

13.1.2 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to U.S. Withholding Tax Detail File Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

U.S. WITHHOLDING TAX 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 *U.S. Withholding Tax - 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 français: <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 *U.S. Withholding Tax – 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 *U.S. Withholding Tax – 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:

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