



CCMA
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Canadian Capital Markets Association
Association canadienne des marchés des capitaux

T+1 Update

CFIF

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May 2024

Agenda

- Transition Timelines
- International Status
- Value Exchange Survey Results
- Regulations
- Between Now and May 27th
- Issues
- Q & A

Transition Dates for Canada and the U.S.

Transition to T+1 – Key Dates

 Canada Settlement Cycle T+1 Transition Timeline						
Friday May 24, 2024	Saturday May 25, 2024	Sunday, May 26, 2024	Monday May 27, 2024	Tuesday May 28, 2024	Wednesday May 29, 2024	May 30 on, 2024
Last T+2 Trade Date	Conversion Weekend	Conversion Weekend	First T+1 Trade Date	Double Settlement Date	Trade and settle T+1	Trade and settle T+1

 U.S. Settlement Cycle T+1 Transition Timeline						
Friday, May 24, 2024	Saturday, May 25, 2024	Sunday, May 26, 2024	Monday, May 27, 2024	Tuesday, May 28, 2024	Wednesday May 29, 2024	May 30 on, 2024
Last T+2 Trade Date	Conversion Weekend	Conversion Weekend	Markets closed Conversion Weekend	First T+1 Trade Date	Double Settlement Date	Trade and settle T+1

International Status

- May 27, 2024
 - Canada
 - Mexico
 - Argentina
- United States
 - May 28, 2024
- Europe/UK
 - Unknown – by the end of 2027
 - As per the Geffen report
 - No date will be set until late 2024

8 Priority Issues

1. **NI 24-101: Resolved**
2. **Trade execution, correct, allocate, confirm: Resolved**
3. **Securities lending: Resolved**
4. **Foreign exchange:** Processes being adopted
5. **ETF creation process:** Underway
6. **Industry T+1 test plan: Resolved**
7. **Ex-date processing during T+1 transition: Resolved**
8. **Conversion weekend backout plan: Resolved**

Operationalizing T+1
Pulse survey



the ValueExchange 

DTCC
TMX

afme / asifma
EFAMA / BITC

•the case for transformation <https://www.dcc.com/insights/case-for-transformation>



•T+1 Pulse Survey – December/January 2024

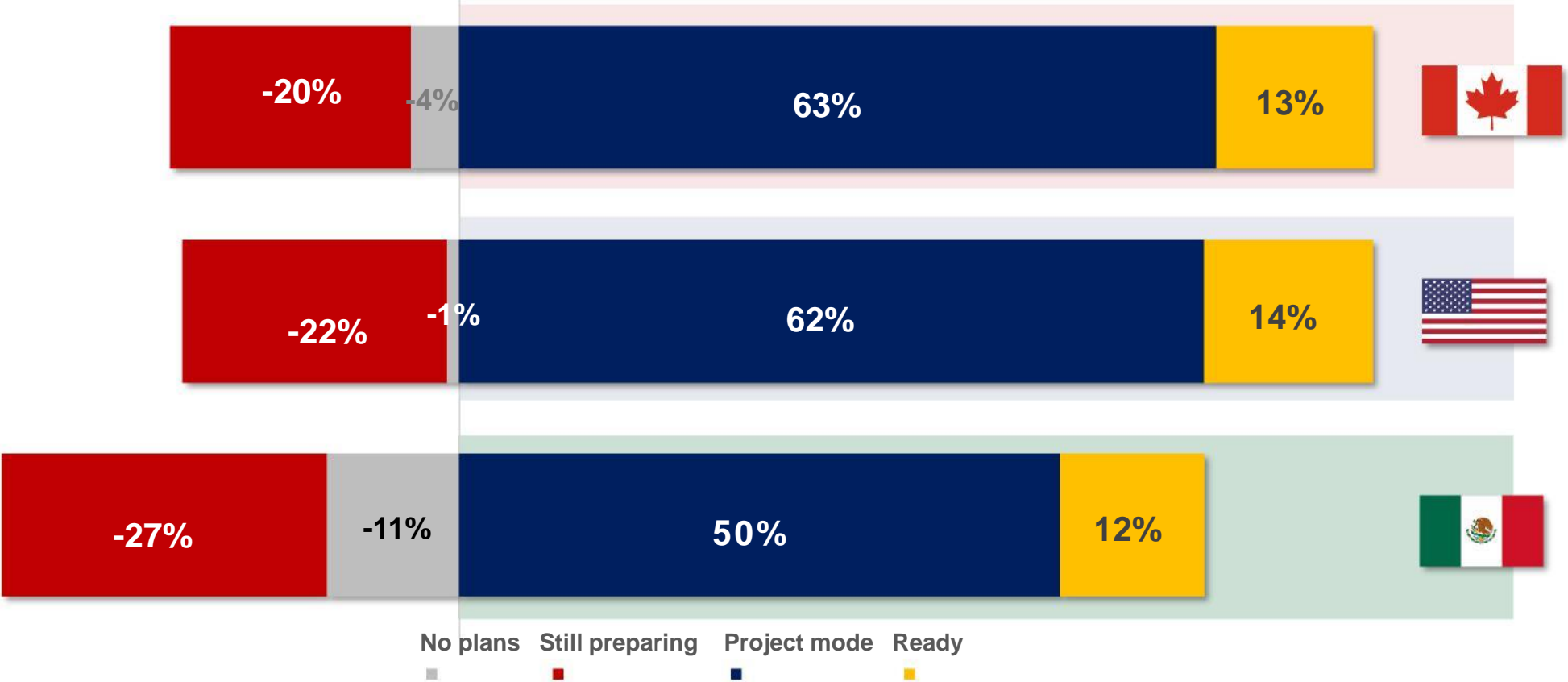
•Key findings (Jan 2024)



