

**13.1.4 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures – Settled Transaction Report Enhancement**

**CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)**

**TECHNICAL AMENDMENTS TO CDS PROCEDURES**

**SETTLED TRANSACTION REPORT ENHANCEMENT**

**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 Strategic Development Review Committee (“SDRC”) Entitlement Sub-committee. The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by CDS and CDS participants. Its membership includes representatives from the CDS participant community, and it meets on a monthly basis. The SDRC has three separate sub-committees each with its own membership and meeting schedule: the SDRC Equity Sub-committee, the SDRC Debt Sub-committee and the SDRC Entitlement Sub-committee.

This procedure amendment is designed to provide CDS participants with information on adjustments made to their security or fund ledgers in a more timely way. Instead of waiting to receive such information on the business day following its occurrence, the proposed change will enable CDS participants to receive it on the same day it occurs.

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*

Currently, the existing external version of the Ledger Adjustments report (the “RMS000416” report) provides CDS participants with details of all the funds and security position adjustments made by CDS to their ledger the previous day. If the CDS user enters details regarding the ledger adjustments in the memo field of their entry screen, this information is also included in the RMS000416 report. The issue with this information being provided the day after the adjustments have been made is that the participant may have difficulty balancing on the day the adjustments were performed. In order to assist CDS participants with current business day balancing, it is being proposed that the same information that is included in the RMS000416 report be made also available to CDS participants on the day the adjustments are made through the Settled Transaction report (the “RMS000038B report”). The RMS000038B report is an intraday report that provides details on all funds and security position movements (i.e. trade settlement, pledging of collateral, borrowing of securities, ledger adjustments, etc) completed in the participant’s CUID during the current day and up to the point in time that the report request is generated (i.e. this is an online request report that the participants run themselves multiple times throughout the day).

The following procedures will be impacted by this initiative:

CDS Reporting Procedures:

- Chapter 25 Transaction Reports, Section 25.5 Settled Transactions report

Proposed CDS procedure amendments are reviewed and approved by the SDRC. These proposed amendments were provided to the SDRC members via email on December 23, 2008 with a review and deemed approval deadline of December 30, 2008.

**B. REASONS FOR TECHNICAL CLASSIFICATION**

The amendments proposed pursuant to this Notice of Effective Date 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:

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