

NOTICE OF EFFECTIVE DATE – TECHNICAL AMENDMENTS TO CDS PROCEDURES

T+2

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

Background

Securities trades in North America are currently settled on a three-day cycle. Securities are exchanged for payment on the transaction date (T) plus three days, and is commonly known as “T+3”. The T+3 cycle, however, exposes parties to securities transactions to certain categories of risk in the period between the confirmation of the transaction and the exchange of securities for consideration. To that end, securities markets, not just in North America, but world-wide, have slowly been reducing the settlement cycle. In 2014, the European Union as a whole moved to a T+2 settlement cycle and, later in 2014, the United States announced plans to make a similar transition to the T+2 settlement cycle.

The Canadian Securities Administrators (CSA) determined that, in light of the interconnected nature and operations of the Canadian and American markets, Canadian markets should transition to the T+2 settlement cycle in tandem with United States markets. The implementation date for this transition is September 5, 2017.

Moving to the T+2 settlement cycle offers the following key benefits:

- Provides an uniform settlement period aligned with the United States and the European Union for settling securities transaction by T+2
- Reduces counterparty, market and liquidity risks by reducing both outstanding settlements and their associated replacement cost risks
- Increases automation of operational processes across organizations, including:
 - Dematerialization
 - Same-day affirmation (SDA)
 - Alignment between linked markets

The Canadian Capital Markets Association (CCMA) established several committees to co-ordinate Canadian efforts to shorten the settlement cycle to T+2. The CCMA set up a T+2 Steering Committee (T2SC) and established working groups to coordinate the activities to ensure a smooth transition to T+2 for the Canadian market. CDS, as a member of the CCMA Operations Working Group (CCMA OWG) and the CCMA Legal & Regulatory Working Group (CCMA LRWG) has contributed to the development of a comprehensive industry testing plan which was executed in a T+2 designated region during Q2 2017.

The testing plan was developed, and the testing completed, in order to ensure that Canadian markets are prepared for the change to T+2 settlement timeline, and supported full end-to-end testing from firms trade order systems to trade execution on market places to CDS for post-trade settlement.

CDS Impact

CDS's Participant Rules, including those governing both domestic and cross-border transactions and activity, are drafted without reference to specific or particular timelines. Consequently, there is no requirement for amendments or modifications to the Participant Rules.

Minor procedural changes are required, as CDS systems are driven by specific dates received from external sources and are not impacted by the length of the settlement period. CDS systems are, consequently, T+2 compatible, and are unaffected by a shortened settlement period; CDS processes are based on trade date, value date, ex-date, and due bill redemption date, as applicable.

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. Most of the member firms of the SDRC sit on one or more of the CCMA working groups and participate in coordinating activities to ensure a smooth transition to a T+2 environment.

This amendment was reviewed and approved by the SDRC on May 25, 2017.

The proposed procedure amendment is available for review and download on the User Documentation page on the CDS website at <http://www.cds.ca/cds-services/user-resources/user-documentation>.

B. REASONS FOR TECHNICAL CLASSIFICATION

The proposed amendments to CDS Procedures are considered technical in nature because they involve only matters which are required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement. The migration to the T+2 settlement environment, and settlement cycle, is a Regulatory imperative.

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 September 5, 2017.

D. QUESTIONS

Questions regarding this notice may be directed to:

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CHAPTER 2

Regulation SHO

The Securities and Exchange Commission (SEC) adopted Regulation SHO under the Securities Exchange Act of 1934. For more information, refer to the [SEC website](#). Regulation SHO imposes requirements on broker-dealers engaged in the short selling of equity securities in markets regulated by the SEC. Short sellers must locate securities to borrow before selling short, and are subject to additional requirements when trading in securities where a fail exists in continuous net settlement (CNS).

Regulation SHO affects CDS cross-border services (i.e., New York Link). To facilitate compliance with Regulation SHO requirements, CDS provides a daily report to participants and their primary Canadian regulator and/or self-regulatory organization (SRO). A participant's non-compliance with Regulation SHO must be rectified immediately by:

- The participant's voluntary corrective action, or
- The intervention of the participant's primary Canadian regulator and/or SRO.

Participants are subject to a non-compliance fee if they specify a position as being covered and the position still exists after the settlement date of the close-out transaction. For more information, see [Entering Regulation SHO exempt and covered quantities](#) on page 11. These costs are added to participants' monthly bills. For more information, refer to Fees on CDS's website (www.cds.ca).

If a participant's non-compliance is not immediately rectified, CDS intervenes and takes one or more of the following actions:

- Closes out CNS short positions in securities
- Limits the participant's use of the cross-border services by restricting the functionality available to the participant
- Suspends the participant from all CDSX services.

Compliance reporting

CDS provides participants and their primary Canadian regulator and/or SRO with a daily report entitled Projected Close-Out report – New York Link Service. This report identifies trades that are subject to Regulation SHO and provides a breakdown of carry-forward quantities to monitor positions that still exist after settlement date.

Close-out trades display on the report as carry-forward quantities until the short position is covered. If a close-out is executed, either by the participant or CDS, the trade should settle in ~~three~~ two days and should only display in the first ~~three~~ two carry-forward fields.

Close-outs that have not been executed display in the CF34 field. This field indicates positions that still exist after the settlement date of the close-out transaction. If a carry-forward quantity displays in the CF34 field, contact CDS Customer Service. If CDS has been advised that the short position is being covered using the Modify RegSHO Exemption/Covered Quantity function and a carry-forward quantity displays in the CF34 field, a non-compliance fee may be charged. For more information, see [Entering Regulation SHO exempt and covered quantities](#) on page 11.

For more information on this report, refer to *CDS Reporting Procedures*.

