

T+1 settlement change

FAQs
April 2024

**WHERE
WE ARE**

T+2

Trade date plus two business days



**WHERE
WE'RE GOING**

T+1

Trade date plus one business day

Canada moves to the T+1 settlement cycle on
May 27, 2024.

The US moves on May 28, 2024*

**May 27 is a US statutory holiday*

Who is impacted by the change?

This change will benefit all investors and participants in the Canadian capital markets by reducing credit, market and liquidity risks in securities transactions.

The change will impact all participants as it will require behavioural changes for a successful implementation.

Are other markets considering moving to T+1?

May 27, 2024	Evaluating – no date announced	Task force in place
<ul style="list-style-type: none">• Mexico• Argentina	<ul style="list-style-type: none">• Bermuda• Brazil• Chile• Colombia• Peru	<ul style="list-style-type: none">• European Union member countries• United Kingdom

Is T+0 a consideration?

It is inevitable over time. However, a much longer lead time will be needed for further reduction to T+0 for high volume markets. This is primarily due to the magnitude and complexity of the changes that will be needed to upgrade post-trade infrastructure and market practices.

What do investors need to do?

Investors in mutual funds, segregated funds, or certain other fund-like products that settle on a next-day basis, **will not** notice a difference.

It is recommended that you contact your financial advisor if you wish you use proceeds from redeeming a fund that takes two days to settle to buy a fund or other security that settles in one day.

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Alternatively, you will have to:

Have cash or T+1-settling funds in your account or deposit cash into your account according to current deadlines OR



OR

Sell the funds that settle on a two-day (T+2) cycle immediately and delay your purchase of the one-day cycle funds by one business day so proceeds of the redemption will be received in time to pay for the new fund you are buying. During this one-day delay in purchasing, the price of the fund you are purchasing may go up or down.

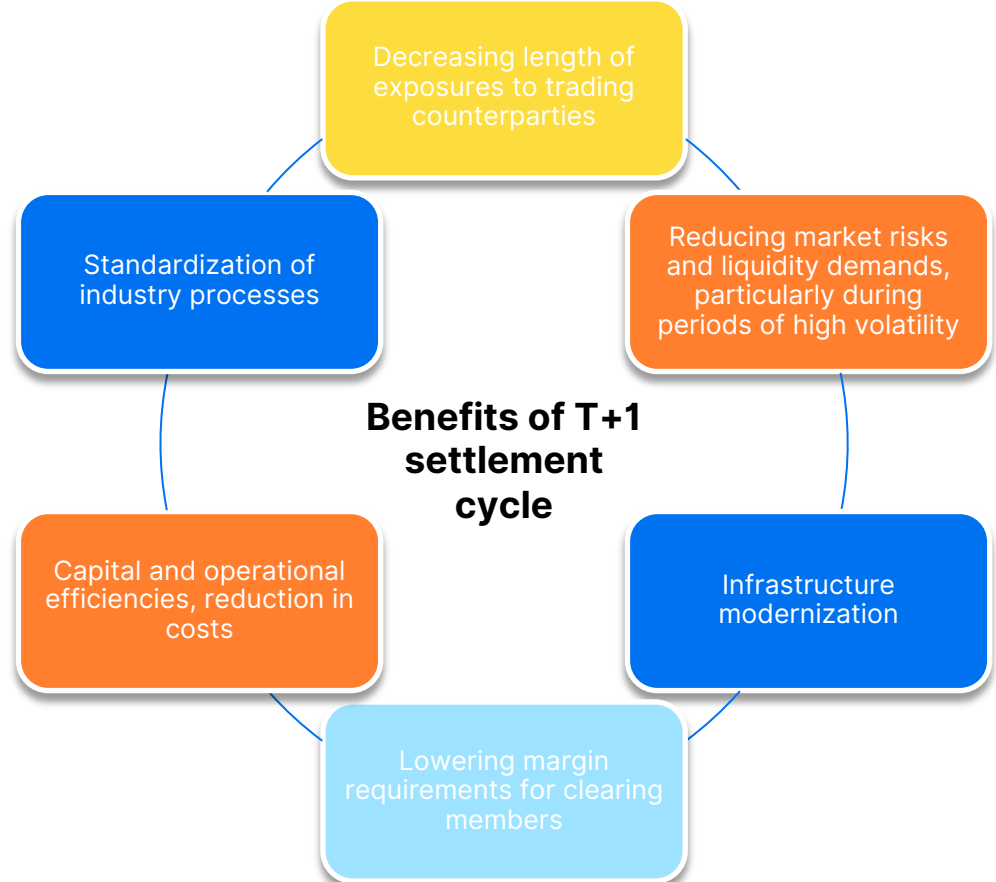
Your financial advisor will be able to help you understand your options and may be able to set up both the redemption today and the purchase tomorrow at the same time (*Note: this refers to in-cash transfers if your firm offers these*).

Assets in scope for T+1

Canada	US
<p>The current list of assets included and excluded in the T+1 standard settlement cycle is available in this T+1 Asset List table, provided and managed by the Canadian Capital Markets Association (CCMA).</p>	<p>The assets subject to the T+1 standard settlement cycle include the “securities” defined in Section 3(a)(10) of the Securities Exchange Act, covering, among others:</p> <ul style="list-style-type: none">• Equities• corporate bonds• unit investment trusts• mutual funds• exchange traded funds (ETFs)• American depositary receipts and options. <p>US Treasury and other US (state and federal) government securities already settle on a T+1 basis.</p>

What are the key benefits of accelerating the settlement cycle?

Moving trades more quickly to settlement helps drive improved risk management and operational/cost efficiencies.



What are North American investment managers doing to prepare for the T+1 settlement cycle?

Faster and more efficient processing of trades is critical to a shorter settlement cycle.

Investment managers are placing significant effort in shortening and updating internal automated and manual processes since the decision to move to T+1, including trade reconciliation, correction, matching, and confirmation.





FIND OUT MORE

- Your financial advisor is the best source of information for questions about your investments.
- Visit Fundserv's [Fund Profile](#) page to find out which funds are have moved to T+1.

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