

13.1.4 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures – CDS Test Region Facilities

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

CDS TEST REGION FACILITIES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENT

Background

This procedure amendment is being put forward at the request of the CDS Board of Directors, based on its approval for CDS to proceed and implement effective September 14, 2009 a fee for providing access to CDS's test regions for specific one off testing requests that are unrelated to CDS initiatives or new participants joining CDS.

CDS currently facilitates testing by participants, service bureaus and acceptable third party vendors, such as alternative trading systems, as part of its existing services so that participants can use CDS's services. Testing generally occurs when CDS offers a new service or implements a material enhancement to an existing service, when a participant subscribes to an existing service it has not used before or when a new participant is preparing to go live.

CDS does not have a test region dedicated exclusively for the use of participants or other external parties. Instead, the separate test regions, C2 and Z1, used by CDS for internal testing are also used for testing by external parties. Typically, when a change initiated by CDS needs to be tested by participants or when a new participant plans to join CDS, there is sufficient advance notice to allow the test region to be set up and made available for the particular test.

To recover the costs associated with providing access to CDS's test regions for specific one off testing requests that are unrelated to CDS initiatives or new participants joining CDS, CDS is going to apply a fee for such requests. CDS will charge a daily rate of \$1,000, with a minimum of \$1,000, and a premium rate of \$1,500 for tests conducted on weekends or for exceptional requests outside of published testing times.

Testing for new CDS participants and to support the implementation of changes to CDS functionality would continue to be made available free of charge, as the associated costs are covered by new participants' entrance fees and the costs allocated to the budget for service enhancements or new services. CDS will apply a time limit after which testing will not be provided free of charge for these cases in order to avoid unplanned testing requests that add costs and disrupt CDS's ability to meet its other deliverables. This free testing period would be based on 90 calendar days for a new participant's start-up from the date of the board's approval of the new participant's application or a specified amount of time based on any testing required as a result of a CDS release which will be defined and communicated to participants during the CDSX release schedules

To assist requesters in planning their testing activities in addition to procedures, CDS will publish a testing calendar, explanation of testing requirements and a new CDS test region form on the CDS.ca website indicating the dates when the testing regions and resources are available for such requests.

In conclusion, the testing services offered by CDS remain unchanged. With the implementation of the new testing region form, published testing schedule and procedures CDS is documenting current practices and charging a fee to recover the associated costs of providing one off tests.

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

Participating in CDS Services (Release 5.9)

Ch 6: Registering and withdrawing from CDS services, s 6.4: CDS test region facilities

In addition, the following form will be added:

Test Region Request form (CDSX844)

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 July 30, 2009

B. REASONS FOR TECHNICAL CLASSIFICATION

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