CCMA ACMC Canadian Capital Markets Association
Association canadienne des marchés des capitaux

ANNOUNCEMENT

One-Year Countdown Until T+1 Standard Settlement Cycle Goes Live

May 30, 2023 – This past weekend, the Canadian capital markets marked the start of the one-year countdown until launching a standard T+1 (day-after-trade) securities settlement cycle for debt, equities, exchange-traded funds (ETFs), derivatives, and certain other investment assets. The last day for trades executed to settle on our current two-day settlement cycle in Canada and the U.S. is the fourth Friday in May next year, with one-day settlement starting on the following business day – **May 27, 2024** in Canada.

The Canadian Capital Markets Association (CCMA) – the official source for T+1 information – is coordinating Canada's implementation of T+1. As the umbrella group for major systems and initiatives spanning multiple parts of Canada's capital markets, the CCMA is working closely with all major investment industry associations (see below) as well as American counterparts.

With the U.S. Securities and Exchange Commission (SEC) setting the U.S. transition date in February, Canadian and U.S. capital markets were left with 15 months to implement material changes to the securities trade-execution-to-settlement cycle. Keith Evans, Executive Director of the CCMA, said: "This change is the most complicated in cross-capital-markets history to date. It's not just about pushing a button: every part of the interconnected securities processing chain must be tested and ready across multiple participants that both compete with each other, but must also work together. Regulators, the CCMA, and industry participants all have key roles to play."

- **Role of regulatory authorities: To provide immediate regulatory certainty for industry work efforts to proceed –** The CCMA is requesting that the securities and systemic regulatory authorities provide regulatory certainty on a critical technical issue by early summer. A year ago, the CCMA and members recommended, and have since based all planning and development on, matching details of 90% of trades by 3:59 a.m. on T+1 to direct work effort across the industry. With less than a year to go, the interconnected participants in the Canadian capital markets cannot afford to restart planning to meet an earlier trade-matching threshold. Further delays in confirming the trade-matching deadline will increase T+1 implementation and systemic risk, potentially impacting financial system stability. Eliminating doubt now will best enable the industry to successfully meet the May 27, 2024 transition date; reducing risk is in the best interests of investors and of Canada and the Canadian economy.

- **Role of the CCMA: To make accurate, clear Canadian T+1 information and tools more easily available –** Given the short time until Canada's May 27, 2024 T+1 transition date, and as Canadian participants are finalizing their T+1 road maps and have started making systems/process changes, any confusion can be costly, so the CCMA has today launched:
  - **A new T+1 web portal,** with a countdown clock, to make new material easier to access.
  - **A T+1 self-assessment checklist,** so firms can benchmark their progress and make plans.
  - **A new project-oriented bulletin**, to be issued every other month on the status of industry preparations, complementing the CCMA's longstanding bi-monthly T+1 newsletters.

- **Role of industry participants: To examine and automate upstream and downstream systems and processes** – Do not expect, but rather check, whether each other party in the end-to-end trade process chain will solve the problems causing delays.

Evans added: "We're at the roll-up-your-sleeves, all-hands-on-deck stage, so that we will reach a safe T+1 landing with our U.S. counterparts in May of next year. Let's go!"

Everyone involved in T+1 that has not already done so is invited to sign up for CCMA newsletters, use the CCMA's T+1 portal, follow the CCMA on LinkedIn, and join a CCMA committee.

Industry representatives may also participate in T+1 events put on by their industry associations partnering with their members and the CCMA to successfully move to T+1.

The CCMA thanks the following associations and organizations, and their members and clients along with many others, for working together to successfully achieve the move to a T+1 settlement cycle on May 27, 2024.

Advocis

Alternative Investment Management Association (AIMA)

Association of Canadian Pension Management (ACPM)

Canadian Association of Alternative Strategies and Assets (CAASA)

Canadian Bankers Association (CBA)

Canadian Bond Investors' Association (CBIA)

Canadian Exchange-Traded Fund (ETF) Association

Canadian Life and Health Insurance Association (CLHIA)

Canadian Securities Lending Association (CASLA)

CFA Societies Canada

Federation of Mutual Fund Dealers (FMFD)

Investment Funds Institute of Canada (IFIC)

Investment Industry Association of Canada (IIAC)

Pension Investment Association of Canada (PIAC)

Portfolio Management Association of Canada (PMAC)

Security Transfer Association of Canada (STAC)

Broadridge

Canadian Securities Exchange

CBOE Global Markets

CDS

CIBC Mellon

Fundserv

LTIMindtree

Torstone

For more information, please contact:

Keith Evans, Executive Director | 416.365.8594 | info@ccma-acmc.ca | www.ccma-acmc.ca

About the CCMA

The Canadian Capital Markets Association (CCMA) is a national, federally incorporated, not-for-profit organization launched in 1999 to identify, analyze and recommend ways to meet the challenges and opportunities facing Canadian and international capital markets. The CCMA's mandate is to communicate, educate and help co-ordinate the different segments of the investment industry on projects and initiatives spanning multiple parts of Canada's capital markets. Participating under the CCMA's co-ordinating umbrella are dealers, custodians, asset managers and industry associations; exchanges and securities infrastructure entities, including The Canadian Depository of Securities Limited (CDS) and Fundserv; back-office service providers and vendors; and other stakeholders

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