

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

### **Updates to CDS Participant Sponsorship Service: Access to FINRA OTC Reporting Facility**

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

On November 17, 2014, the Financial Industry Regulatory Authority (FINRA) will launch a new OTC Reporting Facility (ORF) technology platform for the reporting of transactions in OTC equity securities (i.e. non National Market System (NMS) stocks) and restricted equity securities. The ORF Service offered by FINRA compares trade information from ORF participants and submits matched trades to clearing. The ORF system will no longer operate on the NASDAQ OMX ACT technology platform, which today is the platform for both the ORF and the FINRA/NASDAQ Trade Reporting Facility (TRF), the facility used to report OTC trades in NMS securities.

The existing agreement between CDS and FINRA makes specific provisions for CDS to sponsor their Participants to get access to FINRA services. The ORF Service allows CDS Participants to access information in connection with trades for clearing and settlement through CDS's New York Link Service, where the Participant is listed as the contra-party.

As a result of the changes being undertaken by FINRA, updates are required to (i) the existing sponsorship agreement between CDS and its Participants which allows Participants to access the ORF Service and NASDAQ's TRF service , and (ii) the CDS user guides that reference these services.

Currently, Participants cannot access the ORF Service without sponsorship through CDS's Automated Confirmation Transaction (ACT) service. Going forward, Participants will still obtain sponsorship from CDS via the ACT service; the updates will provide Participants with the ability to access both the ORF and TRF services to report their OTC transactions, without having to be direct members of NASDAQ and FINRA.

The amendments will become effective on November 17, 2014.

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 July 31, 2014.

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, and are required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement.

### **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<sup>®</sup>, 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 November 17, 2014.

### **D. QUESTIONS**

Questions regarding this notice may be directed to:

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