

13.3 Clearing Agencies

13.3.1 CDS – Notice of Effective Date – Technical Amendments to CDS Procedures – Housekeeping Items

TECHNICAL AMENDMENTS TO CDS PROCEDURES

HOUSEKEEPING ITEMS – DECEMBER 2011

UPDATE TO CNS SETTLEMENT HOLD PROCEDURE; REMOVAL OF ENTITLEMENT RESTRICTION LIST REFERENCE

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

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

Description of the proposed amendments

The proposed amendments are housekeeping changes made in the ordinary course of review of CDS's participant procedures:

- Trade and Settlement Procedures, Chapter 8 'Settlement of Trades'

In July 2011, the CDSX CNS settlement function was changed from a batch-driven facility to a real-time settlement function (Proposed Material Amendments to Real-time CNS Settlement and CNS Settlement Hold). A CNS Settlement Hold feature was also introduced that allowed participants to temporarily stop settlement of a specific security in CNS so that they could accumulate their position and target a TFT (trade-for-trade) transaction for settlement.

At the time of implementation, participants were advised during training sessions that the new CNS Settlement Hold could not be applied to an outstanding to-deliver CNS position if there was a buy-in present on the position. This restriction allows the buy-in transaction to take settlement priority over a TFT trade.

This item is to add that clarification to the "Trade and Settlement Procedures" manual.

- CDSX Procedures and User Guide, Chapter 8 'Entitlement Activities'

A reference to a list of default restriction dates triggered by an entitlement has been removed as there is no such table in the manual.

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 November 24, 2011.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are matters of a technical nature in routine operating procedures and administrative practices relating to the settlement service.

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENTS

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 December 30, 2011.

D. QUESTIONS

Questions regarding this notice may be directed to:

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