

T+2 Working Group Minutes: Wednesday, August 16, 2017, 2 p.m. to 3 p.m. ET

BUSINESS

1. Contingency Plan Discussion

Members discussed the potential of a roll back should there be any issues or should the U.S. decide not to follow through with shortening by one business day the standard settlement cycle for various investment products from a three-day settlement cycle (T+3) to two days (T+2). Short of a power failure, members did not see any need for a roll back. It was also noted that the Securities and Exchange Commission decided on March 22, 2017 to support the amendment to shorten the settlement cycle. A decision from the Canadian Securities Administrators soon followed on April 27, 2017, publishing two [notices](#) outlining amendments to support the transition consistent with the United States.

Fundserv indicated it could take an image of the fund database before the changeover on the afternoon of Friday, September 1st should it be required.

2. Settlement Period CSV file

As part of Fundserv's high level [T+2 strategy document](#) published in October of last year, Fundserv documented that it would "...leverage a new .csv file consisting of three (3) values (at the minimum): Fund Management Code, Fund Identifier and Settlement Period. This will be made available on Fundserv's customer site (same location as #2). A communication will be sent out on the Friday evening of the implementation weekend when it becomes available". In order to simulate this behaviour, Fundserv produced a similar settlement period .csv file during both of the test mock cycles.

At the meeting, some members expressed the need for having this file at least a week prior to the transition weekend for various reasons related to their business. Fundserv advised members that a report was being maintained on those that did provide an update to their fund profiles (particularly settlement period changes from "3" to "2") with an effective date of September 5. However, as of this meeting, not all manufacturers had provided to Fundserv their updates by the agreed-upon date of August 1st due to a variety of reasons: fund changes, launches, name changes, etc. Additionally, it was noted that not all T+3 funds would be moving to T+2, although the majority – including those governed under National Instrument 81-102 and most segregated funds – would be.

After some discussion, Fundserv agreed to publish a report on its secure site with those updates it has to-date with a disclaimer that some members have yet to make changes and that the changes are not reflective of what has been processed into the Fundserv fund database.

3. T+2 Reminders

Members were made aware of a couple of items that are related to the T+2 transition weekend. Please see "[T+2 Reminders](#)" at the end of this document.

Fundserv will add these to the T+2 Transition Weekend page here:
https://estandards.fundserv.com/secure/english/test_t2_transition.shtml.

4. Other Business

- As per the T+2 Transition plan, Fundserv will be cutting off orders from 160001 (4:00:01 p.m. ET) to 190000 (7:00:00 p.m. ET) on Friday, September 1, 2017. A manufacturer member stated that some structured note redemptions have a cutoff of 130000. That means for any redemption for this type of product placed on Fundserv after 130000 on Friday September 1, 2017, Fundserv will calculate a trade date of Tuesday, September 5th and a settlement date of Friday, September 8th, because the fund is still T+3 on Friday, September 1st from 130001 to 160000.

Members offering these products should be aware that they will have from any time after the cutoff (in this example, 130001 on Friday September 1st) up until 130000 on Tuesday, September 5, 2017 to cancel and repost these trades, so that they do not fail for invalid settlement.

Fundserv will post this under T+2 Reminders on the T+2 Transition weekend site here:
https://estandards.fundserv.com/secure/english/test_t2_transition.shtml.

ACTION ITEMS

Item #	Responsible party	Item	Action	Opened	Status
1.	Fundserv	Settlement Period CSV file	Fundserv to publish an advance settlement period report indicating updates received to-date for funds moving from T+3 to T+2 as well as those funds for which we have not received any updates. Note: This report is not meant to replace the settlement period .csv file that will be provided the evening of Friday, September 1, 2017.	08/16/17	Open
2.	Fundserv	T+2 Reminders	Fundserv to post T+2 Reminders on T+2 Transition weekend site here: https://estandards.fundserv.com/secure/english/test_t2_transition.shtml	08/16/17	Open

