

13.1.8 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to CDS Participant Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

CDS PARTICIPANT PROCEDURES

EFFECTIVE DATE

A. DESCRIPTION OF THE AMENDMENT

Background

CDS effects routine maintenance and upgrades to the CDSX system on a regular basis. Requests for enhancements to the system are received from both participant groups and through internal initiatives. Several such requests were made, and the proposed technical amendments to CDS Procedures are intended to reflect these enhancements.

Specifically the proposed amendments to the Procedures address three enhancements to the CDSX system:

- Outbound custodian (ledger) file – The objective of this routine operations enhancement was to provide money-market issuers with a file containing custodian (ledger) positions to assist such issuers with in-house reconciliation efforts.
- Messaging to Support CNS Valuation – Participants requested this upgrade in order to provide an Interlink message that will allow the participants to value outstanding positions at a point in time with the most up-to-date price information.
- New non-exchange 'trade type' (IBO) – This routine enhancement to CDS's system was effected specifically to identify non-exchange trades created to handle settlement requirements for balance order activity at the National Securities Clearing Corporation.

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

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

Description of Proposed Amendments

The proposed amendments include the following:

- In respect of the Outbound Custodian (ledger) File, the insertion of section 6.5 in the CDS User Guide entitled *Participating in CDS Services*. This section includes details relating to when the file will be sent to participants and instructions for registering for the service.
- In respect of the Messaging to Support CNS Valuation, the insertion of section 6.8 in the CDS User Guide entitled *Participating in CDS Services*. This section includes details relating to the purpose of the messages and their format (either by file or by Interlink message) and includes instructions for registering for the service.
- In respect of the New non-exchange 'trade type' (IBO), the insertion of the new code IBO and descriptor in the CDS User Guide entitled *Trade and Settlement Procedures*, and a notation reminding participants of the purge date for such trades.

B. REASONS FOR TECHNICAL CLASSIFICATION

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

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the OSC Recognition and Designation Order, as amended 1 November, 2006, and *Annexe A ("Protocole d'examen et d'approbation des*

Règles de Services de Dépôt et de Compensation CDS Inc. par l'Autorité des marchés financiers) of AMF Decision 2006-PDG-0180, made effective on 1 November, 2006, CDS has determined that these amendments will be effective on February 5, 2007.

D. QUESTIONS

Questions regarding this notice may be directed to:

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