

Fundserv T+1 Settlement Working Group Meeting Minutes

Date:	Thursday August 25 th , 2022
Location:	Remote - teleconference
Time:	1:00 p.m. – 2:00 p.m.

V33 Summary Item

Fundserv has officially closed the Comment Period for V33 on August 19th, 2022. Industry comments are available [here](#). The final V33 BRD will be published October 3rd, 2022. The recorded V33 BRD seminar is available by clicking [here](#).

First Home Savings Account (FHSA) Update

The latest legislation for the FHSA from CRA was updated August 9th, 2022, advising the new Account Type product will be available at some point in 2023. For more information, [click here](#).

K. Barrett noted along with systems not being ready, the government also requires specimen plans, applications and other relevant documents be submitted for FHSA accounts. IFIC is unsure of the government timelines to standardize this paperwork. Therefore, when looking at FHSA deployment timelines, there is not only a technology systems and regulatory requirements, but also documentation standards and operational changes that need to be considered.

Mandates for new IFIC T+1 Task Force

Members were reminded the T+1 Task Force was created to make a recommendation to the IFIC Board on how to respond to the CSA’s request for feedback on the requirement for changes to NI 81-102. The IFIC T+1 Task Force met August 17th, 2022 and came to the consensus that the recommendation to the IFIC Board be not to change NI 81-102 in making the change to T+1 mandatory, but instead the CSA issue guidance strongly suggesting the funds make the move. Most fund companies are expected to make the move regardless of whether the rule is change but it would save them the hardship of applying for exemptions for those who do not want to make the move like, index funds or fund of funds. IFIC pointed out that most of the mutual funds in the U.S already moved to settle on T+1 many years ago without being driven by an amended rule change, but Europe or Asia is not moving to T+1 (neither equity or mutual funds markets) so Canada’s mutual fund industry would not be an outlier. Stocks and EFTs are making the move, and the CSA will be publishing their draft rules for comment in October and the comment period will end early in the new year. Fundserv will be following the same operational plan as used with the move to T+2 in 2017.

According to the U.S. industry literature, the U.S. will move to T+1 by Labour Day 2024, but we await a final decision from the SEC.

To provide an agnostic Settlement Date Fundserv’s V34 release in June 2024 will include an update to the Standards to say T+Settlement Period instead of T+2 or T+1. This will future

proof the Standards for the eventual move to T+0. A fallback option would be a point release to the Fundserv Standards, although this could require additional work from members.

Action Items:

Action Item #1: R. White will recommend to the SSC on August 18th, 2022, to close DOT 100 - Settlement Cycle of Direct vs Wire Order for Redemptions and Switches, because there was insufficient support from the Fundserv Manufacturers Advisory Council to move forward.

Response: The SSC agreed to close DOT 100 – Settlement Cycle of Direct vs Wire Order for Redemptions and Switches as per R. White’s recommendation.

Review of Issue Log

All items in the Issue Log were reviewed and updated in the attached Issue Log.

New Business:

None.

Meeting Adjourned.

Open Action Items:

No Action Items were tabled.

Next Meeting:

The next meeting will be held on **Thursday, September 22, 2022, from 1:00PM to 2:00PM EST** by teleconference.

If you have any questions regarding the meeting invitations, or this initiative, please contact workinggroupcoordinator@fundserv.com for assistance.