

**13.1.6 Technical Amendments to CDS Procedures – Enhanced Selection Criteria and Inclusion of Withholding Tax on the Settled Transactions Report (000038B) – Notice of Effective Date**

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

**TECHNICAL AMENDMENTS TO CDS PROCEDURES**

**ENHANCED SELECTION CRITERIA AND INCLUSION OF WITHHOLDING TAX  
ON THE SETTLED TRANSACTIONS REPORT (000038B)**

**NOTICE OF EFFECTIVE DATE**

**A. DESCRIPTION OF THE AMENDMENTS**

*Background*

The CDS Strategic Development Review Committee (“SDRC”) Entitlement subcommittee has requested the following enhancements to the Settled Transactions report:

Enhanced Selection Criteria:

When requesting a Settled Transactions report for transaction type ‘E’ (entitlements), two new optional criteria fields will be provided - event transaction subtype and/or event type. This will allow CDS Participants to generate a report based on an event transaction subtype and/or event type. If these fields have been populated, along with the required currency, only those entitlement transactions meeting these criteria will appear on the report.

Inclusion of Withholding Tax:

The Funds Amount (“FA”) field on the Settled Transactions report reports the actual dollar amount that the CDS Participant's FA has been debited or credited. In the case of some entitlement payments, CDS Participants find this number difficult to reconcile as it is the net amount (i.e. gross amount of the entitlement less the withholding tax applicable to the participant's Qualified Intermediary status), rather than the gross amount that they expected. In order to assist in the reconciliation process, a breakdown of the payment amount (i.e. tax withheld amount) is required on the report. When compiling the data for the report, the tax withheld on an entitlement payment will be extracted from NCS and placed in the column currently used exclusively for trade related client name data. The column currently called ‘Client’ will be renamed ‘Client/Tax Withheld’ on the Settled Transactions report.

The 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 following procedures will be impacted by this initiative:

CDS Reporting Procedures:

- Chapter 25 Transaction Reports, Section 25.5

CDSX Procedures and User Guide:

- Chapter 8 Entitlement Activities, Section 8.3

**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 RULE**

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 these amendments will become effective on a date subsequently determined by CDS, and as stipulated in the related CDS Bulletin.

These amendments were reviewed and approved by the SDRC on **September 25, 2008**.

**D. QUESTIONS**

Questions regarding this notice may be directed to:

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