

**13.3 Clearing Agencies**

**13.3.1 Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – Material Amendments to CDS Procedures Relating to Cessation of Eligibility of Physical Certificates for Deposit at CDS – Notice of Approval**

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

**NOTICE OF APPROVAL**

**MATERIAL AMENDMENTS TO CDS PROCEDURES RELATING TO  
CESSATION OF ELIGIBILITY OF PHYSICAL CERTIFICATES FOR DEPOSIT AT CDS**

**Introduction**

Pursuant to Appendix “A” of Schedule “B” of the CDS Recognition Order (RO) the Commission approved on March 24, 2017, amendments to the CDS Procedures related to the cessation of eligibility of physical certificates for deposit. The Amendments were published for public comment in a Notice and Request for Comments on December 15, 2016. A copy of the CDS notice and comment letter can found at <http://www.osc.gov.on.ca/en/20138.htm>

**Summary of Comments**

CDS received one comment letter in response to the proposed procedure changes. A summary of the comments submitted, together with CDS’s response, is attached at **Appendix A**.

No changes have been made with respect to the Amendments outlined in the Notice and Request for Comments.

**Effective Date**

CDS has stated the changes are planned to be implemented August 31, 2017.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

1. Computershare

Capitalized terms used and not otherwise defined shall have the meaning given in the Request for Comments published on the OSC website on December 15, 2016.

**Notice and Request for Comment - Cessation of Eligibility of Physical Certificates for Deposit**

Comment	CDS Response
<p>Commenters requested further details regarding proposals or timelines that are under consideration in regard to the elimination of the Book Entry Only (BEO) eligibility category, whereby a global certificate is held by CDS. They indicated that many of these issues are governed by indentures that would require amendment in order to eliminate the certificate, which is expected to be a lengthy process for issuers and their advisors.</p>	<p>A timeline for that subsequent phase is not within the scope of the present initiative. CDS will as a next step after August 31, 2017 explore proposals and timelines for the conversion of the Book Entry Only (BEO) documents that represent the entire issued and outstanding securities positions held by CDS. CDS does recognize our issuers, the Canadian legal community, and the transfer agent community as critical stakeholders in this process, and we will consult with these groups during further phases of the initiative.</p>
<p>Commenters requested clarification on updates to section 3.2.5 “CDSX Procedures and User Guides” that include the following criteria for a non-certificate issue to be considered for eligibility: “The security must be available in physical form”?</p>	<p>In the event that a security is in physical form at the registrar/transfer agent level, this eligibility criterion refers only to the requirement that transfer maintain available inventory in the event that a CDS participant requires a withdrawal of a non-certificated inventory position, in the form of a physical certificate.</p>