1. How ready are we for T+1?

76% of the industry is engaged for US and Canada

Global Readiness for the May Transition to T+1 (by investment market)



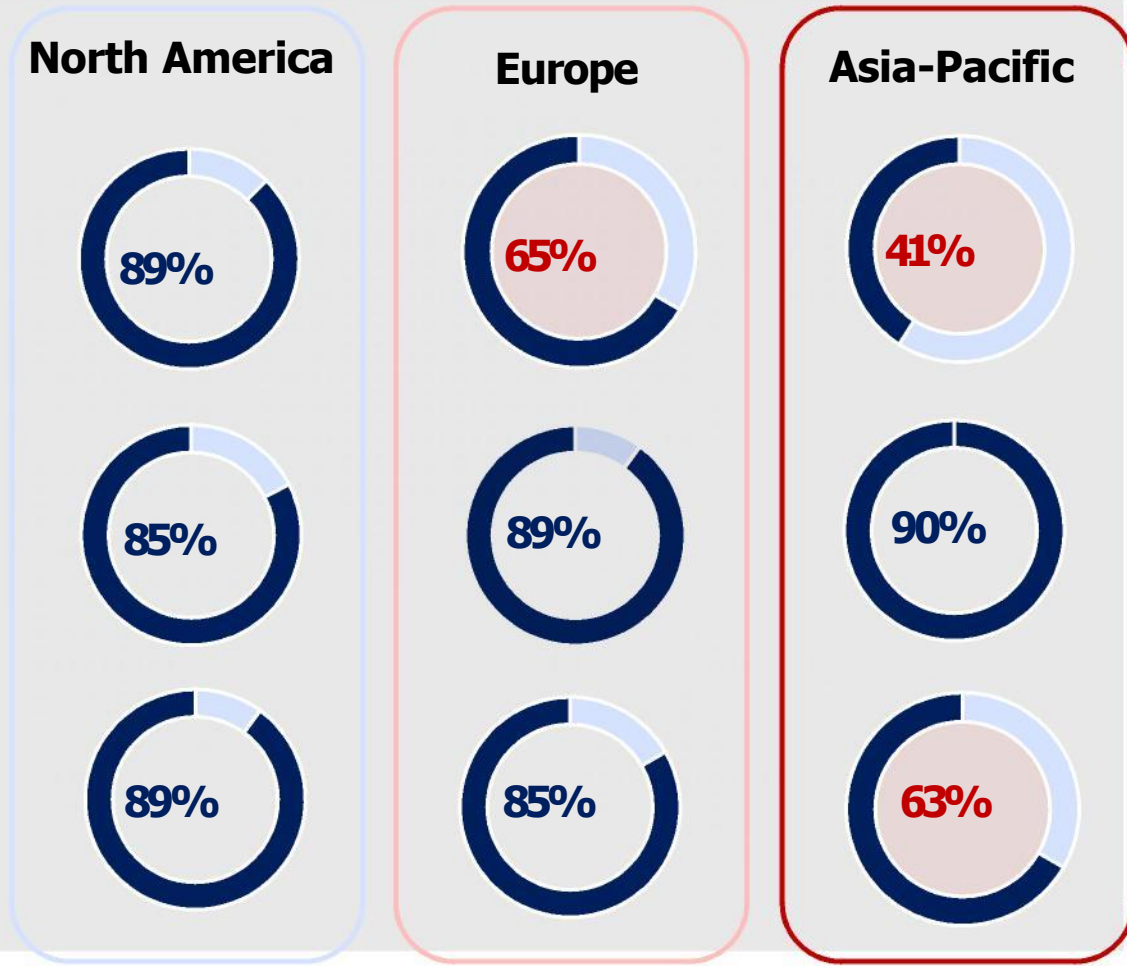
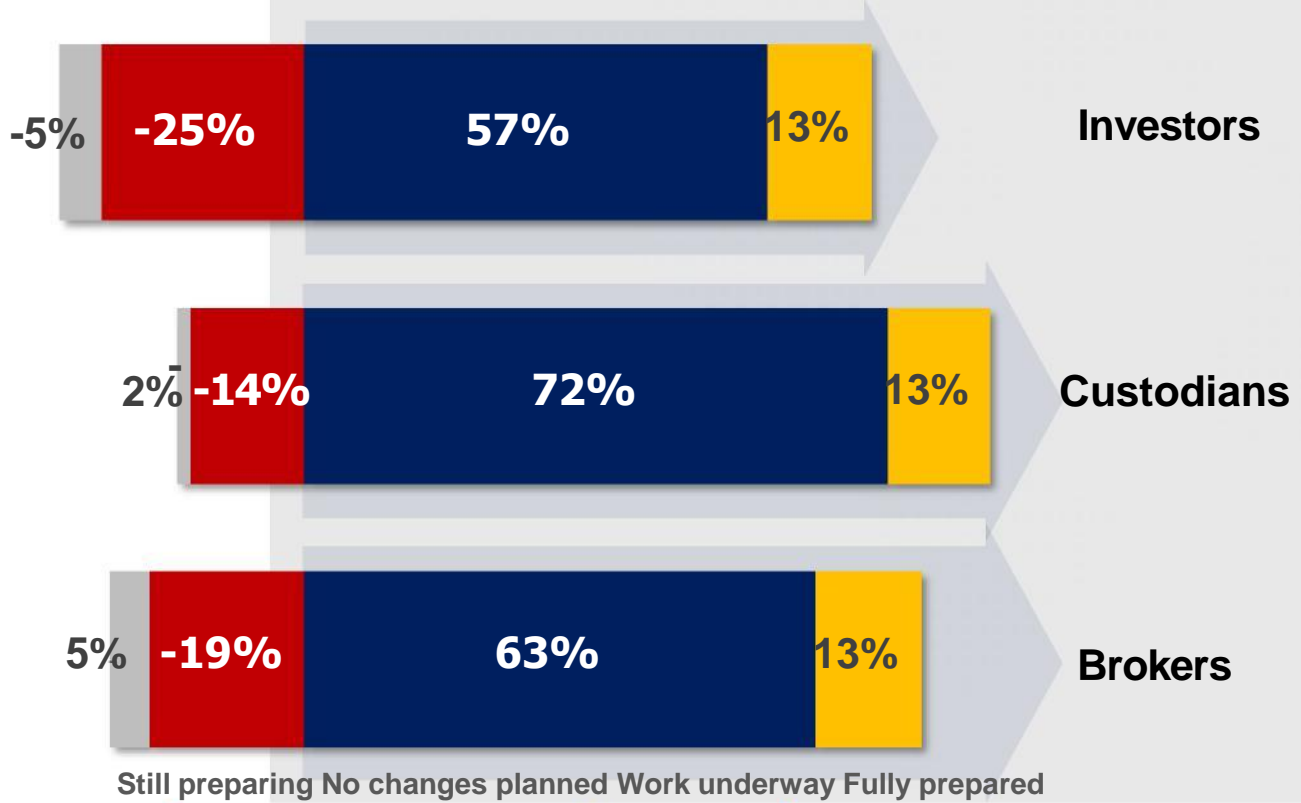
How would you describe your current status on preparations for T+1 in US/Canada/Mexico?



