Annex B
Summary of Comments on the Proposed Amendments and CSA Responses

Theme/question	Summary of comments	General responses
General		
Support for T+2 amendments	One Commenter expressed support for the rule amendments to confirm two-day settlement for conventional mutual funds. The Commenter also expressed appreciation for the CSA's work to support the adoption of the transition to T+2 and for providing guidance to those manufacturing and distributing conventional mutual funds on the regulatory expectation that these entities will adopt a T+2 settlement cycle.	We acknowledge and thank the Commenter for its remarks.
Implementation	One Commenter recommended that the amendments to NI 81-102 relating to the transition to a T+2 settlement cycle by conventional mutual funds be implemented as quickly as possible and ideally before September 5, 2017. If this is not possible, the Commenter advised that it should be as soon as possible thereafter, with the clear understanding that the guidance communicates the regulatory expectation that conventional mutual funds transition to a T+2 settlement cycle on September 5, 2017.	Staff included guidance in the Notice and Request for Comment published on April 27, 2017 that the regulatory expectation was that conventional mutual funds adopt a T+2 settlement cycle on September 5, 2017 and have reiterated that guidance in this Notice. The amendments will come into force on November 14, 2017 or, in the event that the amendments made to NI 24-101 come into force after November 14, 2017, the date on which such amendments come into force.
Exposure to markets remaining on a T+3 settlement cycle	One Commenter expressed concern that the proposed amendments could create compliance and liquidity challenges for Funds that have exposure to markets remaining on	Staff note that in accordance with section 2.6 of NI 81-102, a conventional mutual fund may borrow up to 5 percent of its net asset value in order to accommodate requests for the redemption of

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	a T+3 settlement cycle, such as Japan, Brazil, the Philippines, Indonesia, and Singapore, once the proposed amendments come into force. The Commenter submitted that if a fund with significant investments in markets remaining on a T+3 settlement cycle were to receive a redemption request requiring it to liquidate securities in order to satisfy the redemption request, it may not be possible to raise sufficient cash to pay out the redemption proceeds by T+2. The Commenter also commented that index funds must generally trade in proportion to the index being tracked and therefore cannot raise cash by simply liquidating securities in other markets that settle within T+2. The Commenter suggested that this would result in funds maintaining higher cash balances than would otherwise be required in order to satisfy redemption requests and, in the case of index funds, will result in increased tracking error to the fund’s index. The Commenter recommended that the proposed amendments be revised to include transition relief to permit a fund to continue to complete redemption transaction on a T+3 basis if the fund invests a substantial portion of its assets in securities traded only in markets that continue to remain on a T+3 settlement cycle.	securities of the mutual fund. Furthermore, Staff would be prepared to consider appropriate exemptive relief in cases where conventional mutual funds hold a large portion of their net assets in jurisdictions in which securities will trade on a T+3 settlement cycle. We note that the global trend is towards T+2 settlement. Staff is also of the view that investors will find it very difficult to manage a portfolio of mutual funds that could have differing settlement periods.