2.1 Regulation SHO exempt transactions

The following transactions are exempt from Regulation SHO's short sale close-out requirements, which mandate that a close-out must be completed on the date after settlement date:

- Long sale – When a participant fails to deliver securities that resulted from a long sale, a close-out must occur on the third day after settlement date.
- Deemed to own – When a participant fails to deliver securities that are identified as deemed to own, as set out by the SEC, a close-out must occur on the 35th day after trade date.

Note: The close-out period begins when the position is included on the Projected Close-Out Report – New York Link.

On the close-out date, participants use the [RegSHO Exemption Quantity Detail – Modify screen](#) on page 13 to notify CDS that a particular close-out position is a long sale or deemed to own security. For more information, see [Entering Regulation SHO exempt and covered quantities](#) on page 11.

2.2 Entering Regulation SHO exempt and covered quantities

On the close-out date, participants use the Modify RegSHO Exemption/Covered Quantity function to:

- Indicate the quantities that are exemptions (i.e., deemed to own and long sales)
- Specify the quantity of positions that they will close out themselves.

Participants can enter their exemptions and the quantities that they will close out themselves until the 10:00 a.m. ET (8:00 a.m. MT, 7:00 .a.m. PT) cutoff time on the close-out date.

Note: All of the positions to be closed out do not have to be covered in one entry. The positions can be covered through multiple entries until the 10:00 a.m. ET (8:00 a.m. MT, 7:00 .a.m. PT) cutoff time.

If, on the close-out date, a position is due to settle intraday, the quantity of the position should be entered as a participant covered position on the [RegSHO Covered Position Declaration – Detail screen](#) on page 13. Participants who specify a position as being covered will be subject to a non-compliance fee if the position still exists after the settlement date of the close-out transaction. If, on the close-out date, a participant specifies that they are covering a position, the assumption is that the participant buys the securities on that day. This allows ~~two~~^{three} days for the buy trade to settle and makes the penalty effective on close-out date +~~2~~³. For more information, refer to Fees on CDS’s website (www.cds.ca).

To enter Regulation SHO exempt and covered quantities:

1. Access the International Delivery Menu. For more information, refer to [Accessing the International Delivery Menu](#) in *International Services Procedures*.
2. Type the number identifying Modify RegSHO Exemption/Covered Quantity in the SELECTION field and press ENTER. The [RegSHO Exemption/Covered Quantity List screen](#) on page 12 displays. This screen lists the securities identified on the Projected Close-Out report – New York Link Service and provides the close-out requirement for each security for the current business date (i.e., the current short position and any previously declared long and deemed positions that have reached close-out date).

RegSHO Exemption/Covered Quantity List screen

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HNG0      CDS CLEARING AND DEPOSITORY SERVICES INC.      10:08:33  04-03-11
MODIFY    REGSHO EXEMPTION/COVERED QUANTITY LIST
JAIH

CUID      : JAIH          CU NAME      : JAI LTDH
CLEARING  : DTC  CURR   : USD NSCC A/C NBR : 5044

SEL  CUSIP / NAME      INITIAL      PARTICIPANT      REMAINING
    001765106         100,000      COVERED POSITION  CLOSEOUT REQ
    REGSHO 10          0
    00846U101         100,000      0                100,000
    REGSHO 10          0
    044901106         100,000      0                100,000
    REGSHO 10          0
    229669106         100,000      0                100,000
    REGSHO 10          0
    25459W508         100,000      0                100,000
    REGSHO 10          0
    25459W607         100,000      0                100,000
    REGSHO 10

PF: 1/HELP  3/EXIT  4/MENU  5/REFRESH  7/UP  8/DOWN  9/BMSG
OPTION:      DATA:
Te          DUT0NUE9

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3. Type X in the SEL column beside the required security and press ENTER. The [RegSHO Exemption Quantity Detail – Modify screen](#) on page 13 displays.

Mandatory exchange events (with no options)	
Event code	Event name
PAM	Plan of arrangement (with no options)
PCL	Partial redemption lottery
PCP	Partial redemption pro-rata
PSH	Push-out
RDM	Mandatory redemption
SEP	Unit separation

The table below specifies the event codes and event types for mandatory events (with options).

Mandatory exchange events (with option)	
Event code	Event name
MAO	Mandatory acquisition with option
MCO	Mandatory change with option
MGO	Merger with option
PAO	Plan of arrangement with option

The table below specifies the event codes and event types for voluntary events.

Voluntary events	
Event code	Event name
CVV	Voluntary conversion
DBB	Debenture buy-back
ETV	Voluntary extension
EXV	Voluntary exchange
ODD	Odd lot offer
PUR	Purchase offer
RDV	Voluntary redemption
RET	Retraction
SUB	Subscription
TED	Tender offer

8.2.3 Entitlement restrictions

Entitlement restrictions are applied when CDS finalizes (or confirms) all Mandatory or Voluntary corporate action events. No restrictions should be imposed in preliminary status.

For all US securities, CDS looks to DTC to determine when to go final on corporate action events. Once a swing date, or payable date, has been determined by DTC, a final bulletin can be released and the appropriate restrictions will be applied. For corporate action events where cash is involved, the CDS payable date will be the same as DTC's anticipated payment date. For corporate action events paying out securities, the CDS payable date will be the DTC swing date plus one business day.

The table below outlines the entitlement restrictions applied to Mandatory corporate action events (no options):

Disclaimer: This table should be used as a general guideline only. Based on the type of event, there may be exceptions on the types of restrictions applied to some corporate actions.

Description	Mandatory events (no options)	
	CAD securities	USD securities
Deposit	Up to 3 business days prior to payable date	Up to 1 business day prior to payable date
Inter-account movements	Payable date	Payable date
Pledge entry	Payable date	Payable date
Pledge settlement	Payable date	Payable date
Trade settlement	Payable date	Payable date
Withdrawal	Up to 3 business days prior to payable date	Up to 1 business day prior to payable date
Continuous net settlement (CNS) & CNS Allotment:		
Cash only events	Payable date	Payable date
Cash & securities events	Payable date	Payable date
Securities only events	N/A ¹	N/A ¹
Northbound cross-border movement	See footnote ²	Payable date
Ledger adjustment	Payable date	Payable date

¹ CNS allotment and CNS restrictions are applied to corporate action events featuring cash or cash and security payout combinations.

