

13.1.4 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Domestic Securities Buy-In Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

DOMESTIC SECURITIES BUY-IN PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

CDS currently coordinates the submission of buy-in related activities (replacement trades) on the TSX with CDS as the clearing organization. Where a security is traded only on another exchange or on a non-exchange basis, however, CDS is unable to coordinate such buy-in activities.

In the course of regular review, CDS became aware of ambiguity in the Participant procedures in relation to the treatment of exchange and non-exchange buy-in related activities. The proposed amendments address this ambiguity and ensure that Participants are aware that where a security is not listed or traded on the TSX, the buy-in activities for such security are, and have always been, the responsibility of the Participant.

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 proposed amendments to section 9.5 of the CDS User Guide entitled *Trade and Settlement Procedures* clarify that a buy-in related to a security that is not listed and traded on the TSX is the responsibility of the Participant as CDS is unable to coordinate and execute such buy-in transactions.

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 related 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 **November 5, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

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

Telephone: 416-365-3768 ; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal