

TIME TO TALK T+1

Financial centre, Montreal

(Source : Vent du sud 1129717294)

Win one (T+1, that is) for the Gipper!

While Canadian football differs from U.S. football and the Gipper is a famed American perhaps less known in Canada, there's just one goal for industry players both north and south of the border: get the T+1 ball over the 2024 endline for a touchdown. Of course, the goalpost isn't fixed: is it **Q1 2024**, as the referee Securities and Exchange Commission's (SEC's) draft rule proposes (548 days from now) or is it **Q3 2024** – the Labour Day weekend – as the U.S. industry suggests (704 days)? Just comparing a few Canadian Football League (CFL) rules with National Football League ones, some would say the Canadian game is more challenging (and dare we say exciting?), with Canadian players having farther to run, and less time to rest.

Fortunately, just as American football as we know it today took a lot from [Canadian rules](#), CCMA members can use the 176-page U.S. [T+1 Securities Industry Settlement Implementation Playbook](#) (August 1, 2022) and accompanying workbooks to help them stay in the game. Prepared by Deloitte and commissioned by the U.S. Securities Industry and Financial Markets Association (SIFMA) and Investment Company Institute (ICI), the T+1 Playbook sets out detailed tasks, timelines, dependencies, risks, and potential impacts to help American participants transition to a standard T+1 securities settlement cycle. While companies' business models, systems, processes, vendors, and infrastructure providers vary, differences between Canadian and U.S. market settlement practices are few and the questions everyone preparing to move to T+1 should ask themselves are essentially the same.

As we did for the T+2 project, the CCMA will be providing complementary support where needed. For example, Canada-specific frequently-asked questions (FAQs), Canadian checklists, and other tools will highlight any relevant differences.

Update – Canadian mutual funds and exchange-traded funds (ETFs)

The CCMA's July 31, 2022 [T+1 Asset List](#) showed that most security types available in Canada will be moving to the shorter T+1 settlement cycle in 2024, with the situation of mutual funds and the creation/redemption primary distribution of ETFs still under industry review. The CCMA expects that a large number of Canadian mutual funds – those with predominantly Canadian and U.S. investment holdings – will move to T+1, along with debt, equity, derivatives, and ETFs traded on the secondary market. Note, there also is a sizable portion of mutual funds in Canada that have non-North-American (e.g., European and Asian) holdings that may continue settling on a T+2 (or later) basis due to settlement and related funding, investment, and liquidity challenges.



Source: www.rcinet.ca/en/2015/05/14/history-may-14-1874-how-canada-created-american-football/

Did you know?		
Field size	100 x 53 1/3 yards	110 x 65 yards
Time-outs/team	6 (3 per half)	2
Downs	4 downs	3 downs



Committee Updates

All CCMA committees continue to meet monthly. For the latest from each committee, please visit the following:

- **T+1 Steering Committee (T1SC)**
- **Operations Working Group (OWG)**
- **Mutual Funds Working Group (MFWG):** Due to the as-yet-unknown T+1 implementation date, Fundserv's V34 release will include a Standards update providing for a settlement date of TradeDate+SettlementPeriod (T+SP) rather than T+1.

This future-proofs the Standards and avoids extra work for Fundserv members, whatever date is chosen to move to T+1 (and any eventual move to T+0).

- **Legal & Regulatory Working Group (LRWG)**
- **Communications & Education Working Group (CEWG)**

To learn more or join a CCMA committee, please email info@ccma-acmc.ca.



Tips & To-dos

Six months ago, we provided industry averages for trades entered and confirmed by midnight on T and asked industry participants to see what they could do to improve matching with no systems changes. The table to the right shows, for the months of February and August 2022, industry averages at the end of T and at noon on T+1. There appears to be an improvement in value confirmed by midday on T+1 (but global events, month-/quarter-ends, and holidays affect trade-entry and confirm rates). Only you know for sure: check your institutional trade processing stats – have you seen an improvement since February 2022?

Industry Average	Debt/Equity Trades Entered		Debt/Equity Trades Confirmed	
	% by Trade #	% by Value	% by Trade #	% by Value
February 2022 - TMX/CDS Institutional Trade Processing Statistics				
By end of T	84.6%	80.8%	39.1%	53.0%
By noon T+1	<u>10.2%</u>	<u>11.1%</u>	<u>53.3%</u>	<u>34.0%</u>
Total noon T+1	94.9%	91.9%	92.4%	87.0%
August 2022 - TMX/CDS Institutional Trade Processing Statistics				
By end of T	83.0%	80.8%	38.4%	54.6%
By noon T+1	<u>11.7%</u>	<u>11.8%</u>	<u>53.9%</u>	<u>33.4%</u>
Total noon T+1	94.7%	92.6%	92.4%	88.1%
Net Improvement / Not the Right Direction				
End of T	-1.7%	meh. 0.0%	-0.6%	1.7%
Noon on T+1	-0.2%	0.7%	meh. 0.0%	1.1%



Tools

Visit the CCMA's [Frequently Asked Questions](#): recent additions include:

- When will CDS release a T+1 white paper, impact assessment, roadmap, and business requirements document?
- Will there be changes in the calculation of the Canadian ex-date for corporate action events in a T+1 environment?
- Will Canada's buy-in process (the requirement to acquire securities to fulfill an investor's purchase order if securities are not on hand or returned from securities loans) change with the move to T+1?

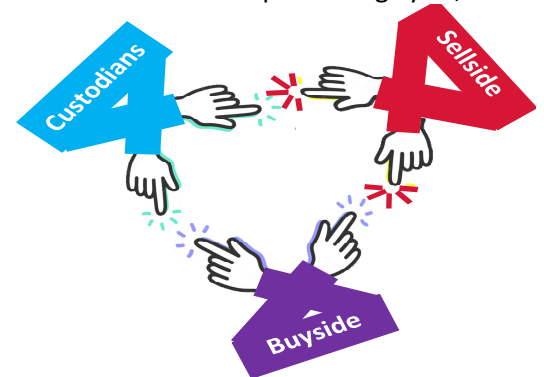


To come

- **October 25, 2022:** Advocis's in-person [Symposium 2022](#), with industry leaders from the insurance and investment sectors, prominent regulators, and Ontario's Minister of Finance to be held
- **October 26, 2022:** CCMA Executive Director Keith Evans to speak on panel at Board of Trade DTCC event for CDS members
- **Fall 2022:** We expect the Canadian Securities Administrators (CSA) to publish draft rules and/or a T+1 consultation paper for 90-day comment

From Keith Evans, CCMA Executive Director

"When you've been in the industry as long as many of us have, we may *think* we know who's to blame for delays and missteps in the end-to-end trade processing cycle, ...



... but every firm must investigate its own role *and* engage with the other two parties in the system to identify *why* there's a problem and *how* to fix it."