

13.1.2 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Spanish Maple Bond Forms

CDS Clearing and Depository Services Inc. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

SPANISH MAPLE BOND FORMS

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENT

Background

Maple bonds are currently eligible for CDS if they meet eligibility requirements. CDS has been advised by a number of underwriters that one or more Spanish issuers are now considering issuing maple bonds.

Because Spanish tax law is unique in that it requires the participant holding a security to provide the issuer with a list of eligible beneficial owners if an exemption to the non-resident withholding tax on entitlement payments is claimed, the issuer of Spanish maple bonds will advise, in both the offering memorandum, and in individual issuer notices relating to interest payments, the procedures that are to be followed if claiming tax relief. Specifically, participants will need to provide their beneficial owner information to a third party as instructed by the issuer in the event they request tax relief at source. CDS participants are responsible for contacting and interacting directly with the third party as designated by the issuer.

On August 6, 2008, CDS submitted a Notice to its regulators entitled “Proposed Technical Amendments to CDS Procedures – Spanish Maple Bonds” with amendments to include in CDS’ external procedures a reference to the eligibility of Spanish maple bonds and the related third party contact information. CDS received OSC non-disapproval for such initiative on August 26, 2008 and the referenced Notice was published on August 29, 2008. AMF’s non-disapproval was received on September 9, 2008 and it published the said Notice on September 12, 2008. Bank of Canada non-disapproval was deemed to be received on September 6, 2008.

The Spanish maple bonds procedure amendments were to have come into effect on September 15, 2008, but CDS had to postpone this in order to first enter into a formal agreement with a third party for services related to participants’ beneficial owner information, as mentioned above. The new forms being put forward pursuant to this current Notice are complementary to the Spanish maple bonds procedure amendments and will come into effect on the same date.

The proposed new forms, CDSX831 (Letter of Authorization) and CDSX832 (Issuer Legal Opinion Cover Letter) may be accessed at the CDS website at:

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

Description of Proposed Amendments

The proposed new forms referenced in this Notice provide a standard template for issuers and their legal counsel to complete as part of the process to make Spanish maple bonds eligible in CDSX. They are referenced in:

- CDSX Procedures and User Guide, Chapter 3 Issue Activities, Section 3.2.6

CDS procedure amendments are reviewed and approved by CDS’s Strategic Development Review Committee (“SDRC”) as mandated by the CDS Participant Rules. 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. However, forms such as those being presented herein, are not considered to be ‘procedures’ under the CDS Participant Rules and therefore are not required to be reviewed and approved by the SDRC.

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 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:

Alvin Ropchan
Senior Product Manager
Product Development
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9
Phone: 416-365-8378
Fax: 416-365-0842
e-mail: aropchan@cds.ca

Please cc: Kris Sanker
Director
Product Development
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9
Phone: 416-365-8395
Fax: 416-365-0842
e-mail: ksanker@cds.ca