

**13.1.4 CDS Rule Amendment Notice – Technical Amendments to CDS Rules – Governance Concordance – Executive Committee**

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

**TECHNICAL AMENDMENTS TO CDS RULES**

**GOVERNANCE CONCORDANCE - EXECUTIVE COMMITTEE**

**NOTICE OF EFFECTIVE DATE**

**A. DESCRIPTION OF THE RULE AMENDMENT**

*Background*

On November 1, 2006, The Canadian Depository for Securities Limited (“CDS Ltd.”) undertook a corporate restructuring initiative that, *inter alia*, created CDS, a subsidiary for the clearing, settlement, and depository businesses. Subsequent to corporate restructuring, CDS Ltd. and CDS updated their governance practices. On February 2, 2007, the Board of Directors of CDS Ltd. approved amendments to the by-laws of CDS Ltd. and CDS as well as revising the terms of reference for the Board and committees thereof. Amendments to the by-laws and terms of reference were provided to the recognizing regulators (l’Autorité des marchés financiers, the Bank of Canada, and the Ontario Securities Commission) on February 14, 2007.

Specifically, the ability of the Executive Committee of the Board of Directors to act on behalf of the full Board of Directors between Board of Director meetings was removed by the revised terms of reference. As a practical matter, it is noted that, since the implementation of the original CDS Participant Rules in 1994, the Executive Committee has never exercised the authority granted by Rule 3.2.1.

While not impacting the proposed CDS Participant Rule amendments, it is noted that the Executive Committee was renamed the Governance/Human Resources Committee at the time of the governance updates.

*Description of Proposed Amendments*

The proposed amendments bring the CDS Participant Rules in line with the revised terms of reference. As the Executive Committee cannot act on the behalf of the full Board of Directors, references to the same in the CDS Participant Rules have been removed.

The CDS Participant Rules marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/cdsclearinghome.nsf/pages/-en-participantrules?open>

**B. REASONS FOR TECHNICAL CLASSIFICATION**

The amendments proposed pursuant to this Notice are considered technical amendments as they are amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement.

**C. EFFECTIVE DATE OF THE RULE**

Pursuant to Appendix A (“Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC”) of the OSC Recognition and Designation Order, as amended 1 November, 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 1 November, 2006, CDS has determined that these amendments will be effective on a date subsequently determined by CDS, and as stipulated in the related CDS Bulletin.

These amendments were reviewed and approved by the Board of Directors<sup>1</sup> of The Canadian Depository for Securities Limited on November 26, 2008.

**D. QUESTIONS**

Questions regarding this notice may be directed to:

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<sup>1</sup> Pursuant to a unanimous shareholder agreement between CDS Ltd. and CDS, effective as of November 01, 2006, CDS Ltd., which acts under the supervision of its Board of Directors, assumed all rights, powers, and duties of the CDS Board of Directors.

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