

13.1.2 CDS Rule Amendment Notice – Technical Amendment to CDS Procedures Relating to IESS Manifest Form Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS)
TECHNICAL AMENDMENTS TO CDS PROCEDURES
INTER-CITY ENVELOPE SETTLEMENT SERVICE (IESS) MANIFEST FORM PROCEDURES
NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

In early January, 2007, the National Securities Clearing Corporation (NSCC) announced the implementation of United States Office of Foreign Asset Control (OFAC) screening of envelopes received from foreign participants. This screening requires NSCC to block the transfer of property, or reject transactions, for specific countries, entities, and individuals appearing on the OFAC Specially Designated Nationals and Blocked Persons List. This screening affects CDS and its participants in that it requires the filing of a manifest to accompany any IESS envelopes.

The OFAC and, consequently, the NSCC, requires that IESS envelopes be accompanied by a manifest of their contents. This requirement will be implemented effective February 9th, 2007.

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

<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open>

Description of Proposed Amendments

The proposed amendments insert a reminder in the CDS User Guide entitled *New York Link Participant Procedures* to Participants who use the IESS, that an OFAC Manifest Form (Form CDSX819 – which will be available on CDS's website in the 'Forms Online' section upon the implementation of the present procedure amendments) must accompany any envelope delivered using the service.

IMPORTANT NOTE: This form has been provided by CDS, in accordance with its regulatory obligations, in both French and English; however, the NSCC will only accept forms completed in English. The French form is provided for information purposes only.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are amendments required to ensure consistency or compliance with an existing rule, securities legislation, or other regulatory requirement.

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 9, 2007.

D. QUESTIONS

Questions regarding this notice may be directed to:

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