

## **NOTICE OF EFFECTIVE DATE – TECHNICAL AMENDMENTS TO CDS PROCEDURES**

### **HOUSEKEEPING CHANGES – March 2016**

#### **A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS**

The following amendments are housekeeping changes made in the ordinary course of review of CDS's Participant Procedures, and are required for correction or stylistic enhancement.

#### **ENGLISH**

Please note that the English version includes technical amendments that do not appear in the French version and that are meant to ensure consistency between both versions, coherence of the text or its linguistic quality.

#### **CDSX Procedures and User Guide**

- Chapter 8, Entitlement Activities: Section 8.2.3 – Correction to add the CDSX Ledger Adjustment restriction placed on securities undergoing Mandatory type entitlement events

#### **Participating in CDS Services**

- Chapter 1, Introduction to CDS: Section 1.6 – Stylistic correction to two bullet points for clarify
- Chapter 1, Introduction to CDS: Section 1.7 – Removal of an inaccuracy regarding client dormancy status
- Chapter 1, Introduction to CDS: Section 1.7 – Removal of references to board approval being required for the Application for Participation, as approval is now required by CDS senior management
- Chapter 3, Web Services - Removal of references to board approval being required for the Application for Participation, as approval is now required by CDS senior management
- Chapter 7, Registering and withdrawing from CDS services - Removal of references to board approval being required for the Application for Participation, as approval is now required by CDS senior management
- Chapter 7, Registering and withdrawing from CDS services: Section 7.4 - Removal of references to board approval being required for the Application for Participation, as approval is now required by CDS senior management
- Chapter 15, Collateral Administration: Section 15.1 – Correction to Footnote 3 to clarify acceptable pledged collateral limits.

#### **CDS Reporting Procedures**

- Contents Page – Addition of a new section in Chapter 13 Entitlement reports. Section 13.6 describes the existing 'Daily Tender – Payment Tracking Report'
- Chapter 1, Introduction to CDS Reports – Correction to add the existing 'Daily Tender – Payment Tracking Report' to the list of entitlement reports available for Participants
- Chapter 13, Entitlement Reports – Correction to add a new section describing an existing report available for Participants – the 'Daily Tender – Payment Tracking Report' – which lists all daily payment events for which the participant had submitted option selection instructions the previous day, and aids in payment monitoring.

#### **Transfer Agent Procedures**

- Chapter 3, Security Deposits and Withdrawal – Correction to the description of a Security Withdrawal Rejection Notice to replace 'deposit' with 'withdrawal'.

#### **Trade and Settlement Procedures**

- Chapter 5, Trade Matching: Section 5.6 – Update to this section to describe the dual authorization deletion process for trades in M1, M2 and L1 matched statuses. This procedure was implemented in May 2010, as referenced in CDS Bulletin 2010-00042C.

#### **CDS Application for Participation**

- Numerous changes to remove references to board approval being required for the Application for Participation, as approval is now required by CDS senior management
- Numerous changes to remove references to Federated Participants, including the removal of Schedule A2 and the subsequent renumbering of following Schedules
- Removal of remaining references to the discontinued FINet Service

- Page 5, Section (h) – Correction to the acceptable payment method for entrance fees
- Inclusion of 'Schedule III Bank as a Financial Institution type
- Removal of remaining references to the discontinued Euroclear UK Direct Service
- Page 42 - Correction to the contact reference details.

#### **CDSX Forms**

- CDSX 218 – Data Transmission Request: Numerous additions of data files available for participants
- CDSX 377 - InterLink/SWIFT Service Message Request: Addition of required technical delivery information
- CDSX 799 - CDS Online Services, Support Service UNIT Functions: Addition of LYNX Trade Reconciliation file
- CDSX 811 - Event Claim Form – Correction to the contact reference details

#### **FRENCH**

Please note that the French version includes technical amendments that do not appear in the English version and that are meant to ensure consistency between both versions, coherence of the text or its linguistic quality.

#### **Participating in CDS Services**

- Chapter 7, Registering and Withdrawing from CDS Services: Sections 7.5 and 7.21 – The translation of *limited partnership* has been corrected, from *sociétés de personnes* to *sociétés en commandite*. Also, correction of the second to last paragraph to reflect the English version.
- Chapter 15, Collateral Administration: Section 15.1 – Translation in footnote 3 has been corrected to reflect the English version: *obligations* (in English) have the meaning of *obligations* and not of *bonds*.
- Chapter 16, CNS participant and CNS default funds: Section 16.2.1 – The translation of *liquidation period* has been corrected, from *période de réalisation* to *période de liquidation*.

#### **CDS Reporting Procedures**

- Chapter 13, Entitlement Reports: Correction of the chapter title.
- Chapter 13, Entitlement Reports: A redundant line has been deleted from the list of Entitlement Reports.
- Chapter 25, Transaction Reports: Section 25.5 – One correction has been done to reflect the English version, and missing bullet points have been added.

#### **CDS Application for Participation**

- Grammar and formatting changes have been applied to the French version, in addition to the changes required in the English version, to insure proper drafting quality and consistency throughout.

#### **CDSX Forms**

- Form 535 – This English form has been translated in French.

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 March 31, 2016.

The proposed procedure amendments are available for review and download on the User Documentation page on the CDS website at [www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open](http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open).

## **B. REASONS FOR TECHNICAL CLASSIFICATION**

The amendments proposed in this Notice are considered technical in nature, involving matters of routine operating procedures and administrative practices relating to the settlement services, to correct inaccurate grammar and referencing, and to enhance stylistic formatting.

**C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENTS**

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to Section 21.2 of the Ontario *Securities Act*, and by the British Columbia Securities Commission pursuant to Section 24(d) of the British Columbia *Securities Act*, and as a clearing house by the *Autorité des marchés financiers* pursuant to Section 169 of the Quebec *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*.

CDS has determined that these amendments will become effective on May 2, 2016.

**D. QUESTIONS**

Questions regarding this notice may be directed to:

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