from the May 11, 2017 meeting minutes |                |
| 3. Update from T2SC meeting held May 25, 2017            | Jamie Anderson |
| 4. Ex-dates  |                |
| 5. Review of Open Issues                                 |                |

(a) Clearing Agencies	CDS – (#001)	Johann Lochner
(b) SROs	<ul style="list-style-type: none"> <li>• IIROC – (#024; #051; #052)</li> <li>• MFDA – (#026) - Sales compliance procedures</li> </ul>	Answerd Ramcharan Paige Ward
(c) Exchanges	<ul style="list-style-type: none"> <li>• Aequitas NEO (#011; #050)</li> <li>• Bourse de Montréal (#012)</li> <li>• TSXV Corporate Finance Manual (#031)</li> <li>• CSE (#010; #030)</li> </ul>	Cindy Petlock Martin Jannelle Mark Jarrett Jamie Anderson
(d) Investment funds not covered by NI 81-102	<ul style="list-style-type: none"> <li>• Scholarship Plans (#033)</li> <li>• Pooled Funds (#035)</li> <li>• Investment funds that are not reporting issuers (#066)</li> <li>• Labour Sponsored Investment Funds (#067)</li> </ul>	LRWG
(e) NI 62-104	<i>Takeover Bids and Issuer Bids</i> (#064)	LRWG

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|---|----------------|
| 6. Issues to recommend to T2SC for closure  | Jamie Anderson |
| <ul style="list-style-type: none"> <li>• LRWG-048 Crowdfunding Portals</li> </ul> |                |
| 7. Other Business   |                |
| 8. Next Meeting – Thursday July 6, 2017 @ 11am                                    |                |

### Conference Details

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

## Minutes of Thursday May 11, 2017 - 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.

### 9. Approval of the April 13, 2017 meeting minutes<sup>1</sup>

Jamie Anderson

The minutes were approved.

### 10. the April 13, 2017 meeting minutes

Matters arising from

There were no matters arising.

### 11. meeting held March 22, 2017

Updates from T2SC  
Jamie Anderson

Jamie reported on items reported to the T2SC that were not previously discussed at the last LRWG meeting:

#### US

- The SEC has issued the final set of rules in support of T+2 (including the implementation date of September 5, 2017).
- The US is in Cycle 5 of its 14 two-week testing cycles.
- The most recent readiness survey indicates excellent preparations by the industry.
- UST2 ISC expects to issue an implementation plan in May or June.

#### Ex-date of September 5, 2017

CDS, DTCC, and CCMA have had discussions regarding ex-dates. A document will be prepared with scenarios and impacted transactions. Notwithstanding the exchanges' efforts to avoid an ex-date falling on September 5, the industry should be prepared in the event such occurs.

#### OTC Derivatives

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<sup>1</sup> <http://ccma-acmc.ca/en/wp-content/uploads/LRWG-MeetingPackage-2017-April-13.pdf>.

ISDA has done a survey regarding T+2 impact on OTC derivatives; waiting for ISDA to provide more information. The impact seems to be around the potential for repapering the derivative's agreements.

## **CCMA**

Newsletter #8<sup>2</sup> has been issued and a new set of FAQs<sup>3</sup> has been posted to the CCMA website. A special edition of the newsletter (issue #9) covering the CSA notices (NI 24-101 and NI 81-102) is expected to be released May 12.

## **Closed LRWG Issue Logs**

LRWG - #013 (Investment Funds – Prospectuses & Contracts).

### **12. Issues**

### **Review of Open**

#### **(a) SROs**

##### **IIROC (#024; #051; #052)**

Answerd Ramcharan

Answerd was unable to attend. The IIROC proposed amendments are in the regulatory approval phase.

#### **(b) Exchanges**

##### **Bourse de Montréal (#012)**

**Martin Jannelle**

Martin advised that the MX and CDCC have received the necessary board approvals for their proposed rule amendments. At the request of the AMF, each entity is waiting for the results of testing before delivering self-certification documentation. For CDCC, the AMF agreed with the administrative/housekeeping classification of the proposed amendments; it is expected that the same will apply for the MX proposed amendments. Testing is continuing through to the week of May 15. It is expected that self-certification of the proposed amendments for both entities will occur in June (with an effective date of September 5).

#### **(c) Investment Funds under NI 81-102 or NI 81-104**

**CSA**

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<sup>2</sup> <http://ccma-acmc.ca/en/wp-content/uploads/CCMA-T2-Newsletter-Issue-8-April-27-2017-1.pdf>.

<sup>3</sup> <http://ccma-acmc.ca/en/wp-content/uploads/Batch-7-FAQs-Final-April-27-2017.pdf>.

Nick Hawkins reported that on April 27, 2017 the CSA published a Notice and Request for Comment regarding investment funds and the transition to T+2.<sup>4</sup> The proposed amendments are in line with the CCMA recommendations in its letter sent to the CSA.<sup>5</sup> The comment period ends July 26, 2017.

Jamie noted that BC would be issuing its own notice; Nick advised that it would be substantially similar to the CSA notice.

**(d) Investment Funds not subject to NI 81-102**

**CSA**

**Scholarship Plans (#033)**

**Pooled Funds (#035)**

**Investment funds in Québec not subject to NI 81-102 (#065)**

**Investment funds that are not reporting issuers (#066)**

**Labour Sponsored Investment Funds (#067)**

Jamie reported that a request has been made by the CCMA to the industry for feedback to assist in completing the Asset List extract for these funds.<sup>6</sup> The comment period has been extended to May 31, 2017.

