

NOTICE OF EFFECTIVE DATE – TECHNICAL AMENDMENTS TO CDS PROCEDURES

HOUSEKEEPING CHANGES – April 2014

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

The following amendments are housekeeping changes made in the ordinary course of review of CDS's Participant Procedures, and are required for correction or stylistic enhancement.

Depository and Paying Agent Procedures

- Chapter 2, Paying Agent Procedures: Section 2.2.1, Step 7 – A correction to the cross referencing format of the Event Option Date screen being displayed.

International Services Procedure

- Chapter 5, CAVALI Link Service – A correction to the description of the CAVALI Link Service in the overview section.

Issue and Entitlement Procedures – Other Securities

- Chapter 4, Processing Entitlements: Overview and Sections 4.1.3, 4.4 – Minor grammatical corrections, e.g. correction of the word *securities* to *security*.

CDSX Procedures and User Guide

- Chapter 3, Issue Activities: Section 3.6.5 – Removal of 'FNS-Fixed Income Netting Service' in the description of how to view a security's eligibility information
- Chapter 8, Entitlement Activities: Section 8.4.1 – An updated version of the Option Selection screen, re-sized in order to display the screen correctly.

CDS Reporting Procedures

- Chapter 1, Introduction to CDS reports, Entitlement reports list – Updates to listing of 1042-S Reporting-Detail Report to indicate the report is available at both the company and ledger level. The ledger level report was introduced in November 2010.
- Chapter 1, Introduction to CDS reports, Institutional Trade processing reports – Removal of extra lines in the report list chart to standardize the appearance.
- Chapter 12, Entitlement reports, Section 12.1 – Update to description of 1042-S Reporting-Detail report to indicate the report is available at both the company and ledger level. The ledger level report was introduced in November 2010.

Participating in CDS Services

- Chapter 5, Reviewing CDS profiles, Section 5.1.6 – An updated version of the Support-Service Eligibility Details screen (Unit) to remove 'Fixed Income Netting' reference.
- Chapter 7, Registering and withdrawing from CDS services, Section 7.14 – Removal of references to the ECHO service, which was decommissioned in 2009.
- Chapter 14, Default procedures, Section 14.2 Arranging liquidity – A correction to the description of the central counterparty fund(s), as a result of changes with the decommissioning of the FINet service.
- Chapter 19, Central counterparty capping, Section 19.2 – Corrections to the caps, risk exposure, and additional collateral figures referenced in the descriptions of the Threshold One, Two and Three collateral requirements, to align the user manual with the details in the Financial Risk Model documentation.

Transfer Agent Procedures

- Chapter 7, Automated reconciliation of projected payments, Overview Section – Addition of the short forms DWO and INO to the event types listed, for reference purposes later in the chapter.
- Chapter 7, Automated reconciliation of projected payments, Section 7.1 – A stylistic correction to the section name, to ensure consistency with our standard format.
- Chapter 9, Security payments, Section 9.1 – Stylistic corrections to the chapter and section names, to ensure standard format consistency.
- Chapter 9, Security payments, Section 9.2 – Minor grammatical corrections, e.g. removal of unnecessary wording *updated with*, and capitalization of the name of the DRIP Price Not Received alert.

Trade and Settlement Procedures

- Chapter 11, CDCC Trade Processing, Section 11.2 SNS trade eligibility – Stylistic corrections to the character spacing in the section.

ATON User Guide

- Removal of a paragraph briefly describing entitlement activity. The complete entitlement process is described in detail in Chapter 8 – Entitlement Activities, of the CDSX Procedures and User Guide, which CDS's Relationship Managers use to educate new ATON users.

CDS Online Services, Support-Service Eligibility Details Unit Functions form – CDSX799

- Corrections to the form used to add services to a participant's CUID to remove the FINet service, and to include the CANNEX GIC Service (implemented in June 2012) and various Trade Reconciliation services (implemented in 2012 and 2013).

CDS procedure amendments are reviewed and approved by CDS's strategic development review committee (SDRC). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on February 27, 2014.

The proposed procedure amendments are available for review and download on the User Documentation page on the CDS website at www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed in this Notice are considered technical in nature, involving matters of routine operating procedures and administrative practices relating to the settlement services, to ensure consistency with an existing rule, to correct inaccurate grammar and referencing, and to enhance stylistic formatting.

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENTS

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to Section 21.2 of the Ontario *Securities Act*, and by the British Columbia Securities Commission pursuant to Section 24(d) of the British Columbia *Securities Act*, and as a clearing house by the *Autorité des marchés financiers* pursuant to Section 169 of the Quebec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX[®], a clearing and settlement system designated by the Bank of Canada pursuant to Section 4 of the *Payment Clearing and Settlement Act*.

CDS has determined that these amendments will become effective on April 7, 2014.

D. QUESTIONS

Questions regarding this notice may be directed to:

Laura Ellick
Manager, Business Systems
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9
Telephone: (416) 365-3872
Email: lellick@cds.ca