

13.1.5 CDS Rule Amendments Notice – Technical Amendments to CDS Money Market Issue and Entitlement Procedures

**THE CANADIAN DEPOSITORY
FOR SECURITIES LIMITED (“CDS”)**

**TECHNICAL AMENDMENTS TO CDS
MONEY MARKET ISSUE AND ENTITLEMENT PROCEDURES**

NOTICE OF EFFECTIVE DATE

A. Description of the Rule Amendment

Background

Extendible Commercial Paper

In recent years Canadian issuers of commercial paper have made an enhancement to traditional commercial paper, which has been eligible at the Canadian Depository for Securities Limited (“CDS”) since 1998, issuing such commercial paper in “extendible” form. Extendible commercial paper is the same as traditional commercial paper except that the maturity date of such commercial paper can be extended beyond the initial maturity date, typically at the option of the issuer.

Participants have requested that CDS make extendible commercial paper eligible for CDSX. To facilitate such a request CDS must make minor systems changes to the CDSX system which are described in the amendments to CDSX’s Participant Procedures.

USD Money Market Instruments

Recently a number of Canadian money market issuers have requested that CDS make money market instruments denominated in US Dollars (“USD”) eligible in CDSX. Money Market Instruments denominated in USD will be administered in exactly the same way that Canadian dollar denominated money market instruments are currently administered.

The Procedures marked for the amendments may be accessed at the CDS website at <http://www.cds.ca>.

Description of Proposed Amendments

Extendible Commercial Paper

Specific amendments to CDS Participant Procedures describe changes to the CDSX system which have been made to facilitate CDS’s support of extendible commercial paper.

Amendments to the Money Market Issue and Entitlement Procedures include:

- Amendments which facilitate the management of intraday extensions of extendible commercial paper by paying agents and clarifying that it is the responsibility of issuing agent or paying agent to ensure that such extensions are processed in accordance with the terms of the issue (Sections 1.1.3 and 1.5);
- Clarification that the “ISIN generation method 1” be utilized for extendible commercial paper (Chapter 2, Sections 2.1 and 2.2, and Section 4.3.1);
- Provisions describing how preliminary issue information is to be entered by the issuing agent on CDSX (Section 4.3.3);
- Provisions relating to inquiries on preliminary issue information on CDSX, by an issuer agent (Section 4.4);
- Directions relating to the “Maintain Preliminary Issue” function on CDSX change or update information relating to extendible commercial paper (Section 4.5);
- A description of the processes of paying agents to confirm a extendible commercial payment setup before the issuing agent may complete its confirmation (Section 4.6.1);
- A description of the processes that issuing agents are to follow to confirm an issues setup; (Section 4.6.2); and

- A description of how paying agents can extend extendible commercial paper on the date of the extendible commercial paper's maturity on the CDSX system (Section 6.4.2).

In addition, CDS is proposing to amend the CDSX Procedures and User Guide to include extendible commercial paper as a specific instrument type of money market, debt securities (Section 3.3.1) and the CDS Reporting Procedures to include a report identifying the holders of record for extendible commercial paper (Section 13.7).

USD Money Market Instruments

CDS has made minor amendments to its Money Market Issue and Entitlement Procedures to reflect CDSX systems changes that accommodate USD denominated debt securities issued by Canadian issuers. CDSX will now require a different issuer code be assigned for every money market issuer, currency and instrument type combination for which a Participant is the issuer or issuing agent (Chapter 3). The amendments include reference the inclusion of an identifier of the relevant currency as an element of money market issuer codes (Section 3.2). In addition, the CDS Reporting Procedures have been amended to include currency as a "sort order" category in the Money Market Eligible Issuer Codes report (Section 21.2).

B. Reasons for Technical Classification

The amendments proposed pursuant to this Notice are considered technical amendments as they concern matters of a technical nature in routine operating procedures and administrative practices relating to settlement services.

The proposed amendments relate to the introduction of minor systems changes to facilitate enhancements to CDSX which will facilitate specific subcategories of money market instruments. The amendments provide that extendible commercial paper and USD money market instruments will be treated in a manner that is consistent with the current treatment of money market instruments in CDSX and outlining the procedures that issuers and their agents must follow in relation to these money market instruments.

The amendments to the Procedures will not have a significant impact on the operations or systems of Participants or other market participants as they will be able to utilize existing systems and practices in relating to these types of commercial paper and money market instruments. The proposed amendments will benefit Participants by expanding CDSX eligibility of specified categories of money market instruments that are eligible to be deposited in CDSX. The amendments will not result in any additional risk, cost or required material system enhancements by CDS or its Participants.

C. Effective Date of the Rule

The effective date for these amendments is February 3, 2006.

D. Questions

Questions regarding this notice may be directed to:

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