

T+2 fundserv and IFIC Working Group Minutes: Wednesday, December 2, 2015, 9 a.m. to 10 a.m.

Harry Gundy of fundserv welcomed all the attendees to the T+2 fundserv and IFIC Working Group including Charles Wang from IFIC and Keith Evans of the CCMA.

1. Regulation

The Legal & Regulatory & Compliance working groups under CCMA are currently examining whether or not any rules will need to be changed with respect to the particular investment vehicle (linked notes, HiSA's, hedge funds)

This also applies to the National Instruments, in particular 81-102. fundserv will share these findings. It should be noted that fundserv does not maintain any data on products categorized by which National Instrument they fall under.

Segregated fund carriers will have a separate discussion on their legal, regulatory and compliance requirements.

IFIC and CHLIA have been engaged to examine this further.

As the U.S. is already further along in their planning, fundserv will open a dialogue with DTCC to learn from their experience. It was noted that ICI in the US already has a working group, which is also linked to DTCC Steering Committee.

Some questions that were raised:

- (i) Do fund prospectuses need to be revised for the T+3 to T+2 change?
- (ii) Can a blanket change be made or do individual funds need to refile?
- (iii) Do other fund products not sold by prospectus need to make the change in their offering documents?

2. Awareness

All fund manufacturers (fundserv or non-fundserv) need to be made aware of the change.

3. fundserv Standards

- Q. Will dealers need a new FD file (settlement date value in file) to update their systems from T+3 to T+2?**
- RBC indicated they use the Transaction Reconciliation file to confirm settlement.
 - Distributors on the Univeris platform drive the settlement process off the expected settlement date from the contract record.

*It should be noted for the above, that they have not done a complete analysis to determine whether there are any other downstream impacts to their operation.



4. Holiday Processing

The question was raised whether or not holiday processing would be impacted by the move to T+2 settlements. In addition to the system edits in place, fundserv currently provides a holiday listing on its site which indicates whether or not a holiday is a valid trade date, CAD\$ settlement date or USD\$ settlement date.

Also discussed, Remembrance Day is considered a trading day but will be a banking holiday. This applies to Canadian and U.S. dollar settlements.

fundserv sends out a communication each year in advance of Remembrance Day which indicates the proper trade and settlement dates surrounding this time period.

5. Testing

Any changes to standards/edits as a result of this change (for e.g. ICT) can be tested.

Do dealers or their back-office systems have any hard-coded components that will need to be changed and/or tested from an upstream or downstream perspective?

Mock holidays can be added to the test environment to test Holiday Processing.

Will testing be mandatory? Will it be scripted? Will sign-off be required?

Will fundserv need to set up a separate test environment?

6. Other Points Raised

- (i) In Cash Transfer (ICT) processing
- (ii) Transaction Reconciliation(TS) file delivery schedule)
- (iii) LP Rollovers
- (iv) Seg Maturity Redemptions
- (v) Possible updates to Settlement Instruction(FS) File edits (i.e. late settlement, direct redemptions)
- (vi) Fund managers could provide updated FD files to fundserv by a certain date prior to implementation as opposed to fundserv making the change on its system.

7. Working Group Membership

If you would like to join this working group, please send an email with “T2” in the subject to: working.groupcoordinator@fundserv.com and provide your name, contact info, company and nature of business (e.g. vendor, manufacturer, dealer, distributor, SRO etc.).

8. Next Meeting

The next meeting will be held **Tuesday, January 26th, 2016 from 10:30 a.m. to 12:00 pm ET**. A meeting invite will be sent.