

13.3 Clearing Agencies

13.3.1 Notice of Approval – Variation and Restatement of the Recognition Order of the Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc.

**VARIATION AND RESTATEMENT OF THE RECOGNITION ORDER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (CDS) AND
CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS CLEARING)**

NOTICE OF APPROVAL

The Ontario Securities Commission (Commission) approved on December 21, 2012 amendments to Bylaw No. 1 for each of CDS and CDS Clearing pursuant to paragraph 4.6 of Schedule "B" to the CDS and CDS Clearing recognition order and issued a varied and restated recognition order pursuant to section 144 of the *Securities Act* (Ontario) (Varied and Restated Order) related to CDS' and CDS Clearing's change in year end from October 31 to December 31.

The Commission issued an order on December 7, 2012 (Order) varying the current recognition order by replacing the definition of "original Maple shareholder" in Part 1 of Schedule B with a new definition of "original Maple shareholder" which includes 1802146 Ontario Limited, an affiliate of TD Securities Inc. The Varied and Restated Order consolidates the Order by replacing the current definition of "original Maple shareholder" with the revised definition in the Order.

Attached at Tab "A" to this notice, is a blackline of the Varied and Restated Order identifying the changes made and at Tab 'B' is a CDS notice that explains the amendments made to By-law No. 1 and to the Varied and Restated Order. The Varied and Restated Order is published in Chapter 2 of this Bulletin.

Tab "A"

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED ("Act")**

AND

**IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.**

**ORDER
(Section 144 of the Act)**

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated July 4, 2012 recognizing each of The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2 of the ("Current Recognition Order");

AND WHEREAS CDS Ltd. filed an application dated November 23, 2012 with the Commission pursuant to section 144 of the Act requesting a variation to the Current Recognition Order to reflect the change of the fiscal year-end for CDS Ltd. and CDS Clearing from October 31 to December 31 (Application);

AND WHEREAS based on the Application and the representations made by CDS Ltd. and CDS Clearing, the Commission has determined that it is not prejudicial to the public interest to issue this order which varies and restates the Current Recognition Order;

IT IS ORDERED, pursuant to section 144 of the Act, the Current Recognition Order be varied and restated as follows:

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED ("Act")**

AND

**IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.**

**ORDER
(Sections 21.2 and 144 of the Act)**

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated February 25, 1997 ("1997 Order"), which became effective on March 1, 1997, recognizing The Canadian Depository for Securities Limited ("CDS Ltd.") as a clearing agency pursuant to subsection 21.2(1) of the Act and designating CDS Ltd. As a recognized clearing agency pursuant to Part VI of the Ontario Business Corporations Act, which order has been amended from time to time;

AND WHEREAS the Commission issued an order in connection with a corporate reorganization of CDS Ltd. dated July 12, 2005 varying and restating the 1997 Order, as amended, recognizing CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency and continuing to recognize CDS Ltd. as a clearing agency (CDS Ltd. And CDS Clearing collectively "CDS");

AND WHEREAS the Commission issued a varied and restated order, dated October 24, 2011 ("2011 Order"), in connection with CDS's conversion to International Financial Reporting Standards, continuing to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND WHEREAS on June 10, 2011 Maple Group Acquisition Corporation (“Maple”) commenced a transaction, consisting of a take-over bid (“Offer”) and a subsequent arrangement, the result of which ~~would be~~ the acquisition by Maple of all of the issued and outstanding voting securities of TMX Group Inc. (“TMX Group”), the holding company parent of TSX Inc.;

AND WHEREAS Maple ~~intends, concurrently with the initial take-up of shares of TMX Group pursuant to the Offer or as soon as possible thereafter, to acquire~~ CDS Ltd. and, indirectly, CDS Clearing, by way of an amalgamation (“Amalgamation”) of CDS Ltd. and 8090599 Canada Inc. a wholly-owned subsidiary of Maple, whereby the amalgamated company ~~would continue~~ as CDS Ltd.; the result of which ~~was~~ the acquisition by Maple of all of the issued and outstanding voting securities of CDS Ltd.;

AND WHEREAS the Commission issued an order dated July 4, 2012 recognizing CDS Ltd. and CDS Clearing as clearing agencies pursuant to section 21.2 of the Act to reflect the changes resulting from the Amalgamation (Current Recognition Order); Maple and 8090599 Canada Inc. have made an application to the commission requesting an order to reflect the changes resulting from the acquisition of CDS Ltd. by Maple;

AND WHEREAS the 2011 Order ~~will be replaced by~~ the Current Recognition Order ~~this order and therefore was should be revoked;~~

AND WHEREAS the Commission ~~also is also granted~~ ing an order recognizing Maple as an exchange pursuant to section 21 of the Act;

AND WHEREAS the Commission issued an order dated December 7, 2012 varying the Current Recognition Order by replacing the definition of “original Maple shareholder” in Part 1 of Schedule B with a new definition of “original Maple shareholder” which includes 1802146 Ontario Limited, an affiliate of TD Securities Inc.;

AND WHEREAS CDS Ltd. filed an application dated November 23, 2012 with the Commission pursuant to section 144 of the Act requesting a variation to the Current Recognition Order to reflect the change of the fiscal year-end for CDS Ltd. and CDS Clearing from October 31 to December 31 in order to be aligned with TMX Group’s year-end (“Application”);

AND WHEREAS the Commission considers the proper operation of a clearing agency as essential to investor protection and maintaining a fair and efficient capital market, and the Commission may recognise a clearing agency, pursuant to section 21.2 of the Act, if it is satisfied that it is in the public interest to do so:

AND WHEREAS the Commission considers the operation of a clearing agency in the public interest to include, among other things, appropriate governance arrangements, fair access and services to all market participants, adequate management of risk, including systemic risk, and operational reliability, fair and non-discriminatory fees, and appropriate rules and procedures to foster competition in the Canadian financial markets;

AND WHEREAS the Commission ~~adopted~~ intends to adopt a program of enhanced regulatory oversight with respect to Maple and CDS;

AND WHEREAS CDS Ltd., CDS Clearing and Maple have each agreed to the respective terms and conditions as set out in Schedule “B” to this order;

AND WHEREAS the terms and conditions set out in “Schedule B” may be varied or waived by the Commission;

AND WHEREAS based on the Application and the representations made to the Commission, the Commission has determined that:

~~that Maple and 8090599 Canada Inc. have made to the Commission, the Commission has determined that:~~

- (a) CDS satisfies the criteria for recognition set out in Schedule “A” to this order;
- (b) it is not prejudicial to the public interest to vary and restate the Current Recognition Order; and
- (b)(c) it is in the public interest to continue to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to section 21.2 of the Act, subject to terms and conditions that are set out in Schedule “B” to this order; and
- (c) ~~it is not prejudicial to the public interest to revoke the 2011 Order pursuant to section 144 of the Act;~~

IT IS HEREBY ORDERED that:

- (a) pursuant to section 21.2 of the Act, CDS Ltd. continues to be recognized as a clearing agency; and

(b) pursuant to section 21.2 of the Act, CDS Clearing continues to be recognized as a clearing agency; and

(c) ~~pursuant to section 144 of the Act, the 2011 Order is revoked;~~

provided CDS Ltd., CDS Clearing and Maple comply with the terms and conditions set out in Schedule "B", as applicable, ~~except that paragraphs 18.2 and 31.5 are not applicable until 30 days from the effective date of this order.~~

DATED this 4th day of July, 2012 and effective upon completion of the Amalgamation; as varied and restated on December 2012.

~~"Mary Condon"~~

~~"Howard Wetston"~~

SCHEDULE "A" – CRITERIA FOR RECOGNITION

PART 1 GOVERNANCE

- 1.1 The governance structure and governance arrangements of the clearing agency ensures:
- (a) effective oversight of the clearing agency;
 - (b) the clearing agency's activities are in keeping with its public interest mandate;
 - (c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;
 - (d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing, settlement and depository services and facilities (settlement services) of the clearing agency;
 - (e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;
 - (f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and
 - (g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

PART 2 FEES

- 2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.
- 2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 3 ACCESS

- 3.1 The clearing agency has appropriate written standards for access to its services.
- 3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of:
- (a) each grant of access including, for each participant, the reasons for granting such access; and
 - (b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

PART 4 RULES AND RULEMAKING

- 4.1 The clearing agency's rules are designed to govern all aspects of the settlement services offered by the clearing agency, and
- (a) are not inconsistent with securities legislation;
 - (b) do not permit unreasonable discrimination among participants; and
 - (c) do not impose any burden on competition that is not necessary or appropriate.
- 4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.
- 4.3 The clearing agency monitors participant activities to ensure compliance with the rules.
- 4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

PART 5 DUE PROCESS

- 5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:
- (a) an applicant or a participant is given an opportunity to be heard or make representations; and
 - (b) the clearing agency keeps a record of, gives reasons for, and provides for appeals or reviews of, its decisions.

PART 6 RISK MANAGEMENT

- 6.1 The clearing agency's settlement services are designed to minimize systemic risk.
- 6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.
- 6.3 Without limiting the generality of the foregoing, the clearing agency's services or functions are designed to achieve the following objectives:
- 1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.
 - 2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.
 - 3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.
 - 4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.
 - 5. Assets used to settle the ultimate payment obligations arising from securities transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in settlement services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.
 - 6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.
- 6.4 The clearing agency engaging in activities not related to settlement services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the settlement service.

PART 7 SYSTEMS AND TECHNOLOGY

- 7.1 For its settlement services systems, the clearing agency:
- (a) develops and maintains,
 - (i) reasonable business continuity and disaster recovery plans,
 - (ii) an adequate system of internal control,
 - (iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;
 - (b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,
 - (i) makes reasonable current and future capacity estimates,
 - (ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with paragraph 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 The clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B" – TERMS AND CONDITIONS

PART I – Definitions

For the purposes of this schedule:

"affiliated entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*, except that in the case of AIMCo "affiliated entity" means an AIMCo Affiliate;

"AIMCo" means the Alberta Investment Management Corporation;

"AIMCo Affiliate" means each AIMCo Client, any person directly or indirectly controlled by one or more AIMCo Clients, any investment pool managed by AIMCo, and any affiliated entity of any of the foregoing, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"AIMCo Clients" means Her Majesty the Queen in right of Alberta and certain Alberta public sector pension plans, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"associates" has the meaning ascribed to it in subsection 1(1) of the Act;

"CDS Clearing" means CDS Clearing and Depository Services Inc.;

"CDS Ltd." Means The Canadian Depository for Securities Limited;

"criteria for recognition" means the criteria for recognition set out in Schedule "A" to this order;

"financial risk model" means the mechanisms adopted by CDS to manage the risk of potential loss in the provision of clearing, settlement and depository services for securities and derivatives transactions in the event of the failure of a Participant to fulfill its settlement obligations, but for greater certainty does not include business risk or operational risk;

"FMI Principles" means the principles contained in the CPSS-IOSCO *Principles for Financial Market Infrastructures*, as amended from time to time, or any successor principles or recommendations;

"IT Systems" means CDS's information technology systems supporting the services or the business operations of CDS;

"Maple" means Maple Group Acquisition Corporation;

"Maple nomination agreement" means a nomination agreement provided for under Section 12(h) of the Amended and Restated Acquisition Governance Agreement of June 10, 2011 of Maple, as amended;

"Ontario securities law" has the meaning ascribed to it in subsection 1(1) of the Act;

"original Maple shareholder" means each of the AIMCo, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs du Québec (F.T.Q.), The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., National Bank Financial Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., TD Securities Inc. and 1802146 Ontario Limited;

~~"original Maple shareholder" means each of the AIMCo, Caisse de depot et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs de Québec, The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., and TD Securities Inc.;~~

"Participant" means a user of the services offered by CDS which are governed by the CDS Participant Rules;

"recognized clearing agency" means each of CDS Ltd. And CDS Clearing;

"rule" has the meaning ascribed to it in section 2 of the Rule Protocol at Appendix "A" to this schedule; and

"significant Maple shareholder" means a person or company that:

- (i) beneficially owns or exercises control or direction over more than 5% of the outstanding shares of Maple provided, however, that the ownership of or control or direction over additional Maple shares in connection

with the following activities shall not be included for the purposes of determining whether the 5% threshold has been exceeded:

- (A) investment activities on behalf of the person or company or its affiliated entity where such investments are made (I) by a bona fide third party investment manager with discretionary authority (subject to such retained discretion in order for the person or company or its affiliated entity to fulfil its fiduciary duties); or (II) by an investment fund or other pooled investment vehicle in which the person or company or such affiliated entity has directly or indirectly invested and which is managed by a third party who has not been provided with confidential, undisclosed information about Maple,
- (B) acting as a custodian for securities in the ordinary course,
- (C) normal course trading (including proprietary client facilitation trading) and wealth management activities (including, for greater certainty, in connection with the management of any mutual funds, pooled funds, trust accounts, estate portfolios and other investor funds and portfolios), including electronic securities trading, conducted for or on behalf of clients of the person or company, provided that any fund manager with discretionary authority carrying out such activities on behalf of such clients, or such clients, have not been provided with confidential, undisclosed information about Maple,
- (D) the acquisition of Maple shares in connection with the adjustment of index-related portfolios or other "basket" related trading,
- (E) making a market in securities to facilitate trading in shares of Maple by third party clients or to provide liquidity to the market in the person or company's capacity as a designated market maker for shares of Maple securities, in the person or company's capacity as designated market maker for derivatives on Maple shares, or in the person or company's capacity as market maker or "designated broker" for exchange traded funds which may have investments in shares of Maple, in each case in the ordinary course, (which, for greater certainty, shall include acquisitions or other derivative transactions undertaken in connection with hedging positions of, or in relation to, Maple shares), or
- (F) providing financial services to any other person or company in the ordinary course of business of its and their banking, securities, wealth and insurance businesses, provided that such other person or company has not been provided with confidential, undisclosed information about Maple,

and subject to the conditions that the ownership of or control or direction over Maple shares by a person or company in connection with the activities listed in (A) through (F) above:

- (G) is not intended by that person or company to facilitate evasion of the 5% threshold set out in clause (i), and
 - (H) does not provide that person or company the ability to exercise voting rights over more than 5% of the voting shares of Maple in a manner that is solely in the interests of that person or company as it relates to that person or company's ownership of or control or direction over the subject shares, except where the ability to exercise voting rights over more than 5% of the voting shares arises as a result of the activities listed in (E) above in which case the person or company shall not exercise its voting rights with respect to those excess voting shares;
- (ii) is an original Maple shareholder that is a party to a Maple nomination agreement, for as long as its Maple nomination agreement is in effect, or
 - (iii) is an original Maple shareholder:
 - (A) whose obligations under Schedule 6 to the Maple order issued pursuant to section 21.11 of the Act (21.11 Order) on [date] have not terminated pursuant to section 50 of the 21.11 Order thereof, and
 - (B) that has a partner, director, officer or employee who is a director on the Maple board of directors other than pursuant to a Maple nomination agreement, for so long as such partner, officer, director or employee remains a member of the Maple board of directors.

PART II – Terms and Conditions Applicable to CDS Ltd. and CDS Clearing

1 OWNERSHIP OF CDS LTD.

- 1.1 The recognized clearing agency shall not make any changes to its ownership structure without the prior approval of the Commission.

2 PUBLIC INTEREST RESPONSIBILITY

- 2.1 The recognized clearing agency shall conduct its business and operations in a manner that is consistent with the public interest.
- 2.2 The mandate of the board of directors of the recognized clearing agency shall expressly include the public interest responsibility of the recognized clearing agency.
- 2.3 The board of directors of the recognized clearing agency shall provide a written report to the Commission at least annually, or as required by the Commission, describing how the recognized clearing agency is meeting its public interest responsibility.

3 CRITERIA FOR RECOGNITION

- 3.1 The recognized clearing agency shall continue to meet the criteria for recognition.

4 GOVERNANCE

- 4.1 The recognized clearing agency's governance arrangements shall be designed to fulfill its public interest requirements and to balance the interests of its shareholders and its Participants and other users of its services.

- 4.2 The recognized clearing agency shall ensure that:

- (a) at least 33% of its board of directors are independent as that term is defined in paragraph 4.3;
- (b) at least 33% of its board of directors are representatives of Participants, of which;
 - (i) one representative shall be nominated by the Investment Industry Regulatory Organization of Canada,
 - (ii) one representative shall be nominated by Maple from the five largest Participants (with the Participant and its affiliated entities aggregated for this purpose),
 - (iii) at least one representative nominated by Maple shall, for so long as a Maple nomination agreement remains in effect, be unrelated to original Maple shareholders, and
 - (iv) the representatives of Participants should represent a diversity of Participants;
- (c) one director is a representative of a marketplace unaffiliated with Maple and nominated by the marketplaces unaffiliated with Maple;
- (d) at least 50% of the directors have expertise in clearing and settlement; and
- (e) a quorum of the board of directors shall have at least two thirds of the number of directors.

- 4.3 For the purpose of paragraph 4.2:

- (a) a director is independent, if the director is not;
 - (i) an associate, partner, director, officer or employee of a significant Maple shareholder,
 - (ii) an associate, partner, director, officer or employee of a Participant of the recognized clearing agency or such Participant's affiliated entities or an associate of such director, partner, officer or employee,
 - (iii) an associate, partner, director, officer or employee of a marketplace or such marketplace's affiliated entities or an associate of such partner, director, officer or employee, or

- (iv) an officer or employee of the recognized clearing agency or its affiliated entities or an associate of such officer or employee; and
 - (b) a person is unrelated to original Maple shareholders, if the individual:
 - (i) is not an officer, partner or employee of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that officer, partner or employee,
 - (ii) is not nominated under a Maple nomination agreement,
 - (iii) is not a director of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that director, and
 - (iv) does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the governance committee of the recognized clearing agency having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized clearing agency.
- 4.4 The recognized clearing agency governance structure shall provide for the use of Participant committees to provide advice, comment and recommendations to assist the board of directors of the recognized clearing agency and such committees shall meet the following requirements:
- (a) membership on Participant committees is open to all Participants and marketplaces that access the services provided by the recognized clearing agency;
 - (b) the Participant committee may on any matters that the committee deems appropriate, and shall if requested by the Commission, report directly to the Commission without first requiring board approval or notification of such reporting; and
 - (c) a staff representative of the Commission may attend any meetings of the Participant committees as an observer.
- 4.5 The recognized clearing agency's board of directors shall:
- (a) as required by the Commission and in any event annually, provide a written report to the Commission that contains:
 - (i) the recommendations made by each of its Participant committees commencing from the date of this order and whether and why any of the recommendations were rejected or only partially implemented, and
 - (ii) a response from each Participant committee regarding whether and why they agree or disagree with the recognized clearing agency's report; and
 - (b) file such report and the Participant committees' responses with the Commission within 45 days after each fiscal year-end of the recognized clearing agency or within 60 days of a request made by the Commission.
- 4.6 The recognized clearing agency shall obtain prior Commission approval before making changes to the structure of its board of directors, changes to the structure of any of its board committees and their mandates, changes to the structure of any of its Participant committees or their mandates, or changes to its constating documents.
- 4.7 The recognized clearing agency shall establish and maintain a Risk Management and Audit Committee of its board of directors, whose mandate includes, at a minimum, the following:
- (a) providing advice and recommendations to the board of directors to assist it in fulfilling its risk management responsibilities, including reviewing and assessing CDS's risk management policies and procedures, the adequacy of the implementation of appropriate procedures to mitigate and manage such risks and CDS's participation standards and collateral requirements;
 - (b) monitoring the financial performance of CDS and providing financial management oversight and direction to the business and affairs of CDS;

- (c) advising the board of directors on the fairness, reasonableness and competitiveness of its pricing and fees in the context of the Canadian capital market and trends relating to comparable services offered by clearing houses worldwide; and
- (d) ensuring fair and equitable resources are dedicated to development projects for unaffiliated marketplaces.

4.8 The Risk Management and Audit Committee's composition shall be as follows:

- (a) a total of five directors;
- (b) an independent chair; and
- (c) at least two industry directors that, for so long as a Maple nomination agreement remains in effect, are unrelated to original Maple shareholders as defined in paragraph 4.3 and who represent a diversity of Participants, and which may include the nominee of the Investment Industry Regulatory Organization of Canada.

4.9 In the event that the recognized clearing agency fails to meet the requirements of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.

5 FITNESS

5.1 The recognized clearing agency shall take reasonable steps to ensure that each director and officer of the recognized clearing agency is a fit and proper person. The recognized clearing agency shall, among other things, consider whether the past conduct of each director or officer affords reasonable grounds for the belief that the director or officer will perform his or her duties with integrity and in a manner that is consistent with the public interest responsibility of the recognized clearing agency.

6 ACCESS

6.1 The recognized clearing agency shall not unreasonably prohibit, condition or limit, directly or indirectly, access by a person or company to services offered by it.

6.2 The recognized clearing agency shall not, directly or indirectly:

- (a) permit unreasonable discrimination among existing and potential Participants and marketplaces; or
- (b) impose any burden on competition that is not reasonably necessary or appropriate.

6.3 The recognized clearing agency shall accept clearing of trades in securities that are eligible under its rules on a non-discriminatory basis, regardless of the marketplace of execution.

6.4 The recognized clearing agency shall promptly notify the Commission of receipt of any applications for access or connection from potential Participants and marketplaces.

6.5 The recognized clearing agency shall complete the granting or denial of access within 60 days and shall promptly notify the Commission of any applications for access that are outstanding for more than 60 days and the reasons for such delay or denial.

6.6 The recognized clearing agency shall allow any person or company, including other third party post-trade service providers, to interface or connect to any of its services or systems on a commercially reasonable basis, for the purposes of facilitating post-trade processing of securities transactions by Participants.

6.7 The rules and procedures of the recognized clearing agency shall be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to remove impediments to the prompt and accurate clearance and settlement of securities transactions. The rules of the recognized clearing agency and any arrangements between the recognized clearing agency and its Participants or other market participants shall not unreasonably create an impediment to competition including in respect of other third party post-trade service providers. Without limiting the generality of the foregoing, the rules or arrangements shall not unreasonably prohibit, limit or impede, directly or indirectly, the ability of Participants to engage other third party post-trade service providers, or the provision of their services.

6.8 The recognized clearing agency shall provide its services and products, including any interface or connection to its services or systems, to any person or company, including a third party service provider, on a non-discriminatory basis and at service level or performance standards comparable to that which would be provided to its affiliated entities.

7. FEES, FEE MODELS AND INCENTIVES

7.1 The recognized clearing agency's fees shall not have the effect of unreasonably creating barriers to access the recognized clearing agency's services or discriminating between users of the recognized clearing agency's services or marketplaces, and shall be balanced with the criterion that the recognized clearing agency has sufficient revenues to satisfy its responsibilities.

7.2 The recognized clearing agency shall not, through any fee schedule, fee model or any contract with any Participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the recognized clearing agency that is conditional upon the purchase of any other service or product offered by the recognized clearing agency or any affiliated entity.

7.3 The fees shall be charged on a per transaction basis and shall not provide a discount, rebate, allowance or similar price concession based on a Participant's level of activity.

7.4 The recognized clearing agency's process for setting fees for any of its services shall provide for meaningful input from the relevant Participant committees and the Risk Management and Audit Committee of its board of directors.

7.5 The recognized clearing agency shall operate under the fee setting process and the fee and rebate model described in Appendix "B" to this schedule, as amended from time to time with prior Commission approval.

7.6 The recognized clearing agency shall obtain prior Commission approval before implementing any amendments to the fees set out in the fee schedule at Appendix "C", any new fees, any other fees for services or products designated by the Commission from time to time, or any change to the fee and rebate model, and for greater clarification, fees means all fees whether for core or non-core services as defined by the recognized clearing agency from time to time.

7.7 If the Commission considers that it would be in the public interest, the Commission may require the recognized clearing agency to submit a fee, fee model or incentive that has previously been approved by the Commission for re-approval by the Commission. In such circumstances, if the Commission decides not to re-approve the fee, fee model or incentive, the previous approval for the fee, fee model or incentive shall be revoked.

7.8 The recognized clearing agency shall file with the Commission all fees and fee models, and any amendments thereto, referred to in paragraphs 7.5, 7.6 or 7.7, for approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

7.9 Commencing for the fiscal year beginning ~~November 1, 2012~~ January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the approved fee and rebate model. The recognized clearing agency shall provide the independent auditor's report to the Commission within 90 days of its fiscal year-end. The first annual report due shall cover a 14-month period from November 1, 2012 to December 31, 2013.

8 INTERNAL COST ALLOCATION MODEL AND TRANSFER PRICING

8.1 The recognized clearing agency shall establish and maintain an internal cost allocation model and policy or policies with respect to the allocation of costs or transfer of prices between the recognized clearing agency and its affiliated entities. The recognized clearing agency shall file with the Commission for approval the internal cost allocation model and policy or policies initially established in connection with this requirement within 9 months of the effective date of this order.

8.2 The recognized clearing agency shall obtain prior Commission approval before making any amendments to the internal cost allocation model and policy or policies established and required to be maintained under paragraph 8.1.

8.3 Commencing for the fiscal year beginning ~~November 1, 2012~~ January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding compliance by the recognized clearing agency and its affiliated entities with the approved internal cost allocation model and transfer pricing policies. The recognized clearing agency shall provide the independent auditor's report to its board promptly after the report's completion and then to the Commission within 90 days of its fiscal year-end. The first annual report due shall cover a 12-month period from January 1, 2013 to December 31, 2013.

- 8.4 The fees, costs or expenses borne by the recognized clearing agency, and indirectly by the users of the recognized clearing agency's services, for each of the services provided by the recognized clearing agency, shall not reflect any cost or expense incurred by the recognized clearing agency in connection with an activity carried on by the recognized clearing agency that is not related to that service.

9 CPSS-IOSCO STANDARDS

- 9.1 The recognized clearing agency shall observe the FMI Principles as soon as possible.

10 RISK CONTROLS

- 10.1 The recognized clearing agency shall have clearly defined and transparent procedures for the management of risk which specify the respective responsibilities of the recognized clearing agency and its Participants.
- 10.2 The recognized clearing agency shall:
- (a) design its clearing and settlement system and the associated financial risk model to meet industry best practices, Ontario securities laws and without limiting the generality of the foregoing, as soon as practicable after the publication of the final FMI Principles by CPSS-IOSCO, observe the FMI Principles;
 - (b) conduct a self-assessment against the applicable FMI Principles every two years or as requested by the Commission, and prepare a report on the findings, conclusions and recommendations for rectifying any deficiencies. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board; and
 - (c) every fourth year, or at other times required by the Commission, engage an independent qualified party, acceptable to the Commission, to conduct an assessment of the recognized clearing agency's financial risk model and prepare a report on the findings, conclusions and any recommendations. The Commission would have the ability to provide input into the scope of such assessment, and may include an assessment of how the recognized clearing agency's financial risk model balances the need for appropriate risk management and maintenance of fair and open access. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

11 OUTSOURCING

- 11.1 The recognized clearing agency shall obtain prior Commission approval before entering into, or amending, any outsourcing arrangement related to, any of its key services or systems with a service provider, which includes affiliated entities of the recognized clearing agency.
- 11.2 Where the recognized clearing agency outsources any of its key services or systems, the recognized clearing agency shall proceed in accordance with best practices. Without limiting the generality of the foregoing, the recognized clearing agency shall:
- (a) establish and maintain policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements;
 - (b) identify any conflicts of interest between the recognized clearing agency and the service provider to which key services and systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest;
 - (c) prior to entering into the outsourcing arrangement, assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by the recognized clearing agency;
 - (d) enter into a contract with the service provider to which key services and systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures;
 - (e) maintain access to the books and records of the service providers relating to the outsourced activities;
 - (f) ensure that the Commission has access to all data, information and systems maintained by the service provider on behalf of the recognized clearing agency, for the purposes of determining the recognized clearing agency's compliance with Ontario securities laws;

- (g) take appropriate measures to determine that service providers to which key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan;
- (h) take appropriate measures to ensure that the service providers protect Participants' confidential information; and
- (i) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement.

12 OPERATIONAL RELIABILITY

- 12.1 The recognized clearing agency shall obtain prior approval of the Commission before integrating any of its IT systems, clearing, settlement or depository systems, or operations with any affiliated entities (other than any integration of systems or operations between CDS Ltd. and CDS Clearing).
- 12.2 The recognized clearing agency shall meet the performance standards attached as Appendix "D" to this schedule, as amended by the recognized clearing agency and approved by the Commission from time to time.
- 12.3 The recognized clearing agency shall obtain prior Commission approval before changing its performance standards attached as Appendix "D" to this schedule.
- 12.4 Commencing for the fiscal year beginning ~~on November 1, 2012~~ January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the performance standards. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board. The first annual report due would cover a ~~15~~-month period from August 1, 2012 to ~~October~~ December 31, 2013.

13 RULES

- 13.1 The recognized clearing agency's rules and the process for adopting new rules or amending existing rules shall be transparent to Participants and the general public.
- 13.2 The recognized clearing agency shall file with the Commission all rules and amendments to the rules and comply with the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

14 ENFORCEMENT OF RULES AND DISCIPLINE

- 14.1 The rules of the recognized clearing agency shall set out appropriate sanctions in the event of non-compliance by Participants.
- 14.2 The recognized clearing agency shall reasonably monitor Participant activities and impose sanctions to ensure compliance by Participants with its rules.

15 CONFIDENTIALITY OF INFORMATION

- 15.1 The recognized clearing agency shall not release Participants' confidential information to a person or company other than the Participant, a securities regulatory authority or a regulation services provider unless:
 - (a) the Participant has consented in writing to the release of the information;
 - (b) the release of the information is required by Ontario securities law or other applicable law; or
 - (c) the information has been publicly disclosed by another person or company, and the recognized clearing agency reasonably believes that the disclosure was lawful.
- 15.2 The recognized clearing agency shall implement reasonable safeguards and procedures to protect Participants' information, including limiting access to such Participant information to employees of the recognized clearing agency, or persons or companies retained by the recognized clearing agency to operate the system.
- 15.3 The recognized clearing agency shall implement adequate oversight procedures to ensure that the safeguards and procedures established under paragraph 15.2 are followed.

16 PROVISION OF INFORMATION

- 16.1 The recognized clearing agency shall, and shall cause CDS Clearing to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of the recognized clearing agency or any of its affiliates, without limitations, restrictions or conditions, including, without limiting the generality of the foregoing:
- (a) data, information and analyses relating to all its or their businesses; and
 - (b) data, information and analyses of third parties in its or their custody and control.
- 16.2 The recognized clearing agency shall share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.
- 16.3 The disclosure or sharing of information by the recognized clearing agency pursuant to paragraphs 16.1 or 16.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.
- 16.4 The recognized clearing agency shall make available to all Participants any reports required under paragraph 7.2 of Schedule "A" and paragraphs 2.3, 4.5, 7.9, 8.2, 12.4 and 20.1 of this Schedule, subject to redaction of any information that the recognized clearing agency reasonably believes is competitively sensitive.
- 16.5 The recognized clearing agency shall continue to provide to Participants an annual report containing substantially the same financial and other information that was included in the annual reports issued by CDS prior to the date of this Order.

17 REPORTING OBLIGATIONS

- 17.1 The recognized clearing agency shall comply with Appendix "E" to this Schedule setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

18 COMPLIANCE

- 18.1 The recognized clearing agency shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that it is in compliance with the terms and conditions applicable to it in this order and describe in detail:
- (a) the steps taken to require compliance;
 - (b) the controls in place to verify compliance; and
 - (c) the names and titles of employees who have oversight of compliance.
- 18.2 If the recognized clearing agency, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to the recognized clearing agency under this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Risk Management and Audit Committee of the breach or possible breach. The director, officer or employee of the recognized clearing agency shall provide to the Risk Management and Audit Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.
- 18.3 The Risk Management and Audit Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 18.4 below.
- 18.4 The Risk Management and Audit Committee shall promptly cause an investigation to be conducted of the breach of possible breach reported under paragraph 18.2. Once the Risk Management and Audit Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to the recognized clearing agency under this order, the Risk Management and Audit Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide

details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

19 REVIEW

- 19.1 The recognized clearing agency shall engage an independent qualified party, acceptable to the Commission, to conduct a review of the clearing agency's rules within 9 months of the effective date of this order to assess whether such rules and the arrangements thereunder continue to be appropriate in light of change in ownership structure and for-profit business model and prepare a report on the finding, conclusions and recommendations. The Commission would have the ability to provide input into the scope of such review which may include a process for stakeholder consultation. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

PART III – Terms and Conditions Applicable to CDS Ltd.

20 FEES

- 20.1 Within three years of the effective date of this order and every three years subsequent to that date, or at other times required by the Commission, CDS Ltd. shall:
- (a) conduct a review of its fees and fee models and the fees and fee models of its affiliated entities that are related to clearing, settlement, depository, data and other services specified by the Commission that includes, among other things, a benchmarking or other comparison of the fees and fee models against the fees and fee models of similar services in other jurisdictions; and
 - (b) provide a written report on the outcome of such review to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

21 ALLOCATION OF RESOURCES

- 21.1 CDS Ltd. shall, subject to paragraph 21.2 and for so long as CDS Clearing carries on business as a clearing agency, allocate sufficient financial and other resources to CDS Clearing to ensure that CDS Clearing can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.
- 21.2 CDS Ltd. shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial or other resources to CDS Clearing as required under paragraph 21.1.

22 FINANCIAL VIABILITY

- 22.1 For the purpose of monitoring its financial viability, CDS Ltd. shall calculate, on a separate basis, the following financial ratios and metric:
- (a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;
 - (b) a financial leverage ratio, being the ratio of total assets to shareholders' equity; and
 - (c) working capital.
- 22.2 If CDS Ltd. fails to maintain, or anticipates it will fail to maintain:
- (a) a debt to cash flow ratio less than or equal to 4/1;
 - (b) a financial leverage ratio less than or equal to 4/1; or
 - (c) working capital to cover 6 months operating expenses (excluding from such operating expenses the amount of shared services fees charged to CDS Clearing);

it shall immediately notify the Commission. If CDS Ltd. fails to maintain either of the debt to cash flow ratio, the financial leverage ratio, or the working capital metric for a period of more than three months, its Chief Executive Officer shall

deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.

22.3 On a quarterly basis or on filing CDS Ltd. financial statements as required under paragraph 22.4 (together with the financial statements required to be filed pursuant to paragraph 22.4), CDS Ltd. shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 22.1.

22.4 From the fiscal year commencing on January 1, 2013, CDS Ltd. shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises ("CGAAP"). The quarterly and annual financial statements of CDS Ltd. shall be provided on a separate and consolidated basis. Any annual report provided to shareholders shall be concurrently filed by CDS Ltd. with the Commission. CDS Ltd. shall file with the Commission financial statements excluding note disclosure for the period of November 1 to December 31, 2012 by April 15, 2013.

22.5 From the fiscal year commencing on January 1, 2013, CDS Ltd. shall file with the Commission (a) unaudited quarterly financial statements of each of its subsidiaries, other than CDS Clearing, within 60 days of the end of quarters one through three, and (b) audited annual financial statements of each of its subsidiaries, other than CDS Clearing, within 90 days of each year end, all prepared in accordance with CGAAP.

23 COMPLIANCE

23.1 CDS Ltd. shall do everything within its control to cause CDS Clearing to:

- (a) carry out its activities as a clearing agency recognized under section 21.2 of the Act and in accordance with Ontario securities law; and
- (b) as soon as practicable after the effective date of this order observe the FMI Principles.

PART IV – Terms and Conditions Applicable to CDS Clearing

24 FEES

24.1 CDS Clearing shall cause CDS Securities Management Solutions Inc. to provide the Commission with a schedule of fees for all the products or services offered by CDS Securities Management Solutions that is in effect within 30 days of the effective date of this order.

24.2 CDS Clearing shall cause CDS Securities Management Solutions Inc. to obtain prior Commission approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time, before implementing any amendments to the fees in the schedule filed pursuant to paragraph 24.1 above and any new fees.

25 FINANCIAL VIABILITY

25.1 For the purpose of monitoring its financial viability, CDS Clearing shall calculate the following financial ratios and metric:

- (a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, amounts due to Participants, customer deposits, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;
- (b) a financial leverage ratio, being the ratio of adjusted total assets to shareholders' equity, where adjusted total assets is calculated as total assets less customer deposits, Participant cash collateral and any other assets held by CDS Clearing on behalf of a Participant all of which are recognized on CDS Clearing's statement of financial position. CDS Clearing shall notify the Commission, in advance, of the nature of any other assets held on behalf of a Participant that will be deducted from total assets; and
- (c) working capital.

25.2 If CDS Clearing fails to maintain, or anticipates it will fail to maintain:

- (a) a debt to cash flow ratio less than or equal to 4/1;
- (b) a financial leverage ratio less than or equal to 4/1; or
- (c) working capital to cover 6 months operating expenses.

it shall immediately notify the Commission. If CDS Clearing fails to maintain either of the debt to cash flow ratio, the financial leverage ratio or the working capital metric for a period of more than three months, its Chief Executive Officer shall deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.

