

Impact Assessment

I. Impact Assessment Table

In the impact assessment table below, we list:

- the major policy elements of the Proposed Amendments,
- a description of the intended policy benefits of each element, and
- an assessment of its impact on clients, Dealers, Participants and the New SRO itself.

II. Conclusion

We concluded that, if approved, the Proposed Amendments would:

- reduce credit, market and liquidity risks for Dealers and clients
- reduce disruption to the settlement process by aligning rules to a T+1 settlement cycle
- reduce regulatory burden for Dealers filing trade matching reports

While there could be some negative impacts, we concluded these impacts were outweighed by the positive impacts the Proposed Amendments would have.

III. Cost Estimate

We do not know the dollar magnitude of the collective impacts of the Proposed Amendments, and we cannot determine it without detailed stakeholder feedback. The change in settlement cycle to T+1 will require the Dealers and other industry stakeholders to incur costs to revise their systems, processes and operational procedures. The Proposed Amendments are not expected to have any significant incremental costs to Dealers or clients beyond the operational and system costs associated with the industry's movement to the T+1 settlement cycle.

UMIR Amendments

Description of proposed amendment	Related intended benefits	Impact on clients	Impact on Participants	Impact on New SRO
<i>Update definition of "Special Terms Order" (Appendix A – Proposed Amendment #1)</i>	Ensure rule consistency and avoidance of disruption once the standard settlement cycle has moved from T+2 to T+1	<i>Neutral</i> ; updating the time period will ensure consistency with settlement cycle and avoid disruption to the industry settlement process	<i>Neutral</i> ; updating the time period will ensure consistency with settlement cycle and avoid disruption to the industry settlement process	<i>Neutral</i> ; updating the time period will ensure consistency with settlement cycle and avoid disruption to the industry settlement process

IDPC Rule Amendments

Description of proposed amendment	Related intended benefits	Impact on clients	Impact on Dealers	Impact on New SRO
<i>Reduce timeline for settlement agent to affirm transactions (Appendix A – Proposed Amendment #5)</i>	Ensure rule consistency and avoidance of disruption once the standard settlement cycle has moved from T+2 to T+1	<i>Negative</i> ; clients may need to revise agreements with Dealers and settlement agents	<i>Negative</i> ; Dealers may incur costs associated with updating agreements with clients	<i>Neutral</i> ; updating the time period will ensure consistency with settlement cycle and avoid disruption to the industry settlement process
<i>Reduce delivery timeline for equity and fixed income trades, including when issued trades (Appendix A – Proposed Amendments #6, #8 & #11)</i>	Ensure rule consistency and avoidance of disruption once the standard settlement cycle has moved from T+2 to T+1	<i>Positive</i> ; clients are expected to benefit from reduced market and liquidity risk due to reduced delivery timeline	<i>Positive</i> ; Dealers are expected to benefit from reduced credit, market and liquidity risk due to a reduced delivery timeline	<i>Neutral</i> ; updating the time period will ensure consistency with settlement cycle and avoid disruption to the industry settlement process

Description of proposed amendment	Related intended benefits	Impact on clients	Impact on Dealers	Impact on New SRO
<i>Revised the start and end dates for calculation of accrued interest for fixed income (Appendix A – Proposed Amendment #7)</i>	Ensure rule consistency and avoidance of disruption once the standard settlement cycle has moved from T+2 to T+1	<i>Neutral</i> ; updating the start and end dates will ensure consistency with settlement cycle and avoid disruption to the process	<i>Neutral</i> ; updating the start and end dates will ensure consistency with settlement cycle and avoid disruption to the process	<i>Neutral</i> ; updating the start and end dates will ensure consistency with settlement cycle and avoid disruption to the process
<i>Reduce period for margin posting by clients on when issued trades (Appendix A – Proposed Amendment #14)</i>	Ensure rule consistency and avoidance of disruption once the standard settlement cycle has moved from T+2 to T+1	<i>Neutral</i> ; Clients will be required to post margin sooner but benefit from reduced market and liquidity risk	<i>Positive</i> ; Dealers are expected to benefit from reduced credit risk due to reduced time period to receive margin	<i>Neutral</i> ; updating the time period will ensure consistency with settlement cycle and avoid disruption to the industry settlement process
<i>Modify the rules for physical delivery of fixed income and equities to apply a general delivery deadline (Appendix A – Proposed Amendment #10 & #12)</i>	Modernize and simplify the rules to reflect current industry practice	<i>Positive</i> ; modernizing the rules is expected to simplify the process and may result in greater efficiencies	<i>Positive</i> ; modernizing the rules is expected to simplify the process and may result in greater efficiencies	<i>Positive</i> ; modernizing the rules is expected to simplify the process and may result in improved compliance
<i>Shorten deadline for seller to notify buyer of delivery before buyer can opt to buy-in; remove additional processes for Dealers located in different municipalities (Appendix A – Proposed Amendment #13)</i>	Modernize and simplify the rules to reflect current industry practice and align with T+1 settlement cycle	<i>Neutral</i> ; No direct client impact as rule applies to Dealer to Dealer transactions	<i>Positive</i> ; Dealers benefit from reduced market and liquidity risk due to a reduced timeline to begin the buy-in process	<i>Positive</i> ; modernizing the rules is expected to simplify the process and may result in improved compliance

Description of proposed amendment	Related intended benefits	Impact on clients	Impact on Dealers	Impact on New SRO
<p><i>Remove requirement for Dealers to file report when the quarterly compliant trade percentage falls below 90% (Appendix A – Proposed Amendments #3 & #4)</i></p>	<p>Align rules with proposed revisions to NI 24-101</p>	<p><i>Neutral</i>; No direct client impact as rule applies to Dealer to Dealer transactions</p>	<p><i>Positive</i>; Dealers benefit from reduced regulatory burden</p>	<p><i>Neutral</i>; New SRO will continue to monitor quarterly compliant trade percentages</p>
<p><i>Adjust the time period for delivery of preliminary confirmations and delivery of new issues for Mortgage Backed Securities (Appendix A – Proposed Amendment #2 and #9)</i></p>	<p>Ensure rule consistency with industry practice (NHA MBS Guide) and avoidance of disruption once the standard settlement cycle has moved from T+2 to T+1</p>	<p><i>Neutral</i>; updating the time period will ensure consistency with the industry settlement cycle</p>	<p><i>Neutral</i>; updating the time period will ensure consistency with the industry settlement cycle</p>	<p><i>Neutral</i>; updating the time period will ensure consistency with the industry settlement cycle</p>