

13.1.3 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to International Services

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

INTERNATIONAL SERVICES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

On January 23, 2007, CDS submitted proposed material amendments to CDS Participant Rules relating to International Services. The amendments to the Rules then proposed were intended to enhance the risk control mechanism of CDSX® while continuing to allow CDS Participants to deliver to and receive securities from their account at CDS's American counterpart, the Depository Trust Company. The proposed amendments to CDS Procedures are made in order to give effect to the proposed changes to the Participant Rules by removing reference to the cross-border movement of funds; under the proposed amendments to the Rules, movement of funds will no longer be permitted and reference to such movement must be removed from CDS Procedures.

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

In English: <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 CDS Procedures remove reference to cross-border Canadian/U.S. funds movements and delivery-versus-payment transactions. Specifically, the following consequential amendments to CDS Procedures are proposed:

- In the CDS User Guide entitled *U.S. Deposit and Withdrawal Procedures*: reference to Canadian/U.S. fund movement has been removed.
- In the CDS User Guide entitled *International Services Procedures*: reference to fees charged for Canadian/U.S. funds movements has been removed. Reference to 'Euroclear' has also been replaced with reference to 'Euroclear France' for clarity.
- In the CDS User Guide entitled *Participating in CDS Services*: reference to Canadian/U.S. funds movements has been removed.
- In the CDS User Guide entitled *CDS/DTC Cross-Border Movement Service Participant Procedures*: reference to Canadian/U.S. funds movements, any fees charged therefore, and reference to delivery-versus-payment transactions has been removed.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are consequential amendments intended to implement a material rule that has been published for comment pursuant to regulatory protocol and contains material aspects already contained in the material rule or disclosed in the notice accompanying the material rule.

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 **May 7, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

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