25.3 On a quarterly basis or on filing CDS Clearing financial statements as required under paragraph 25.4 (together with the financial statements required to be filed pursuant to paragraph 25.4), CDS Clearing shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 25.1.

25.4 From the fiscal year commencing on January 1, 2013, CDS Clearing shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with CGAAP. CDS Clearing shall file with the Commission financial statements excluding note disclosure for the period of November 1 to December 31, 2012 by April 15, 2013.

PART V – Terms and Conditions Applicable to Maple

26 PUBLIC INTEREST RESPONSIBILITY

26.1 Maple shall, and shall ensure that the recognized clearing agencies, conduct their business and operations in a manner that is consistent with the public interest.

27 FEES

27.1 Maple shall ensure that any of its affiliated entities do not, through any fee schedule, fee model or any contract with any marketplace participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the affiliated entity that is conditional upon the purchase of any service or product provided by the recognized clearing agency.

28 ALLOCATION OF RESOURCES

28.1 Maple shall, for so long as the recognized clearing agencies carry on business as clearing agencies, allocate sufficient financial and other resources to the recognized clearing agencies to ensure that the recognized clearing agencies can carry out their functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

28.2 Maple shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to the recognized clearing agencies, as required under paragraph 28.1.

29 PROVISION OF INFORMATION

29.1 Maple shall, and shall cause the recognized clearing agencies, to promptly provide the Commission, on request, any and all data, information and analysis in the custody or control of the recognized clearing agencies, without limitations, restrictions or conditions, including data, information and analysis relating to all of the recognized clearing agencies' businesses.

29.2 Maple shall, and shall cause the recognized clearing agencies to, share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.

29.3 The disclosure or sharing of information by Maple and the recognized clearing agencies pursuant to paragraph 29.1 and 29.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

30 CONFLICTS OF INTEREST

- 30.1 Maple shall establish, maintain, and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in CDS, and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the operations of CDS and the services and products provided by CDS.
- 30.2 Maple shall regularly review compliance with the policies and procedures established in accordance with paragraph 30.1, and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing the review(s) conducted shall be provided to the Commission on an annual basis.
- 30.3 The policies established in accordance with paragraph 30.1 shall be made publicly available on Maple's website.

31 COMPLIANCE

- 31.1 Maple shall promote fair access to the recognized clearing agencies and shall not unreasonably prohibit, condition or limit access by a person or company to any services provided by the recognized clearing agencies.
- 31.2 Maple shall promote within the recognized clearing agencies a corporate governance structure that minimizes the potential for any conflict of interest between any marketplace owned or operated by Maple or Maple's affiliated entities and the recognized clearing agencies that could adversely affect the clearance and settlement of trades in securities or the effectiveness of the recognized clearing agencies' risk management policies, controls and standards.
- 31.3 Maple shall do everything within its control to cause the recognized clearing agencies to carry out their activities as clearing agencies recognized under section 21.2 of the Act and in compliance with Ontario securities law, and to observe the FMI Principles as soon as possible after the publication of the final FMI Principles by CPSS-IOSCO.
- 31.4 Maple shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that Maple is in compliance with the terms and conditions applicable to it in this order and describe in detail:
- (a) the steps taken to require compliance;
 - (b) the controls in place to verify compliance; and
 - (c) the names and titles of employees who have oversight of compliance.
- 31.5 If Maple, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to Maple in this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of Maple of the breach or possible breach. The director, officer or employee of Maple shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.
- 31.6 The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 31.7 below.
- 31.7 The Regulatory Oversight Committee shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph 31.5. Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Maple in this order, the Regulatory Oversight Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual or anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX "A"

RULE PROTOCOL REGARDING THE REVIEW AND APPROVAL OF CDS CLEARING AND DEPOSITORY SERVICES INC. RULES BY THE ONTARIO SECURITIES COMMISSION

1. Purpose of the Protocol

On July 4, 2012 the Ontario Securities Commission ("Commission") issued a recognition order ("Recognition Order") with terms and conditions governing the recognition of each of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2(1) of the *Securities Act* (Ontario). To comply with the Recognition Order, CDS Clearing shall file, among other things, its rules with the Commission for approval. This protocol sets out the procedures for the submission of a rule by CDS Clearing and the review and approval of the rule by the Commission.

2. Definitions

In this protocol:

"rule" means a proposed new or amendment to or deletion of a participant rule, operating procedure, user guide, manual or similar instrument or document of CDS Clearing which contains any contractual term setting out the respective rights and obligations between CDS Clearing and participants or among participants.

All other terms have the respective meanings ascribed to them in the Recognition Order and in securities legislation as that term is defined in NI 14-101.

3. Classification of Rules

CDS Clearing shall classify a rule as either "material" or "technical/housekeeping" for the purposes of the approval process set out in this protocol.

(a) *Technical/Housekeeping Rules*

For the purpose of this protocol, a rule shall be classified as "technical/housekeeping" if the rule involves only:

- (i) matters of a technical nature in routine operating procedures and administrative practices relating to the CDS Services;
- (ii) consequential amendments intended to implement a material rule that has been published for comment pursuant to this protocol which only contain material aspects already contained in the material rule or disclosed in the notice accompanying the material rule;
- (iii) amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement;
- (iv) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing;
or
- (v) stylistic formatting, including changes to headings or paragraph numbers.

(b) *Material Rules*

A rule that is not a technical/housekeeping rule, as defined above, would be classified as a "material" rule.

4. Procedures for Review and Approval of Material Rules

(a) *Prior Notice of a Significant Material Rule*

If CDS Clearing is developing a material rule that it anticipates will result in a significant change in its policy, will require amendments to a significant number of rules or may be the subject of significant public comment as a result of publication, then CDS Clearing shall notify Commission staff in writing at least 30 calendar days prior to submitting such a significant material rule. The purpose of such prior notification is to enable the Commission to react in a timely manner to the material rule upon filing. Prior notification shall not be interpreted as an opportunity for Commission staff to participate in CDS Clearing policy development. Commission staff will not begin a formal review of the material rule until all relevant documents have been filed.

(b) Documents to be Filed

For a material rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by Commission staff and CDS Clearing from time to time:

- (i) a cover letter that indicates the classification of the rule and the rationale for that classification and includes a statement that the rule is not contrary to the public interest;
- (ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule;
- (iii) a notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:
 - A. a description of the rule,
 - B. a concise statement, together with supporting analysis, of the nature and purpose of the rule,
 - C. a description and analysis of the possible effects of such rule on CDS Clearing, participants and other market participants and the securities and financial markets in general, including but not limited to any impact on competition, risks and the costs of compliance borne by any of the foregoing parties or within any market, and where applicable, a comparison of the rule to international standards promulgated by Committee on Payment and Settlement Systems of the Bank for International Settlements, the Technical Committee of the International Organization of Securities Commissions and the Group of Thirty,
 - D. a description of the rule drafting process, including a description of the context in which the rule was developed, the process followed, the issues considered, consultation done, the alternative approaches considered, the reasons for rejecting the alternatives and a review of the implementation plan,
 - E. where the rule requires technological systems changes to be made by participants, other market participants or CDS Clearing, CDS Clearing shall provide a description of the implications of the rule on such systems and, where possible, an implementation plan, including a description of how the rule will be implemented and the timing of the implementation,
 - F. where CDS Clearing is aware that another clearing agency has a counterpart to the rule, CDS Clearing shall include a reference to the rules of the other clearing agency, including an indication as to whether that clearing agency has a comparable rule or has made or is contemplating making a comparable rule, and a comparison of the rule to same,
 - G. a statement that CDS Clearing has determined that the rule is not contrary to the public interest, and
 - H. an explanation that all comments should be sent to CDS Clearing with a copy to the Commission, and that CDS Clearing will make available to the public on request all comments received during the comment period.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (b).

(d) Publication of a Material Rule by the Commission

As soon as practicable, Commission staff will publish in the OSC Bulletin the notice and rule filed by CDS Clearing under subsection (b) for a comment period of 30 calendar days ("comment period"), commencing on the date on which the notice first appears in the OSC Bulletin or website.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their initial review of the material rule and provide comments to CDS Clearing during the comment period. However, there will be no restriction on the amount of time necessary to complete the review of the material rule.

(f) CDS Clearing Responses to Commission Staff's Comments

- (i) CDS Clearing shall respond to any comments received to Commission staff in writing.
- (ii) CDS Clearing shall provide to Commission staff a summary of all public comments received and CDS Clearing's responses to the public comments, or confirmation of having received no public comments.
- (iii) If CDS Clearing fails to respond to comments from Commission staff within 120 calendar days after receipt of their comment letter, CDS Clearing shall be deemed to have withdrawn the material rule unless Commission staff otherwise agree.

(g) Approval by the Commission

Commission staff will use their best efforts to prepare the material rule for approval within 30 calendar days of the later of (a) receipt of written responses from CDS Clearing to staff's comments or requests for additional information, and (b) receipt of the summary of public comments and CDS Clearing's response to the public comments, or confirmation from CDS Clearing that there were no comments received. If at any time during the review period, Commission staff determine that they have further comments or require further information from CDS Clearing in order to prepare the materials for Commission approval, the review period will be extended by an additional period of 30 calendar days commencing on the day that Commission staff receive responses to the comments or the information requested. Commission staff will notify CDS Clearing of the Commission's approval of the material rule within 5 business days.

(h) Publication of Notice of Approval

Commission staff will prepare and publish in the OSC Bulletin and on its website a short notice of approval of the material rule within 15 business days of delivery of the notification to CDS Clearing of the decision. CDS Clearing shall provide the following information to accompany the publication of the notice of approval:

- (i) a short summary of the material rule;
- (ii) CDS Clearing's summary of public comments and responses received, if applicable; and
- (iii) if changes were made to the version published for public comment, a blacklined copy of the revised material rule.

(i) Effective Date of a Material Rule

A material rule shall be effective as of the date of the notification of approval by Commission staff in accordance with subsection (g) or on a date determined by CDS Clearing, if such date is later.

(j) Significant Revisions to a Material Rule

When a material rule is revised subsequent to its publication for comment in a way that Commission and CDS Clearing staff determine has a material effect on the substance of the rule or its effect, the revision shall be published in the OSC Bulletin with a notice for a second 30 calendar day comment period. The request for comment shall include CDS Clearing's summary of comments and responses submitted in response to the previous request for comments, together with an explanation of the revision to the material rule and the supporting rationale for the amendment.

(k) Withdrawal of a Material Rule

If CDS Clearing withdraws or is deemed to have withdrawn a rule that was previously submitted, then it shall provide a notice of withdrawal to be published by the Commission in the OSC Bulletin as soon as practicable.

5. Procedures for Review and Approval of a Technical/Housekeeping Rule

(a) Documents to be Filed

For a technical/housekeeping rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by the Commission staff and CDS Clearing from time to time:

- (i) a cover letter that indicates the classification of the rule and the rationale for that classification;

- (ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule; and
- (iii) a short notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:
 - A. a brief description of the technical/housekeeping rule,
 - B. the reasons for the technical/housekeeping classification, and
 - C. the effective date of the technical/housekeeping rule, or a statement that the technical/housekeeping rule will be effective on a date subsequently determined by CDS Clearing.

(b) Effective Date of Technical/Housekeeping Rules

The technical/housekeeping rule shall be effective upon CDS Clearing filing the documents in accordance with subsection (a) or on a date determined by CDS Clearing. Where CDS Clearing does not receive any communication of disagreement with the classification from Commission staff in accordance with subsection (d) within 15 business days after filing the rule, CDS Clearing may assume that the Commission staff agree with the classification.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (a).

(d) Disagreement with Classification

Where CDS Clearing has classified a rule as "technical/housekeeping" and Commission staff disagree with the classification:

- (i) Commission staff will communicate to CDS Clearing, in writing, the reasons for disagreeing with the classification of the rule within 15 business days after receipt of CDS Clearing's filing.
- (ii) After receipt of Commission staff's written communication, CDS Clearing shall re-classify the rule as material and the Commission will review and approve the rule under the procedures set out in section 4.
- (iii) Commission staff may require that CDS Clearing immediately repeal the technical/housekeeping rule and inform its participants of the reason for the repeal of the rule.

(e) Publication of Technical/Housekeeping Rules

Commission staff will publish the notice filed by CDS Clearing under clause (a)(iii) as soon as practicable.

