

CCMA Canadian T+2 Asset List

(Version July 14, 2016, updated December 1, 2016; further updates on June 19, 2017 are shown in track changes)

Investment vehicles affected by the change to T+2

On September 5, 2017, Canadian and American securities markets will move to a maximum standard settlement cycle of T+2 for investments currently settling on a T+3 basis (this continues to exclude – as is the practice today – investments settling on a ‘special-terms’ basis for the particular transaction, which is addressed bilaterally between counterparties). Below is the final list of all identified asset categories in Canada, with an indication of whether they are expected to be affected by a settlement cycle shortened from three days after trade date (T+3) to T+2.

The table below is based on a [standard securities taxonomy](#) developed by the members of the Investment Industry Association of Canada (IIAC) for cross-investment-sector use to promote consistent classification of securities in Canada. The CCMA has added two columns to the right: one identifying whether the security will be affected by shortening the standard maximum settlement-cycle from T+3 to T+2 and a second for comments, for example, migration issues, to allow us to focus efforts efficiently. Also, for convenience, sold/redeemed (in contrast to traded) securities – for example, investment funds broadly speaking, most often settled through the facilities of Fundserv – have been extracted and combined starting on page 7.

For completeness, a list of investment funds that did *not* fall under National Instrument 81-102 *Investment Funds* was circulated to CCMA members for comment in early 2017; it has been added to the Canadian T+2 Asset List below starting on page 8, with changes since the first version also identified in track changes. **Note:** Contact info@ccma-acmc.ca for a version of the asset list that is sortable by those assets impacted/not impacted by T+2 and alphabetically. Also, a U.S. asset list can be found at www.ust2.com.

If a new “security type(s)” is (are) created between the publication of this version of this list, and the T+2 go-live date of September 5, 2017, or if it becomes evident that any other changes is (are) needed, the matter(s) will be discussed with the Operations Working Group and/or Mutual Funds Working Group and, with T2 Steering Committee approval, communicated to all CCMA contacts and referenced on the website with an updated Canadian T+2 Asset List.

Note: ‘New issue’ transactions are not ‘regular-way’ settlement today, and are not expected to be subject to shortened settlement unless agreed to as ‘special terms’. Additionally, certain sales channels within a firm, or segments of a firm’s clientele, may trade and settle other assets on special or non-standard terms. As with New Issues, assets in such channels, or being acquired/disposed of by certain client segments, will not be impacted by the move to T+2.

Security Type	Description	Shorten to T+2? Yes/No	Comments
Cash and Equivalents			
1. Cash	Cash balances (regardless of currency).	NO	No change
2. Cashable Guaranteed Investment Certificates (GICs)	Only liquid GICs (redeemable) are to be included as a cash equivalent.	NO	Default settlement of GIC's is T (same day), however, parties may agree on delayed settlement conditions.
3. High-Interest Savings Accounts (HISAs)	It is assumed that all HISAs provide timely liquidity (full or partial).	NO	Already T+1 settlement
4. Money Market Funds	Includes money market exchange-traded funds (ETFs) and money market closed-end funds.	NO	Already T+1 settlement
5. Short-Term Notes	Includes all term notes, bonds or paper where term to maturity from issue date is < 1 year. This includes but is not limited to:	NO	No change
	Asset-Backed Commercial Paper (ABCP)	NO	No change
	Bankers' Acceptances	NO	No change
	Certificates of Deposit (CDs)	NO	No change
	Commercial Paper (CP)	NO	No change
	Treasury Bills (T-bills)	NO	No change
	Savings Bonds.	NO	No change
6. Other Cash and Cash-Equivalent Products	<i>For any new or unidentified products</i>		
Fixed Income			
7. Corporate Bonds	Includes corporate bonds/debentures as well as high-yield bonds and capital trust securities where the term to maturity from issue date >= 1 year.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
8. Government Bonds	Includes bonds issued from any form of government including but not limited to the following where term to maturity from issue date > 1 year:		Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
	• Municipal Bonds	YES	
	• Provincial Bonds	YES	
	• Federal Bonds – term over 3 years	YES	
	• Federal Bonds – term of 3 years or less	NO	
	• Savings Bonds	NO	Savings bonds do not trade.
9. Convertible Bonds	While at times treated as equity given they may be converted to equity, these securities should remain a unique asset class under Fixed Income until and if such a time as conversion is exercised. At the time of exercise, the holding will appear under the subtype of the security the debenture was converted into.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.