Feedback was received on the investment funds in Québec not subject to NI 81-102. All of these funds are out of scope regarding the T+2 transition with one exception concerning a product being managed by Desjardins (this product will be moving to T+2).

**13. report to T2SC for approval**

**Issues completed to Jamie Anderson**

- Issue Log LRWG-005 (NI 24-101 *Institutional Trade Matching & Companion Policy*) – the final rule has been issued and transition relief granted. It was agreed that the log would be tabled with the T2SC for closure consideration.
- Issue Log LRWG-065 (Investment funds in Québec not subject to NI 81-102) – (1) Investment funds organized under an *Act to establish the Fonds de solidarité des travailleurs du Québec* (F.T.Q.) (chapter F-3.2.1)<sup>7</sup>; (2) Investment funds organized under an *Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et*

<sup>4</sup> Adoption of a T+2 Settlement Cycle for Conventional Mutual Funds – Proposed Amendments to National Instrument 81-102 Investment Funds. [http://www.osc.gov.on.ca/documents/en/Securities-Category8/ni\\_20170427\\_81-102\\_investment-funds.pdf](http://www.osc.gov.on.ca/documents/en/Securities-Category8/ni_20170427_81-102_investment-funds.pdf).

<sup>5</sup> [http://ccma-acmc.ca/en/wp-content/uploads/CCMA\\_Letter\\_to\\_the\\_CSA\\_re\\_NI81-102\\_Investment\\_Funds\\_and\\_T2%E2%80%93February\\_5\\_2017.pdf](http://ccma-acmc.ca/en/wp-content/uploads/CCMA_Letter_to_the_CSA_re_NI81-102_Investment_Funds_and_T2%E2%80%93February_5_2017.pdf).

<sup>6</sup> <http://ccma-acmc.ca/en/wp-content/uploads/Asset-List-re-Investment-Funds-February-22-2016.pdf>

<sup>7</sup> <https://www.fondsftq.com/en/accueil.aspx>.

*l'emploi* (chapter F-3.1.2)<sup>8</sup>; and (3) Investment funds organized under an *Act constituting Capital régional et coopératif Desjardins* (chapter C-6.1)<sup>9</sup>. These funds are not moving to T+2 (aside from one product managed by Desjardins). It was agreed that the log would be tabled with the T2SC for closure consideration.

#### 14. Other Business

A follow-up inquiry was made to the UST2 ISC regarding potential rule amendments for entities with a U.S. primary regulator. There are nine issue logs under consideration.

##### **Rule amendments appear to be required for these entities:**

- LRWG - 041 - ICE Clear Credit LLC [Rule 2206. Fallback in Respect of Non-Deliverable Obligations; Cash Settlement; Ice Clear Credit Delivery Procedures section 4. Delivery of non DVP obligations and physical settlement amounts (3)]
- LRWG - 042 - LCH.Clearnet Limited [Procedures Section 2E. LCH EnClear Clearing Service 1.13.2 OTC Emissions Delivery for Forward Contracts]
- LRWG - 046 - Options Clearing Corporation [Rules 901(d); 903; 2209A(a) and (d); 2502 under review by UST2 ISC; Rules 1302; 1302B; 1503 may require changes]

##### **Rule amendments are unknown by the CCMA for these entities:**

- LRWG - 047 - SS&C Technologies Canada Corp.
- LRWG - 063 - OneChicago, LLC

##### **Rule amendments do not appear necessary for these entities:**

- LRWG - 017 - CME, CBOT, COMEX, NYMEX ("CMEG")
- LRWG - 020 - ICE Futures US
- LRWG - 034 - Chicago Mercantile Exchange Inc.
- LRWG - 038 - CLS Bank International

#### Tender Offers

The UST2 ISC was also asked about the payment process for tender take-up in the U.S. which requires prompt payment.<sup>10</sup> In Canada, the rules allow three days for payment. As CDS and DTCC are changing the settlement restrictions on the tender deposit part of the transaction, the question is whether the payment process should be reduced to a maximum of two days.

#### Peru

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<sup>8</sup> <http://www.fondaction.com/english.php>.

<sup>9</sup> <http://capitalregional.com/en/>.

<sup>10</sup> *Securities Exchange Act* s. 14(3-1); s. 13e-4(f)(5).

It was noted that Peru has unofficially announced it will transition to T+2 on September 5, 2017.

**15. Next Meeting – Thursday June 8, 2016 @ 11am**

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

**List of Attendees**

AMF	Chantal Eclair
Bloomberg Tradebook	Ed Moran
BNS	Ian Graham
Canaccord	John Coyle
Canadian ETF Association	Jessica Stern
CCMA	Barb Amsden
CCMA	Jamie Anderson (Chair)
CIBC	Terry Moore
CIBC Mellon	Dina Martinovic
IFIC	Charles Wang
Instinet	Leo Drori
MD Financial Management	Alexandre Dearham
	David Gormley
Morgan Stanley	Brian Choy
MX/CDCC	Martin Jannelle
NBC	Wayne Warner
OSC	Max Paré
	Nick Hawkins
	Tami Smith
TriAct	Kuno Tucker
TSX	Mark Jarrett