

**13.3.2 CDS Notice of Effective Date –Technical Amendments to CDS Procedures – WR 1346 – New York Link collateral requirement alert**

**CDS Clearing and Depository Services Inc. (CDS®)**

**TECHNICAL AMENDMENTS TO CDS PROCEDURES**

**WR 1346 – New York Link collateral requirement alert**

**NOTICE OF EFFECTIVE DATE**

**May 31, 2010**

**A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENTS**

*Background*

**WR1346 – New York Link collateral requirement alert**

Effective May 1, 2010, CDS's New York Link participants have an obligation to provide CDS with collateral for the NSCC Participant Fund for New York Link Pool to cover their NSCC settlements by 9:00 a.m. ET.

CDS currently provides these participants with a daily Collateral Valuation Summary Report at 7:00 a.m. ET that details their collateral deficiency or excess, as reported to CDS by NSCC. As a courtesy to western clients that may have challenges meeting the deadline, CDS will now provide an alert with the same information contained in the report that may be sent to a subscriber's email prior to regular business hours, allowing them to instigate corrective measures earlier. Although CDS's service level agreement for delivery of the email will be the same as for the report (7:00 a.m. ET), in practice the email creation process will be triggered by the receipt and processing of the NSCC collateral information, and will generally be performed at 5:30 a.m. ET.

Participants will subscribe to the email alert and/or a web based alert through the existing Electronic Alert System (EAS). These alerts will provide New York Link participants with their NSCC current collateral requirement, the amount of collateral already provided and the difference in amounts (i.e. excess or shortage).

*Description of Proposed Amendments*

The CDS Procedures marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open>

**WR1346 – New York Link collateral requirement alert**

- Participating in CDS Services (Release 6.3)  
Ch 3: Web Services  
s 3.6 Electronic Alert Service (updated)

For ease of readability, a formatting change has been made to the way alerts are documented. A new table has been added to the procedure that identifies who is eligible to receive specific alerts (Role), the name of the alert, and a description of the alert. In addition to the alert for New York Link participants, the previously implemented "Warrant Subscriptions" alert for Depository Agents has been removed in text form and embedded in the table.

The new "Projected Payment Rejection" and "Unreleased and Pending Entitlement Payments" alerts for Transfer Agents, documented in a separate Technical Notice "Payment Matching for Transfer Agents", dated 30 April 2010 and being implemented at the same time as the New York Link collateral requirement alert, is also included in this new table.

- New York Link Participant Procedures (Release 25.2)  
Ch 6: New York Link participant funds  
s 6.1 NSCC participant fund for New York Link (administered by CDS and NSCC) (updated)

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on April 29, 2010.

**B. REASONS FOR TECHNICAL CLASSIFICATION**

The amendments proposed pursuant to this Notice are considered matters of a technical nature in routine operating procedures & administrative practices relating to CDS settlement services.

**C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENT**

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the Recognition and Designation Order, as amended on November 1, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépôt et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on November 1, 2006, CDS has determined that the proposed amendments will become effective on a date subsequently determined by CDS, and as stipulated in the related CDS Bulletin.

**D. QUESTIONS**

Questions regarding this notice may be directed to:

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