² For all mandatory events, excluding maturities and redemptions, NF restrictions start payable date – 5 business days. For maturities and mandatory redemptions, NF restrictions start payable date – 15 business days.

The table below outlines the entitlement restrictions applied to mandatory (with options) and voluntary corporate action events.

Disclaimer: This table should be used as a general guideline only. Based on the type of event, there may be exceptions on the types of restrictions applied to some corporate actions

Description	Mandatory events (with options)		Voluntary events	
	CAD securities	USD securities	CAD securities	USD securities
Deposit	Agent expiry date plus 1 business day	Default option payable date	N/A	N/A
Inter-account movements	Default option payable date	Default option payable date	N/A	N/A
Pledge entry	Default option payable date	Default option payable date	N/A	N/A
Pledge settlement	Default option payable date	Default option payable date	N/A	N/A
Trade settlement	Default option payable date	Default option payable date	N/A OR Agent expiry date + 1 business day	N/A OR Agent expiry date + 1 business day
Withdrawal	Agent expiry date + 1 business day	Default option payable date	N/A	N/A
Continuous net settlement (CNS): Cash only events	Agent expiry date	Agent expiry date plus up to 3 business days	If applicable, from A agent expiry date to A agent expiry date ±plus up to 2three business days	If applicable, from A agent expiry date to A agent expiry date ±plus up to 2three business days
Continuous net settlement (CNS): Cash & securities events	Agent expiry date	Agent expiry date plus up to 3 business days	If applicable, from A agent expiry date to agent expiry date plus up to 2three business days	If applicable, from Agent expiry date to Agent expiry date plus up to 23 business days
Continuous net settlement (CNS): Securities only events	N/A	N/A	If applicable, from Agent expiry date to Agent expiry date ±plus up to 23 business days	If applicable, from A agent expiry date to A agent expiry date ±plus up to 2three business days
CNS Allotment	Agent expiry date	Agent expiry date	Agent expiry date	Agent expiry date
Northbound cross-border movement	Agent expiry – 5 business days	Default option payable date	See footnote ¹	N/A
Ledger adjustment	Default option payable date	Default option payable date	N/A	N/A

¹ For voluntary events where NF restrictions are to be removed after expiry date, NF restrictions start expiry date – 5 business days and end expiry date + 1 business day. For voluntary events where NF restrictions are not to be removed, NF restrictions start expiry date – 5 business days.

Sort order	SECURITY NBR
Aggregation	None

This report lists any discrepancies that arise when DTCC’s trade information files are compared to the daily trading activity from the participant’s internal records. This report contains the following information for each discrepancy:

- Security number and description
- Shares bought or sold
- Respective dollar values
- Trade and value dates
- DTCC participant involved in the transaction
- Source of the information (DTCC or CDS)
- Currency.

Note: Discrepancies or unmatched trades reported on trade date+1 remain on the unmatched trade report until their value date (or until the trades are matched), at which point they will be dropped from this report and will display on the [CDS Trading Blotter – Dropped Trade report](#).

16.4 CNS Accounting Summary report for DTCC

Source	DTCC
Report ID	003409, 001905
Available	Daily
Data currency	Trade date+4 <u>3</u>
Retention period	Seven years
Sort order	SECURITY NUMBER, MONEY SUMMARY
Aggregation	Totals for all CNS activities

This report provides a comprehensive daily review of all night and day activity in the CNS account. The summary is divided into two parts:

- Security movements to or from the CNS stock record
- Money activity and balances.

This report is the final report produced by the CNS system for each settlement date. Reconcile all security and money balances shown by comparing the report to internal records and promptly report any difference to DTCC.

16.5 CNS Cash Reconciliation Statement report

Source	DTCC
Report ID	003401 (preliminary) 003408 (final)
Available	11:00 p.m. ET (9:00 p.m. MT, 8:00 p.m. PT) for the preliminary report 3:00 p.m. ET (1:00 p.m. MT, 12:00 p.m. PT) for the final report
Data currency	Trade date+ 3 2
Retention period	Seven years
Sort order	MONEY RECAP, MARKET VALUE RECAP, SETTLEMENT RECONCILIATION
Aggregation	DEBIT and CREDIT totals for MONEY RECAP LMV (long market value) and SMV (short market value) totals for MARKET VALUE

The report is divided into the following sections:

- Money Recap – Details yesterday's closing money balances, the value of all trades due for settlement today, any miscellaneous money entries and any cash dividends payable today. The entries are netted to produce a closing money balance for settlement today.
- Market Value Recap – Reflects the net market value of all night cycle activity and all “open” positions before the day’s cycle settlement activity takes place.
- Settlement Reconciliation – Nets the money balance with the participant’s open positions to calculate its current money settlement (line 18) before daytime activity occurs.

Line 18 of the preliminary report indicates the current money settlement value before daytime settlement and is one component of the cash settlement worksheet. The final report assists the participant in reconciling the CNS money settlement from the previous business day. It includes the intraday activity not available on the preliminary statement.

The recycle activity is posted to lines 19 and 20 to compute the final CNS money settlement. The recycle activity is detailed in the [CNS Settlement Activity Statement report](#).

16.6 CNS Consolidated Trade Summary report

Source	DTCC
Report ID	004279
Available	Daily
Data currency	Trade date+ 1 2

Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	CLEARED GRAND TOTAL, CLEARED NET POSITIONS

This report provides the following:

- A summary by security issue of all compared trades due to settle the following business day
- The contra broker (special representative), price and contract amount for each trade
- Net buys and sells by issue
- The net of all trades to one net dollar figure. The net contract amount is reported on the preliminary **CNS Cash Reconciliation Statement report** on trade date+2
- Non-CNS balance order trades
- All CDS-designated transactions from all sources.