Security Type	Description	Shorten to T+2? Yes/No	Comments
10. Fixed-Income Funds	Includes fixed-income-focused:	See page 7	See page 7
	• Mutual Funds		
	• Investment Funds		
	• Pooled Funds		
	• Common Trust Funds		
	• Index-Replicating Vehicles (IRVs).		
	• Equity Closed-End Funds (CEFs)		
• Equity ETFs	YES		
• Platform-Traded Funds (PTFs)	YES		
11. Asset-Backed Securities (ABSs)	Includes mortgage-backed securities (MBSs), collateralized debt obligations (CDOs) and any other product that attracts a pool factor stemming from an iterative and ongoing return of principal.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
12. Non-Cashable Guaranteed Investment Certificates (GICs)	Any liquid (redeemable) GICs will appear under cash equivalents, and all non-liquid GICs are aligned in this sub-type under Fixed Income.	NO	GIC instruments do not current trade on a three-day settlement basis and therefore are not affected by the transition to T+2. Note: Market-linked GICs are expected to settle on T+2 if currently settling on T+3
	<u>Market-linked GICs</u>	YES	
13. Strips, Coupons and Residuals	Any interest portion or non-principal-based portion of a bond that can be and is segregated from the initially offered bond product and sold separately.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
14. Other Fixed Income Products	<i>For any new or unidentified products</i>		
Preferred Shares			
15. Preferred Shares	Company stock with dividends that are paid to shareholders before common stock dividends are paid out. In the event of a company bankruptcy, preferred stock shareholders have a right to be paid company assets first. Preference shares typically pay a fixed dividend, whereas common stocks do not. And unlike common shareholders, preference share shareholders usually do not have voting rights.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
16. Convertible Preferred Shares	A preferred share with a convertible feature should remain a preferred share sub-type until (and if) such a time as conversion is exercised, at which point the resulting holding will appear under the proper sub-type for the security now held after conversion.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.

Security Type	Description	Shorten to T+2? Yes/No	Comments
Equity			
17. Common Shares	Industry standard common stock where the unit represents a percent ownership in a corporation.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
18. Equity Funds	Includes:	See page 7	See page 7
	<ul style="list-style-type: none"> • Equity Mutual Funds • Equity Index-Replicating Vehicles (IRVs) 		
	<ul style="list-style-type: none"> • Equity Closed-End Funds (CEFs) 	Yes	
	<ul style="list-style-type: none"> • Equity ETFs 	Yes	
	<ul style="list-style-type: none"> • Platform-Traded Funds (PTFs) 	Yes	
19. Rights	A certificate that permits the owner to purchase a certain number of shares, or, frequently, a fractional share of new stock from the issuer at a specific price.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
20. Warrants	A security that gives the holder the right to purchase securities (usually equity) from the issuer at a specific price within a certain time-frame.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
21. Units	Represents products sold as a 'unit', which includes bundled stock and warrants, etc.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
22. Trust Units	All units structured under a trust deed but excluding real estate investment trusts (REITs) as they are reported under a unique sub-type.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
23. Limited Partnership Units (LPUs)	An ownership unit in a publicly traded limited partnership, or master limited partnership (MLP) that provides the unitholder with a stake in the income generated by the partnership company.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
24. Instalment Receipts	An equity issuance in which the purchaser does not pay the full value of the issue upfront. In the purchase of an instalment receipt, an initial payment is made to the issuer at the time the issue closes; the remaining balance must be paid in instalments. Although the purchaser has	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.

Security Type	Description	Shorten to T+2? Yes/No	Comments
	not paid the full value of the issue, he or she is still entitled to full voting rights and dividends.		
25. Subscription Receipts	Shares carrying the right (but not the obligation) to be exchanged for common stock of a firm at a predetermined price and within a specified period, while simultaneously carrying the right to a dividend prior to the exchange.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
26. Real Estate Investment Trusts (REITs)	Investment vehicle similar to a mutual fund (unit trust). REITs use the pooled capital of several investors to make mortgage loans to builders or developers, or to directly invest in income-producing property that offers tax benefits in addition to interest and capital gains.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
27. Flow-Through Shares	A flow-through share is a type of common share which allows a "principal-business corporation" to transfer the tax deductions to investors, who can apply them against their personal or corporate income tax.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2. Current 'special terms' trades (other than T+3) will remain unchanged.
28. Private Shares	Non-publically traded shares that may or may not have a secondary market. Includes private placements, private equity funds, and Canadian-controlled private corporations (CCPCs)/Qualified Small Business Corporations (QSBCs).	YES Only secondary market trades	Settlement periods and terms are agreed to by both parties at the time of transaction.
29. Other Equity Products	<i>For any new or unidentified products</i>		
Balanced Mandates			
30. Balanced Funds	To avoid any mismanaged expectations for the unitholder, if a fund mandate is balanced, that is, the fund may contain a moving target allocation split across multiple sub-types (e.g., between Equity and Fixed Income) then it is best to single such holdings out through a discrete sub-type so that the end client is well aware that the holding may move between various types at any point in time.	See page 7	See page 7
Alternative Investments			
31. Physical Commodities	Direct ownership (e.g., of gold, silver, other precious metals, rare earth metals, etc.).	NO	Not a security
32. Segregated Funds	A type of pooled investment that is similar to a mutual fund, but is considered an insurance product. Proceeds received by the insurance company are used to purchase underlying assets that may cross sub-types, and then units of the segregated funds are sold to investors. Segregated	See page 7	Any transaction that currently trades on a T+3 basis will transition to T+2.