1. How ready are we for T+1?

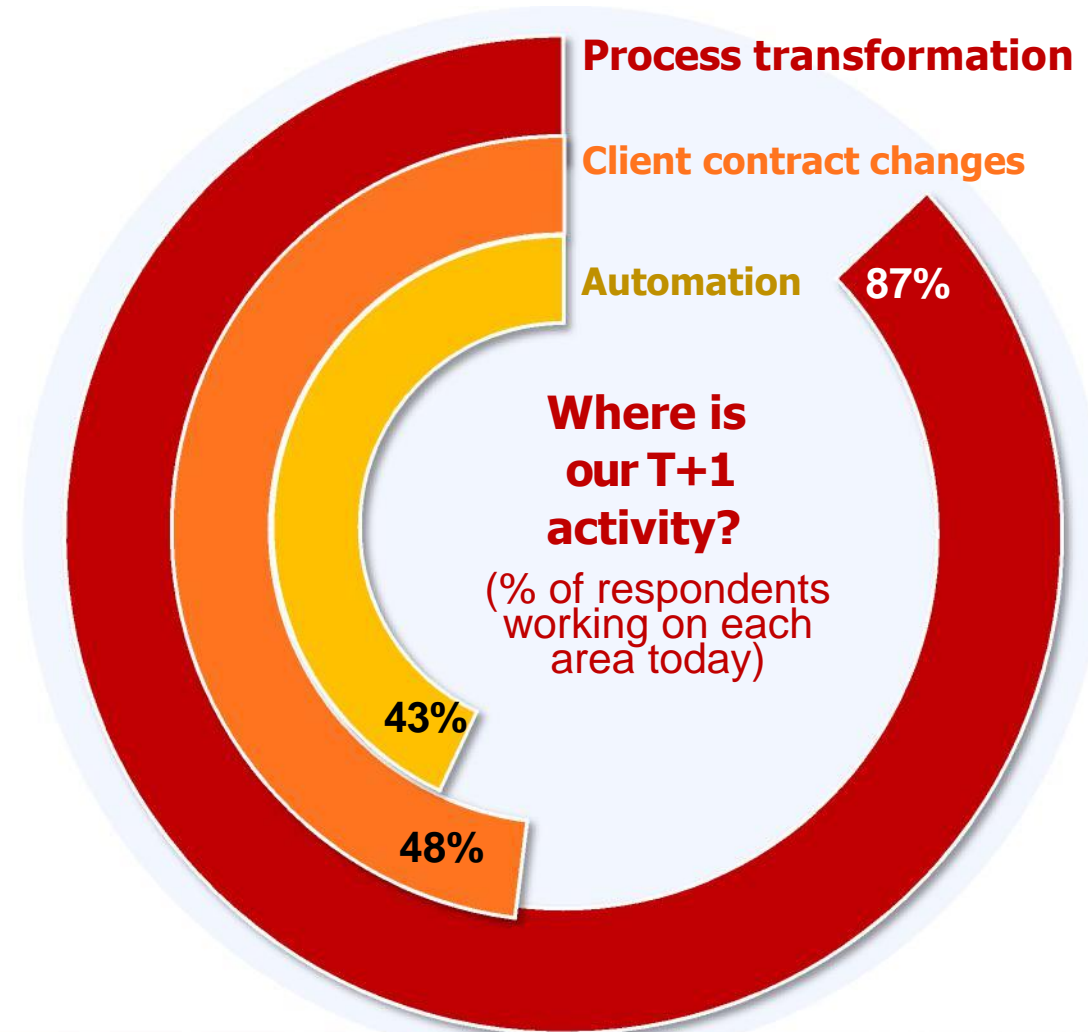
30% of global investors are still unprepared for T+1 – mainly in Europe and Asia

T+1 status around the world
 (% of respondents per segment/region who are in project, testing or fully prepared modes for T+1)