(f) Comments received on Technical/Housekeeping Rules

If comments are raised in response to the publication of the notice or the implementation of the technical/housekeeping rule, Commission staff may review the rule in light of the comments received. Commission staff may determine that the rule was incorrectly classified and require that the rule be classified as a material rule and reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

6. Immediate Implementation of a Material Rule

(a) Criteria for Immediate Implementation

CDS Clearing may make a material rule effective immediately where CDS Clearing determines that there is an urgent need to implement the material rule because of a substantial and imminent risk of material harm to CDS Clearing, participants, other market participants, or the Canadian capital markets or due to a change in operation imposed by a third party supplying services to CDS Clearing and to its participants.

(b) Prior Notification

Where CDS Clearing determines that immediate implementation is necessary, CDS Clearing shall advise Commission staff in writing as soon as possible but in any event at least 5 business days prior to the implementation of the rule. Such written notice shall include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

- (i) Commission staff will notify CDS Clearing, in writing, of the disagreement, or request more time to consider the immediate implementation, within 3 business days of being advised by CDS Clearing under subsection (b).
- (ii) Commission staff and CDS Clearing will discuss and resolve any concerns raised by Commission staff.
- (iii) If no notice is received by CDS Clearing by the 3rd business day after Commission staff received CDS Clearing's notification, CDS Clearing may assume that Commission staff does not disagree with their assessment.

(d) Review of Material Rules Implemented Immediately

A material rule that has been implemented immediately shall be published, reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

7. Miscellaneous Provisions

(a) Waiving Provisions of the protocol

Commission staff may waive any part of this protocol upon request from CDS Clearing. Such a waiver shall be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may be amended at any time or times with the agreement of the Commission and CDS Clearing.

APPENDIX "B"

FEE AND REBATE MODEL APPROVED BY THE COMMISSION

1. For the fiscal year commencing on November 1, 2011 (fiscal year 2012) and subsequent fiscal years, fees for services and products offered by the recognized clearing agency shall be the prices on the fees schedule published on CDS's website and effective November 1, 2011 (CDS 2012 Fee Schedule), attached as Appendix C.
2. Maple shall not seek approval for fee increases on clearing and other core CDS services unless there is a significant change from current circumstances.
3. For the fiscal year commencing on November 1, 2012 and subsequent fiscal years starting on January 1, 2013, Maple shall share 50% of any increase in annual revenue on clearing and other core CDS services as compared to annual revenues in the fiscal year ending on October 31, 2012 with Participants. Sharing of revenue on core services for any fiscal year shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year, intra-year discount(s) and a year-end proportionate rebate by core service category to Participants (paid pro rata to Participants in accordance with the fees paid by such Participants for such core service).
4. For the purposes of paragraphs 2 and 3 above, "clearing and other core CDS services" means services with the codes in the CDS 2012 Fee Schedule highlighted in Appendix "C":
5. ~~For the fiscal year e~~Commencing on November 1, 2012 (fiscal year ~~2013~~) and subsequent fiscal years 12-month periods, Maple shall rebate an additional amount to Participants each year in respect of clearing services for trades conducted on an exchange or ATS. The aggregate rebate shall be \$2.75 million for the period ending in fiscal year October 31, of 2013, \$3.25 million for the period ending in fiscal year October 31, of 2014, \$3.75 million for the period ending in fiscal year October 31, of 2015, and \$4 million for the period ending in fiscal year October 31, of 2016 and each year 12-month period thereafter. This additional rebate for any fiscal year 12-month period shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year 12-month period, intra-year discount(s) and a year-end proportionate rebate to Participants at the end of the 12-month period (paid pro rata to Participants in accordance with the fees paid by such Participants in respect of clearing services for trades conducted on an exchange or ATS).

APPENDIX "C"

CDS' PUBLISHED FEE SCHEDULE EFFECTIVE NOVEMBER 1, 2011

CDS' clearing and other core services are indicated in grey shading.



CDS Clearing and Depository Services Inc.

2012 PRICE SCHEDULE

All Prices Subject to Change

Effective November 1, 2011

CLEARING SERVICES			
6000	Exchange Trade - Reported	Charge per trade reported to both buyer and seller	0.0041*
6010	Trade – Matched Institutional	Charge per trade to both buyer and seller using a virtual matching utility, which generates a confirmed trade in CDSX	0.08
6020	Trade – Other	Charge per trade to both submitter and confirmer for trades that are not exchange or matched institutional trades	0.0852*
6031	FINet [®] Subscription – Base Fee	Charge per business day to all FINet eligible CUIDs.	25.00
6032	FINet [®] Subscription – Supplemental Fee	Charge per business day to all FINet eligible CUIDs that net/report at the internal account level. <u>This fee is in addition to 6031.</u>	5.00
6050	FINet [®] Netting Fee	Charge per original trade that has been netted in the FINet netting processes.	0.09
6060	FINet [®] Trade Confirmation	Charge to participant when the status of a netted trade moves to confirmed (C).	0.18
6080	Continuous Net Settlement (CNS) Eligible Exchange Trades Netted	Charge per CNS eligible exchange trade submitted for netting to both buyer and seller	0.0041*
6085	CNS Netted and Novated Positions	Charge per CNS netted position after netting and novation to both buyer and seller	0.015
6155	Trade Reconciliation - Exchange/Exchange-type Trades	Charge for each electronic data file processed by CDS related to an exchange or an Alternative Trading System (ATS) for participants and subparticipants	4.85
SETTLEMENT SERVICES			
6071	FINet [®] Settlement – Full	Charge to participant when only one transaction is required to fully settle an outstanding netted trade.	0.16
6072	FINet [®] Settlement – Partial	Charge to participant when more than one transaction is required to fully settle an outstanding netted trade. This fee is only applied on the first partial settlement. All subsequent partial settlements relating to the original netted trade are not subject to billing.	0.18
6076	Batch Net Settlement (BNS) FINet [®] Settlement	Charge per FINet trade settled fully in the BNS process	0.09
6110	Pledge Entry and Confirmation	Charge per pledge or substitution item to both submitter and confirmer for entry and confirmation, including DK's	1.43
6134	FINet [®] Buy-in – Pass-Through	Pass-through of FINet buy-in specialist charges.	As per FINet buy-in specialist
6100	Trade-for-Trade (TFT) Intraday Settlement	Charge per TFT trade settled intraday to both buyer and seller	0.1136*

6117	GIC Funds-Only Trade Alert - Email	Charge per addressee on the email (Effective June 4, 2012)	1.00
6118	GIC Funds-Only Trade Alert- Web	Charge per recipient of the web alert (Effective June 4, 2012)	1.00
6119	Pledge Settlement	Charge per pledged position settled intraday to both pledgee and pledgor	0.085
6120	Notice of Intent to Buy-In – Receiver	Charge to participant in a fail-to-receive position for each notice entered through CDSX indicating the intention to buy-in an outstanding trade for a specific security	0.50
6125	Notice of Intent to Buy-In – Deliverer	Charge to participant in a fail-to-deliver position for each notice received through CDSX indicating the intention to buy-in an outstanding trade for a specific security	1.00
6130	Notice of Buy-In Execution – Deliverer	Charge to participant in a fail-to-deliver position on executable date for each notice received through CDSX of the intention by the receiver to execute a buy-in	1.25
6132	Notice of Buy-In Execution – Receiver	Charge to participant in a fail-to-receive position on executable date for each notice entered through CDSX indicating the intention to execute a buy-in	0.25
6137	Buy-In Execution Trade Floor – Deliverer	Charge to participant in a fail-to-deliver position for each buy-in trade order being sent to an exchange for execution	15.00
6140	Certificate Settlement Envelope Service	Charge per envelope to both deliverer and receiver	4.50
6141	BNS TFT Settlement	Charge per TFT trade settled in BNS to both buyer and seller	0.0639*
6190	Detailed/Consolidated Cash Recap Online Report Request	Charge per online request for detailed or consolidated cash recap report	6.70
6196	BNS CNS Batch Settlement	Charge per outstanding CNS position settled in BNS to both buyer and seller	0.03
6197	CNS Real-Time Settlement	Charge per each CNS real-time settlement to both buyer and seller	0.16
DEPOSITORY, CUSTODIAL AND ENTITLEMENT SERVICES			
6200	Deposit	Charge per deposit transaction	1.90
6231	Eligibility Certificated Non BEO	Charge per issue represented by a definitive certificate and the certificate is deposited with CDS	1,100.00
6232	Eligibility Certificated BEO Global	Charge per issue represented by a BEO global note and the note is deposited with CDS	550.00
6234	Eligibility Request Cancellation Fee	Charge for each cancellation of an eligibility request	33.00
6235	Money Market ISIN Activation Fee	Charge per money market ISIN activated	20.00
6250	Withdrawal	Charge per withdrawal transaction	25.50
6255	Withdrawal - Corporate Action	Charge per withdrawal of matured issues from system	1.94
6260 6261	/ Strip Bond Adjustment - Debit/Credit	Charge per strip debit (6260) or credit (6261) adjustment transaction processed	6.15
6270	Strip Bond (Physical Strip) Deposit Surcharge	Surcharge, in addition to the normal deposit fee for each deposit of physical strip bonds, of the greater of a) \$50 and b) the number of coupons/residuals x \$0.50 + the face value in thousands or part thereof (face value/1,000) x \$0.30 x the number of years to maturity (i.e., maturity year - 2000 base year)	50.00 or as calculated
6300	Custody - Equity - Position	Charge per daily average of positions held; positions held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.74

6305	Custody - Equity - Volume	Charge per daily average of increments of 100,000 shares; the volumes held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.2532
6310	Custody - Debt - Position	Charge per daily average of positions held	1.62
6320	Custody - Debt - Volume	Charge per daily average of pro rata increments of \$100,000 par value	0.019
6330	Custody - Strip Bond - Position	Charge per daily average of positions held	0.75
6350	Bank of Canada Safekeeping Cost	Pass-through of Bank of Canada safekeeping charge per daily average of pro rata increments of \$100,000 par value	0.0026
6360	Ledger Reconciliation	Charge per electronic data file processed by CDS	9.15
6370	Ledger Account	Monthly charge per ledger account	235.50
6390	TRAX Entitlements Tracking	Charge per day on all eligible CUIDs that subscribe to the entitlements tracking service	1.75
6400	Corporate Action Transaction – Manual	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring a manual set-up for processing	23.45
6410	Corporate Action Transaction – Auto	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring an automated set-up for processing	4.70
6417	Dividend Transaction – Manual	Charge per credit or debit of a ledger position related to a dividend event requiring a manual set-up for processing	23.74
6418	Dividend Transaction – Auto	Charge per credit or debit of a ledger position related to a dividend event requiring an automated set-up for processing	4.98
6930	Create or Acknowledge Corporate Action Liability record	Charge to participant for each record created or for each record acknowledged	6.55
6947	CALMS ¹ Alert Activity – Email	Charge per addressee on the email	1.00
6948	CALMS Alert Activity – Web	Charge per recipient of the web alert	1.00
6982	TRAX Transfer Request – Deleted	Charge per TRAX transaction deleted in the system	1.94
6989	TRAX Transfer Request Alert Activity - Email	Charge per addressee on the email	1.00
6990	TRAX Transfer Request Alert Activity - Web	Charge per recipient of the web alert	1.00
7996	Reconstitution Reservation Extension	Charge per day per reconstitution reservation request extension	32.50
7997	Strip Foreign Market Bond - Incremental	Incremental charge per foreign market bond stripped	75.00
7998	Strip Ineligible Domestic Bond - Incremental	Incremental charge per ineligible domestic bond stripped	65.00
INTERNATIONAL SERVICES			
5000	International Trade - Entry	Charge per international non-exchange trade transaction entered	0.56
5200	International Trade - Settlement	Charge per international non-exchange trade settled within CDSX	2.75