Security Type	Description	Shorten to T+2? Yes/No	Comments
	funds may guarantee a specific return over the life of the investment or upon maturity of the fund.		
33. Leveraged Investments	Investments that rely principally on leverage. That includes split capital shares, Leveraged ETFs and Inverse ETFs.	YES	Exchange-traded T+3 settlement today.
34. Derivatives	A financial instrument whose value is based on one or more underlying assets. In practice, it is a contract between two parties that specifies conditions (especially the dates, resulting values of the underlying variables, and notional amounts) under which payments are to be made between the parties. The most common types of derivatives are:		Note: Exchange-traded derivatives (options, futures, etc.) are out-of-scope for T+2, but exercises and assignments of these derivatives are <i>in scope</i> and reported to CDS for settlement and will move to T+2 if the underlying security
	• Forwards	NO	T+1 today
	• Futures	NO (see Note to right)	T+1 today
	• Options	NO (see Note to right)	T+1 today
	• Swaps		NO
35. Hedge Funds (Private)	A typically aggressively-managed portfolio of investments that uses advanced investment strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark).	NO	In Canada, the issuer of these funds publishes the settlement provisions within the Prospectus or Offering Memorandum.
36. Structured Products	Following the broad definition used by regulators such as the SEC, NASD, and NYSE that define a “structured product” as a security derived from or based on another security (including a bond), basket of securities, index, commodity, or foreign currency. Common examples include:		In Canada, the issuer of these funds publishes the settlement provision within the Prospectus or Offering Memorandum.
	• Exchange-Traded Notes (ETNs)	<u>YES but confirm</u>	
	• Principal at Risk Notes (PRNs)	<u>YES but confirm</u>	
	• Principal-Protected Notes (PPNs).	<u>YES but confirm</u>	
	• <u>Market-/Index-Linked Notes</u>	<u>YES but confirm</u>	
37. Other Alternative Investment Products	<i>For any new or unidentified products</i>		

Note: For the convenience of fund product reviewers, the following rows have been extracted from the table above and combined for easier review. Also, some products are ‘fund-like’ and/or also are processed through Fundserv, such as REITs, units, wraps, GICs, and HISAs.

Note: Funds trading on an exchange or other platform currently settle on a T+3 basis and will move to T+2 settlement on September 5, 2017.

Security Type	Description	Shorten to T+2? Yes/No	Comments
Investment Funds			
1. Money Market Funds	Includes money market exchange-traded funds (ETFs) and money market closed-end funds.	NO	Already T+1 settlement
10. Fixed-Income Funds 18. Equity Funds 30. Balanced Funds	Funds include the following: <ul style="list-style-type: none"> • Mutual Funds • Investment Funds • Pooled Funds • Common Trust Funds • Index-Replicating Vehicles (IRVs) • Private Equity Funds • Venture Capital Funds • Labour-Sponsored Investment Funds (LSIFs) • Mortgage Funds/Mortgage Investment Corporations (MICs) • Real Estate Fund 	YES	Most transactions that currently trade on a T+3 basis will transition to T+2, however, check fund prospectuses/offering documents for exceptions. Note that the settlement cycle for transactions involving physical certificates and non-redeemable investment funds, as well as direct purchases from the fund manufacturer, are not expected to change as a result of the move to T+2.
35. Hedge Funds (Private)	<ul style="list-style-type: none"> • Alternative Investment Management Association (AIMA) asked to confirm no T+2 impact 	NO	
36. Structured Products	e.g., <ul style="list-style-type: none"> • Non-Principal-Protected Notes 	NO	
Segregated Funds			
32. Segregated Funds	A type of pooled investment, similar to a mutual fund, that is offered to customers through an Individual Variable Insurance Contract (IVIC). Premiums received by the insurance company are held in segregated funds outside the insurer's general account. The value of the IVIC varies depending on the performance of the funds selected by the client. At least 75% of the value of premiums is guaranteed at death of the policyholder and maturity of the IVIC.	YES	Any transaction that currently trades on a T+3 basis will transition to T+2.

Security Type	Description	Expected to Transition to T+2?	Comments
Investment Funds subject to NI 81-102 settlement provisions			
Money market investment funds	Comprised of short-term, or less-than-one-year-term-remaining securities	No; already at a T+1	Settlement cycle applicable to sales and redemptions.
Mutual funds	If prospectus-based and also a reporting issuer	Will move to T+2¹	Settlement cycle applicable to sales and redemptions.
Non-redeemable investment fund	If a reporting issuer (e.g., closed-end funds)	Will move to T+2	Settlement cycle applicable to sales and redemptions.
Non-conventional investment funds that permit redemptions for a proportionate interest of the fund's net assets more than once a year	Considered to be a mutual fund whether or not listed on an exchange. Same operational requirements as conventional funds. Includes exchange-traded funds (ETFs) that distribute their securities using designated brokers, track an index and distribute their securities continuously. Some split-share companies also fall into this category.	At least exchange-traded funds to move to T+2 – others	Settlement cycle applicable to sales and redemptions.
Non-conventional investment funds that do not permit redemptions for a proportionate interest of the fund's net assets more than once a year	Subject to the core operational requirements of NI 81-102. Permitted to engage in certain investment strategies, and invest in certain asset classes, beyond what is allowed for conventional mutual funds. Includes closed-end funds (usually listed on an exchange) and flow-through limited partnerships.	At least exchange-traded and closed-end funds to move to T+2	Settlement cycle applicable to sales and redemptions.
Investment Funds NOT subject to NI 81-102 settlement provisions			
Mutual funds that are <u>not</u> reporting issuers	E.g., pooled funds (1,100 pooled funds are cleared through Fundserv (approx. 600 are T+3). See also Commodity Pools below)	As yet not known – may vary. Settlement period current ranges from T+1 to T+10. The majority are T+3. Settlement governed by contract.	Includes mutual funds that sell securities to the public only under capital-raising exemptions in securities legislation.

¹ See section 9.4 of NI 81-102, which provides for maximum settlement of T+3. See also section 10.4 requiring T+4 settlement date re: forced settlements/buy-ins.

Security Type	Description	Expected to Transition to T+2?	Comments
Investment funds that are <u>not</u> reporting issuers	E.g., non-redeemable investment funds that are not reporting issuers, e.g., hedge funds, alternative funds, exempt market products such as MICs, REITs, mortgage funds, etc.	Such products currently settling on T+3 expected to move to T+2. Transactions that currently have a longer settlement cycle (such as T+10, for example) would not be expected to change their cycle.	In Canada, the issuer of these funds publishes the settlement provisions within the prospectus or offering memorandum.
Scholarship or education plans		As yet not known.	
Investment funds organized under an Act to establish the <i>Fonds de solidarité des travailleurs du Québec</i> (F.T.Q.) (chapter F-3.2.1)	See https://www.fondsftq.com/ (French) or https://www.fondsftq.com/en/accueil.aspx (English);	Out of scope. Subscription settlement governed by contract. Redemptions governed by statute.	
Investment funds organized under an Act to establish <i>Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi</i> (chapter F-3.1.2)	See http://www.fondaction.com/ (French) and http://www.fondaction.com/english.php (English)	Out of scope. Subscription settlement governed by contract. Redemptions governed by statute.	
Investment funds organized under an Act constituting <i>Capital régional et coopératif Desjardins</i> (chapter C-6.1)	See http://capitalregional.com/ (French) and http://capitalregional.com/en/ (English)	Out of scope. Subscription settlement governed by contract. Redemptions governed by statute.	
Labour-Sponsored Investment Funds (LSIFs)		Will generally move to T+2 standard. Regulation 1015 General issued pursuant to the <i>Securities Act</i> (Ontario), s. 240(2) paragraph 8, a rule, policy, or practice of the Commission or Director shall not apply to matters sales or redemptions of securities of mutual funds with respect to LSIFs)	150 LSIFs are cleared through Fundserv – almost all are T+3.
Private mutual funds	E.g., investment clubs	As yet not known. Out of scope.	Settlement period may be governed by contract.
Commodity pools	Mutual funds that are permitted to invest in derivatives or commodities (where otherwise prohibited under NI 81-102)	As yet not known. Out of scope.	Governed by NI 81-104.