2. The road to May 2024

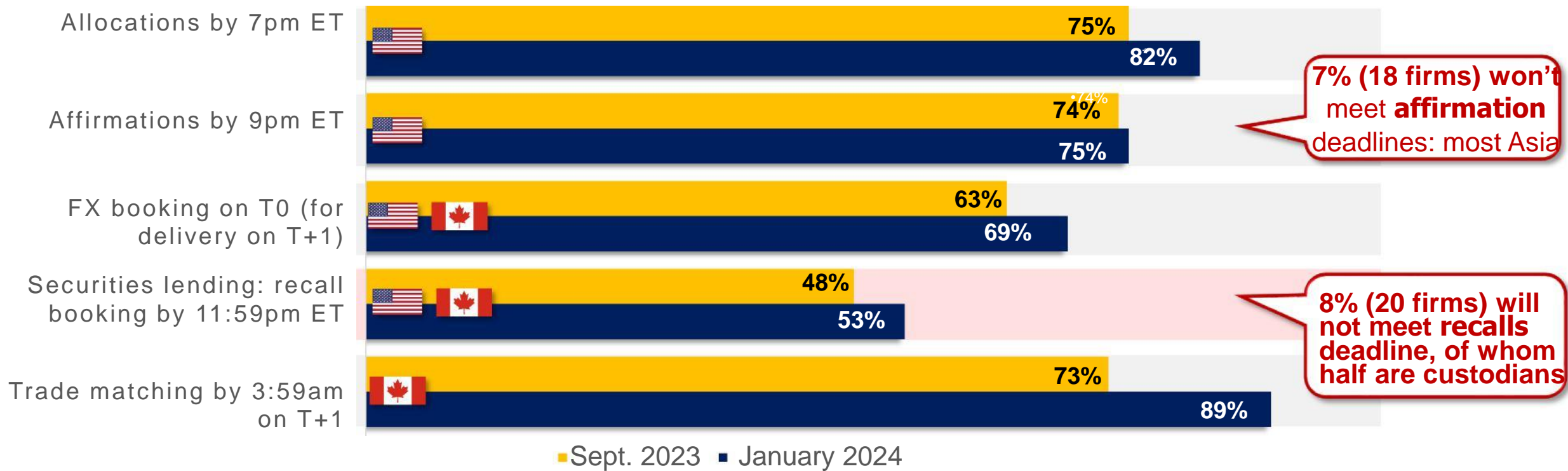
Process transformation is twice as important as automation for T+1



3. Where are our T+1 risks?

Increasing readiness in all areas but continuing concerns around timings for securities lending

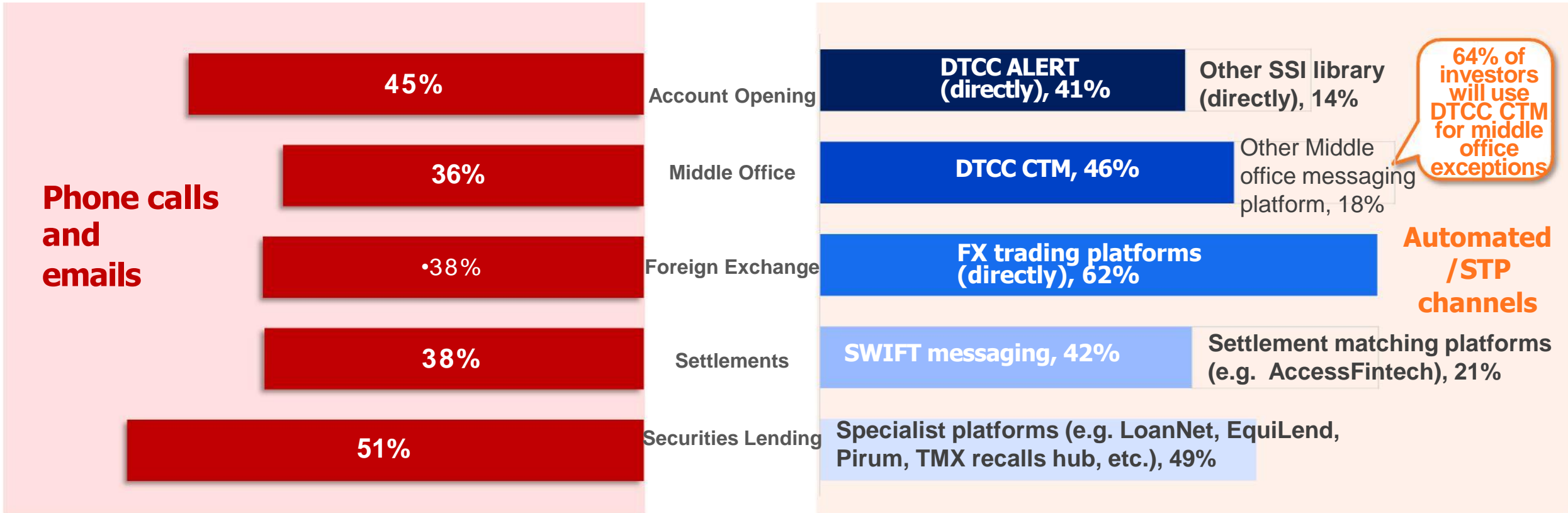
**% of respondents planning to meet the respective market deadlines
("Yes" answers only, excluding "No" or "Don't know")**