¹ Corporate Action Liability Management Service

5035	Cross-Border Movement - Pass-Through	Pass-through charge per electronic transfer of security positions between CDS and other foreign securities depositories or custodians	CAD equivalent
5036	ADR Custody Fee – Pass-through	Pass-through of ADR custody fees charged by US depository banks of ADR	As per ADR depository banks
5041	U.S. Deposit	Charge per regular U.S. deposit	105.00
5044	U.S. Deposit Reject	Pass-through of DTC charges per U.S. rejected deposit	CAD equivalent
5046	U.S. Withdrawal - Regular	Charge per regular U.S. withdrawal	232.00
5047	U.S. Withdrawal - Instant	Charge per instant U.S. withdrawal (Effective March 1, 2012)	316.00
5048	U.S. Withdrawal Reject	Pass-through of DTC charges per U.S. rejected withdrawal	CAD equivalent
5050	Depository Trust and Clearing Corporation (DTCC) Mark-up - Tier 1	CDS mark-up of NSCC/DTC/Omgeo monthly billing statements for New York and DTC Direct Link users based on previous month's activity; first US\$20,000 in monthly billings	USD 20.60%
5051	DTCC Mark-up - Tier 2	monthly billings in USD from \$20,000.01 - \$35,000 per month	USD 13.60%
5052	DTCC Mark-up - Tier 3	monthly billings in USD above \$35,000.00 per month	USD 9.10%
5306	Euroclear UK Direct Access ID	One-time charge for the setup of each Euroclear UK Direct service operator ID and password	100.00
5307	Euroclear UK Direct Surcharge	CDS surcharge per Euroclear UK Direct message request	1.90
5310	Euroclear UK Direct Pass Through	Pass-through of Euroclear UK & Ireland charges. These include transaction charges, custody charges, settlement fines, standing charges and other charges as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5317	Euroclear UK Direct Other	Ad-hoc and miscellaneous charges, as provided by Euroclear UK & Ireland, not included in the pass-through charges summarized under 5310 – Euroclear UK Direct Pass Through. These include charges not specific to transactions entered in Euroclear UK & Ireland's CREST Graphical User Interface (GUI). For example, charges for research, trialing, training, etc.	as per Euroclear UK & Ireland
5321	Euroclear UK Direct Volume Discount	Volume discount amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5322	Euroclear UK Direct Rebate	Rebate amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5331	SWIFT UK – GUI Access Right	One-time charge per Euroclear UK & Ireland's CREST GUI access right, as provided by SWIFT UK	as per SWIFT UK
5332	SWIFT UK – Pass Through	Charges for messaging activity related to the Euroclear UK Direct service, as provided by SWIFT UK	as per SWIFT UK
5335	SWIFT UK PST Recovery	Charge for the recovery of provincial sales tax paid by CDS for applicable Euroclear UK Direct services provided by SWIFT UK.	8% of applicable SWIFT UK charges

5400	International Custody Fee	Charge per \$100,000 of the average monthly value of the securities held in safe custody at Euroclear France	0.50
5515	OTC ² Correction	Charge per correction	10.00
5533	ACT Monthly Subscription Fee	Charge per month for each Market Participant Identifier (MPID)	388.00
5534	ACT Trade Fee – Tier 1	Charge per transaction per month for first 25,000 transactions per MPID	0.068
5535	ACT Trade Fee – Tier 2	Charge per transaction per month over 25,000 up to 50,000 transactions per MPID	0.019
5536	ACT Trade Fee – Tier 3	Charge per transaction per month over 50,000 transaction per MPID	0.01
5560	International Trade Reconciliation Service (ITRS)	Charge per electronic data file processed by CDS; New York Link participants' and DTCC's trade files are compared and exception reports are generated	4.85
5570	International Ledger Reconciliation Service (ILRS)	Charge per electronic data file processed by CDS; New York Link and DTC Direct Link participants' ledger position files are compared to DTC's and an exception report is generated	8.80
5576	New York Link Monitoring Service – Email	Charge per addressee on the email	1.00
5577	New York Link Monitoring Service – Web	Charge per recipient of the web alert	1.00
5580	NYL Soft Cap Alert – Email	Charge per addressee on the email	1.00
5581	NYL Soft Cap Alert – Web	Charge per recipient of the web alert	1.00
5910	Regulation SHO Close-Out Fee	Charge for each close-out initiated due to a Regulation SHO requirement	234.00
INFORMATION AND SUPPORT SERVICES			
4001	CDSX Security Master File (SMF) Information	Charge per business day for SMF information	3.00
4003	CDSX SMF or Entitlements Information – On Request	Charge per one-time SMF or Entitlement Information transmission upon request	725.00
4006	CDSX Entitlements Information	Charge per business day for entitlements information	1.85
4007	Entitlements Messaging – MT564	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)	13.25
4008	Entitlements Messaging – MT564/568	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)	5.25
2811	SWIFT Network – Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As per SWIFTNet
2812	SWIFT Network – International Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As per SWIFTNet
4015	Dividend Eligibility Reporting Service – Subscription	Annual subscription charge for dividend eligibility information files	1,045.00
4016	Dividend Eligibility Reporting Service – Archive	Charge for each archive file of dividend eligibility information for a specific taxation year	1,045.00

² Over-the-Counter

4017	Dividend Eligibility Reporting Service – e-mail Notification	Annual subscription charge for e-mail notification service from January 1 to January 31 informing of changes to dividend eligibility information for dividends paid in the previous taxation year	91.00
4020	Mutual Fund and Limited Partnership Tax Reporting – Subscription	Annual subscription charge for each category of Mutual Fund and Limited Partnership Tax Reporting information files. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	905.00
4021	Mutual Fund and Limited Partnership Tax Reporting – Archive	Charge for each archive file of a category of Mutual Fund and Limited Partnership Tax Reporting information for a specific taxation year. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	905.00
4022	Mutual Fund and Limited Partnership Tax Reporting – e-mail Notification	Annual subscription charge for e-mail notification service on replacement records from January 1 to April 30 related to distributions made in the previous taxation year for one of the categories of Mutual Fund and Limited Partnership Tax Reporting information. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	91.00
4050	Shareholder Meetings	Per meeting published; each publication of meetings (original and updates) in financial press as per National Instrument 54-101 (NI 54-101)	100.00
4120	Bulletins	Charge per month for 10 users (including SEDAR attachments); an additional charge of \$50 applies for each additional 10 user IDs	363.00
4125	Bulletin Extraction for Tax Reporting - Subscription	Monthly subscription for receiving updated and consolidated information about wind-up redemptions and other corporate action event types via the bulletin database	75.00
4200	Strip Component Listing Inquiry	Charge per component listing provided	9.00
4220	Strip Bond Monthly Reports - Monthly E-mail	Annual charge for base service subscription by e-mail for up to five users	610.00
4221	Strip Bond Monthly Reports - Additional Users	Annual charge per five additional users added to a base subscription	50.00
4230	Strip Bond Monthly Reports - Extra Hardcopy	Hardcopy version in addition to the base service annual subscription (monthly e-mails)	120.00
4210	Strip Bond Monthly Reports - Single Month	Charge per suite of monthly reports sent to participant non-strip subscribers	100.00
4400	ATON ³ Set-up	One-time charge to set-up ATON profiles and access administration for limited participants	3,175.00
4410	ATON Request for Transfer (RFT)	Charge per RFT to deliverer and receiver; applies to all original RFTs and all residual asset RFTs linked to original RFTs	0.91 ¹
4420	ATON Movement	Charge to both deliverer and receiver for a CDSX trade generated by ATON	0.81 ¹
4430	ATON Confirmed Asset	Charge to both deliverer and receiver per confirmed asset	0.135 ¹

³ Account Transfer Online Notification

4610	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Serial Bond	Charge per ISIN upon initial set-up	100.00
4620	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Other	Charge per ISIN upon initial set-up	250.00
6186	FINet [®] Cumulative Transaction Detail file - subscription fee	Charge for each electronic file processed by CDS.	4.85
6170	Outbound File	Charge for each electronic file processed by CDS, that can be retrieved and used as input to participant systems (e.g., for reconciliation, record-keeping, analysis or other purposes)	4.85
7000	InterLink Set-up	One-time set-up fee for InterLink service	5,770.00
7010	InterLink	Daily charge per CUID	1.80
7015	Intraday InterLink Batch File	Charge per batch file	4.85
7030	Data File Transmission	Charge per electronic transmission of data files	4.85
7050	Test Region Fee	Charge per day for access to CDS's test regions within published testing calendar dates. Tests conducted outside of the published testing calendar dates will be considered on a best efforts basis and will incur a premium charge of \$1,500 per day.	1,000.00
7990	Research	Charge for research of items per customer request for items over 60 days and includes audit confirmation for participants	50.00
7020	Special Research Request	Charge per archived file accessed at five-month increments (e.g., search for past year's trades are three five-month increments)	100.00

OTHER SERVICES			
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4900	Tax Refund Claim NR7-R - Non-Canadian Claimant	Charge per tax refund claim on Canadian-source income (non-Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	USD 55.00
4910	Tax Refund Claim NR7-R - Canadian Claimant	Charge per tax refund claim on Canadian-source income (Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	60.50
4992	Limited Tender	Flat charge for processing a tender for less than 20 per cent of the outstanding shares of a public company	4,000.00
7306	On-Site Contingency Service - Subscriber Standby	Monthly standby charge	109.00
7307	On-Site Contingency Service - Subscriber Usage	Usage charge (use of any part of a day)	454.00
7308	On-Site Contingency Service - Special Set-up	Special set-up charge for non-subscribing customers	3,175.00
7309	On-Site Contingency Service - Special Usage	Usage charge (use of any part of a day)	454.00
7500	TCP/IP (Frame Relay) Port and Up to 16 LUs	Monthly charge for Logical Units (LUs) of Terminals/Printers per port. Per port LUs should be less than or equal to 16.	54.50
7501	TCP/IP Port and 17-256 LUs	Total per month flat fee per port, if LUs on the port are more than 17 but less than or equal to 256. No charges against first tier will be applied	1,451.25

7502	TCP/IP Port and 257-512 LUs	Total per month flat fee per port, if LUs on the port are more than 257 but less than or equal to 512. No charges against first and second tiers will be applied	2,177.00
7503	TCP/IP Port and 513 LUs and Over	Total per month flat fee per port, if LUs on the port are more than 512. No charges against above tiers will be applied	2,903.00
7530	Enhanced IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,046.00
7531	Enhanced IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,106.00
7532	T1 IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,178.00
7533	T1 IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,238.00
7534	Dual T1 IPVPN + Dual Firewall	Charge per month flat fee per connection	2,174.00
7535	Secured Sockets Layer (SSL)	Charge per month flat fee per connection	20.00
7540	Site-to-site connection	Charge per month flat fee per connection	251.00
7536	Fractional T1 gIPVPN + ADSL + Single Firewall	Charge per month flat fee per connection	1,870.00
7537	Fractional T1 gIPVPN + ADSL + Dual Firewall	Charge per month flat fee per connection	1,930.00
7538	T1 gIPVPN + SDSL + Single Firewall	Charge per month flat fee per connection	2,299.00
7539	T1 gIPVPN + SDSL+ Dual Firewall	Charge per month flat fee per connection	2,359.00
7550	Network and Data Processing Move/Add	Labour charges for physical and logical changes	1,000.00
7965	Transfer Agent Pass-through - CDSX	Pass-through of transfer fees charged by transfer agents	Per TA price
7966	Transfer Fees - Other	Transfer fees submitted by transfer agents where CDS uses an internal CUID to process transactions on behalf of participants	Per TA price
7967	Transfer Fees - Adjustments	Any adjustments in transfer fees submitted by transfer agent	Per TA price
7991	Invoice – Soft copy	Charge per invoice per company per month; the invoice is provided in soft copy (e.g., Excel) on a PC diskette or via email	20.00
7992	Dormant Participant Status	Annual charge for reservation of CUID by participant	4,000.00
7080	Participant Merge	Charge to receiving CUID of merger of ledger positions	13,950.00
7090	Agent Merge	Charge to receiving custodian/paying agent of merger of ledger positions	13,950.00
3010	Courier Services - Taxable	Fee passed through CDS for courier shipments within Canada. See Appendix A - CDS Delivery Services Price List	Per fee schedule
3020	Courier Services - Zero Tax	Fee passed through CDS for courier shipments to or from outside of Canada - GST-free. See Appendix A - CDS Delivery Services Price List	Per fee schedule
INCIDENTAL FEES			
9900	Late Collateral Delivery	Charge per incident for failure to deliver collateral within required timeframes	1,000.00
9905	Central Counterparty (CCP) Services Failure to Receive	Charge per day for failure to receive delivery of securities to settle an outstanding FINet trade prior to the start of payment exchange or CNS settlement position in the last intra-day CNS cycle	1,000.00

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9910	Proper Valuation Not Provided	Charge per unvalued security for failure to provide valuation of all transfers, deposits and withdrawals	10.00
9920	Bank Declaration Not Submitted	Charge per day per share per International Securities Identification Number (ISIN) (daily maximum of \$1,000) for non-compliance with Depository Rules regarding the failure to submit a bank declaration	0.001
9925	Failure to Close-out Fails subject to SEC Regulation SHO	Charge of \$5,000 against the participant upon the first failure to close out fails. A charge of \$10,000 upon the second such occasion within the rolling twelve-month period from the first failure	5,000.00 or 10,000.00
9930	Failure to Provide Compliance Information	Charge for failure to provide required financial, regulatory, or other information within requested timeframe	1,000.00
9950	Envelope Not Picked Up by Close of Business	Charge per envelope per day for failure to pick up envelope before close of business	25.00
9960	Position Not Reconstituted	Charge per million par value (or part thereof) per business day reserved for failure to reconstitute a position reserved for reconstitution	1,000.00
9970	Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation for each of the first four times in a rolling 12-month period	1,000.00
9971	Non-standard Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation more than four times in a rolling 12-month period	10,000.00
9972	Variable Non-compliance Fee – NYL Soft Cap	Fee is calculated based on the difference between the participant's net payment obligation to DTC/NSCC and the amount of the soft cap multiplied by the rate as established for CDS's credit facility per day (total 365 days)	Per CDS rate for credit facility
9990	Delay of CDSX Payment Exchange - Initial 15 Minutes	Charge for first 15-minute extension for participant requesting a delay	2,500.00
9991	Delay of CDSX Payment Exchange - Additional 15 Minutes	Charge for a further 15-minute extension for participant requesting a delay	5,000.00

Applicable taxes are not included.

The service prices listed here cover only those authorized uses that are directly related to a Participant's use of CDS depository and clearing services, and that are authorized in the CDS Participant Agreement and Service Rules and procedures. Additional authorization is required from CDS and additional fees may apply if the Participant uses a service in any other manner.

Notes:

[†]Prices are in Canadian dollars and are effective November 1, 2011, unless mentioned otherwise in the 'Billing Definition' column. All Trade Clearing & Settlement Services and Depository Custodial & Entitlement Services, except for 7996, 7997 and 7998, are subject to transactional volatility premium

*Discounts may apply to selected services

¹A minimum monthly charge of \$1,000 for total ATON services applies to limited participants after the first three calendar months



CDS Clearing and Depository Services Inc.

**APPENDIX A
2012 PRICES FOR DELIVERY SERVICES**

Effective November 1, 2011

All Prices Subject to Change

CDS SAME – CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Same-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to/from transfer agents in the same city.

Certificate transfers (per envelope)	6.15
New deposit envelopes (per envelope)	1.19
New withdrawal (paper input) envelopes (per envelope)	No charge
Transfer/deposit rejects surcharge (per envelope)	3.99

CDS INTER-CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Inter-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to or from transfer agents located in other CDS centres.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Toronto Montreal	Vancouver Calgary
Liability charge (per \$1,000 declared value or part thereof)		
➤ Class II (negotiable items)	0.1743	0.2747
➤ Class III (non-negotiable items/registered items)	0.0630	0.1072
Plus weight charge (per 10 grams or part thereof)	0.1489	0.1883
Plus rate per package	33.36	33.83
Minimum charge per shipment	74.12	84.72

BRANCH TO BRANCH AND NEW YORK ENVELOPES

Service Description: Branch-to-Branch and New York Link envelopes are used where a participant drops off a shipment at a CDS branch location for delivery and pick-up at another CDS branch location, the Depository Trust Company (DTC) or Securities Industry Automation Corporation (SIAC).

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Toronto Montreal Ottawa	Vancouver Calgary	New York (DTC/SIAC)
Liability charge (per \$1,000 declared value or part thereof)			
➤ Class II (negotiable items)	0.1710	0.2742	0.1798
➤ Class III (non-negotiable items/registered items)	0.0622	0.1069	0.0677
Plus weight charge (per 10 grams or part thereof)	0.1486	0.1852	0.1578
Plus rate per package	27.11	27.65	64.18
Minimum charge per shipment	64.91	75.42	103.77

CONSOLIDATED COURIER – DEPOT SERVICE

Service Description:

Outbound: Where the deliverer drops off a shipment at a CDS branch location for delivery by Brink's to the receiver's location.
 Inbound: Where Brink's picks up a shipment from the deliverer's location and the receiver picks up the shipment from a CDS branch location.

Calculation: The greater of either the sum of appropriate liability, weight and per package charges or the minimum charge.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per \$1,000 declared value or part thereof)				
➤ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➤ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939
Plus rate per package	61.65	128.41	63.70	63.70
Minimum charge per shipment	136.61	203.34	147.31	147.31

Notes:

- State taxes are applied to all shipments to or from certain U.S. states.
- Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

CONSOLIDATED COURIER – DOOR-TO-DOOR SERVICE

Service Description: Brink's picks up a shipment from the deliverer and delivers the shipment to the receiver.

Calculation: The greater of either the sum of appropriate liability, weight and per package charges or the minimum charge.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per \$1,000 declared value or part thereof)				
➤ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➤ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939
Plus rate per package	61.65	128.41	63.70	63.70
Minimum charge per shipment				

SROs, Marketplaces and Clearing Agencies

Regular schedules	162.57	229.30	172.64	172.64
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Notes:

1. State taxes are applied to all shipments to or from certain U.S. states.
2. Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

APPENDIX "D"

CDS PERFORMANCE STANDARDS

Performance Standards	Measurement Criteria
<p><u>Payment exchange</u></p> <p>Payment process completed by 5:30 p.m. ET</p>	≥99.6%
<p><u>CDSX availability</u></p> <p>7:00 a.m. – 7:30 p.m. and 12:30 a.m. – 4:00 a.m. during normal business days.</p>	≥99.8%
<p><u>Operational reliability</u></p> <p>Execution of 22 daily CDSX systems deliverables.</p>	≥99.6%
<p><u>Days of disruption</u></p> <p>A day of disruption is one where:</p> <p>Online service is out for more than one hour between 10 a.m. and 5 p.m. Payment exchange is completed after 5:30 p.m. due to CDS error</p> <p>OR</p> <p>CDS causes a highly visible and significant disruption in the operations of a significant number of Participants (as agreed to by the Governance/HR committee of the board).</p>	0 days
<p><u>Payments on payable date</u></p> <p>Income entitlements (interest and dividends) on payable date.</p> <p>AND</p> <p>All corporate actions (re-organizations) on payable date where pre-determined. Where not pre-determined, deemed to be date on which funds are released to CDS.</p> <p>Except in the event where the paying agent was unable to pay CDS prior to payment exchange, due to problems on their end, and CDS successfully claimed interest (use of funds) from the paying agent/issuer or where CDS has done everything possible to obtain payment and the Governance/HR Committee agrees to exclude the payment from the calculation.</p>	≥ 99.9%
Internal Business Process Deliverables	
<p><u>"Clean" 3416 Report</u></p> <p>All control objectives are met for CDS Limited and there are less than 4 control exceptions.</p>	Clean Audit Report
<p><u>Disaster recovery</u></p> <p>Two-hour recovery capability from the point of failure for all CDS core services.</p>	Performance as planned

APPENDIX "E"

REPORTING OBLIGATIONS

In addition to the notification, reporting and filing obligations set out in Schedule "B" to the Recognition Order, CDS Ltd. and CDS Clearing shall also comply with the reporting obligations set out below.

1. Prior Notification

1.1 CDS Ltd. and CDS Clearing shall provide to Commission staff prior notification of:

- (a) any proposed change to CDS Ltd. and CDS Clearing's corporate governance structure other than significant changes to the governance structure or constating documents for which prior approval is required under item 4.6 of Schedule "B" to the Recognition Order;
- (b) a decision to enter into an agreement, memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market; or
- (c) a decision to, either directly or through an affiliate, engage in a new type of business activity or cease to engage in a business activity in which CDS Ltd. and CDS Clearing are then engaged.

2. Immediate Notification

2.1 CDS Ltd. and CDS Clearing shall immediately notify the Commission of any event or occurrence that has caused or could reasonably be expected to cause a significant risk to; an adverse material effect on; or a significant or potential disruption to CDS Ltd., CDS Clearing, its participants, any of its services or the Canadian financial markets, including, but not limited to, a participant default; fraudulent activity; or a significant breach of CDS Clearing rules by its participant(s).

2.2 CDS Ltd. and CDS Clearing shall provide to the Commission immediate notice of:

- (a) the appointment of any new director or officer, including a description of the individual's employment history; and
- (b) the receipt of notice of resignation from, or the resignation of a director or officer or the auditors of CDS Ltd. and CDS Clearing, including a statement of the reasons for the resignation.

2.3 CDS Ltd. and CDS Clearing shall immediately notify the Commission if either organization:

- (a) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;
- (b) becomes aware that either organization is the subject of a criminal or regulatory investigation; or
- (c) becomes, or is aware that either organization will become, the subject of a material lawsuit.

2.4 CDS Clearing shall immediately file with the Commission copies of all notices, bulletins and similar forms of communication that CDS Clearing sends its participants.

2.5 CDS Ltd. and CDS Clearing shall immediately file with the Commission any unanimous shareholder agreements to which it is a party.

2.6 CDS Ltd. and CDS Clearing shall immediately file with the Commission any minutes of the board of directors, board committees, management committees and Participants committees promptly after their approval.

3. Quarterly Reporting

3.1 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of the internal audit reports and risk management reports issued in the previous quarter.

3.2 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of integration of its information technology systems, clearing, settlement or depository systems, or operations with any affiliated entities in the previous quarter that are not subject to the prior approval requirement under term and condition 12.1.

4. Annual Reporting

- 4.1 CDS Ltd. and CDS Clearing shall provide to the Commission annually:
- (a) a list of the directors and officers of CDS Ltd. and CDS Clearing;
 - (b) a list of the committees of the CDS Ltd. and CDS Clearing boards of directors, setting out the members, mandate and responsibilities of each of the committees;
 - (c) a list of all participants in each settlement service operated by CDS Clearing;
 - (d) CDS's strategic plan; and
 - (e) CDS's assessment of the risks facing CDS and the plans for addressing the risks.

5. General

- 5.1 CDS Ltd. and CDS Clearing shall continue to comply with the reporting obligations set out in their tailored Automation Review Program document.

Tab "B"

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (CDS)

CHANGE IN YEAR END OF THE CDS GROUP OF COMPANIES
FROM OCTOBER 31ST TO DECEMBER 31ST

A. BACKGROUND

A formal request for approval by the Ontario Securities Commission ("OSC") was filed on November 23, 2012 by The Canadian Depository for Securities Limited ("CDS Limited") on behalf of CDS Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing"), for proposed amendments to the by-laws of these two CDS companies due to a planned change in their year ends, as required under S.4.6 of Schedule "B" to the OSC's Recognition Order dated July 4, 2012 ("OSC 2012 Order"). Such formal request was also for OSC approval of the proposed application of certain regulatory requirements as these companies transitioned to their new fiscal year, and of related proposed amendments to the said OSC 2012 Order, pursuant to S.144 of the Securities Act (Ontario). The OSC's approval of this initiative was provided on December 21, 2012.

The CDS group of companies has been going through an extensive integration process following its amalgamation into the TMX Group (formerly the Maple Group) on August 1, 2012. This integration process has sought to achieve greater efficiencies and synchronization among the two groups of companies, and the proposal to change the year end of the CDS companies to December 31 was part of this overall effort. CDS Limited and all of its subsidiaries had an October 31 year end, while the TMX and all of its subsidiaries had a December 31 year end.

The proposal to synchronize the year ends of the two groups of companies has a number of important benefits: it will eliminate the early release of CDS companies' financial statements and results (asynchronous with the results of the TMX Group), it will enable ease of understanding of CDS and TMX financial statements covering the same periods particularly for stakeholders and regulators, it will simplify quarterly financial reporting and year end financial reporting, and it will produce greater efficiencies through the simultaneous filing of reports pursuant to regulatory requirements.

B. TRANSITION METHOD

The CDS group of companies completed their year end on October 31, 2012 and are in the process of complying with the relevant regulatory requirements, such as conducting an audit for the November 1, 2011 to October 31, 2012 fiscal year. The transition method for the change in year end was to first establish a new two-month fiscal year for the CDS companies from November 1 to December 31, 2012. The second part of the transition method was to establish a new January 1 to December 31, 2013 fiscal year for the CDS companies, and thus set a new baseline for future annual audits and reports required pursuant to the OSC 2012 Order. The comparative period for this new fiscal year will be the 14-month period from November 1, 2011 to December 31, 2012.

C. IMPACT OF CHANGE

CDS Companies

The change in the year end of the CDS group of companies from October 31 to December 31 was an important initiative which will have a very positive long term impact by making these companies more efficient and synchronized with the TMX Group. The more immediate impact of this initiative however, was evident in the required changes to the companies' by-laws and the proposed application of certain regulatory requirements as these companies transition to their new fiscal year.

