

**13.1.2 CDS Notice and Request for Comments – Material Amendments to CDS Procedures Relating to International Services Procedures**

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

**MATERIAL AMENDMENTS TO CDS PROCEDURES**

**INTERNATIONAL SERVICES PROCEDURES**

**REQUEST FOR COMMENTS**

**A. DESCRIPTION OF THE PROPOSED AMENDMENTS**

The proposed amendments to CDS Participant Procedures include minor modifications to the documents entitled *Trade and Settlement Procedures*, *Participating in CDS Services*, *CDS Reporting Procedures*, and the introduction of an entirely new document entitled *International Services Procedures*.

The proposed amendments to *Trade and Settlement Procedures* cover the use of the pre-existing Non-Exchange Trade Function to inquire on non-exchange trades (related to international deliveries) and refers users to the new *International Services Procedures* document, described below.

The proposed amendments to *CDS Reporting Procedures* add an International Delivery Report (Report #000142), which is available daily at end-of-day, is retained for seven years, is aggregated alphabetically by Service, and lists all international deliveries and their details at close of business.

The proposed amendments to *Participating in CDS Services* clarify the service definitions of CDS' Euroclear France Link Service, JASDEC Link Service, and Skandinaviska Enskilda Banken AB (SEB) Link Service, respectively, and refer the reader/user to the new *International Services Procedures*, described below.

The proposed new document entitled *International Services Procedures* addresses the following issues in detail:

Chapter 1 – International Deliveries

- At sections 1.1 & 1.2, the processing and billing of international deliveries.
- At section 1.3, international delivery functions. These include *Entering*, *Inquiring on*, and *Modifying* international deliveries using the International Delivery Menu.
- At section 1.4, the document outlines the various statuses of international deliveries.
- At sections 1.5 through 1.8, accessing and using the International Delivery Menu.

Chapter 2 – JASDEC Link Service

This chapter details specific instructions for making securities eligible for the JASDEC Link Service, outlines the processing of JASDEC deliveries and cancellations and addresses the holiday treatment and clearing and settlement cutoff times for the JASDEC Link Service.

Chapter 3 – Euroclear France Link Service & Chapter 4 – SEB Link Service

This chapter details specific instructions for making securities eligible for the Euroclear France Link Service and SEB Link Services, respectively. The proposed procedures outline the processing of eastbound (to Euroclear/SEB) and westbound (to CDS) deliveries and cancellations and address the holiday treatment and clearing and settlement cutoff times for the Euroclear France and SEB Link Services.

In addition, the proposed procedures indicate that entitlements and corporate actions of Euroclear France or SEB Link Service provenance will be processed by CDS' existing entitlements system – all entitlements and corporate actions for CDSX-eligible securities are so processed.

Finally, the proposed procedures outline the steps necessary in order for a CDS Participant to deposit physical securities at Euroclear France or SEB.

**B. NATURE AND PURPOSE OF THE PROPOSED AMENDMENTS**

The proposed amendments are to provide CDS Participants with detailed instructions with respect to the use of CDS' international links with JASDEC, Euroclear France, and SEB. Each of the aforementioned is a pre-existing, unilateral, free-of-

payment custody link which facilitates book-based movements of Canadian or foreign securities – those eligible at *both* CDS and the foreign depository – between the two. The proposed amendments to the procedures, and the proposed system changes, will result in the creation of a trade between a Participant's CDS CUID and the foreign depository CUID.

CDS' International Message Hub (IMHub), which facilitates the exchange of SWIFT messages in an ISO 15022 compliant format between CDS and the international organizations with whom CDS has operating agreements, is intended to streamline the current links with Euroclear France, SEB, and JASDEC, and simplify the establishment of connections and links with other foreign depositories, as the need arises. In addition, the IMHub will facilitate future changes to current international linkages; if, for example, CDS wished to move from the unilateral link it currently maintains with one of the aforementioned foreign depositories to a bilateral link, the goal of the IMHub is to provide a simple (i.e., one that does not require systems changes) means to effect such a change.

### **C. IMPACT OF PROPOSED AMENDMENTS**

The principal impact of the proposed amendments is that CDS Participants will be required slightly to modify the way in which they input, approve, maintain, monitor, and reconcile international deliveries. The proposed International Delivery functions will provide a more unified, centralized, and streamlined end-user interface within which the above-mentioned functions will be located.

#### Participant Input Modifications

Participant input *with respect to the above-referenced international services* will, in future, be initiated via the IMHub User Interface rather than through the CDSX Trade function. This will result in a change in the way Participants interact with CDSX in respect of certain international transactions; non-exchange trades (involving an international partner) submitted to CDS via inbound batch files or via InterLink messages will be rejected, and Participants will no longer be able to enter non-exchange trades (involving an international partner) via the CDSX Non-Exchange Trade function. Instead, communication between CDS and Participants, in respect of international deliveries, will be via the IMHub User Interface.

