

13.1.3 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Euroclear UK Direct Service Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

EUROCLEAR UK DIRECT SERVICE PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

In December 2006, CDS submitted a Notice of Material Amendments to CDS Rules relating to the introduction of the CREST Link Service (now known as the Euroclear UK Direct Service). The proposed Material Amendments introduced Rule 14, giving CDS Participants the option to participate directly in CREST, operated by Euroclear UK & Ireland Limited. CDS Participants subscribing to the Service, as Sponsored Members, will be given direct access to the settlement of securities through CREST.

The new service gives direct control to the CDS Participant's Canadian office, without the delay and cost of using an agent. Instructions are inputted directly by the Canadian participant, and the participant can use CREST throughout its operating hours, without having to allow time to transmit instructions to its agent, who must then re-input the data into CREST.

The proposed amendments provide CDS Participants with procedures which include a description of the Service and detail how Participants subscribe to, access, and use the CREST service.

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 comprise the introduction of the CDS User Guide entitled *Euroclear UK Direct Service – Participant Procedures*. The new User Guide introduces the Euroclear UK Direct Service, including how to access the Service, the installation of the CREST Graphical User Interface, hours of operation, holiday processing, and billing procedures. The new User Guide also provides an overview with respect to processing and settlement procedures for the Service, including eligibility, entitlements, and settlement in the various available currencies.

The proposed amendments also include several consequential amendments to the CDS User Guides entitled *CDS Reporting Procedures* and *Participating in CDS Services*.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments; they are consequential amendments intended to implement a material rule that has been published for comment pursuant to Regulatory protocol. The proposed amendments only contain material aspects already contained in the notice accompanying the published material rule amendment.

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 **August 27, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

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