3. Where are our T+1 risks?

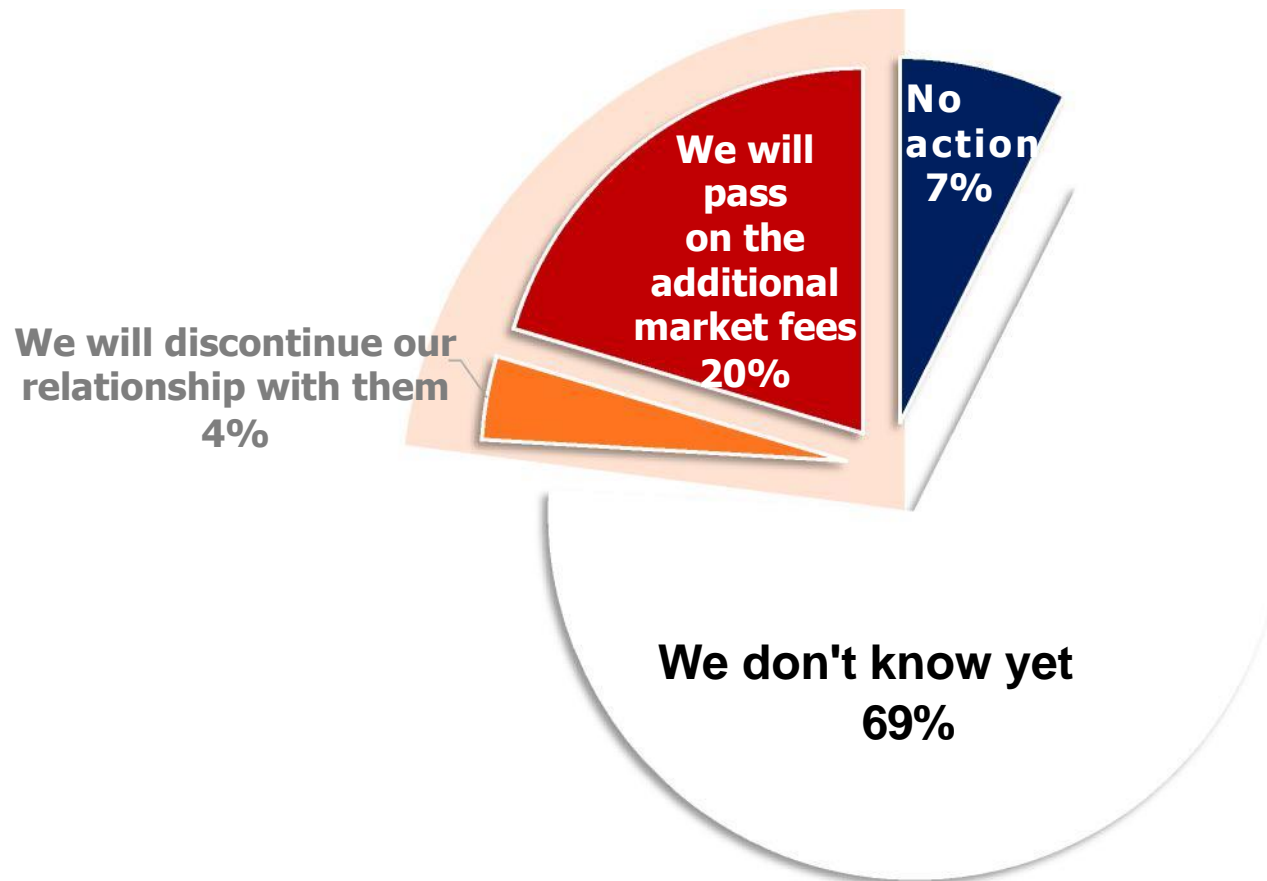
Up to 51% of exceptions will be handled manually after T+1, although automated platforms are clearly available

Planned means of managing exceptions in T+1



3. Where are our T+1 risks?

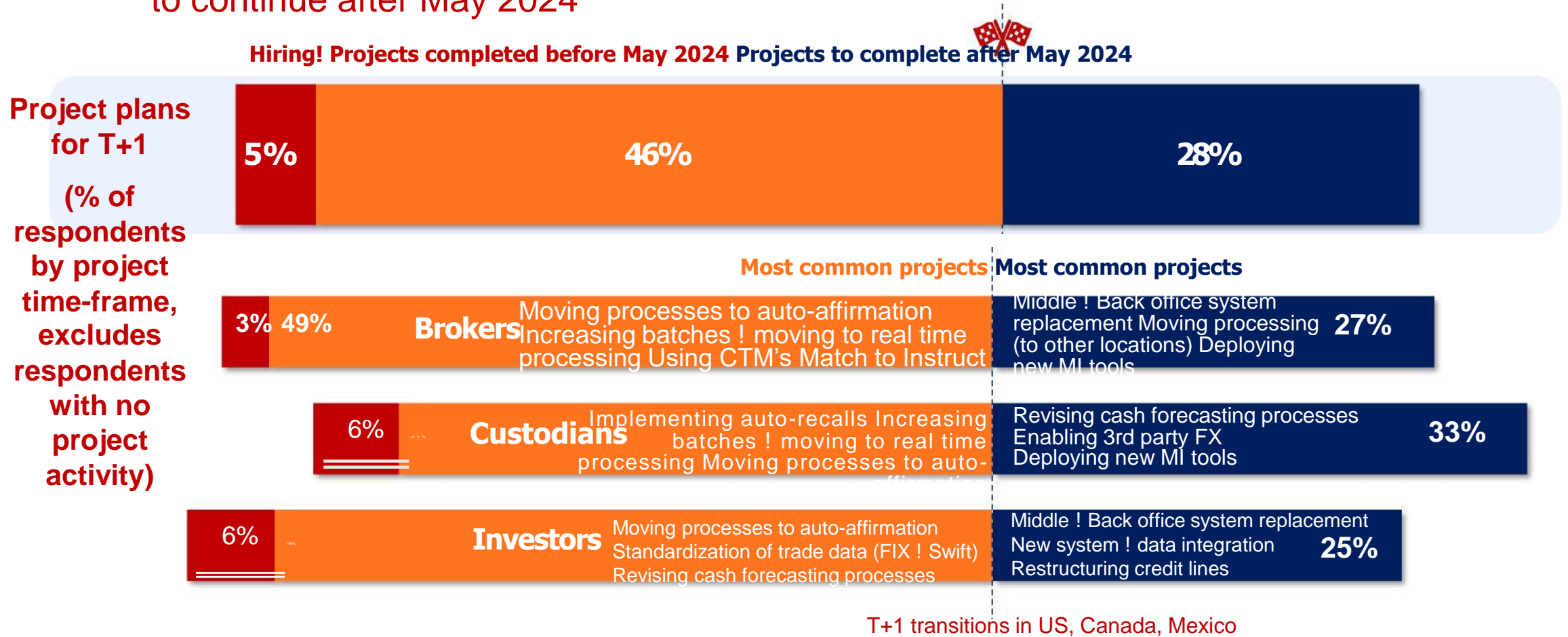
Only 24% of major brokers are ready to take action with problem-clients



How do brokers plan to manage clients who consistently fail to affirm after the transition to T+1?
(% of brokers per action step)

3. Where are our T+1 risks?

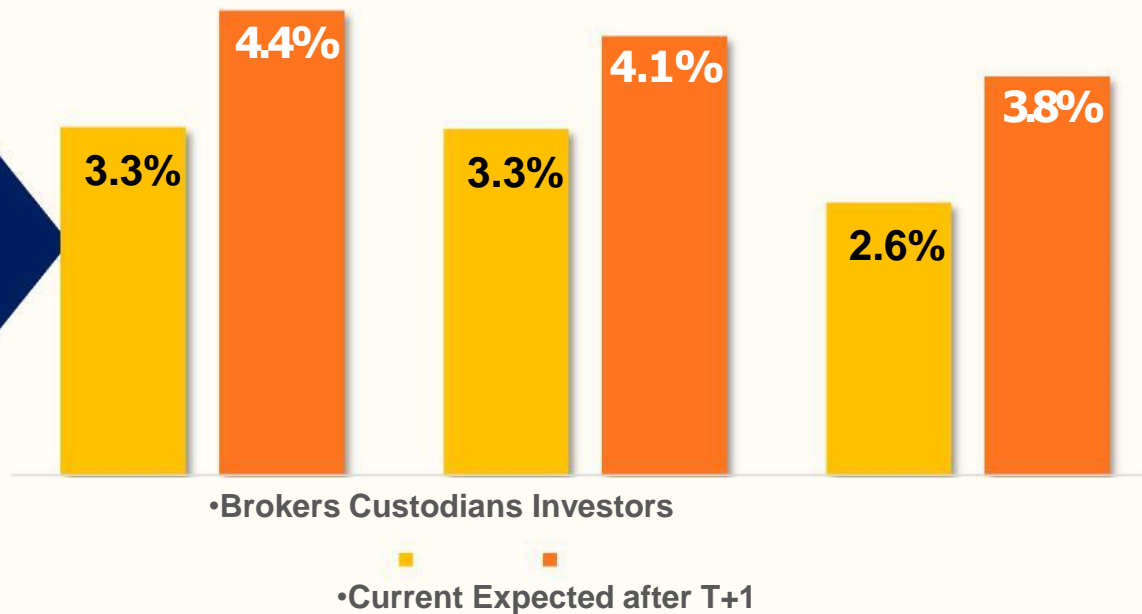
Get live, assess then optimise: 28% of respondents are expecting their T+1 work to continue after May 2024



3. Where are our T+1 risks?

Trade fails are expected to increase to around 4% under T+1

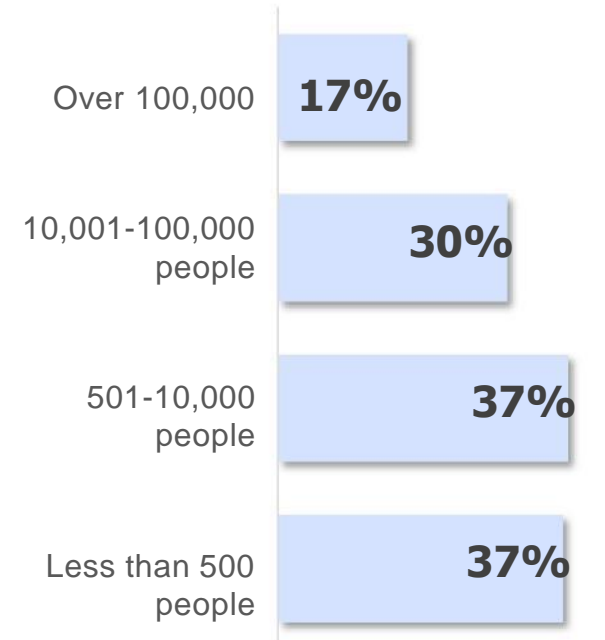
Average Expected Trade Fails Rates before and after T+1



2.9%
average
fail rate
today

4.1%
average fail
rate expected
after the T+1
transition

Expected change in fail rates (by firm size, # of employees)



Regulations

NI 24-101 – Current ITP Status

		Entered (#)	Entered (\$)	Confirmed (#)	Confirmed (\$)
Jun-07	Midnight on T	52.00%		23.00%	
Dec-09	Midnight on T	71.00%		45.00%	
Dec-11	Midnight on T	78.00%		50.00%	
Dec-13	Midnight on T	79.00%		50.00%	
Dec-15	Midnight on T	81.00%		54.00%	
Feb-20	Midnight on T	82.07%	79.10%	50.09%	53.29%
Feb-21	Midnight on T	81.10%	77.18%	41.06%	53.10%
Feb-22	Midnight on T	84.64%	80.79%	39.07%	52.99%
Feb-23	Midnight on T	86.03%	83.75%	41.87%	60.45%
Mar-23	Midnight on T	86.90%	84.56%	41.21%	60.48%
Jul-23	Midnight on T	86.55%	83.83%	40.65%	55.34%
Dec-23	Midnight on T	85.52%	81.48%	46.20%	52.22%
Feb-24	Midnight on T	87.38%	84.24%	48.90%	61.95%

NI 62-104 – Takeover Bids and Issuer Bids

- Industry requesting changes
 - We understand that this will not be completed before T+1
 - Will align Canada with the US
- Change proposed to align the payment deadline with the standard settlement date.....T+1
 - Current deadline is T+3
 - Was not changed for T+2
 - Change to T+1

NI 81-102 – Investment Funds

- Industry is requesting guidance on the permissibility of cash collateral for a delay in delivering one or more basket securities in the creation process of an ETF
- Will align with the US
- This will help reduce failed trades in the secondary market

Between now and May 27

- Industry Testing
 - CDS/CDCC - Completed
 - Fundserv - Completed
- Final Readiness
 - Survey Results

Between now and May 27

- Project Acknowledgement Form
 - 33 infrastructure providers asked to sign
- Two-week Communication Plan
 - May 21st to May 31st
 - Daily calls
 - Includes major entities (CDS, Fundserv, Broadridge, Kyndryl, Paramax etc.)
- US Command Center

Issues

- Failed Trades
 - How high could they go?
- ETFs
 - Collateral issue
- Mutual Funds
 - Will they or won't they?
- F/X
 - Pick your poison
- Securities Lending
 - Recalls

Questions?