Note: International deliveries (where an international partner has an account at CDS) cannot be initiated by the Participant, only the international partner. Such deliveries subsequently must be approved/matched by the receiving/delivering CDS Participant via the IMHub User Interface.

The proposed amendments and systems changes will further automate the process of approval of international deliveries by CDS Participants by allowing CDS Participants the ability to approve an international delivery *themselves* rather than by being contacted directly by CDS Operations staff to obtain such approval.

In addition, Participants will be required to use the proposed IMHub User Interface to modify non-exchange trades involving international partners (rather than using Interlink messages or the CDSX non-exchange trade function).

#### CDSX Functionality

Certain currently available functions - in respect of international transactions - will not be affected by the proposed IMHub. In particular, they are the following:

- Participants will continue to be able to monitor non-exchange trades related to international partners via the CDSX Non-Exchange Trade function.
- CDS/DTC cross-border movements will not be affected.
- The reconciliation of non-exchange trades related to international deliveries and ledger adjustments (using existing CDSX functionality and RMS reports) will not be affected.

#### New IMHub User Interface and Reporting Functions

Certain new functions will be available as a result of the bringing online of the proposed IMHub. They include:

- The ability, in certain circumstances (see Appendix "A"), to reject/cancel outstanding international deliveries via the IMHub User Interface.
- A CDS Participant's ability to monitor international deliveries via the IMHub User Interface.
- The provision of a new end-of-day international delivery report available to Participants via RMS.

**D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS**

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to Section 21.1 of the Securities Act (Ontario) and as a self-regulatory organization by the Autorité des marchés financiers pursuant to Section 169 of the Securities Act (Québec). In addition, CDS is deemed to be the clearing house for CDSX, a clearing and settlement system designated by the Bank of Canada pursuant to Section 4 of the *Payment Clearing and Settlement Act*. The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

CDS Procedure Amendments originate from a number of sources, both internal and external, and may be standalone or consequential amendments. Standalone amendments are most often necessitated by internal systems changes or service enhancements, while consequential amendments stem from amendments to CDS Participant Rules and/or other regulatory requirements. CDS Procedure Amendments are reviewed and approved by CDS' Strategic Development Review Committee.

The amendments to Participant Procedures will be effective upon approval of the changes by the Recognizing Regulators following public notice and comment.

**E. IMPACT OF PROPOSED AMENDMENTS ON TECHNOLOGICAL SYSTEMS**

The following constitutes the IMHub's impact on technological systems:

- The CDSX Trade function will be modified so that it will not accept non-exchange trade input (related to International Deliveries) from any source other than the IMHub. (Note: Corporate Action and Participant Merge non-exchange trade input (involving trades with international partners) will not be impacted.)
- The CDSX Trade function will recognize the IMHub as a new Activity Source and SEB as a new Trade Clearing Code in the context of non-exchange trade input.
- Inbound, non-exchange trade related Interlink messages created by the IMHub will reference the aforementioned new Activity Source and Trade Clearing Code.

**F. COMPARISON TO OTHER CLEARING AGENCIES**

The specific operations of the International Message Hub system are unique to CDS and, as such, cannot readily be compared to similar systems and their operation in other clearing agencies.

**G. PUBLIC INTEREST ASSESSMENT**

An analysis of the impact of the proposed amendments on the Participant Procedures and CDS technological systems has determined that the implementation of these amendments would not be contrary to the public interest.

**H. COMMENTS**

Comments on the proposed amendments should be in writing and delivered by October 16, 2006 and delivered to:

Tony Hoffmann  
Legal Counsel  
The Canadian Depository for Securities Limited  
85 Richmond Street West  
Toronto, Ontario M5H 2C9

Fax: 416-365-1984  
e-mail: [attention@cds.ca](mailto:attention@cds.ca)

A copy should also be provided to the Ontario Securities Commission by forwarding a copy to:

Cindy Petlock  
Manager, Market Regulation  
Capital Markets Branch  
Ontario Securities Commission  
Suite 1903, Box 55,  
20 Queen Street West  
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940  
e-mail: [cpetlock@osc.gov.on.ca](mailto:cpetlock@osc.gov.on.ca)

CDS will make available to the public, upon request, copies of comments received during the comment period.

**I. PROPOSED PROCEDURE AMENDMENTS**

Appendix "A" contains text of current CDS Participant Procedure marked to reflect proposed amendments and insertions.

**J. QUESTIONS**

Questions regarding this notice may be directed to:

Tony Hoffmann  
Legal Counsel  
The Canadian Depository for Securities Limited  
85 Richmond Street West  
Toronto, Ontario M5H 2C9

Fax: 416-365-1984  
e-mail: [attention@cds.ca](mailto:attention@cds.ca)

JAMIE ANDERSON  
Senior Legal Counsel

APPENDIX "A"

PROPOSED RULE AMENDMENT

CHAPTER 1

INTERNATIONAL DELIVERIES

The International Message Hub (IMHub) architecture manages the processing of international deliveries for the following services:

- [JASDEC Link Service](#) on page 16
- [Euroclear France Link Service](#) on page 19
- [SEB Link Service](#) on page 22.

