

13.1.7 Technical Amendments to CDS Procedures – New Corporate Action Liability Management Service (CALMS) – Notice of Effective Date

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)
TECHNICAL AMENDMENTS TO CDS PROCEDURES
NEW CORPORATE ACTION LIABILITY MANAGEMENT SERVICE (CALMS)
NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENT

Background

The proposed amendments are to describe a new electronic facility - Corporate Action Liability Management service (CALMS) - within the CDS Services web infrastructure, which subscribing participants will use for the submission and tracking of liability notifications (commonly known as "letters of liability") as related to corporate action events.

A "letter of liability" provides details of when securities must be delivered to settle an outstanding trade and the consequences (or liability owed by one Participant to another Participant) for failing to make delivery by the specified date when a corporate action event for the securities is pending. Currently participants use a manual and paper-based method to exchange these letters.

CALMS will replace the paper/fax based exchange of letters of liability with on-line electronic communications. Using a browser-based application, Participants will electronically submit and track their liability notifications throughout their lifecycle, from initiation to acceptance. The "initiating Participant" will submit through CALMS a proposed letter of liability, called a "CA Liability Record", to its counterparty Participant. The counterparty Participant may accept or reject the CA Liability Record or suggest amendments to it. CALMS is independent of CDSX but will draw upon CDSX corporate action event and other information, where available, to insert in the CA Liability Record the relevant details about the parties, the security, the corporate action event and the liability being agreed to. Electronic alerts will advise Participants when a CALMS activity has occurred and when the relevant processing dates have been reached.

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>.

Description of Proposed Amendments

The proposed amendments describe the Corporate Action Liability Management service (CALMS), and provide a form for Participants to subscribe to the CALMS service.

Participating in CDS Services

Ch 3: Web services, s 3.7: Corporate Action Liability Management service (new)

CDSX843 Web Services Request for CDS Participants form (update)

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 September 24, 2009.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical in nature, and are consequential amendments intended to implement a material Rule that has been published for comment by the OSC and AMF.

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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