

13.3 Clearing Agencies

13.3.1 Technical Amendments to CDS Procedures – WR1603 – EAS Alert for Depository Agents on Voluntary Tenders and Tender Withdrawals – Notice of Effective Date

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

WR1603 – EAS ALERT FOR DEPOSITORY AGENTS ON VOLUNTARY TENDERS AND TENDER WITHDRAWALS

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENT

Background

In 2009, CDS introduced EAS, a web and email alert service, to provide participants and agents with electronic notifications that an action had occurred, or was required of them.

The first alert introduced was to allow Limited Transfer Agents to increase their roles as Depository and Paying Agents in CDSX by providing an electronic notification whenever a participant entered an online request to tender their position and take part in an ongoing Warrant Subscription corporate action (project: WR372 – EAS Electronic Alert Service).

In order to allow further expansion of their Depository and Paying Agent roles, two new alerts are being introduced for Limited Transfer Agents. First, EAS will deliver an automated email or web alert message to the respective Agent whenever a participant enters a tender request for one of the Agent's voluntary type events (e.g. Tender Offer, or Voluntary Conversion). Second, if the event allows the participant to retract their tender (known as the Right of Withdrawal and specified as an eligible activity by the security issuer at the time the event is created), the Agent will also receive a notification whenever a tender withdrawal request is submitted by the participant. Upon receipt of these alerts, the Agent will be made aware that action is required of them to complete the tender or withdrawal transaction initiated by the tendering participant.

The entitlement processing and functionality for voluntary type events will not be impacted.

Description of Proposed Amendments

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

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

The proposed amendments to the Participating in CDS Services procedures, and Depository and Paying Agent Procedures, will:

- a) describe the new Electronic Alert Service (EAS) notifications that will deliver an email or web-based alert to Depository and Paying Agents in CDSX advising them of a tender or tender withdrawal activity that has occurred on one of their voluntary type events; and
- b) identify the type of alerts available, and the manner in which they can be received.

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on January 27, 2011.

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 CDS PROCEDURE AMENDMENT

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the Recognition and Designation Order, as amended on November 1, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépot et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on November 1, 2006, CDS has determined that the proposed amendments will become effective on March 7, 2011.

D. QUESTIONS

Questions regarding this notice may be directed to:

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