

**13.1.10 CDS Rule Amendment Revised Notice – Technical Amendments to CDS Procedures – Reg SHO Procedure Change**

**CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)**

**TECHNICAL AMENDMENTS TO CDS PROCEDURES**

**REG SHO PROCEDURE CHANGE**

**REVISED NOTICE OF EFFECTIVE DATE**

**A. DESCRIPTION OF THE AMENDMENTS**

*Background*

The Reg SHO procedures related to the Rule 144 exemption state that if a participant needs to identify a close out as being a Rule 144 related item the participant will provide CDS with a form describing what they need, a copy of the Close Out report and either a transfer receipt or an affidavit which tells CDS that the security is a Rule 144 issue and is being transferred to unrestricted shares. Since an affidavit is a legal document to be signed by a commissioner of oaths or a notary, it becomes onerous for participants to get that signed. This change would be for CDS to accept a letter from the participant instead of an affidavit. The letter would be on the participant's letterhead and signed by an authorized CDS signing officer of the participant and would state that the security was a Rule 144 security.

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

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

*Description of Proposed Amendments*

The following procedure has been impacted by this initiative:

- New York Link Participant Procedures, Chapter 1 About the New York Link Service, Regulation SHO, Section 1.8.2

**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 Recognition and Designation Order, as amended on 1 November, 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 1 November, 2006, CDS had originally determined that these amendments would be effective on **May 5, 2008**. The original submission for regulatory review was made on March 28, 2008 and the original Notice was published by the OSC on April 25, 2008 and by the AMF on May 2, 2008. However, to accommodate the removal of the Suppress Auto Claim item from the "Other Pledge Items" initiative, and to allow for testing of the remaining initiatives of the CDS package of proposed procedural amendments, the implementation date had to be postponed to **May 12, 2008**.

These amendments were reviewed and approved by the CDS Strategic Development Review Committee ("SDRC") on March 27, 2008.

**D. QUESTIONS**

Questions regarding this notice may be directed to:

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