



THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

L'INSTITUT DES FONDS
D'INVESTISSEMENT
DU CANADA

OPERATIONS WORKING GROUP UPDATE

OPERATIONS DAY NOVEMBER 16, 2017

SPEAKERS

- Blair Munn, IFDS- Chair
- David Howarth, PFSL- Vice-Chair
- Russ White, Fundserv
- Sarv Pamerter, Franklin Templeton

AGENDA

- IFIC Operations Working Group - overview
- Highlights of work plan items
- Review of top operational items
- T+2 Update
- Householding Update
- Attendee feedback and participation

OVERVIEW

- Operations Working Group overview
- Background & current membership
- How to get involved
- Mandate and work plan

2017/2018 MEMBERSHIP

Blair Munn (Chair), IFDS
David Howarth (Vice Chair), PFSL Investments
Derek Altimas, InvestorCOM
Paul Boddaert, Mackenzie Investments
Sophie Clouâtre, Desjardins
Braunwyn Currie, TD Bank
Bill Devolin, Manulife Investments
Eleanor Evans, Fidelity Investments
Jana Nagulan, LTI
Sarv Pamenter, Franklin Templeton Investments
Andre Persaud, Sun Life Global Investments
Mark Salvarinas, WFG Securities
Dara Scepanovic, AGF Investments
Russ White, Fundserv
Jale Wright, CIBC Mellon

Kim Barrett, LTI
Whitney Bell, BLG
Dino DiMarco, RBC
Neil Kramer, IFDS
Greg LaRosa, Bridgehouse Asset Managers
Selina Lu, Capital Group
Arvind Luxman, Fidelity Investments
Stasha Ninkovic, LOGiQ Asset Management
Clare Partridge, CIBC Mellon
Murray Pratt, Informco
Dan Royan, IA Clarington
Craig Runnalls, Scotiabank
Veda Singh, Tangerine
Raphael Tavares, NEI Investments

MANDATE

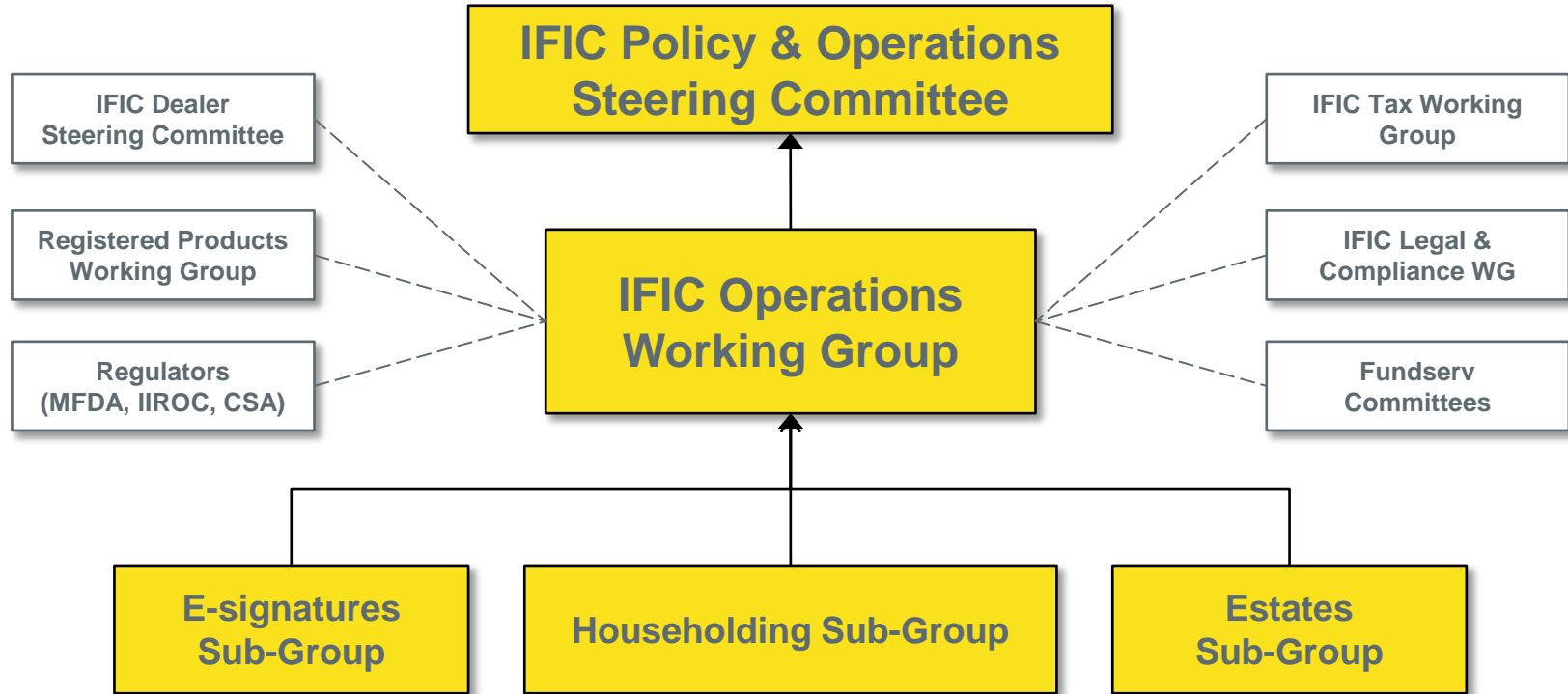
To provide advice on all operational and administrative matters affecting the mutual funds industry, including service providers and without limiting the generality of the foregoing, shall:

- Liaise with other industry groups and with respect to such matters
- Provide a forum for Members to share information, discuss emerging issues and offer perspectives on their own operational matters, prepare research, submissions and recommendations relevant to such matters

WORKPLAN

- Monitor FATCA/CRS Implementation issues
- Plan Operations Day
- Monitor emerging operational issues
- Oversight of operational committees
 - Cybersecurity Sub-group
 - Estates Sub-Group
 - Householding Sub-Group
 - E-signatures Sub-group

OVERSIGHT



WORKPLAN (CONT.)

- Receive and provide feedback to relevant groups
 - Registered Products Working Group
 - Regulatory Reduction Sub-Group
- Maintain and develop operational guidance
- Obtain updates from relevant committees
 - Legal and Compliance Working Group
 - Taxation Working Group

WORKPLAN (CONT.)(2)

- **Monitor Point of Sale/CRM2 implementation**
 - Recent BCSC research on CRM2 shows CRM2 is working
- **Address full cost disclosure operational issues**
 - IFIC has met with insurance regulators and CLHIA on the plans for full cost disclosure in the insurance industry
 - IFIC supportive of full cost disclosure for mutual funds
- **Monitor policy reform in the payment industry**
 - Replaces top operational item verification of banking information

TOP OPERATIONAL ITEMS

- **Timeliness of T2033 transfers**
 - Members interested in increasing timeliness of transfers
 - Statistics being collected about transfers that take more than 10 days
 - View to overcome roadblocks that are more about customer retention than risk mitigation efforts
- **Estates Processing**
 - Sub-Group requesting additional CRA guidance on certain issues
- **Error Corrections/Letter of Indemnity**
 - IFIC guidance on document and CRA's increased focus on late filing penalties to be developed

TOP OPERATIONAL ITEMS (CONT.)

- **E-signatures**
 - Update provided this morning
- **Householding**
 - Update to follow
- **FRDS**
 - Monitor developments on concerns about the reinvest default options for funds that make a regular payout

CLOSED ITEMS

- **Return Mail**
 - Item raised at 2016 Operations Day
 - No industry appetite for systems build to record more return mailed information
- **10% bulk free switching**
 - No industry appetite to accommodate these requests
 - Structural differences between centralized and decentralized dealers
- **Verification of Banking Information**
 - The group will now monitor policy reform in the payment industry

T+2 UPDATE

- The transition from T+3 to T+2 settlement was successfully implemented on September 5, 2017
- Implementation was a success because of broad participation from industry stakeholders with coordination from CCMA and Fundserv
- The SEC has already asked US industry for analysis on the costs and benefits of moving to T+1

T+2 UPDATE (cont.)

- CCMA's mandate has been extended to cover T+1 and T settlement
- CCMA is interested in obtaining cost/benefit information from a Canadian perspective for a T+1 transition

IFIC manager and dealer member survey

- Broad fund manager participation, limited dealer participation
- Survey provided broad information on industry practices on householding
- Firms househeld accounts based on various factors with some commonalities

Summary of householding forms

- Householding forms from 8 firms were compared
- Many commonalities were found between firms
- Group discussed whether a common definition could be developed or a minimum definition

Industry trends

- Several IIROC dealers are working with Fundserv and fund companies on the automation and reconciliation of linked accounts
- New programs are being established by fund companies
- Several MFDA dealers are using the programs and forms

Next steps

- Fundserv account linking group to study issue
- Householding Sub-group to continue to meet
- Role of IFIC in developing standards to be considered

2017/2018 PRIORITIES

Other Top Operational items

- What is top 3 operational item in your firm that has not been discussed in this session?
- The Operations WG would review the issue and investigate what steps the industry could take to address the additional issues

Questions?