16.7 **CNS Daytime Miscellaneous Activity report**

Source	DTCC
Report ID	003426
Available	4:00 p.m. ET (2:00 p.m. MT, 1:00 p.m. PT)
Data currency	Current day
Retention period	Seven years
Sort order	ISIN
Aggregation	TOTAL RECEIVED, TOTAL DELIVERED ISIN

This report includes reorganizations, stock borrows and any other miscellaneous activities received in CNS after the start of day cycle.

16.8 **CNS Dividend Activity report**

Source	DTCC
Report ID	003405
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	None

On the day before payable date, this report notifies the participant of dividends and interest scheduled to be debited or credited, based on the earlier **CNS Record Date** report.

16.9 CNS Due Bill Activity report

Source	DTCC
Report ID	003411
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	None

This report informs participants of stock dividends, bond interest, stock splits and spin-offs that will be credited or debited to the closing positions in their accounts on the next day.

16.10 CNS Miscellaneous Activity report

Source	DTCC
Report ID	003402
Available	Daily
Data currency	Trade date+2 3
Retention period	Seven years
Sort order	RECEIVED (by activity code and security number) DELIVERED (by activity code and security number)
Aggregation	BROKER TOTAL

This report consolidates any CNS activity that has been removed from the CNS stock record. These entries are posted on the date when they are removed and are identified by a legend. Money entries are netted to a single figure on the report.

The table below describes how items are removed from CNS.

Source	Description
Journal entry	When a participant's security position or money balance is adjusted by journal entry
Member mergers	If two or more participants merge their operations, all CNS stock record positions and money balances are merged

Sort order	ISIN
Aggregation	Sub-account - Net Position/Market Value

This report shows CNS positions before night allocations. It includes all trades received by 6:00 p.m. ET (4:00 p.m. MT, 3:00 p.m. PT), closing positions, settling trades, stock dividends, ACATS and any miscellaneous activity.

16.13 CNS Projection report

Source	DTCC
Report ID	003406
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	None

This report lists the transactions expected to settle in CNS the next business day.

16.14 CNS Receive/Deliver Instruction report

Source	DTCC
Report ID	000198
Available	Daily
Data currency	Trade date+ 3 2
Retention period	Seven years
Sort order	Security number
Aggregation	None

This report indicates if the participant is to receive securities from or deliver securities to other participants of DTCC or participants of an interfaced clearing corporation. The equity and corporate bond instructions listed on the report are processed as balance orders and are due for settlement on the date issued.

16.15 CNS Record Date report

Source	DTCC
Report ID	003403
Available	8:00 a.m. ET (6:00 a.m. MT, 5:00 a.m. PT)
Data currency	Yesterday

Retention period	Seven years
Sort order	Security number
Aggregation	None

This report indicates all long and short positions on record date, and pending entitlements to be paid or charged on payable date.

16.16 CNS Settlement Activity Statement report

Source	DTCC
Report ID	003404 (preliminary) 003407 (final)
Available	11:00 p.m. ET (9:00 p.m. MT, 8:00 p.m. PT) on trade date+ 2 ³ for the preliminary report 3:30 p.m. ET (1:30 p.m. MT, 12:30 p.m. PT) on trade date+ 2 ³ for the final report
Data currency	Trade date+ 3 ²
Retention period	Seven years
Sort order	Security number
Aggregation	TOTALS for LONG MARKET VALUE and SHORT MARKET VALUE NET TOTALS

These reports summarize the previous CNS activity at DTCC and show receives and deliveries in the CNS account. The reports reflect overnight and intraday activities including:

- All shares received and delivered by CNS for settlement
- All movements and mark-to-market amounts
- Total of all long or short market values.

These reports provide an audit trail of each day's CNS settlement activities.

16.17 Credit Summary Listing report

Source	DTCC
Report ID	003423, 003420, 003417
Available	Daily
Data currency	Trade date+ 4 ³
Retention period	Seven years
Sort order	None
Aggregation	Total items

This report lists the credits made to the participant's settlement account for the value of envelopes being delivered for the Inter-City Envelope Settlement Service and the Dividend Settlement Service.

The debits and credits for next-day settlement of deliveries to New York city are posted as:

- Activity code 64 for the Inter-City Envelope Settlement Service
- Activity code 11 for the Dividend Settlement Service.

16.18 Deliver and Receive Settlement Activity report

Source	DTCC
Report ID	003430
Available	Daily
Data currency	Trade date+ 3 <u>2</u>
Retention period	Seven years
Sort order	DELIVER BROKER
Aggregation	None

This report lists all settlement activities received or delivered on trade date+~~2~~3.

16.19 Deliveries Received and Debited (DSS) report

Source	DTCC
Report ID	003419, 003422
Available	Daily
Data currency	Trade date+ 4 <u>3</u>
Retention period	Seven years
Sort order	DELIVER BROKER
Aggregation	None

This report lists all Dividend Settlement Service envelopes (including deliveries and debits) from the previous business day.

16.20 Deliveries Received and Debited (IESS) report

Source	DTCC
Report ID	003416
Available	Daily
Data currency	Trade date+ 3 <u>4</u>

In addition, this report lists a monthly position statement showing the status of all securities positions, including those where no activity occurred during the month. Participants must confirm the accuracy of the monthly position statement in writing within 10 business days after the statement is available.

16.28 Participant Settlement Super Statement – DTC/NSCC report

Source	DTCC
Report ID	003440
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SUMMARY BALANCES, ACTIVITY BALANCES
Aggregation	DTC TOTALS, NSCC TOTALS, NET BALANCE, ACTIVITY BALANCE, POST ACTIVITY, FUNDS TRANSFER, SUSPENSES, ADJUSTMENTS, SPONSORED ADJ, BALANCE, SUB TOTALS, GRAND TOTALS

This report lists daily activities and the amounts to be paid or received by the participant during payment exchange.