Next Meeting

TBA

Meeting Adjourned

List of Attendees

<u>Firm</u>	<u>Name</u>	
AGF Investments Inc.	Andrew	Donen
AGF Investments Inc.	Chris	Sotiropoulos
B2B Bank	Charles	Wong
B2B Bank	Dwayne	Brandford
B2B Bank	Hugh	Cameron
B2B Bank	Jim	Giancola
BMO Financial Group	Anaida	Ghionea
BMO Financial Group	Vincenza	Riga
Broadridge Financial Solutions	Marichu	Najera
Broadridge Financial Solutions	Mike	Morgan
Canadian Capital Markets Association – CCMA	Barb	Amsden
Canadian Life and Health Insurance Association - CLHIA	James	Wood
Capital Group	Selina	Lu
CGI	Margaret	Stephens
CGI	Mike	Trieu
CI	Zubair	Hotewala
CIBC	Joe	Moroniti
CIBC Mellon	Carol	Revoredo
CIBC Mellon	Dina	Martinovic
CIBC Mellon	Nick	Crate
Credential Financial	Tom	White
Desjardins	Anna-Maria	Bonacci
Equitable Life of Canada	Dave	MacColl
Fidelity	Mohammad A	Sheikh
Fidelity Clearing	Rob	Argue
Fidelity Clearing	Robin	Singh
Franklin Templeton	George	Gin
Fundserv	Alex	Wong
Fundserv	Fatima	Jafri
Fundserv	Jenn	Paddle
Fundserv	Kyle**	Bedeau
Fundserv	Rick	Ambrozic
Fundserv	Russ*	White
Fundserv	Sean	Dunlop
IFDS	Blair	Munn
IFDS	Millicent	Asiamah
IFDS	Steve	Benham
IFDS	Tony	Tomasone
IFDS	Winston	Lau
IFIC	Charles	Wang
Manulife	Bill	Devolin



Manulife
National Bank of Canada
RBC DS
RBC Investor Services & Trust
RPM Technologies
RPM Technologies
TD
TD
Univeris
*Chair
**Minutes

Donna	Watson
Sylvie	Paradis
Karen	Grant
Henderson	Leacock
Caroline	Gray
Pauline	Barter
Andrew	Cook
Michael	Kenny
Robert	Wagner

T+2 Reminders

➤ Fund Setup (FD) “End of Day” and Load Confirmation (FC) files distribution

During the T+2 mock testing, Fundserv realized that there may be an issue with the distribution of these files over the T+2 transition weekend. On July 28th, Fundserv sent the message below to its distributor members. A reminder was sent on August 9th.

Important Notice: FD and FC file distribution – Distributor response required

At the end of each business day Fundserv distributes hundreds of FD and FC files (detailed below) to distributor and intermediary members. Over the v27 implementation weekend and during the T+2 Mock cycles, Fundserv recognized that this distribution process can be very lengthy, potentially delaying the timeline for distributors to load funds into their databases. We believe there is a large number of distributor and intermediary members set up in our database to receive these files, even though they may not actually be using them.

To reduce any impact this distribution could have on day end processes, and in particular on the T+2 transition weekend taking place over the weekend of September 3, 2017, Fundserv is taking the initiative now to ensure that only distributors and intermediaries that use the files will continue to receive them.

Please send an e-mail to Technical Support at tech@fundserv.com and include your dealer code or intermediary code, as well as which files you require out of the following options:

- A) Neither the Fund Setup Request end-of-day (FD) file; nor the Fund Confirmation (FC) file
- B) Only the Fund Setup Request end-of-day (FD) file
- C) Only the Fund Confirmation (FC) file
- D) Both the Fund Setup Request end-of-day (FD) file and the Fund Confirmation (FC) file.

For any distributors or intermediaries who do not respond by August 15, 2017, we will default to option A - Neither the Fund Setup Request end-of-day (FD) file; nor the Fund Confirmation (FC) file

Fund Setup Request (FD file) - End of Day

At the end of each business day, Fundserv forwards to recipients copies of Fund Setup Request files received that day. The files contain only successfully validated records and are intended to provide distributors and intermediaries with notice of upcoming fund database changes. The file does not detail changes that have been applied to the fund database (see Fund Confirmation).

Fund Confirmation (FC file)

The Fund Confirmation file contains changes that have been applied to the Fundserv fund database on a particular effective date. The Fund Confirmation file is formatted with the same layout as a Fund Setup Request file.

A distributor or intermediary who elects to receive Fund Confirmation files will receive a file at the end of the business day for each manufacturer which has sent Fundserv updates to the fund database.

➤ **Net contracts**

A manufacturer member participating in the T+2 mock cycles, noticing that their net contracts submitted over the transition weekend were being rejected for invalid settlement date, notified Fundserv.

From time to time, manufacturers may place orders on their platform and submit a Net Contract (i.e., a contract for which there is no matching TFS order) in the Settlement Instruction (FS) file.

Settlement Date validation for a Net Contract is based on the settlement period of the fund profile (e.g., T+2) at the time the contract is received.

Note: For Net Matched, Settlement Date **must** be the same as the calculated settlement date of the order on the day it was placed (exception: when the fund is changed on a matching contract).