The IMHub facilitates the exchange of SWIFT messages in an ISO 15022 compliant format between CDS and the international partners.

The online international delivery functions enable participants to initiate, modify (i.e., approve/match, reject or cancel) and monitor their international deliveries. For more information, see [International delivery functions](#) on page 5.

Real-time messaging for processing international deliveries between CDS and its participants is not available.

The start of online access and system shutdown for the International Deliveries function is the same as CDSX. For more information, refer to CDSX cutoff times in *CDSX Procedures and User Guide*.

**1.1 Processing international deliveries**

The life cycle of an international delivery is as follows:

1. An international delivery is initiated.
2. The international delivery is approved/matched.
3. A non-exchange trade is generated for settlement in CDSX.

The international delivery life cycle is dependent on the international service. For more information, see [Processing accepted JASDEC deliveries](#) on page 16, [Processing Euroclear France deliveries \(eastbound\)](#) on page 19 and [Processing international deliveries for SEB Link](#) on page 22.

The following applies to non-exchange trades related to international deliveries:

- They cannot be modified using the trade functions, however, participants can inquire on international delivery trades using the Inquire Non-Exchange Trade function
- The RENEW INDICATOR field is set to Y once payment exchange is started
- They cannot be entered or modified using InterLink trade messages or non-exchange trade files
- Records in outbound InterLink trade messages or non-exchange trade files have 1MHUB indicated in the SOURCE field
- They are reported in the same way as non-exchange trades. For more information, refer to Trade reports in *CDS Reporting Procedures*.

For more information, refer to Non-exchange trades in *Trade and Settlement Procedures*.

**Service request ID**

Each international delivery is assigned a service request ID (for example, S06045-17357) when the request is saved. In this example, the S identifies the transaction as an international delivery and 06045 is the Julian date when the request

was entered (February 14, 2006, the 45th day of the year). The remaining numbers are generated by the IMHub.

## 1.2 International delivery billing

All transaction fees incurred by participants are billed monthly by CDS. Billable items include the following:

- Non-exchange trade fees
- Cross-border movement – securities-only fees
- Online settlement fees
- Cross-border movement – pass-through fees.

For more information, refer to CDS Ltd. Participant Core Services price list on CDS's website (www.cds.ca).

## 1.3 International delivery functions

The international delivery functions are:

- Enter International Delivery – The CDS participant enters the international delivery details. For more information, see [Entering international deliveries](#) on page 7.
- Inquire International Delivery – The CDS participant can display information on their international deliveries. For more information, see [Inquiring on international deliveries](#) on page 9.

Participants can also use the Inquire Non-exchange Trade function. For more information, refer to Inquiring on non-exchange trades in *Trade and Settlement Procedures*.

- Modify International Delivery – The CDS participant uses this function to approve (i.e., match), reject or cancel an international delivery. For more information, see [Modifying international deliveries](#) on page 12.

To review all international deliveries from the previous business day, participants can review the International Delivery report. For more information, refer to International Delivery report in *CDS Reporting Procedures*.

## 1.4 International delivery statuses

The table below describes the international delivery statuses.

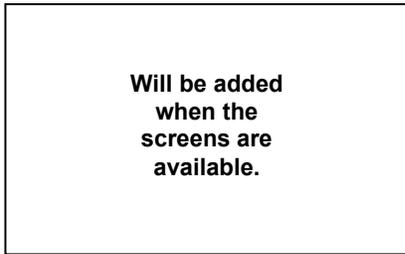
Status A	Status B	Description
INIT		An international delivery has been initiated and the international partner has not yet been notified
INIT	CDSA	An international delivery has been initiated and action (accept or reject) is required by a CDS participant
INIT	CDSX	An international delivery has been initiated, the CDS participant has accepted the international delivery and the international delivery is awaiting completion
INIT	WIPA	An international delivery has been initiated and action (match, reject or settlement confirmation) is required by the international counterparty
INIT	CIPA	An international delivery has been initiated, a cancellation request has been made by the CDS participant and action (accept or deny) is required by the international counterparty
INIT	WIPD	An international delivery has been initiated, a cancellation request has been denied and action (match, reject or settlement confirmation) is required by the international counterparty
INIT	SETT	An international delivery has been initiated and settlement confirmation has been received from the international counterparty
COMP	CANC	An international delivery has been cancelled
COMP	REJT	An international delivery has been rejected
COMP	SETT	An international delivery has been successfully completed

### 1.5 Accessing the International Delivery Menu

To access the International Delivery Menu:

1. Log on to CDS systems. For more information, refer to Logging on to CDS systems in *Participating in CDS Services*.
2. On the Canadian Depository for Securities Main Menu, type the number identifying International Deliveries in the SELECTION field and press ENTER. The International Deliveries Menu on page 7 displays.

International Deliveries Menu



### 1.6 Entering international deliveries

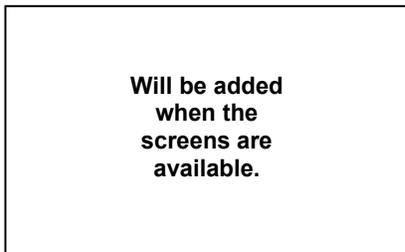
International deliveries entered using the Enter International Delivery function must meet the following eligibility requirements or they are not accepted:

- Participant's CUID is eligible for the service
- Security is eligible for the service
- No trade restrictions exist.

To enter an international delivery:

1. Access the International Deliveries Menu on page 7. For more information, see Accessing the International Delivery Menu on page 6.
2. Type the number identifying Enter International Delivery in the SELECTION field and press ENTER. The Enter International Delivery screen on page 8 displays.

Enter International Delivery screen



3. Complete the fields indicated in the table below. The table specifies which fields are completed for each international service (i.e., EOC for Euroclear France Link Service and SEB for SEB Link Service.) International deliveries for JASDEC (JSS) are initiated by the international counterparty.

Field	Description	EOC	SEB
The following fields are required:			
REC/DEL	Code identifying the role of the participant in the international delivery: D – deliverer R – receiver	✓	✓
SERVICE	Code identifying the international link: EOC – Euroclear France SEB – SEB	✓	✓
TRADE DATE	Date when the trade was negotiated	✓	✓
VALUE DATE	Date when the trade is to settle (cannot be more than 365 days in the future)	✓	✓
ACCOUNT	Account type and number where the securities are to be delivered to or received from	✓	✓
SECURITY	Security number (ISIN) identifying the security	✓	✓
PAR VALUE/ QTY	Par value or quantity to be delivered or received  Par value/quantity limits (maximum/minimum) and denomination requirements are enforced by SMF	✓	✓

Field	Description	EOC	SEB
DEAG/REAG BIC, ACCT and/or NAME	DEAG – delivering agent REAG – receiving agent  For DEAG (i.e., delivering account at an international partner), the BIC, ACCT or NAME when the CDS participant is the receiver  For REAG (i.e., receiving account at an international partner), the BIC, ACCT or NAME when the CDS participant is the deliverer	✓	✓
Complete one of the following fields:			
BUYER BIC, ACCT and/or NAME	For the international partner (REAG), the BIC, ACCT or NAME of the international partner's participant's client that is receiving delivery when the CDS participant is the deliverer  For the international partner (DEAG), the BIC, ACCT or NAME of the CDS participant's client that is receiving delivery when the CDS participant is the receiver	✓	✓
SELLER BIC, ACCT and/or NAME	For the international partner (DEAG), the BIC, ACCT or NAME of the international partner's participant's client that is delivering when the CDS participant is the receiver  For the international partner (REAG), the BIC, ACCT or NAME of the CDS participant's client that is delivering when the CDS participant is the deliverer	✓	✓
The following fields are optional:			
DECU BIC, ACCT and/or NAME	Identifies the delivering custodian		✓
RECU BIC, ACCT and/or NAME	Identifies the receiving custodian		✓

**Note:** Any fields that display on the Enter International Delivery screen on page 8 and are not listed in the table are for future use.

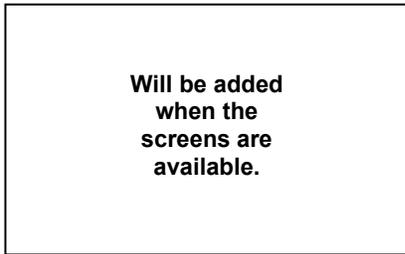
4. Press PF10 to save. The international delivery is saved with an initiated (INIT) status. A new Enter International Delivery screen on page 8 displays with the service request ID on the message line.

**1.7 Inquiring on international deliveries**

To inquire on an international delivery:

1. Access the International Deliveries Menu on page 7. For more information, see [Accessing the International Delivery Menu](#) on page 6.
2. Type the number identifying Inquire International Delivery in the SELECTION field and press ENTER. The International Delivery – Selection screen on page 10 displays.

International Delivery – Selection screen

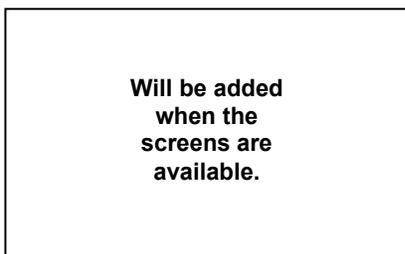


3. Complete the fields as indicated in the table below.

Field	Description
SRVC RQST ID	Service request identification number assigned to the international delivery  If the service request ID is entered, the other fields do not need to be completed
REC/DEL	Code identifying the role of the participant in the international delivery: D – deliverer R – receiver
SERVICE	Code identifying the international link service: JSS – JASDEC Link Service EOC – Euroclear France Link Service SEB – SEB Link Service
STATUS A	Code identifying the status of the international delivery. For more information, see <a href="#">International delivery statuses</a> on page 6
STATUS B	Code identifying the action required or taken by the participant or international counterparty. For more information, see <a href="#">International delivery statuses</a> on page 6
VALUE DATE	Date when the trade is to settle (cannot be more than 365 days in the future)
SECURITY	Security number (ISIN) identifying the security
FROM:	Enter a range of security numbers
TO:	
QUANTITY	Quantity to be delivered or received

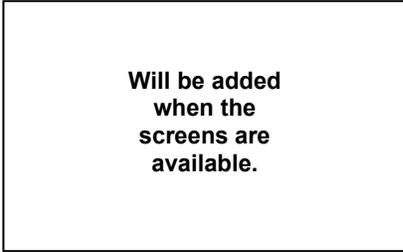
4. Press ENTER. The International Delivery – List screen on page 11 displays.

International Delivery – List screen



5. Type X in the SEL field beside the required international delivery and press ENTER. The International Delivery – Details screen on page 11 displays.

International Delivery – Details screen



6. Review the details of the international delivery. All the fields on this screen are display only.

### 1.8 Modifying international deliveries

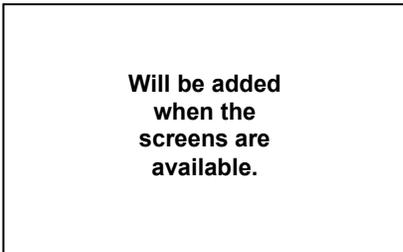
The Modify International Delivery function enables CDS participants to approve (i.e., match), reject or cancel international deliveries. The following rules and restrictions apply to approving and rejecting international deliveries:

- Only international deliveries with a INIT-CDSA status can be approved or rejected. For more information, see [International delivery statuses](#) on page 6.
- International deliveries that have been approved or rejected cannot be modified.

To modify an international delivery:

1. Access the International Deliveries Menu on page 7. For more information, see [Accessing the International Delivery Menu](#) on page 6.
2. Type the number identifying Modify International Delivery in the SELECTION field and press ENTER. The International Delivery – Selection screen on page 12 displays.

International Delivery – Selection screen



3. Complete the fields as indicated in the table below.

Field	Description
SRVC RQST ID	Service request identification number assigned to the international delivery If the service request ID is entered, the other fields do not need to be completed
REC/DEL	Code identifying the role of the participant in the international delivery: D – deliverer R – receiver

Field	Description
SERVICE	Code identifying the international link service: JSS – JASDEC Link Service EOC – Euroclear France Link Service SEB – SEB Link Service
STATUS A	Code identifying the status of the international delivery. For more information, see <a href="#">International delivery statuses</a> on page 6
STATUS B	Code identifying the action required by the participant or international counterparty. For more information, see <a href="#">International delivery statuses</a> on page 6
VALUE DATE	Date when the trade is to settle (cannot be more than 365 days in the future)
SECURITY FROM: TO:	Security number (ISIN) identifying the security Enter a range of security numbers
QUANTITY	Quantity to be delivered or received

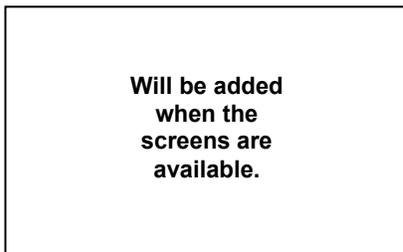
4. Press ENTER. The International Delivery – List screen on page 13 displays.

International Delivery – List screen



5. Type X in the SEL field beside the required international delivery and press ENTER. The International Delivery – Details screen on page 14 displays.

International Delivery – Details screen



6. Do one of the following:

- To approve the international delivery, type A in the CMD field.
- To approve the international delivery and modify the account, type A in the CMD field and modify the new account type and number in the ACCOUNT field.
- To reject the international delivery, type R in the CMD field.

**Note:** If the international counterparty has sent a cancellation request and the request is being processed at the same time that the participant attempts to reject the international delivery, the following message displays: CANCELLATION IN PROGRESS.

- To cancel the international delivery, type C in the CMD field. For more information, see [Cancelling international deliveries](#) on page 14.

7. Press ENTER to validate the information and press PF10 to save.

### 1.8.1 Cancelling international deliveries

International delivery cancellation requests are processed depending on the initiator and status of the international delivery as indicated in the table below:

Initiator	Status	Action
CDS participant	INIT, INIT-WIPA	The CDS participant can enter a request to cancel the international delivery
	INIT-CDSA, INIT-CIPA, INIT-WIPD, INIT-SETT or COMP	The CDS participant cannot request the cancellation of the international delivery and receives an invalid entry message

Deliveries initiated by the international counterparty can be cancelled when the non-exchange trade has not settled and the CDS participant has not responded to the international delivery.

If an international delivery cannot be cancelled, the CDS participant or international party can initiate a new international delivery to reverse the transaction.

## CHAPTER 2

### JASDEC LINK SERVICE

The JASDEC Link Service is a unilateral, free of payment (FOP) custody link established by CDS with the Japan Securities Depository Center, Inc. (JASDEC) to facilitate book-based movements of Canadian securities, eligible at both CDS and JASDEC, between the two depositories. The international delivery results in a trade between a participant's CDS CUID and the JASDEC CUID (JASD).

#### Security eligibility

To make securities eligible for the JASDEC Link Service, contact CDS Customer Service.

For more information on whether a security is eligible for the JASDEC Link Service, refer to Viewing eligibility and restriction information in *CDSX Procedures and User Guide*.

#### JASDEC Link holiday processing

Transactions at JASDEC are subject to processing according to JASDEC's business days and regular hours of operation. Instructions sent to JASDEC on a Japanese holiday or after their regular hours of operation are not processed until the following business day.

If CDS receives an instruction from JASDEC to settle a transaction on a Canadian holiday, CDS completes the transaction on the next Canadian business day.

### 2.1 Processing accepted JASDEC deliveries

Accepted JASDEC international deliveries are processed in the same manner for each of the following scenarios:

- Deliveries from the CDS participant to the JASDEC counterparty
- Deliveries from the JASDEC counterparty to the CDS participant.

JASDEC international deliveries that are accepted are processed as follows:

1. JASDEC sends the international delivery instructions to CDS. The status of the international delivery is INIT-CDSA.
2. The participant accepts the international delivery using the Modify International Delivery function. The status of the international delivery changes to INIT-CDSX.
3. A non-exchange trade is set up in CDSX and settles.
4. CDS notifies JASDEC that the trade is settled and the status of the international delivery changes to COMP-SETT.

## 2.2 Processing rejected JASDEC deliveries

Rejected JASDEC international deliveries are processed in the same manner for each of the following scenarios:

- Deliveries from the CDS participant to the JASDEC counterparty
- Deliveries from the JASDEC counterparty to the CDS participant.

JASDEC international deliveries that are rejected are processed as follows:

1. JASDEC sends the international delivery instructions to CDS. The status of the international delivery is INIT-CDSA.
2. The participant rejects the international delivery using Modify International Delivery function.
3. CDS notifies JASDEC that the international delivery has been rejected. The status of the international delivery changes to COMP-REJT.

## 2.3 Processing accepted JASDEC cancellations

Accepted JASDEC cancellations are processed as follows:

1. JASDEC sends the international delivery instructions to CDS. The status of the international delivery is INIT-CDSA.
2. JASDEC sends a cancellation request to CDS.
3. CDS accepts the cancellation and notifies JASDEC. The international delivery status changes to COMP-CANC.

## 2.4 Processing denied JASDEC cancellations

Denied JASDEC cancellations are processed as follows:

1. JASDEC sends the international delivery instructions to CDS. The status of the international delivery is INIT-CDSA.
2. The participant accepts the international delivery using the Modify International Delivery function. The status of the international delivery changes to INIT-CDSX.
3. A non-exchange trade is set up in CDSX and settles.
4. JASDEC sends a cancellation request to CDS.
5. CDS denies the cancellation request and notifies JASDEC that the trade is settled. The status of the international delivery is COMP-SETT.

## 2.5 JASDEC clearing and settlement

The cutoff time for settlement instructions at JASDEC is 4:15 p.m. Japan time on settlement date.

**Note:** Participants should be aware of the time differences between Canada and Japan when processing international deliveries.

## CHAPTER 3

### EUROCLEAR FRANCE LINK SERVICE

The Euroclear France Link Service is a unilateral, free of payment (FOP) custody link established by CDS with Euroclear France to facilitate book-based movements of French securities between the two depositories. The international delivery results in a trade between a participant's CDS CUID and the Euroclear France CUID (EOCF). French securities must be eligible for the Euroclear France Link Service.

### **Security eligibility**

To make securities eligible for the Euroclear France Link Service, contact CDS Customer Service.

For more information on whether a security is eligible for the Euroclear France Link Service, refer to Viewing eligibility and restriction information in *CDSX Procedures and User Guide*.

### **Euroclear France Link holiday processing**

Transactions at Euroclear France are subject to processing according to Euroclear France's business days and regular hours of operation. Instructions sent to Euroclear on a French holiday or after their regular hours of operation are not processed until the following business day.

## **3.1 Processing Euroclear France deliveries (eastbound)**

International deliveries to Euroclear France are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. A non-exchange trade is set up in CDSX and settles.
3. The international delivery instructions are forwarded to Euroclear France.
4. Euroclear France completes a delivery from CDS's account at Euroclear France to the participant's receiving account at Euroclear France.
5. Euroclear France informs CDS that the delivery is complete and the status of the international delivery changes to COMP-SETT.

### **3.1.1 Processing rejections by Euroclear France (eastbound)**

Rejections are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. A non-exchange trade is set up in CDSX and settles.
3. The international delivery instructions are forwarded to Euroclear France.
4. Euroclear France rejects the international delivery and notifies CDS.
5. A non-exchange trade to reverse the transaction is set-up in CDSX and settles. The status of the international delivery changes to COMP-REJT.

## **3.2 Processing Euroclear France deliveries to CDS (westbound)**

International deliveries from Euroclear France to CDS are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. The international delivery instructions are forwarded to Euroclear France.
3. Euroclear France completes a delivery to CDS's account at Euroclear France from the participant's receiving account at Euroclear France.
4. Euroclear France informs CDS that the delivery is complete.
5. A non-exchange trade is set up in CDSX and settles. The status of the international delivery changes to COMP-SETT.

### 3.2.1 Processing rejections by Euroclear France (westbound)

Rejections are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. The international delivery instructions are forwarded to Euroclear France.
3. Euroclear France rejects the international delivery and notifies CDS. The status of the international delivery changes to COMP-REJT.

### 3.3 Cancelling Euroclear France deliveries

Cancellations are processed as follows:

1. The participant initiates a cancellation request using the Modify International Delivery function. The status of the international delivery changes to INIT-CIPA.
2. CDS forwards the cancellation request to Euroclear France.
3. Euroclear France accepts or denies the cancellation request and the following occurs:
  - If the cancellation request is accepted, the international delivery is cancelled and the status changes to COMP-CANC.
  - If the cancellation is denied, the status changes to INIT-WIPD.

### 3.4 Euroclear France clearing and settlement

The cutoff times for settlement instructions at Euroclear France is 5:00 p.m. CET (central European time) on settlement date.

**Note:** Participants should be aware of the time differences between Canada and France when processing international deliveries.

### 3.5 Entitlements and corporate actions for Euroclear France Link

CDS's Entitlement System processes all entitlements and corporate actions for all CDSX-eligible securities. For more information, refer to Entitlement activities in *CDSX Procedures and User Guide*.

**Note:** French entitlement allocations may be subject to a withholding tax and currency conversion.

### 3.6 Depositing physical securities at Euroclear France

To deposit physical securities at Euroclear France:

1. The participant enters the deposit in CDSX using the Euroclear France custodian CUID (EOCZ) and CDS is notified.
2. Upon receiving the deposit, Euroclear France credits CDS's account and sends a confirmation of deposit SWIFT message to CDS.
3. CDS credits the participant's account at CDS.

## CHAPTER 4

### SEB LINK SERVICE

The SEB Link Service is a unilateral, free of payment (FOP) custody link established by CDS with Skandinaviska Enskilda Banken AB (SEB) to facilitate book-based movements of Swedish securities between the two depositories. The international delivery results in a trade between a participant's CDS CUID and the SEB CUID (SEBS). Swedish securities must be eligible for the SEB Link Service.

### **Security eligibility**

To make securities eligible for the SEB Link Service, contact CDS Customer Service. For more information on whether a security is eligible for the SEB Link Service, refer to Viewing eligibility and restriction information in *CDSX Procedures and User Guide*.

### **SEB Link holiday processing**

Transactions at SEB are subject to processing according to Swedish business days and regular hours of operation. Instructions sent to SEB on a Swedish holiday or after their regular hours of operation are not processed until the following business day.

#### **4.1 Processing international deliveries for SEB Link**

When entering international deliveries for SEB, participants are required to provide information for the delivering custodian (DECU) and receiving custodian (RECU) for transactions involving Euroclear France and Clearstream.

Participants must provide a BIC when entering international deliveries for SEB. If a BIC is not provided, participants are charged a repair fee (i.e., cross-border movement – pass-through fee).

#### **4.2 Processing SEB deliveries (eastbound)**

International deliveries to SEB are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. A non-exchange trade is set up in CDSX and settles.
3. The international delivery instructions are forwarded to SEB.
4. SEB completes a delivery from CDS's account at SEB to the participant's receiving account at SEB.
5. SEB informs CDS that the delivery is complete and the status of the international delivery changes to COMP-SETT.

##### **4.2.1 Processing rejections by SEB (eastbound)**

Rejections are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. A non-exchange trade is set up in CDSX and settles.
3. The international delivery instructions are forwarded to SEB.
4. SEB rejects the international delivery and notifies CDS.
5. A non-exchange trade to reverse the transaction is set-up in CDSX and settles. The status of the international delivery changes to COMP-REJT.

#### **4.3 Processing SEB deliveries to CDS (westbound)**

International deliveries from SEB to CDS are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. The international delivery instructions are forwarded to SEB.
3. SEB completes a delivery to CDS's account at SEB from the participant's receiving account at SEB.
4. SEB informs CDS that the delivery is complete.

5. A non-exchange trade is set up in CDSX and settles. The status of the international delivery changes to COMP-SETT.

#### 4.3.1 Processing rejections by SEB (westbound)

Rejections requested by SEB are processed as follows:

1. The participant initiates an international delivery using the Enter International Delivery function. The status of the international delivery is INIT-WIPA.
2. The international delivery instructions are forwarded to SEB.
3. SEB rejects the international delivery and notifies CDS. The status of the international delivery changes to COMP-REJT.

#### 4.4 Cancelling SEB deliveries

Cancellations are processed as follows:

1. The participant initiates a cancellation request using the Modify International Delivery function. The status of the international delivery changes to INIT-CIPA.
2. CDS forwards the cancellation request to SEB.
3. SEB accepts or denies the cancellation request and the following occurs:
  - If the cancellation request is accepted, the international delivery is cancelled and the status changes to COMP-CANC.
  - If the cancellation is denied, the status changes to INIT-WIPD.

#### 4.5 SEB clearing and settlement

The cutoff times for settlement instructions at SEB are indicated in the table below.

SEB activity	CET (central European time)
Equity free of payment transactions	4:00 p.m. on settlement date
Debt free of payment transactions	10:00 a.m. on settlement date

**Note:** Participants should be aware of the time differences between Canada and Sweden when processing international deliveries.

Requests to cancel international deliveries must arrive prior to the cutoff time and the international delivery must have a status that allows cancellation without the counterparty's approval. An unmatched trade can be cancelled at any time.

#### 4.6 Entitlements and corporate actions for SEB Link

CDS's Entitlement System processes all entitlements and corporate actions for all CDSX-eligible securities. For more information, refer to Entitlement activities in *CDSX Procedures and User Guide*.

**Note:** Swedish entitlement allocations are subject to a withholding tax and currency conversion.

#### 4.7 Depositing physical securities at SEB

To deposit physical securities at SEB:

1. The participant enters the deposit in CDSX using the SEB custodian CUID (SEBZ) and sends the deposit to SEB.
2. Upon receiving the deposit, SEB credits CDS's account and sends a confirmation of deposit SWIFT message to CDS.
3. CDS credits the participant's account at CDS.

**Text of CDS Participant Rules marked to reflect proposed amendments**

Section 16.33 was inserted at Page 86 of *CDS Reporting Procedures*, as follows:

**16.33 International Delivery report**

<u>Source</u>	<u>CDS</u>
<u>Report ID</u>	<u>000142</u>
<u>Available</u>	<u>Daily</u>
<u>Data currency</u>	<u>End of day</u>
<u>Retention period</u>	<u>Seven years</u>
<u>Sort order</u>	<u>Status A, Status B, Service Request ID number</u>
<u>Aggregation</u>	<u>Alphabetically by SERVICE</u>

This report lists all international deliveries and their details at the close of business.

**Note:** International deliveries that are completed do not display on the next day's report.

**Text of CDS Participant Rules marked to reflect proposed amendments**

The following was inserted in the introduction to Chapter 4 – Non-Exchange Trades of the Guide entitled *Trade and Settlement Procedures*:

**International deliveries**

To inquire on non-exchange trades related to international deliveries, use the Inquire Non-Exchange Trade function. For more information, refer to International deliveries in the *International Services Procedures*.

Section 6.11 of the Guide entitled Participating in CDS Services is amended as follows:

**6.11 Euroclear France Link Service**

~~The Euroclear France Link Service is a unilateral custody link established by CDS with Euroclear France to facilitate book-based movements of Canadian and French securities, securities (eligible at both CDS and at Euroclear France, for the Euroclear France Link Service) between the two depositories. For more information, refer to *Euroclear France Link Participant Procedures*.~~

~~All participants are automatically eligible for this service. To use this service, participants need only enter a transaction to a Euroclear France CUID.~~

~~To register or withdraw from the service, participants must complete the CDS Online Services Support – Service Eligibility Details Ledger Functions form (CDSX798).~~

~~For more information, refer to *International Services Procedures*.~~

Section 6.14 of the Guide entitled Participating in CDS Services is amended as follows:

**6.14 JSSC-JASDEC Link Service**

~~The JSSC-JASDEC Link Service is a unilateral custody link established by CDS with the Japan Securities Settlement & Custody Depository Center, Inc. (JSSCJASDEC) to facilitate book-based movements of Canadian securities, securities (eligible at both CDS and JSSC, for the JASDEC Link Service) between the two depositories. Movements of these securities can also be made between accounts held at DTCC and JSSC. For more information, refer to *JSSC Link Participant Procedures*.~~

~~All participants are automatically eligible for this service. To use this service, participants need only enter a~~

**Text of CDS Participant Rules marked to reflect proposed amendments**

transaction to a JSSC CUID.

To register or withdraw from the service, participants must complete the CDS Online Services Support – Service Eligibility Details Ledger Functions form (CDSX798).

For more information, refer to *International Services Procedures*.

Section 6.18 of the Guide entitled Participating in CDS Services is amended as follows:

**6.18 SEB Link Service**

The SEB Link Service is a unilateral custody link established by CDS with Skandinaviska Enskilda Banken AB (SEB) to facilitate book-based movements of Swedish securities (eligible for the SEB Link Service).

To register or withdraw from the service, participants must complete the CDS Online Services Support – Service Eligibility Details Ledger Functions form (CDSX798).

For more information, refer to *International Services Procedures*.