16.29 Supplemental Consolidated Trade Summary report (Cycles 1 and 2)

Source	DTCC
Report ID	003424
Available	Cycle 1 – 2:00 a.m. ET (12:00 a.m. MT, 11:00 p.m. PT) Cycle 2 – 1:00 p.m. ET (11:00 a.m. MT, 10:00 a.m. PT)
Data currency	Yesterday (Cycle 1) Current day (Cycle 2)
Retention period	Seven years
Sort order	CUSIP
Aggregation	BOND TOTALS, NET BONDS, STOCK TOTALS, NET STOCKS, TOTALS TRADE, NET TRADES, CLEARED GRAND TOTALS and CLEARED NET POSITIONS

The Cycle 1 report contains T+**2**1 and older trades received between 9:00 p.m. and 12:00 a.m. ET (7:00 p.m. and 10:00 p.m. MT, 6:00 p.m. and 9:00 p.m. PT) on settlement day.

The Cycle 2 report contains T+**3**2 and older trades received between 12:00 a.m. and 12:00 p.m. ET (10:00 p.m. and 10:00 a.m. MT, and 9:00 p.m. and 9:00 a.m. PT) on settlement day.

7.24 Network Connectivity service

The Network Connectivity service enables participants, non-participants and transfer agents to connect to CDS systems using one of the following connection types:

- Dedicated connection
- VPN connection.

For more information, see [Using CDS systems](#) on page 20.

To register for this service, complete and submit the following applicable form(s) to CDS Customer Service:

- Network Services Application form (Participant) (CDSX846)
- Network Services Application form (Non-Participant) (CDSX847)
- Network Services Application form (Transfer Agent) (CDSX848)
- Customer VPN Access form (CDSX086).

7.25 Trade Matching

The Trade Matching service provides an alternative method of confirming non-exchange trades where the trade type is DP (direct participant) and both parties to the trade are eligible for trade matching. The primary objective of this service is to provide a facility where trades reported in CDSX are confirmed for settlement within the prescribed times. ~~In a T+3 environment, e~~Confirmation is required within one business day [of the trade date](#).

CDS participants who are members of the Investment Industry Regulatory Organization of Canada (IIROC) are automatically set up in the Trade Matching service as mandated by the IIROC. These participants are also responsible for monitoring any trades where they are the counterparty.

Participants who are both IIROC and non-IIROC members register for this service by selecting Trade Matching on the Application for Participation: Schedule C (CDSX789). Participants who are non-IIROC members must also complete the Application for Participation: Schedule C1 Trade Matching Profile for Non-IIROC Members (CDSX800).

For more information, refer to *Trade and Settlement Procedures*.

7.26 SOLA netting system

SOLA netting system eligibility enables participants to submit, modify and confirm non-exchange cash and repo trades for netting and novation at CDCC.

Exchange Trade List screen

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MY11 CDS CLEARING AND DEPOSITORY SERVICES INC. 13:25:21 03-03-21
INQUIRE EXCHANGE TRADE LIST
LYDI
MARKET: TSE
TRADE ID PAR VALUE SECURITY NBR CUID ACCOUNT SEL
CUID ROLE NET AMOUNT CURR SECURITY NAME MODE OF SETTLEMENT STAT
Y03080-15701 1,000.00+ CA0019877186 HAFI GA000
LYDI S 56,000.00+ CAD BIG BELL TFT C
Y03080-81501 1,000.00+ CA0019877186 BAFS GA000
LYDI S 52,000.00+ CAD BIG BELL TFT C

PF: 1/HELP 3/EXIT 4/MENU 5/REFRESH 7/BACK 8/FWD 9/BMSG
OPTION: DATA:

```

5. Type X in the SEL column beside the required trade and press ENTER to display the Exchange Trade – Details screen on page 25.

Exchange Trade – Details screen

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MY12 CDS CLEARING AND DEPOSITORY SERVICES INC. 12:11:21 03-03-21
INQUIRE EXCHANGE TRADE - DETAILS
PAUA
TRADE ID: Y03080-41501 STATUS: S SETTLE: Y OTHER SETTLE: Y
CUID: PAUA ROLE: S TRADE TYPE: BIA
TRADE DATE: 2003-03-21 VALUE DATE: 2003-03-21 EXCH TIME: 12:07:40
MARKET ID: TSE MODE OF SETTLEMENT: TFT
OTHER CUID: BUYD CUID NAME: BUY IN DOMESTIC
SECURITY NUMBER: CA04033A1185 SECURITY NAME: BIG BELL COMPANY LIMITED
SECURITY TYPE: E EXCH. SYMBOL:
ACCOUNT: GA 000
CURRENCY: CAD PRICE: 55.250000000
QTY/PAR VALUE: 1,000.00+ NET AMOUNT: 55,250.00+
MEMO:
PF: 1/HELP 3/EXIT 4/MENU 5/REFRESH 9/BMSG 10/SAVE
OPTION: DATA:

```

6. Review the details of the exchange trade.

3.4 Requesting modifications to exchange trades

Participants cannot directly modify domestic exchange trades. However, participants may request on trade date+1 that CDS correct a trade reported to CDS from a domestic exchange. In order to initiate the correction, both the buyer and the seller must complete and ~~fax~~[email](mailto:Depcontrol-Toronto@tmx.com) the Exchange Trade – Corrections and Adjustments form (CDSX535) to CDS's [Depository Control group in Toronto \(Depcontrol-Toronto@tmx.com\)](mailto:Depcontrol-Toronto@tmx.com) on trade date+1.

Note: CDS will not process trade correction requests received on or after trade date+2.

For each correction, CDS creates two new trades as indicated in the table below.

Trades	Description
Cancel trade	<p><u>For TFT trades:</u> The buyer and seller roles of the incorrect original trade are reversed. The trade type is X (correction). All other details of the original trade are indicated (including the original trade ID) This transaction causes the cancel and original trades to net to zero</p> <p><u>For CNS trades:</u> The buyer and seller of the incorrect original trade are reversed. The trade type is MX (miscellaneous adjustment). All other details of the original trade are indicated (including the original trade ID) This transaction causes the cancel trade to net with the related value-dated CNS position</p>
Correction trade	<p><u>For TFT trades:</u> The trade details that should have been reported to CDS are entered. The trade type is X (correction). The trade date, value date and trade ID of the original trade are indicated</p> <p><u>For CNS trades:</u> The trade details that should have been reported to CDS are entered. The trade type is MX (miscellaneous adjustment). The trade date and value date of the original trade are indicated</p>

To monitor trade corrections review the following:

- Exchange Trade Corrections and Adjustments report. For more information, refer to *CDS Reporting Procedures*.
- Exchange trade message details. For more information, refer to *CDS Batch and Interactive Services – Technical Information*.
- Exchange and non-exchange trade file. For more information, refer to *CDS Batch and Interactive Services – Technical Information*.

3.4.1 Buy-in adjustments

CDS creates a buy-in adjustment in order to complete the execution of a replacement trade if a CNS position is bought in. A buy-in adjustment is reported as an exchange trade where the trade type is BIA and the original buy-in ID is retained. For more information on buy-in adjustments for domestic CNS outstanding positions, see [Executing and washing out domestic buy-ins](#) on page 103.

To monitor a buy-in adjustment review the following:

CHAPTER 5

Trade matching

The Trade Matching service provides an alternative method of confirming non-exchange trades. All non-exchange trades with a trade type of DP (direct participant) and where both parties are eligible for trade matching are considered. The primary objective of this service is to provide a facility where trades reported in CDSX are confirmed for settlement within the prescribed times. ~~In a trade date+3 environment, e~~Confirmation is required within one business day of the trade date.

The life cycle for this service is as follows:

1. The buyer and seller report the same trade in CDSX.
2. CDSX determines if the trades are eligible for trade matching.
3. If CDSX finds a match, the original trades are deleted and one or more new trades are created as follows:
 - The new trades are identified as trades originating from a trade matching process and are assigned a match status code.
 - The seller is identified as the submitter of the trade.
 - The buyer is identified as the acceptor of the trade.
 - Details of the original trade are reflected in the new trade (e.g., tag number).

The acceptor can change the status of a C (confirmed) trade to DK (don't know). The submitter then has the ability to update the status of the DK'd trade to D (deleted). If the submitter has not deleted the trade by the end of the day, it is deemed that they are not in agreement with the acceptor's change and the trade status is reverted back to C.

Participants may manage unconfirmed trades in the same way as other non-exchange trades. For example, a participant may confirm a trade that is eligible for the Trade Matching service using the Modify Non-Exchange Trade function.

5.1 Trades eligible for matching

For a trade to be considered for matching, it must meet the following eligibility criteria:

- Both parties in the trade must be eligible for the Trade Matching service. Eligibility is maintained at the GUID level by clearing organization and currency.
- The trade must be a non-exchange trade.
- The trade type must be DP (direct participant).
- During the M2 trade matching process, the trade must not have par value or quantity equal to zero (i.e., delivery of funds).

Updated logo



Error Corrections to Listed Trades

Participant:	Contact Name:	Telephone #:
Trade Date:	Value Date:	CUID:

For each item, select ADD, DELETE, DOLLAR, CHANGE or QUANTITY CHANGE				Deliver CUID	Receiver CUID	CNS TFT CBS	Quantity	ISIN	Price	\$C/\$U	Ref.No.	Execution Time	Amount	Market ID
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
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ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											

~~Fax completed form to CDSX Control (416) 365-3209 by 3:00 p.m. on Trade Date + 1.~~



Email completed form to CDS Depository Control (Depcontrol-Toronto@tmx.com)

CHAPTER 2

Regulation SHO

The Securities and Exchange Commission (SEC) adopted Regulation SHO under the Securities Exchange Act of 1934. For more information, refer to the [SEC website](#). Regulation SHO imposes requirements on broker-dealers engaged in the short selling of equity securities in markets regulated by the SEC. Short sellers must locate securities to borrow before selling short, and are subject to additional requirements when trading in securities where a fail exists in continuous net settlement (CNS).

Regulation SHO affects CDS cross-border services (i.e., New York Link). To facilitate compliance with Regulation SHO requirements, CDS provides a daily report to participants and their primary Canadian regulator and/or self-regulatory organization (SRO). A participant's non-compliance with Regulation SHO must be rectified immediately by:

- The participant's voluntary corrective action, or
- The intervention of the participant's primary Canadian regulator and/or SRO.

Participants are subject to a non-compliance fee if they specify a position as being covered and the position still exists after the settlement date of the close-out transaction. For more information, see [Entering Regulation SHO exempt and covered quantities](#) on page 11. These costs are added to participants' monthly bills. For more information, refer to Fees on CDS's website (www.cds.ca).

If a participant's non-compliance is not immediately rectified, CDS intervenes and takes one or more of the following actions:

- Closes out CNS short positions in securities
- Limits the participant's use of the cross-border services by restricting the functionality available to the participant
- Suspends the participant from all CDSX services.

Compliance reporting

CDS provides participants and their primary Canadian regulator and/or SRO with a daily report entitled Projected Close-Out report – New York Link Service. This report identifies trades that are subject to Regulation SHO and provides a breakdown of carry-forward quantities to monitor positions that still exist after settlement date.

Close-out trades display on the report as carry-forward quantities until the short position is covered. If a close-out is executed, either by the participant or CDS, the trade should settle in two days and should only display in the first two carry-forward fields.

Close-outs that have not been executed display in the CF3 field. This field indicates positions that still exist after the settlement date of the close-out transaction. If a carry-forward quantity displays in the CF3 field, contact CDS Customer Service. If CDS has been advised that the short position is being covered using the Modify RegSHO Exemption/Covered Quantity function and a carry-forward quantity displays in the CF3 field, a non-compliance fee may be charged. For more information, see [Entering Regulation SHO exempt and covered quantities](#) on page 11.

For more information on this report, refer to *CDS Reporting Procedures*.

2.1 Regulation SHO exempt transactions

The following transactions are exempt from Regulation SHO's short sale close-out requirements, which mandate that a close-out must be completed on the date after settlement date:

- Long sale – When a participant fails to deliver securities that resulted from a long sale, a close-out must occur on the third day after settlement date.
- Deemed to own – When a participant fails to deliver securities that are identified as deemed to own, as set out by the SEC, a close-out must occur on the 35th day after trade date.

Note: The close-out period begins when the position is included on the Projected Close-Out Report – New York Link.

On the close-out date, participants use the [RegSHO Exemption Quantity Detail – Modify](#) screen on page 13 to notify CDS that a particular close-out position is a long sale or deemed to own security. For more information, see [Entering Regulation SHO exempt and covered quantities](#) on page 11.

2.2 Entering Regulation SHO exempt and covered quantities

On the close-out date, participants use the Modify RegSHO Exemption/Covered Quantity function to:

- Indicate the quantities that are exemptions (i.e., deemed to own and long sales)
- Specify the quantity of positions that they will close out themselves.

Participants can enter their exemptions and the quantities that they will close out themselves until the 10:00 a.m. ET (8:00 a.m. MT, 7:00 .a.m. PT) cutoff time on the close-out date.

Note: All of the positions to be closed out do not have to be covered in one entry. The positions can be covered through multiple entries until the 10:00 a.m. ET (8:00 a.m. MT, 7:00 .a.m. PT) cutoff time.

If, on the close-out date, a position is due to settle intraday, the quantity of the position should be entered as a participant covered position on the [RegSHO Covered Position Declaration – Detail screen](#) on page 13. Participants who specify a position as being covered will be subject to a non-compliance fee if the position still exists after the settlement date of the close-out transaction. If, on the close-out date, a participant specifies that they are covering a position, the assumption is that the participant buys the securities on that day. This allows two days for the buy trade to settle and makes the penalty effective on close-out date +2. For more information, refer to Fees on CDS’s website (www.cds.ca).

To enter Regulation SHO exempt and covered quantities:

1. Access the International Delivery Menu. For more information, refer to [Accessing the International Delivery Menu](#) in *International Services Procedures*.
2. Type the number identifying Modify RegSHO Exemption/Covered Quantity in the SELECTION field and press ENTER. The [RegSHO Exemption/Covered Quantity List screen](#) on page 12 displays. This screen lists the securities identified on the Projected Close-Out report – New York Link Service and provides the close-out requirement for each security for the current business date (i.e., the current short position and any previously declared long and deemed positions that have reached close-out date).

RegSHO Exemption/Covered Quantity List screen

```

MNGO          CDS CLEARING AND DEPOSITORY SERVICES INC.      10:08:33  04-03-11
MODIFY        REGSHO EXEMPTION/COVERED QUANTITY LIST
JAIH

CUID          : JAIH          CU NAME       : JAI LTDH
CLEARING ORG : DTC   CURR  : USD NSCC A/C NBR  : 5044

SEL  CUSIP / NAME          INITIAL  PARTICIPANT  REMAINING
      /                CLOSEOUT REQ COVERED POSITION CLOSEOUT REQ
1  001765106              100,000           0           100,000
   REGSHO 10
2  00846U101              100,000           0           100,000
   REGSHO 10
3  044901106              100,000           0           100,000
   REGSHO 10
4  229669106              100,000           0           100,000
   REGSHO 10
5  25459W508              100,000           0           100,000
   REGSHO 10
6  25459W607              100,000           0           100,000
   REGSHO 10

PF: 1/HELP  3/EXIT  4/MENU  5/REFRESH  7/UP  8/DOWN  9/BMSG
OPTION:          DATA:
Te          DUT0NUJ9
```

3. Type X in the SEL column beside the required security and press ENTER. The [RegSHO Exemption Quantity Detail – Modify screen](#) on page 13 displays.

Mandatory exchange events (with no options)	
Event code	Event name
PAM	Plan of arrangement (with no options)
PCL	Partial redemption lottery
PCP	Partial redemption pro-rata
PSH	Push-out
RDM	Mandatory redemption
SEP	Unit separation

The table below specifies the event codes and event types for mandatory events (with options).

Mandatory exchange events (with option)	
Event code	Event name
MAO	Mandatory acquisition with option
MCO	Mandatory change with option
MGO	Merger with option
PAO	Plan of arrangement with option

The table below specifies the event codes and event types for voluntary events.

Voluntary events	
Event code	Event name
CVV	Voluntary conversion
DBB	Debenture buy-back
ETV	Voluntary extension
EXV	Voluntary exchange
ODD	Odd lot offer
PUR	Purchase offer
RDV	Voluntary redemption
RET	Retraction
SUB	Subscription
TED	Tender offer

8.2.3 Entitlement restrictions

Entitlement restrictions are applied when CDS finalizes (or confirms) all Mandatory or Voluntary corporate action events. No restrictions should be imposed in preliminary status.

For all US securities, CDS looks to DTC to determine when to go final on corporate action events. Once a swing date, or payable date, has been determined by DTC, a final bulletin can be released and the appropriate restrictions will be applied. For corporate action events where cash is involved, the CDS payable date will be the same as DTC's anticipated payment date. For corporate action events paying out securities, the CDS payable date will be the DTC swing date plus one business day.

The table below outlines the entitlement restrictions applied to Mandatory corporate action events (no options):

Disclaimer: This table should be used as a general guideline only. Based on the type of event, there may be exceptions on the types of restrictions applied to some corporate actions.