Scenario	Friday, Sept. 1 st before 4 p.m. (Fund is T+3 in the fund database)	Friday, Sept. 1 after 4 pm (Fund is now T+2 in the fund database)
Net Matched Contracts	TFS order received for trade date Sept 1 st . Trade is stamped with T+3 settlement by Fundserv.	Net Matched contract received from manufacturer. Settlement period must be T+3 to match the TFS order settlement.
Net Contracts	Manual order placed at manufacturer for trade date Sept 1 st . Order is not placed through Fundserv TFS.	Net Contract received from manufacturer. Settlement period must be T+2 to match the fund profile; otherwise, Fundserv will reject it with an FK file for invalid settlement date (e.g., if net contract was incorrectly populated as T+3).

➤ **Fundserv Standards T+2 Transition Weekend Plan**

Our plans for supporting the transitioning to T+2 on the weekend of September 1-3, 2017 are detailed below. All times are Eastern.

- Weekend Support
- TFS Orders and Responses
- File Forwarding System (FFS)
- Fundserv Services Web Screens
- Fund Setup Files (FD)/Product Update Files (MD)
- Fund List (XML)
- Weekend Schedule
- Inquiries
- Non-Financial Updates
- Testing Information
- Settlement Period CSV File
- Contact Information

Weekend Support

The Technical Support Helpdesk will be available on Friday until 20:00. If you require assistance or have any questions, call us:

Local:	416-362-7378
Toll free:	1-800-267-3526
After-Hours	416-819-0399 (primary)
Support:	416-723-7219 (secondary)

An email will be distributed to our regular distribution list at 20:15 on Friday providing a progress report of the transition process. If any unexpected events occur, a bulletin will be sent immediately. The distribution list includes key contacts (IT Contact, Senior Contact & Business Operations Contact) from our member database by Fundserv code.

Please contact Customer Relations at customer.relations@fundserv.com or 416-350-8310 if you would like to be added to our database or confirm these key contacts as they apply to your firm.

Weekend Schedule

Date	Time	Step(s)
Friday, Sept. 1	12:00	<p>Cut-off time for Fund Setup (FD) and Product Update (MD) files with Effective Date of September 5, 2017.</p> <p>All FD and MD files received after 12:00 will not be validated until after 19:00 and will fail if the Effective Date within the file is before September 6, 2017.</p> <p>All FD/MD Response files for files received after 12:00 will be made available after 19:00.</p>
	16:00	<ol style="list-style-type: none"> 1. All TFS orders sent after 16:00 and before 19:00 will be rejected with N99-071. 2. NFU request files will be processed. 3. All inquiry services available (batch, interactive, and Web).
	19:00	All applications online.
	After 19:00	<p>FD/MD Response files will be made available.</p> <p>Fund Setup Request FD (End of Day) and Load Confirmation (FC) Files will be made available.</p> <p>Settlement Period CSV File will be made available here.</p>
Saturday, Sept. 2 to Wednesday, Sept. 6	All day	Manufacturers should monitor Settlement Instruction (FS) Response files, in particular FKP files for settlement-related rejections.

TFS Orders and Responses

Fundserv will reject all orders placed between 16:00 and 19:00 on Friday, September 1st using reject code N99-071.

Inquiries

There will be no interruption to TFS Inquiry. TFS Inquiry will be available interactively, in batch, and through the Web.

File Forwarding System (FFS)

Fundserv will be available for pick up/delivery of all files, except for Fund Setup (FD), Product Update (MD), and related files between 12:00 and 19:00 on Friday, September 1, 2017.

Non-Financial Updates (NFU)

There will be no interruption to the NFU process.

Fundserv Services Web Screens

There will be no interruption to the Fundserv Web Services application.

Testing Information

All UAT information is available [here](#).

Fund Setup Files (FD) / Product Update Files (MD)

The cut-off time for Fund Setup (FD) and Product Update (MD) files with Effective Date of September 5, 2017 is 12:00 on Friday, September 1, 2017.

All FD and MD files received after 12:00 will not be validated until after 19:00 and will fail if the Effective Date within the file is before September 6, 2017.

All FD/MD Response files (including those for files received after 12:00 on Friday) will be made available after 19:00 on Friday.

In order to have files validated on Friday, September 1, 2017 with an effective date of September 5, 2017, the file(s) should be made available to Fundserv (ftp/sftp) no later than 10:30 on Friday, September 1, 2017.

Settlement Period CSV File

The Settlement Period CSV file will be made available after 19:00 on Friday, September 1, 2017 [here](#).

The list includes Fund Management Code, Fund Number, and Settlement Period values for all funds. Members using this file will be able to filter by Settlement Period = 2. If you would like to be advised when this file is available on the Fundserv site, please contact Technical Support at 1-800-267-3526 or at tech@fundserv.com by no later than August 15, 2017 so we can add your contact information to a distribution list.

Fund List (XML)

The Fund List file will be made available at its usual location on Friday, September 1, 2017 [here](#).

Contact Information

Any questions or concerns can be directed to tech@fundserv.com.