

## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.2 Notice of Commission Approval – Technical Amendments to CDS Rules – CDSX Procedures and User Guide Relating to Options and Entitlements

#### THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

#### TECHNICAL AMENDMENTS TO CDS RULES CDSX PROCEDURES AND USER GUIDE RELATING TO OPTIONS AND ENTITLEMENTS

#### NOTICE OF COMMISSION APPROVAL

##### A. Description of the Rule Amendment

The amendments described in this Notice relate to changes to the CDSX Procedures and User Guide. These amendments describe changes which will make it more convenient for Participants to withdraw confirmed option selections and also provide information relating to the payment of entitlements on northbound cross-border movements.

The procedures, with the amendments marked, may be accessed at the CDS website at <http://www.cds.ca>.

The amended provisions include:

Section 8.3 of the CDSX Procedures and User Guide has been changed to reference the new “CDS Expiry Date – Upcoming Event List report”, a tool which Participants may utilize to monitor current and future events related to securities.

The amendments to Section 8.4.3 provide an expanded list of events where Participants may withdraw a confirmed option selection utilizing the “Option Selection Withdrawal” function. The withdrawal function has been expanded to include:

Voluntary events;

Mandatory exchange events (with an option); and

Distribution events (with an option).

The amendments also provide specific withdrawal cutoff times after which the Option Selection Withdrawal functions can not be utilized.

- Section 8.6.1 of the CDSX Procedures and User Guide has been amended by adding a sentence indicating that Participants can verify the status of settlements relating to their claims utilizing either the Settled Transactions Report or the Daily Transactions Report.
- Section 8.12.1 has been added to provide CDS Participants with clarification as to the treatment of cash dividends and interest payments on north-bound cross border movements. The new provisions make it clear that unless Participants provide The Depository Trust Company ("DTC") with appropriate elections and declarations prior to the applicable cutoff date, entitlement allocations on Canadian securities from DTC will be subject to non-resident tax.

TOOMAS MARLEY,  
VICE-PRESIDENT, LEGAL  
AND CORPORATE SECRETARY

This new section also includes specific provisions which describe how CDS will attempt to repatriate Canadian securities held in a DTC account where a cash dividend or interest payment is announced. Repatriation requires the CDS Participant seeking repatriation to deliver the securities in question to the CDS account at DTC four days prior to the records date. CDS will, on a best-efforts basis, attempt to repatriate the securities. If the securities can not be repatriated prior to this date there may be a delay in crediting the Participant's CDSX Funds Account.

**B. Reasons for Technical Classification**

The amendments proposed pursuant to this Notice are considered technical amendments.

These amendments concern matters of a technical nature in routine operating procedures and administrative practices relating to settlement services. The implementation of the amendments to the Procedures described above will have no significant impact on the systems or operations of a Participant and will not result in Participant systems changes.

**C. Effective Date of the Rule**

The effective date for these amendments is November 7, 2005.

**D. Questions**

Questions regarding this notice may be directed to:

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