

13.1.3 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Trade Tolerance Procedures

CDS Clearing and Depository Services Inc. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

TRADE TOLERANCE PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

The proposed amendments address a request from the CDS Strategic Development Review Committee for the implementation of a tolerance level on the Exchange Trade reconciliation process to exclude small break differences. The proposed amendments are intended to facilitate a more efficient overall reconciliation process. CDSX® Participants will, on the implementation of the proposed amendments, be able to determine their own tolerance level (greater than or equal to zero), which will be maintained in a sub participant cross reference table. The tolerance will apply exclusively to the primary reconciliation report and any sub-participant reconciliation reports.

By adding two new screens (inquire and maintain domestic exchange trade attributes) under the Trade function, Participants will have the ability to enter their required tolerance level. This tolerance level will be identical across all exchanges. In addition, participants will be given the ability to inquire on, and maintain, their sub-participant details on these new screens.

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 proposed amendments to the CDS User Guides entitled *Trade and Settlement Procedures* and *CDS Reporting Procedures* are as follows:

- The addition of two new Trade Functions to *Trade and Settlement Procedures*: "Maintain Domestic Trade Reconciliation Details" and "Inquire Domestic Trade Reconciliation Details"; these two Trade Function allow Participants to add or modify a trade tolerance level and sub-participant details as well as inquire on those tolerance levels and details.
- The addition of section 3.4.1 to *Trade and Settlement Procedures*; this section outlines how Participants add, modify, or inquire into trade reconciliation tolerances and sub-participant details.
- The clarification at section 23.8 of *CDS Reporting Procedures* noting that the Trade Reconciliation Report will provide details only above and beyond the tolerance level as determined by the Participant.

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 **November 5, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

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