

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Technical Amendments to CDS Procedures Relating to 1042S Reporting - Detail File Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

1042S REPORTING - DETAIL FILE PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

On November 5, 2007, CDS implemented amendments to Participant Procedures related to Withholding Tax Reconciliation. One component of those procedures was the introduction of the new outbound monthly 1042S - *Detail* file, which provides Participants with the accumulated details of U.S. taxes withheld on their behalf for the previous taxation year (based on a Participant's Qualified Intermediary status and tax elections).

The proposed amendments to the procedures clarify that the above file will identify month-over-month changes to the data in the file, including all new entries and changes to existing entries.

NOTE: Participants currently receive all the information included in the file - this initiative, and the consequential proposed amendments to Participant procedures provide a distinction between new details and information previously included in the file.

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

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

[en francais: <http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open>]

Description of Proposed Amendments

The *CDSX Procedures and User Guide* will be updated to include section 8.11.1; this section provides details of the contents of the 1042S Reporting – *Detail* file.

The CDS User Guide entitled *CDS Reporting Procedures* will be updated to include section 13.33; this section provides details regarding the content and layout of the 1042S Reporting – *Detail* file.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments; 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 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 **February 4, 2008**.

D. QUESTIONS

Questions regarding this notice may be directed to:

Euarda Matos
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West,
Toronto, Ontario, M5H 2C9

Telephone: 416-365-3567; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal