

13.1.2 CDS Notice and Request for Comments – Material Amendments to CDS Rules Relating to CREST Link

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS)

MATERIAL AMENDMENTS TO CDS RULES

CREST LINK

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED AMENDMENTS

CDS's strategy is to become a gateway between Canada's capital markets and foreign capital markets in order to enhance the efficiency and cost-effectiveness of the clearing and settling of eligible securities for market participants. CDS plans to achieve this by establishing additional links with depositories in foreign markets that provide control, ease of access and market efficiency at competitive rates for CDS's participants transacting in those markets and for foreign market participants seeking to access Canada's capital markets.

The next link that CDS plans to develop is a link with CRESTCo Limited ("CRESTCo"). CRESTCo is the central securities depository for the U.K. market and for Irish equities. CRESTCo is part of the Euroclear group, the world's largest settlement system for domestic and international securities transactions, covering bonds, equities and investment funds.

B. NATURE AND PURPOSE OF THE PROPOSED AMENDMENTS

The CREST Link Service, governed by new Rule 14, will give Canadian participants direct access to settlement of securities transactions through CREST, the settlement system operated by CRESTCo. Currently, many participants use CREST indirectly by appointing a UK agent. The new service gives direct control to the Canadian office, without the delay and cost of using an agent. Instructions are input directly by the Canadian participant, and the participant can use CREST throughout its operating hours, without having to allow time to transmit instructions to its agent, who must then re-input the data into CREST.

CDS will become a CREST gateway, providing Canadian participants with direct access to CREST via the SWIFT network. CDS provides only the network connectivity; CDS does not in any way process or approve the data. CREST will send to CDS information on entitlement events with respect to the securities held by participants, which CDS will send to participants. CRESTCo licenses software to CDS, which CDS then provides to participants; the Rules ensure that the relevant terms of the software licence are imposed on the participants using the software (Rule 14.1.6).

CDS will become a sponsoring member of CREST. Participants will become members of CREST under the sponsorship of CDS. Each participant must apply to CRESTCo to be accepted as a member of CREST and must be eligible under the CREST Rules (Rule 14.1.3). Each participant sponsored by CDS will have its own accounts with CREST (Rule 14.1.8), and will appoint (i) a CREST settlement bank to pay or receive its settlements in the UK on each transaction, and (ii) an agent for service to receive legal process in the UK (Rule 14.1.7). CDS will also be responsible for the fees (including penalties) that may be owed by sponsored members to CRESTCo, and these charges must be reimbursed by participants (Rule 14.1.10). CDS may monitor the level of charges payable by a participant and require a prepayment if necessary (which may be the case if a participant is subject to penalties, for instance for failure to settle within the required time).

CREST provides real-time settlement, delivery versus payment, in central bank money, with simultaneous and irrevocable transfer of cash and securities. CREST is substantially different from CDSX[®]. There is no netting of settlement obligations against a central counterparty; each transaction is settled one-on-one in real time, with payment in full and delivery of the full amount of the securities.

On the settlement of a transaction, the settlement bank for the buyer provides funds directly to the settlement bank for the seller. For Pounds Sterling and Euros, the payment is made immediately upon the delivery of the securities, through the settlement accounts of the payor and payee banks at the Bank of England. Payment for US dollars is made end-of-day through FedWire.

CRESTCo does not act as registered holder of securities and maintain ledgers of securities held by it for its members. CREST interfaces with the transfer agents for issuers. On the settlement of a transaction, the seller ceases to be the registered holder of the securities and the buyer becomes the registered holder on the records of the issuer.

As no value is held or exchanged within CREST itself, CDS does not, as the sponsoring member, incur any settlement risk arising from the transactions of its sponsored participants. As a result, there is no need for participants to pledge collateral to support participant obligations, to provide contributions to a participant fund for the CREST Link Service, or to provide mutual guarantees through a credit ring.

The UK charges stamp duty on most transfers of securities. Stamp duty is collected through the settlement bank. Thus, the stamp duty is an obligation of the participant to its settlement bank (and not an obligation of CDS as the sponsoring member). The Rules will make it clear that each participant is responsible for all duties that may attach to transactions settled through CREST and that CDS has no obligation for those (Rule 14.1.10(c)).

Under its agreement with CRESTCo, CDS is required to undertake that it will not send any instructions with respect to corporate elections on securities held by a sponsored member unless that member has satisfied any related conditions. As CDS does not have the information to determine compliance with such conditions, the participants must undertake this obligation (Rule 14.1.9).

Rule 2.7.1 has been revised so that CDS can restrict a participant's use of the CREST Link Service if the participant does not carry out its obligations. In addition, CRESTCo has its own independent ability to deal with its members for any breach of the CREST rules. The Rules governing suspension also apply to all participants, including those using the CREST Link Service (Rule 14.1.2).

C. IMPACT OF PROPOSED AMENDMENTS

A link to CREST provides the Canadian investment community with a more efficient and lower cost access to the capital markets of the U.K. and Ireland. By having their own accounts with CRESTCo, participants are able to use the full system functionality available in CREST. This functionality includes:

1. maintaining exclusive control of their accounts at CREST,
2. managing their individual cash management accounts, and
3. accessing the system at any time that CREST is operational.

The CREST Link is also in alignment with the joint EU-Canada strategy to facilitate bilateral trade in financial services. More specifically, as provided in the EU-Canada Trade and Investment Enhancement Agreement as presented at the EU-Canada Summit in Ottawa on March 18, 2004, (http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/er/79508.pdf)

“the EU and Canada agree to explore ways to facilitate bilateral trade in financial services, including the feasibility of facilitating market access by investment dealers to foreign stock exchanges, without prejudice to the fora or mechanism for advancing enhanced access.”

The nature of the CREST link will also allow CDS to broaden its service offering to customers while continuing to minimize the risk and exposure for CDS.

D. DESCRIPTION OF THE RULE DRAFTING PROCESS

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.1 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. 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”.

Each amendment to the CDS Participant Rules is reviewed by CDS's Legal Drafting Group (“LDG”). The LDG is a committee that includes members of Participants' legal and business groups. The LDG's mandate is to advise CDS management and its Board of Directors on rule amendments and other legal matters relating to centralized securities depository and clearing services in order to ensure that they meet the needs of CDS, its Participants and the securities industry.

The amendments to Participant Rules 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

CDS will undertake the following development to support implementation of the CREST link:

1. Development of a process that converts a Participant's CREST Link charges into a Canadian dollar equivalent amount, and

2. Development of an end of day corporate action information report/file to Participants. This report informs members of the details of a corporate action on a security held in CREST. It contains full details of the impending corporate action, and details the options available to the security owner.

Participants and their service bureaus may also elect to make modifications to their internal systems if they deem it necessary. Changes of this nature are the responsibility of each Participant in conjunction with their service bureau.

F. COMPARISON TO OTHER CLEARING AGENCIES

Many clearing agencies have developed, and continue to develop, links with foreign depositories to facilitate the trading and settlement of cross-border transactions. CDS's strategy to develop additional links with depositories in foreign markets is consistent with the strategy of other depositories.

The proposed relationship between CDS and CREST is unique to CREST, as CREST does not currently have other depositories as CREST members that in turn sponsor foreign domiciled entities. However, CDS has experience with sponsoring arrangements such as the New York Link and the DTC Direct Link with The Depository Trust and Clearing Corporation.

G. PUBLIC INTEREST ASSESSMENT

In analysing the impact of the proposed amendments to the Participant Rules, CDS has determined that the implementation of these amendments would not be contrary to the public interest.

CDS provides a gateway between Canada's capital markets and foreign capital markets to enhance the efficiency and cost-effectiveness of clearing and settling securities transactions. CDS links with clearing agencies in foreign markets provide control, ease of access and market efficiency at competitive rates for Canadian financial institutions that wish to effect transactions in those markets. The link to CREST will enable Canadian financial institutions to offer their clients enhanced access to the global market place.

H. COMMENTS

Comments on the proposed amendments should be in writing and delivered by January 8, 2007 and delivered to:

Jamie Anderson
Managing Director, Legal
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Fax: 416-365-1984
e-mail: 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

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

I. PROPOSED RULE AMENDMENTS

Appendix "A" contains text of current CDS Participant Rules marked to reflect proposed amendments as well as text of these rules reflecting the adoption of the proposed amendments.

J. QUESTIONS

Questions regarding this notice may be directed to:

Jamie Anderson
Managing Director, Legal
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Fax: 416-365-1984
e-mail: attention@cds.ca

TOOMAS MARLEY
Chief Legal Officer

APPENDIX "A"

PROPOSED RULE AMENDMENT

Text of CDS Participant Rules marked to reflect proposed amendments	Text CDS Participant Rules reflecting the adoption of proposed amendments
<p>1.1.1 Application</p> <p>The Rules adopted by CDS by which each Participant has agreed to be bound pursuant to the Participant Agreement are:</p> <p>(a) Rule 1 – Documentation</p> <p>(n) <u>Rule 14 - CREST Link Service.</u></p> <p>1.2.1 Definitions</p> <p>For the purposes of the Legal Documents, unless otherwise specified: ...</p> <p><u>"CREST" means the system operated by CRESTCo for the settlement of trades in securities.</u></p> <p><u>"CREST Charges" has the meaning set out in Rule 14.1.10.</u></p> <p><u>"CREST Link Participant" means a Participant who uses the CREST Link Service".</u></p> <p><u>"CREST Link Service" means the CREST Link Service made available pursuant to Rule 14.</u></p> <p><u>"CREST Software" has the meaning set out in Rule 14.1.6.</u></p> <p><u>"CRESTCo" means CRESTCo Limited, the central securities depository for the UK market and Irish equities and a part of the Euroclear group, or any Person who succeeds to the rights and obligations of CRESTCo with respect to CREST.</u></p> <p>"Service" means the Depository Service, the Settlement Service, a Cross-Border Service, ATON, or the Delivery Services or the CREST Link Service. Any reference to a Service includes all Functions made available in respect of that Service.</p> <p><u>2.4.11 CREST Link Service</u></p> <p><u>A full service Participant may use the CREST Link Service in accordance with Rule 14.</u></p> <p>2.7.1 Restrictions on System Functionality</p> <p>CDS may restrict the right of a Participant to use system functionality in the following circumstances:</p> <p>(a) CDS determines that the Participant is unable to properly use system functionality due to operational or technical problems with the Participant's own</p>	<p>1.1.1 Application</p> <p>The Rules adopted by CDS by which each Participant has agreed to be bound pursuant to the Participant Agreement are:</p> <p>(a) Rule 1 – Documentation</p> <p>(n) Rule 14 - CREST Link Service.</p> <p>1.2.1 Definitions</p> <p>For the purposes of the Legal Documents, unless otherwise specified: ...</p> <p>"CREST" means the system operated by CRESTCo for the settlement of trades in securities.</p> <p>"CREST Charges" has the meaning set out in Rule 14.1.10.</p> <p>"CREST Link Participant" means a Participant who uses the CREST Link Service".</p> <p>"CREST Link Service" means the CREST Link Service made available pursuant to Rule 14.</p> <p>"CREST Software" has the meaning set out in Rule 14.1.6.</p> <p>"CRESTCo" means CRESTCo Limited, the central securities depository for the UK market and Irish equities and a part of the Euroclear group, or any Person who succeeds to the rights and obligations of CRESTCo with respect to CREST.</p> <p>"Service" means the Depository Service, the Settlement Service, a Cross-Border Service, ATON, the Delivery Services or the CREST Link Service. Any reference to a Service includes all Functions made available in respect of that Service.</p> <p>2.4.11 CREST Link Service</p> <p>A full service Participant may use the CREST Link Service in accordance with Rule 14.</p> <p>2.7.1 Restrictions on System Functionality</p> <p>CDS may restrict the right of a Participant to use system functionality in the following circumstances:</p> <p>(a) CDS determines that the Participant is unable to properly use system functionality due to operational or technical problems with the Participant's own</p>

Text of CDS Participant Rules marked to reflect proposed amendments	Text CDS Participant Rules reflecting the adoption of proposed amendments
<p>systems or the systems of third parties, or due to events over which the Participant has no control;</p> <p>(b) in accordance with Rule 5.14 with respect to the Participant's CCP Cap;</p> <p>(c) the Participant requests CDS to do so; or</p> <p>(d) in the course of monitoring the Participant pursuant to Rule 5.1.3, CDS determines such action is necessary to protect the interests of CDS and is in the best interest of all other Participants; or</p> <p>(e) the Participant fails to comply with Rule 10.2.3 with respect to the Cross-Border Services <u>or with Rule 14 with respect to the CREST Link Service.</u></p>	<p>systems or the systems of third parties, or due to events over which the Participant has no control;</p> <p>(b) in accordance with Rule 5.14 with respect to the Participant's CCP Cap;</p> <p>(c) the Participant requests CDS to do so; or</p> <p>(d) in the course of monitoring the Participant pursuant to Rule 5.1.3, CDS determines such action is necessary to protect the interests of CDS and is in the best interest of all other Participants; or</p> <p>(e) the Participant fails to comply with Rule 10.2.3 with respect to the Cross-Border Services or with Rule 14 with respect to the CREST Link Service.</p>
<p>A restriction may apply to any Service or any Function, to a particular Security or class of Securities, to a particular Transaction or class of Transactions, or to Securities or Transactions generally. A restriction may be limited to a particular location or office of the Participant or a particular Office of CDS. CDS may remove the restriction when CDS in its sole discretion determines that the Participant is able to resume normal operations.</p>	<p>A restriction may apply to any Service or any Function, to a particular Security or class of Securities, to a particular Transaction or class of Transactions, or to Securities or Transactions generally. A restriction may be limited to a particular location or office of the Participant or a particular Office of CDS. CDS may remove the restriction when CDS in its sole discretion determines that the Participant is able to resume normal operations.</p>
<p><u>RULE 14</u> <u>CREST LINK SERVICE</u></p>	<p>RULE 14 CREST LINK SERVICE</p>
<p><u>14.1</u> <u>OVERVIEW OF CREST LINK SERVICE</u></p>	<p>14.1 OVERVIEW OF CREST LINK SERVICE</p>
<p><u>14.1.1</u> <u>CREST Link Service</u></p>	<p>14.1.1 CREST Link Service</p>
<p><u>CDS offers the CREST Link Service to facilitate the settlement of Transactions by Participants with members of CREST. The CREST Link Service is a gateway providing Network Access between each CREST Link Participant and CREST. CREST is offered directly by CRESTCo to each CREST Link Participant, and CDS has no liability or obligation to any Participant with respect to its use of CREST or any Transaction settled by it through CREST. Notwithstanding anything in this Rule 14, and subject to Rule 3.3.10, CDS will provide the CREST Link Service and the related facilities described in this Rule 14 only for so long as (i) CDS continues to be a member of CREST, (ii) its membership permits CDS to provide the CREST Link Service, and (iii) there has been no change in the CREST Documents and no action by CRESTCo that would prevent its doing so or that would, in CDS's opinion, make it impractical or unduly onerous to do so.</u></p>	<p>CDS offers the CREST Link Service to facilitate the settlement of Transactions by Participants with members of CREST. The CREST Link Service is a gateway providing Network Access between each CREST Link Participant and CREST. CREST is offered directly by CRESTCo to each CREST Link Participant, and CDS has no liability or obligation to any Participant with respect to its use of CREST or any Transaction settled by it through CREST. Notwithstanding anything in this Rule 14, and subject to Rule 3.3.10, CDS will provide the CREST Link Service and the related facilities described in this Rule 14 only for so long as (i) CDS continues to be a member of CREST, (ii) its membership permits CDS to provide the CREST Link Service, and (iii) there has been no change in the CREST Documents and no action by CRESTCo that would prevent its doing so or that would, in CDS's opinion, make it impractical or unduly onerous to do so.</p>
<p><u>14.1.2</u> <u>Application of Rules to CREST Link Service</u></p>	<p>14.1.2 Application of Rules to CREST Link Service</p>
<p><u>The CREST Link Service is one of the Services offered by CDS and governed by the Legal Documents. The use of the CREST Link Service is governed by Rule 1 through Rule 5 and by Rule 9, except for Rules 4.2.4 and 4.3, which apply only to CDSX. The CREST Link Service is separate from and does not form part of CDSX. Accordingly, the use of the CREST Link Service is not governed by Rule 6 - Depository Service, Rule 7 - Settlement Service, or Rule 8 - Payment</u></p>	<p>The CREST Link Service is one of the Services offered by CDS and governed by the Legal Documents. The use of the CREST Link Service is governed by Rule 1 through Rule 5 and by Rule 9, except for Rules 4.2.4 and 4.3, which apply only to CDSX. The CREST Link Service is separate from and does not form part of CDSX. Accordingly, the use of the CREST Link Service is not governed by Rule 6 - Depository Service, Rule 7 - Settlement Service, or Rule 8 - Payment</p>

Text of CDS Participant Rules marked to reflect proposed amendments	Text CDS Participant Rules reflecting the adoption of proposed amendments
<p><u>Exchange for CDSX.</u></p> <p>14.1.3 CREST Link Participants</p> <p><u>A full service Participant may apply to CDS in accordance with Rule 2.2.2 to use the CREST Link Service. An applicant must also apply to CRESTCo to become a sponsored member of CREST, in accordance with the CREST Documents, and must satisfy all of the requirements of CRESTCo, including providing a legal opinion if required. Upon acceptance of its application by CDS and by CRESTCo, the Participant becomes a CREST Link Participant. Each CREST Link Participant is a direct member of CREST, and acknowledges that CDS does not have the authority to make any representations or give any advice on behalf of CRESTCo.</u></p> <p>14.1.4 CREST Documents</p> <p><u>In order to offer the CREST Link Service and the related facilities governed by this Rule 14, CDS has become a sponsoring member of CREST, has entered into various agreements with CRESTCo and, as a member of CREST, has agreed to abide by such agreements and by the rules, by-laws, procedures and other requirements of CRESTCo from time to time in force. In order to become a sponsored member of CREST, each CREST Link Participant must enter into various agreements with CRESTCo and, as a member of CREST, agrees to abide by such agreements and by the rules, by-laws, procedures and other requirements of CRESTCo from time to time in force. Each CREST Link Participant shall enter into any such further agreements or instruments, and make such declarations and provide such information, relating to its use of the CREST Link Service, as may be required by CDS. Each Participant shall observe and comply with the CREST Documents applicable to the Participant. "CREST Documents" means:</u></p> <p class="list-item-l1">(a) <u>the agreements entered into, instruments executed, declarations made and acts done (i) by CDS from time to time in respect of CDS's sponsoring membership in CREST and (ii) by the CREST Link Participant from time to time in respect of its sponsored membership in CREST; and</u></p> <p class="list-item-l1">(b) <u>the rules, by-laws, procedures and other requirements of CRESTCo from time to time in force.</u></p> <p>14.1.5 Conflict</p> <p><u>Each Participant acknowledges that CDS, as a member of CREST, must observe and comply with the CREST Documents. In the event that such obligations of CDS conflict with its obligations under the Rules, each Participant acknowledges that CDS must comply with its obligations under the CREST Documents, and such compliance shall not be considered to be a breach by CDS of its obligations</u></p>	<p>Exchange for CDSX.</p> <p>14.1.3 CREST Link Participants</p> <p>A full service Participant may apply to CDS in accordance with Rule 2.2.2 to use the CREST Link Service. An applicant must also apply to CRESTCo to become a sponsored member of CREST, in accordance with the CREST Documents, and must satisfy all of the requirements of CRESTCo, including providing a legal opinion if required. Upon acceptance of its application by CDS and by CRESTCo, the Participant becomes a CREST Link Participant. Each CREST Link Participant is a direct member of CREST, and acknowledges that CDS does not have the authority to make any representations or give any advice on behalf of CRESTCo.</p> <p>14.1.4 CREST Documents</p> <p>In order to offer the CREST Link Service and the related facilities governed by this Rule 14, CDS has become a sponsoring member of CREST, has entered into various agreements with CRESTCo and, as a member of CREST, has agreed to abide by such agreements and by the rules, by-laws, procedures and other requirements of CRESTCo from time to time in force. In order to become a sponsored member of CREST, each CREST Link Participant must enter into various agreements with CRESTCo and, as a member of CREST, agrees to abide by such agreements and by the rules, by-laws, procedures and other requirements of CRESTCo from time to time in force. Each CREST Link Participant shall enter into any such further agreements or instruments, and make such declarations and provide such information, relating to its use of the CREST Link Service, as may be required by CDS. Each Participant shall observe and comply with the CREST Documents applicable to the Participant. "CREST Documents" means:</p> <p class="list-item-l1">(a) the agreements entered into, instruments executed, declarations made and acts done (i) by CDS from time to time in respect of CDS's sponsoring membership in CREST and (ii) by the CREST Link Participant from time to time in respect of its sponsored membership in CREST; and</p> <p class="list-item-l1">(b) the rules, by-laws, procedures and other requirements of CRESTCo from time to time in force.</p> <p>14.1.5 Conflict</p> <p>Each Participant acknowledges that CDS, as a member of CREST, must observe and comply with the CREST Documents. In the event that such obligations of CDS conflict with its obligations under the Rules, each Participant acknowledges that CDS must comply with its obligations under the CREST Documents, and such compliance shall not be considered to be a breach by CDS of its obligations</p>

Text of CDS Participant Rules marked to reflect proposed amendments	Text CDS Participant Rules reflecting the adoption of proposed amendments
<p><u>under the Rules.</u></p> <p>14.1.6 CREST Software</p> <p><u>(a) licence</u> <u>Pursuant to a licence granted by CRESTCo to CDS, CDS will permit each CREST Link Participant to use certain software built by CRESTCo (the “CREST Software”), but only for the purpose of using the CREST Link Service. No CREST Link Participant shall:</u></p> <ul style="list-style-type: none"> <u>(a) rent, lease, sub-license, transfer, loan, copy, modify, adapt, amend, develop, distribute, enhance, assign, merge or translate the whole or any part of the CREST Software;</u> <u>(b) reverse engineer, decompile, disassemble or create derivative works based on the whole or any part of the CREST Software;</u> <u>(c) use, reproduce or deal in the CREST Software in any way; or</u> <u>(d) allow any third parties to load, use, copy or reproduce the CREST Software in any way.</u> <p><u>This limited licence to use the CREST Software shall terminate when the Participant ceases to be a CREST Link Participant, and the Participant shall then immediately remove all copies of the CREST Software from its systems and return to CDS all copies of the CREST Software and all materials relating to the CREST Software.</u></p> <p><u>(b) upgrades</u> <u>A CREST Link Participant (i) will accept upgrades of, or other changes to, the CREST Software as issued by CRESTCo from time to time; (ii) will install, test and accept such upgrades or other changes promptly in accordance with the timetable issued by CRESTCo; and (iii) at all times will load and use only the most recent upgrade or other changes to the CREST Software.</u></p> <p>14.1.7 Agents</p> <p><u>As required by the CREST Documents, each CREST Link Participant will appoint:</u></p> <ul style="list-style-type: none"> <u>(a) a CREST settlement bank to make or receive payment for Transactions settled through CREST; and</u> <u>(b) an agent for service to receive legal process in the United Kingdom on its behalf.</u> <p>14.1.8 Accounts</p> <p><u>Pursuant to the CREST Documents, CRESTCo maintains accounts for CDS as the sponsoring member of CREST and for the CREST Link Participants as sponsored members of CREST. These accounts are not maintained by CDS, do not</u></p>	<p>under the Rules.</p> <p>14.1.6 CREST Software</p> <p>(a) licence Pursuant to a licence granted by CRESTCo to CDS, CDS will permit each CREST Link Participant to use certain software built by CRESTCo (the “CREST Software”), but only for the purpose of using the CREST Link Service. No CREST Link Participant shall:</p> <ul style="list-style-type: none"> (a) rent, lease, sub-license, transfer, loan, copy, modify, adapt, amend, develop, distribute, enhance, assign, merge or translate the whole or any part of the CREST Software; (b) reverse engineer, decompile, disassemble or create derivative works based on the whole or any part of the CREST Software; (c) use, reproduce or deal in the CREST Software in any way; or (d) allow any third parties to load, use, copy or reproduce the CREST Software in any way. <p>This limited licence to use the CREST Software shall terminate when the Participant ceases to be a CREST Link Participant, and the Participant shall then immediately remove all copies of the CREST Software from its systems and return to CDS all copies of the CREST Software and all materials relating to the CREST Software.</p> <p>(b) upgrades A CREST Link Participant (i) will accept upgrades of, or other changes to, the CREST Software as issued by CRESTCo from time to time; (ii) will install, test and accept such upgrades or other changes promptly in accordance with the timetable issued by CRESTCo; and (iii) at all times will load and use only the most recent upgrade or other changes to the CREST Software.</p> <p>14.1.7 Agents</p> <p>As required by the CREST Documents, each CREST Link Participant will appoint:</p> <ul style="list-style-type: none"> (a) a CREST settlement bank to make or receive payment for Transactions settled through CREST; and (b) an agent for service to receive legal process in the United Kingdom on its behalf. <p>14.1.8 Accounts</p> <p>Pursuant to the CREST Documents, CRESTCo maintains accounts for CDS as the sponsoring member of CREST and for the CREST Link Participants as sponsored members of CREST. These accounts are not maintained by CDS, do not</p>

Text of CDS Participant Rules marked to reflect proposed amendments	Text CDS Participant Rules reflecting the adoption of proposed amendments
<p><u>form part of the Depository Service, and are not "Accounts" as that term is defined in Rule 1.2.1.</u></p> <p>14.1.9 Settlements</p> <p><u>CREST Transactions are settled through CREST by the delivery of securities and the making of payment in accordance with the CREST Documents. Using its CREST accounts, each CREST Link Participant may settle Transactions through the facilities of CREST in accordance with the CREST Documents. A CREST Link Participant will not send any instructions regarding an election concerning a right, privilege or benefit attaching to a Security delivered to it through CREST unless it has satisfied any conditions that are required to be met by persons making such an election.</u></p> <p>14.1.10 CREST Charges</p> <p><u>Each CREST Link Participant shall pay all CREST Charges upon notice by CDS. Payment of any CREST Charges shall be without prejudice to the rights of the CREST Link Participant after the payment to an accounting of the amounts properly owing. "CREST Charges" means all fees, fines, calls, assessments, taxes and other charges that are made, levied, assessed or imposed in respect of the Participant's use of the CREST Link Service, including:</u></p> <ul style="list-style-type: none"> <u>(a) charges arising from the delivery of Securities to or from the Participant as a result of a CREST settlement;</u> <u>(b) charges imposed by CDS, CRESTCo or any service provider arising from transactions made by the Participant through the CREST Link Service, including any penalties assessed by CRESTCo under the CREST Documents; and</u> <u>(c) stamp duty, taxes (except taxes measured by income to which CDS or CRESTCo is beneficially entitled), other governmental charges, and obligations to deduct or withhold taxes on entitlements and other amounts, arising from the delivery of Securities to or from the Participant as a result of a CREST settlement, with all interest and penalties thereon and additions thereto (other than interest, penalties or additions imposed because of the default of CDS).</u> <p><u>CDS may monitor the CREST Charges that are or may become payable by CDS on behalf of a CREST Link Participant, and may require the CREST Link Participant to make a prepayment to CDS in respect of such CREST Charges if CDS considers such prepayment to be necessary or desirable to protect its interests.</u></p> <p>14.1.11 Indemnity</p> <p><u>Each CREST Link Participant shall indemnify and hold harmless CDS from and against any loss, damage, cost, expense, assessment, penalty, charge, liability or claim</u></p>	<p>form part of the Depository Service, and are not "Accounts" as that term is defined in Rule 1.2.1.</p> <p>14.1.9 Settlements</p> <p>CREST Transactions are settled through CREST by the delivery of securities and the making of payment in accordance with the CREST Documents. Using its CREST accounts, each CREST Link Participant may settle Transactions through the facilities of CREST in accordance with the CREST Documents. A CREST Link Participant will not send any instructions regarding an election concerning a right, privilege or benefit attaching to a Security delivered to it through CREST unless it has satisfied any conditions that are required to be met by persons making such an election.</p> <p>14.1.10 CREST Charges</p> <p>Each CREST Link Participant shall pay all CREST Charges upon notice by CDS. Payment of any CREST Charges shall be without prejudice to the rights of the CREST Link Participant after the payment to an accounting of the amounts properly owing. "CREST Charges" means all fees, fines, calls, assessments, taxes and other charges that are made, levied, assessed or imposed in respect of the Participant's use of the CREST Link Service, including:</p> <ul style="list-style-type: none"> (a) charges arising from the delivery of Securities to or from the Participant as a result of a CREST settlement; (b) charges imposed by CDS, CRESTCo or any service provider arising from transactions made by the Participant through the CREST Link Service, including any penalties assessed by CRESTCo under the CREST Documents; and (c) stamp duty, taxes (except taxes measured by income to which CDS or CRESTCo is beneficially entitled), other governmental charges, and obligations to deduct or withhold taxes on entitlements and other amounts, arising from the delivery of Securities to or from the Participant as a result of a CREST settlement, with all interest and penalties thereon and additions thereto (other than interest, penalties or additions imposed because of the default of CDS). <p>CDS may monitor the CREST Charges that are or may become payable by CDS on behalf of a CREST Link Participant, and may require the CREST Link Participant to make a prepayment to CDS in respect of such CREST Charges if CDS considers such prepayment to be necessary or desirable to protect its interests.</p> <p>14.1.11 Indemnity</p> <p>Each CREST Link Participant shall indemnify and hold harmless CDS from and against any loss, damage, cost, expense, assessment, penalty, charge, liability or claim</p>

Text of CDS Participant Rules marked to reflect proposed amendments	Text CDS Participant Rules reflecting the adoption of proposed amendments
<p><u>(including the reasonable cost of legal counsel to advise on or defend against such claims) suffered or incurred by or made against CDS as a result of the CREST Link Participant's use of the CREST Link Service or the CREST Link Participant's sponsored membership of CREST. If any claim is made against CDS by CRESTCo or any other Person in connection with the activities of a CREST Link Participant, then upon notice by CDS the Participant shall make arrangements acceptable to CDS either (i) to pay the claim, or (ii) to contest the claim, provided the CREST Link Participant provides CDS with an indemnity in respect of such proceedings, in form and amount acceptable to CDS. If the CREST Link Participant contests the claim, CDS may permit the CREST Link Participant to take proceedings in the name of CDS to contest such claim at the sole risk and expense of the CREST Link Participant.</u></p>	<p>(including the reasonable cost of legal counsel to advise on or defend against such claims) suffered or incurred by or made against CDS as a result of the CREST Link Participant's use of the CREST Link Service or the CREST Link Participant's sponsored membership of CREST. If any claim is made against CDS by CRESTCo or any other Person in connection with the activities of a CREST Link Participant, then upon notice by CDS the Participant shall make arrangements acceptable to CDS either (i) to pay the claim, or (ii) to contest the claim, provided the CREST Link Participant provides CDS with an indemnity in respect of such proceedings, in form and amount acceptable to CDS. If the CREST Link Participant contests the claim, CDS may permit the CREST Link Participant to take proceedings in the name of CDS to contest such claim at the sole risk and expense of the CREST Link Participant.</p>