

**ANNEX D**  
**SUMMARY OF PUBLIC COMMENTS ON PROPOSED REVISIONS**

1. Theme/question	2. Summary of comments	3. General responses
<b>General</b>		
Support for T+1 amendments	Commenters expressed appreciation for the CSA's work towards the transition to T+1, one emphasizing a shortened settlement cycle is critical for Canada's capital markets (and all of its stakeholders, including investors, issuers, and registrants) and the broader economy.	We acknowledge and thank the commenters for their remarks.
<b>National Instrument 24-101 Institutional Trade Matching</b>		
Effective date for Proposed Revisions	Two commenters suggested the Proposed Amendments should come into effect on the Canadian transition date, or the earlier of the U.S. and Canadian transition dates to T+1 despite the challenge this will pose in terms of resources. Based on current project schedules, the industry in Canada is planning for a T+1 settlement cycle transition date of May 27, 2024, while the U.S. transition date is May 28, 2024.	We agree with the suggestions. The Proposed Amendments will be brought into force to align with the T+1 transition in Canada.
Institutional trade matching deadline	<p>Three commenters raised concerns with the proposal to amend the institutional trade matching deadline from noon on T+1 to 9:00 p.m. Eastern Time on trade date.</p> <p>Two commenters raised concern with the proposal to achieve institutional trade matching by 9:00 p.m. Eastern Time on trade date. The CDS Clearing and Depository Services Inc. overnight net settlement processing cycle currently commences after 3:59 a.m. Eastern Time on T+1, meaning that trades can be matched up until this time and still achieve reduced collateral requirements. Where buy-side firms and custodians need to refine or adjust their practices and processes to meet a shortened settlement cycle, it would be prudent to provide the largest timeframe possible for these entities to affirm trades (i.e. up to 3:59 a.m. Eastern Time on T+1) and provide the opportunity for those entities in European, Asian and other time zones where markets may be open to make any corrections and issue securities loan recall notices. These two commenters recommended that the deadline in s. 3.1(1) of NI 24-101 be 3:59 a.m. on T+1 rather than 9:00 p.m. on T per the Proposed Amendments.</p>	<p>We agree with the comments that it would be sensible to provide the longest possible timeframe to accommodate settlement processing cycles. Consequently, we are amending the ITM deadline in subsections 3.1(1) and 3.3(1) of NI 24-101 from 9 p.m. on T to 3:59 a.m. on T+1.</p> <p>A staged transition is not thought to be to desirable as it would create further constraints for the industry. We believe it is optimal to have a fixed deadline which provides market participants with certainty to undertake any applicable systems and process redesign improvements.</p>

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	<p>Another commenter suggested that the CSA consider implementing a staged transition for the ITM deadline that initially would be set at midnight on T, with the intention of moving to a 9 p.m. ITM deadline at a later, as yet undetermined date in the absence of any significant issues on the part of industry participants.</p>	
Regulatory approval process	<p>Two commenters explained there will be downstream impact of the approved T+1 Proposals. The commenters requested that the regulatory approval process across the CSA jurisdictions be advanced as expeditiously as possible in order to publish the approved T+1 amendments as soon as possible. This will provide market participants, their vendors, and clients with regulatory certainty sooner rather than later, facilitating a greater likelihood of success for the T+1 initiative.</p>	<p>We acknowledge the importance for the CSA to move swiftly with the amendments in order to provide clarity to market participants.</p>
Repeal of T+2	<p>Two commenters agreed with the proposal to repeal T+2 in the definitions section of NI 24-101. With the U.S. migration to T+1 and the Canadian industry committed to moving in sync with the U.S., references to a T+2 settlement cycle will no longer be relevant.</p>	<p>We agree with these comments. References to a T+2 settlement cycle will no longer be relevant.</p>
Repeal of the Exception Reporting Requirement	<p>Three commenters agreed with the repeal of the exception reporting requirement in NI 24-101.</p>	<p>We agree with the comments. The repeal of the Exception Reporting Requirement eliminates unnecessary regulatory burden.</p>
Amendments to Form 24-101F2 and Form 24-101F5	<p>One commenter agreed that Form 24-101F2 and Form 24-101F5 should be amended to reflect the shortening of the settlement cycle as the collection of data reflecting a T+2 settlement cycle will no longer be useful.</p> <p>The commenter recommended that the institutional trade matching (ITM) data reporting requirements by time for Form 24-101F2 and Form 24-101F5 be amended to align with industry best practice deadlines and reflective of an institutional trade matching deadline of 3:59 a.m. on T+1.</p> <p>The commenter also recommended that with respect to the first calendar quarter ending after the effective date of the T+1 Proposals, the version of Form 24-101F2 and Form 24-101F5 that were in force on the day before the effective date be used.</p>	<p>We agree with the recommended changes to both tables relating to the time of entry and matching in Forms 24-101F2 and 24-101F5. We will be amending them accordingly to facilitate monitoring of the matching requirements.</p> <p>We have considered the comment with respect to the delivery of Forms 24-101F2 and 24-101F5 for the first quarter ending after the effective date of the amendments and included specific transitional provisions in the instrument amending the NI to address this issue.</p>
Alternatives to T+1	<p>One commenter concurred that there are no reasonable alternatives to the proposed changes. Failing to align with the U.S. by not shortening the settlement cycle would result in undesirable systemic risk and could lead to confusion in the</p>	<p>We agree with the comment.</p>

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	markets with respect to settlement that could put investors at risk.	
<b>National Instrument 81-102 Investment Funds</b>		
<p>CSA Staff Notice 81-335 <i>Investment Fund Settlement Cycles</i></p>	<p>One commenter responded to the publication of CSA Staff Notice 81-335 <i>Investment Fund Settlement Cycles (CSN 81-335)</i>, which was published concurrently with the proposed amendments. CSN 81-335 acknowledges that the proposed amendments to NI 24-101 will shorten the standard settlement cycle for equity and long-term debt market trades in Canada but provides that the CSA is not proposing amendments to National Instrument 81-102 <i>Investment Funds (NI 81-102)</i> to mandate a T+1 settlement cycle for primary distributions and redemptions of mutual fund securities. Nevertheless, CSN 81-335 also provides that, where practical, mutual funds should voluntarily move to a T+1 settlement cycle.</p> <p>While the commenter supports the CSA's decision not to mandate a T+1 settlement cycle for mutual fund securities, the commenter identified a technical problem with the voluntary approach that anticipates some funds choosing to move to T+1. As currently drafted, paragraph 9.4(4)(a) of NI 81-102 requires a mutual fund to wait until after T+3 to redeem out securities of the fund for non-payment by the investor. The commenter suggests a technical change so that forced redemption in all cases will occur the day after the settlement date, which the commenter assumes is the policy intent behind the requirement in paragraph 9.4(4)(a) of NI 81-102 in any event. The change will ensure a smooth functioning of the forced redemption mechanism for a mutual fund that voluntarily moves to a T+1 settlement cycle.</p> <p>In addition, one commenter stated they require additional time to review the Staff Notice and NI 81-102. While no initial potential adverse impacts on the industry or investors were identified, the commenter stated they would provide comments at a later date should they arise during work on the T+1 project.</p>	<p>We have published for comment the amendment suggested by the commenter.</p>