

13.3.4 Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – Miscellaneous Amendments to CDS Clearing and Depository Services Fee Schedule – Notice of Approval

**THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED and
CDS CLEARING AND DEPOSITORY SERVICES INC.**

NOTICE OF APPROVAL

**MISCELLANEOUS AMENDMENTS TO
CDS CLEARING AND DEPOSITORY SERVICES FEE SCHEDULE**

Introduction

In accordance with the Ontario Securities Commission Recognition Order in the Matter of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. (“CDS”), and Appendix A thereof – *Rule Protocol regarding the review and approval of CDS Clearing and Depository Services Inc. Rules by the Ontario Securities Commission*, CDS has adopted, and the OSC has approved, amendments (the “Amendments”) to the CDS Clearing Fee Schedule. The Amendments, were published for public comment in a Notice and Request for Comments on May 5th, 2016 (“Request for Comments”).

Reasons for the Amendments

The four (4) proposals were as follows:

1. The amendment of the NR-7 Certificate of Taxes Withheld billing codes to offset the development of an automated service for the issuance of these certificates.
2. The implementation of two new electronic corporate action alert types and the re-alignment of similar electronic alert types into larger categories to facilitate future development.
3. The amendment of the courier service fees to reflect an increase, as of July 1, 2016, in the expense incurred by CDS in the provision of the service.
4. The amendment of the New York Link liquidity premium fees to reflect a reduction in the percentage premium charged to Participants by CDS.

Summary of Comments

CDS received one (1) comment letter in response to one (1) of the four miscellaneous fee amendments proposed in the Notice and Request for Comments. A summary of the comment submitted, together with CDS’s response, is attached at **Appendix A**.

CDS respects the public comment process, appreciates the value such public input provides, thanks the commenters for their submissions.

No changes have been made with respect to the Amendments outlined in the Notice and Request for Comments.

Effective Date

The Amendments will become effective on August 1, 2016.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

GlobeTax

Capitalized terms used and not otherwise defined shall have the meaning given in the Request for Comments published on the OSC website on May 5, 2016.

Summarized Comments Received	TSX Response
Fees are excessive and will negatively impact beneficiaries of bilateral tax treaties	
<p>Commenter felt that the proposed fees were excessive, atypical of global comparators, and would negatively impact the benefits of bilateral taxation treaties.</p>	<p>CDS took considerable care to ensure that the proposed fees would have minimal impact on potential over-taxation claimants.</p> <p>CDS ensured that the two fees, and their respective dollar-value thresholds, did not unduly or unreasonably disenfranchise the variety of potential over-taxation claimants.</p> <p>CDS benchmarked its service against comparators only in respect of their service vis-à-vis tax reclaims from the Canada Revenue Agency, not reclaims from other jurisdictions. The differences in the administration of the processes are not applicable in the present context.</p>
<p>Commenter felt that the requirement to pay for the service in Canadian Dollars was an unfair burden to place on potential claimants.</p>	<p>The tax reclaims in question are largely in respect of entitlements on Canadian securities which are paid in Canadian Dollars. These entitlements are subsequently converted to U.S. Dollars for payment. Retail and tax-exempt clients are not, therefore, disadvantaged by virtue the location of the exchange on which securities were purchased.</p> <p>Payment by credit card for the proposed automation, which eliminates significant costs associated with the transmittal of physical documents and cheques/wires, is central to the process's efficiency. Claimant institutions or individuals are afforded multiple card options and, while the charges are in Canadian dollars, card acceptance merchants automatically convert to the appropriate currency. This process should, in fact, benefit claimants given existing CAD/USD exchange rates.</p>