The implementation of this initiative required the by-laws of the CDS companies to be amended. S.2.3 of the by-laws of the CDS companies was identical, referring specifically to the last day of October as their year end. This was amended as follows:

*S.2.3 **Financial Year** - Until changed by the Board, the financial year of the Corporation shall end on the last day of ~~October~~December in each year.*

The change of the year end of the CDS group of companies also required a thorough assessment of their regulatory obligations with the goal of identifying which obligations would be impacted and how the same should be addressed during the transition to the new fiscal year. A summary discussion of the proposed amendments to the OSC 2012 Order and the related application of certain regulatory requirements as these companies transition to their new fiscal year, is presented below in Section F of this Notice (Amendments to OSC 2012 Order).

CDS Participants

The change in the year end of the CDS group of companies has minimal impact on CDS participants. As stated above, this change was part of a broader integration process between the CDS and TMX group of companies, seeking greater efficiencies and synchronization among the two groups. One area of interest to CDS Participants that is minimally impacted by the change of year end is the timing of the payment of what is referred to as the '50/50 revenue rebate' or sharing of revenues pursuant to S.3 of Appendix "B" to Schedule "B" of the OSC 2012 Order (as amended):

For the fiscal year commencing on November 1, 2012 and subsequent fiscal years starting on January 1, 2013, Maple shall share 50% of any increase in annual revenue on clearing and other core CDS services as compared to annual revenues in the fiscal year ending on October 31, 2012 with Participants. Sharing of revenue on core services for any fiscal year shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year, intra-year discount(s) and a year-end proportionate rebate by core service category to Participants (paid pro rata to Participants in accordance with the fees paid by such Participants for such core service).

The base year for calculating the 50/50 revenue rebate is the fiscal year November 1, 2011 to October 31, 2012, as originally outlined by the Maple Group and as set out in the OSC 2012 Order. The base year revenue for each of clearing and other core CDS services will be determined based on the final revenue numbers that were billed and recorded as revenue for the fiscal year ending on October 31, 2012 (covering 12 months). Clearing and other CDS core services are those revenue categories identified on the price list attached in Appendix "C" to the OSC 2012 Order.

The 50/50 revenue rebate for the two-month fiscal year of November and December 2012 will be calculated on a pro-rata basis based on the 12-month base period ending on October 31, 2012. The total revenue for the base year identified above will be divided by twelve and multiplied by two, representing the average revenue for the two month equivalent of the base year. This base period amount will be subtracted from the revenue billed and recorded as revenue in the two-month fiscal year November and December 2012 to provide the excess or deficit revenue relating to the period that is available for sharing. If there is an excess revenue amount compared to the base year, CDS will provide a rebate equivalent to 50% of the excess revenue amount to its Participants based on the pro rata usage of those services. If the calculation provides an amount equal to or less than zero there will be no revenue share provided to the CDS Participants.

The 50/50 revenue rebate for the two-month fiscal year of November and December 2012 is expected to be paid out to CDS participants in February of 2013. All 50/50 revenue rebates going forward will be based on the same November 1, 2011 to October 31, 2012 base year and paid out to CDS participants in or about February of each year. The impact of the change in year end of CDS companies on the payment of the 50/50 revenue rebate is therefore minimized in that Participants will be receiving a previously unexpected payment in February of 2013 for the two-month fiscal year of November and December 2012.

Another area of interest to some CDS Participants is the impact of the change in the year end on the timing of the payment of the additional rebate pursuant to paragraph 5 of Appendix "B" to Schedule "B" of the OSC 2012 Order (as amended):

~~For the fiscal year commencing on November 1, 2012 (fiscal year 2013) and subsequent fiscal years 12-month periods, Maple shall rebate an additional amount to Participants each year in respect of clearing services for trades conducted on an exchange or ATS. The aggregate rebate shall be \$2.75 million for the period ending in fiscal year October 31, 2013, \$3.25 million for the period ending in fiscal year October 31, 2014, \$3.75 million for the period ending in fiscal year October 31, 2015, and \$4 million for the period ending in fiscal year October 31, 2016 and each year 12-month period thereafter. This additional rebate for any fiscal year 12-month period shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year 12-month period, intra-year discount(s) and a year-end proportionate rebate to Participants at the end of the 12 month period (paid pro rata to Participants in accordance with the fees paid by such Participants in respect of clearing services for trades conducted on an exchange or ATS).~~

The formula for calculating the additional rebate in respect of clearing services for trades conducted on an exchange or an alternative trading system remains unchanged, as do the timing of payment and the pre-set amounts listed in the paragraph above. What was proposed was that this paragraph be amended so that it did not identify November 1, 2012 as the beginning of a fiscal year, and to clarify that subsequent payment of this additional rebate will be based on 12-month periods instead of fiscal years. Payment of this additional rebate will continue to be based on a November 1 to October 31 timeframe and will not be impacted by the change in the year end of the CDS companies.

D. DESCRIPTION OF THE CHANGE REVIEW PROCESS

The change in the year end of the CDS group of companies was discussed and approved by the CDS Risk Management and Audit Committee and the Board of Directors.

E. PUBLIC INTEREST ASSESSMENT

The change in the year end of the CDS group of companies from October 31 to December 31 is an important initiative designed primarily to achieve greater efficiencies and synchronization between the CDS and the TMX groups of companies. It is a proposal that is not contrary to the public interest but rather essential to CDS's continued role in the Canadian capital markets.

F. AMENDMENTS TO OSC 2012 ORDER

The change in the year end of the CDS group of companies required that certain amendments be made to the OSC 2012 Order pursuant to S.144 of the Securities Act (Ontario). It also required that these companies' regulatory obligations be assessed in order to determine which paragraphs of the OSC 2012 Order might be impacted by the change, and how the same should be addressed during the transition to the new fiscal year. The underlying main objectives of this assessment were to ensure that the CDS companies continued to be in compliance with their regulatory obligations, and to propose a reasonable and realistic plan to shift the timing of such compliance to be sensitive to the timing of new reporting requirements and the resource constraints of the CDS group of companies. The change in year end and the related transition to a new fiscal year are occurring in the midst of what has been a very intense integration period for the CDS group of companies. It would be unreasonable to expect the production of all the audit reports and financial statements required under the various paragraphs of the OSC 2012 Order, for the fiscal year ending on October 31, 2012, for the two-month fiscal year ending on December 31, 2012, and again for the fiscal year ending on December 31, 2013.

The following are the paragraphs of the OSC 2012 Order that have been amended due to the change in year end of the CDS group of companies, and their proposed application for the transition to the new fiscal year:

7.9 of Schedule "B"; this paragraph refers specifically to "*the fiscal year beginning on November 1, 2012*" and requires that the recognized clearing agency⁴ deliver a report regarding its compliance with the approved fee and rebate model to the OSC within ninety days of its fiscal year end. This paragraph was amended to specifically refer to CDS Limited and CDS Clearing's new fiscal year which will begin on January 1, 2013. This change sets a new baseline for the annual audits and reports required under this paragraph. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that CDS Limited and CDS Clearing be exempt from having to conduct an audit or file a report. Instead, the first report due to be filed in the new fiscal year will cover the full 14-month period from November 1, 2012 to December 31, 2013.

8.3 of Schedule "B"; this paragraph also refers specifically to "*the fiscal year commencing on November 1, 2012*" and requires that the recognized clearing agency deliver a report regarding its compliance with its approved internal cost allocation model and transfer pricing policies to the OSC within ninety days of its fiscal year end. This paragraph was also amended to specifically refer to CDS Limited and CDS Clearing's new fiscal year which will begin on January 1, 2013. This change sets a new baseline for the annual audits and reports required under this paragraph. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that CDS Limited and CDS Clearing be exempt from having to conduct an audit or file a report. Instead, the first report due to be filed in the new fiscal year will cover the period from January 1, 2013 to December 31, 2013 since a cost allocation model for CDS/TMX combined will not be established until the new fiscal year. CDS Limited and CDS Clearing have made no changes to their internal cost allocation and transfer pricing models since August 1, 2012.

12.4 of Schedule "B"; this paragraph also refers specifically to "*the fiscal year commencing on November 1, 2012*" but the first audit report required under this paragraph is not specifically tied to a twelve month year end. This paragraph was amended to specifically refer to CDS Limited and CDS Clearing's new fiscal year which will begin on January 1, 2013 and end on December 31, 2013. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that the two month period will be covered within the first annual report due to cover a 17-month period from August 1, 2012 2012 (a date previously agreed upon by the Maple Group) to the end of the new fiscal year or December 31, 2013. The performance metrics covered under this report will be tied directly to the performance score card reported on an annual basis starting in January 1, 2013.

22.4 of Schedule "B"; this paragraph requires CDS Limited to file with the OSC unaudited quarterly financial statements, on a separate and consolidated basis, within sixty days of the end of the first three quarters, and audited annual financial statements, also on a separate and consolidated basis, within ninety days of each year end. This paragraph was amended to specifically refer to CDS Limited's new fiscal year which will begin on January 1, 2013. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that CDS Limited only be required to file financial statements excluding note disclosure, for that period, by April 15, 2013. CDS Limited is in the process of being audited for the November 1, 2011 to October 31, 2012 fiscal year and will be filing all the financial statements required for that fiscal year pursuant to this paragraph. The financial

⁴ In the OSC 2012 Order, "*recognized clearing agency*" means each of CDS Limited and CDS Clearing.

statements that CDS Limited will file for the new January 1 to December 31, 2013 fiscal year will include the audited 14-month period from November 1, 2011 to December 31, 2012 as a comparative period. Unaudited quarterly financial statements will be filed within sixty days of the first quarter ending March 31, 2013.

22.3 of Schedule "B"; amendments were made to this paragraph because its requirements are connected to the filing of financial statements under paragraph 22.4 discussed above. This paragraph requires CDS Limited to report to the OSC, on a quarterly basis and together with the financial statements required to be filed pursuant to paragraph 22.4, each quarter's monthly calculation of the financial ratios and metric required under paragraph 22.1. As discussed above, CDS Limited will not be filing audited financial statements for the two-month fiscal year from November 1 to December 31, 2012, but the OSC still required that the financial ratios and metric required under this paragraph 22.3 be reported for that period. The proposed amendment to this paragraph 22.3 will now provide for this information to be filed with the OSC on a quarterly basis or on filing of financial statements by CDS Limited pursuant to paragraph 22.4.

22.5 of Schedule "B"; this paragraph requires CDS Limited to file with the OSC unaudited quarterly financial statements of each of its subsidiaries other than CDS Clearing, within sixty days of the end of the first three quarters, and audited annual financial statements of the same entities within ninety days of each year end. It is proposed that this section be amended to specifically refer to the CDS companies' new fiscal year which will begin on January 1, 2013. In terms of the application of this section to the two-month fiscal year from November 1 to December 31, 2012, CDS Limited will not be required to file any financial statements for its subsidiaries.

22.4 of Schedule "B"; this paragraph requires CDS Clearing to file with the OSC unaudited quarterly financial statements within sixty days of the end of the first three quarters, and audited annual financial statements within ninety days of each year end. It is proposed that this paragraph be amended to specifically refer to CDS Clearing's new fiscal year which will begin on January 1, 2013. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it is proposed that CDS Clearing only be required to file financial statements excluding note disclosure, for that period, by April 15, 2013. As was proposed above for CDS Limited, CDS Clearing will be filing the financial statements required for the November 1, 2011 to October 31, 2012 fiscal year pursuant to this paragraph. It is proposed that the financial statements that CDS Clearing will file for the new January 1 to December 31, 2013 fiscal year will include the audited 14-month period from November 1, 2011 to December 31, 2012 as a comparative period. Unaudited quarterly financial statements will be filed within sixty days of the first quarter ending March 31, 2013.

25.3 of Schedule "B"; amendments were made to this paragraph because its requirements are connected to the filing of financial statements under paragraph 25.4 discussed above. This paragraph requires CDS Clearing to report to the OSC, on a quarterly basis and together with the financial statements required to be filed pursuant to paragraph 25.4, each quarter's monthly calculation of the financial ratios and metric required under paragraph 25.1. As discussed above, CDS Clearing will not be filing audited financial statements for the two-month fiscal year from November 1 to December 31, 2012, but the OSC still required that the financial ratios and metric required under this paragraph 25.3 be reported for that period. The proposed amendment to this paragraph 25.3 will now provide for this information to be filed with the OSC on a quarterly basis or on filing of financial statements by CDS Clearing pursuant to paragraph 25.4.

Amendments were also made to paragraphs 3 and 5 of Appendix "B" to Schedule "B" of the OSC 2012 Order, as discussed above under Section C (Impact of Change – CDS Participants).

G. QUESTIONS

Questions regarding this notice may be directed to:

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