Description	Mandatory events (no options)	
	CAD securities	USD securities
Deposit	Up to 3 business days prior to payable date	Up to 1 business day prior to payable date
Inter-account movements	Payable date	Payable date
Pledge entry	Payable date	Payable date
Pledge settlement	Payable date	Payable date
Trade settlement	Payable date	Payable date
Withdrawal	Up to 3 business days prior to payable date	Up to 1 business day prior to payable date
Continuous net settlement (CNS) & CNS Allotment:		
Cash only events	Payable date	Payable date
Cash & securities events	Payable date	Payable date
Securities only events	N/A ¹	N/A ¹
Northbound cross-border movement	See footnote ²	Payable date
Ledger adjustment	Payable date	Payable date

¹ CNS allotment and CNS restrictions are applied to corporate action events featuring cash or cash and security payout combinations.

² For all mandatory events, excluding maturities and redemptions, NF restrictions start payable date – 5 business days. For maturities and mandatory redemptions, NF restrictions start payable date – 15 business days.

The table below outlines the entitlement restrictions applied to mandatory (with options) and voluntary corporate action events.

Disclaimer: This table should be used as a general guideline only. Based on the type of event, there may be exceptions on the types of restrictions applied to some corporate actions

Description	Mandatory events (with options)		Voluntary events	
	CAD securities	USD securities	CAD securities	USD securities
Deposit	Agent expiry date plus 1 business day	Default option payable date	N/A	N/A
Inter-account movements	Default option payable date	Default option payable date	N/A	N/A
Pledge entry	Default option payable date	Default option payable date	N/A	N/A
Pledge settlement	Default option payable date	Default option payable date	N/A	N/A
Trade settlement	Default option payable date	Default option payable date	N/A OR Agent expiry date + 1 business day	N/A OR Agent expiry date + 1 business day
Withdrawal	Agent expiry date + 1 business day	Default option payable date	N/A	N/A
Continuous net settlement (CNS): Cash only events	Agent expiry date	Agent expiry date	If applicable, from Agent expiry date to Agent expiry date + up to 2 business days	If applicable, from Agent expiry date to Agent expiry date + up to 2 business days
Continuous net settlement (CNS): Cash & securities events	Agent expiry date	Agent expiry date	If applicable, from Agent expiry date to agent expiry date plus up to 2 business days	If applicable, from Agent expiry date to Agent expiry date plus up to 2business days
Continuous net settlement (CNS): Securities only events	N/A	N/A	If applicable, from Agent expiry date to Agent expiry date +up to 2 business days	If applicable, from Agent expiry date to Agent expiry date + up to 2 business days
CNS Allotment	Agent expiry date	Agent expiry date	Agent expiry date	Agent expiry date
Northbound cross-border movement	Agent expiry – 5 business days	Default option payable date	See footnote ¹	N/A
Ledger adjustment	Default option payable date	Default option payable date	N/A	N/A

¹ For voluntary events where NF restrictions are to be removed after expiry date, NF restrictions start expiry date – 5 business days and end expiry date + 1 business day. For voluntary events where NF restrictions are not to be removed, NF restrictions start expiry date – 5 business days.

Sort order	SECURITY NBR
Aggregation	None

This report lists any discrepancies that arise when DTCC’s trade information files are compared to the daily trading activity from the participant’s internal records. This report contains the following information for each discrepancy:

- Security number and description
- Shares bought or sold
- Respective dollar values
- Trade and value dates
- DTCC participant involved in the transaction
- Source of the information (DTCC or CDS)
- Currency.

Note: Discrepancies or unmatched trades reported on trade date+1 remain on the unmatched trade report until their value date (or until the trades are matched), at which point they will be dropped from this report and will display on the [CDS Trading Blotter – Dropped Trade report](#).

16.4 CNS Accounting Summary report for DTCC

Source	DTCC
Report ID	003409, 001905
Available	Daily
Data currency	Trade date+3
Retention period	Seven years
Sort order	SECURITY NUMBER, MONEY SUMMARY
Aggregation	Totals for all CNS activities

This report provides a comprehensive daily review of all night and day activity in the CNS account. The summary is divided into two parts:

- Security movements to or from the CNS stock record
- Money activity and balances.

This report is the final report produced by the CNS system for each settlement date. Reconcile all security and money balances shown by comparing the report to internal records and promptly report any difference to DTCC.

16.5 CNS Cash Reconciliation Statement report

Source	DTCC
Report ID	003401 (preliminary) 003408 (final)
Available	11:00 p.m. ET (9:00 p.m. MT, 8:00 p.m. PT) for the preliminary report 3:00 p.m. ET (1:00 p.m. MT, 12:00 p.m. PT) for the final report
Data currency	Trade date+2
Retention period	Seven years
Sort order	MONEY RECAP, MARKET VALUE RECAP, SETTLEMENT RECONCILIATION
Aggregation	DEBIT and CREDIT totals for MONEY RECAP LMV (long market value) and SMV (short market value) totals for MARKET VALUE

The report is divided into the following sections:

- Money Recap – Details yesterday's closing money balances, the value of all trades due for settlement today, any miscellaneous money entries and any cash dividends payable today. The entries are netted to produce a closing money balance for settlement today.
- Market Value Recap – Reflects the net market value of all night cycle activity and all “open” positions before the day’s cycle settlement activity takes place.
- Settlement Reconciliation – Nets the money balance with the participant’s open positions to calculate its current money settlement (line 18) before daytime activity occurs.

Line 18 of the preliminary report indicates the current money settlement value before daytime settlement and is one component of the cash settlement worksheet. The final report assists the participant in reconciling the CNS money settlement from the previous business day. It includes the intraday activity not available on the preliminary statement.

The recycle activity is posted to lines 19 and 20 to compute the final CNS money settlement. The recycle activity is detailed in the [CNS Settlement Activity Statement report](#).

16.6 CNS Consolidated Trade Summary report

Source	DTCC
Report ID	004279
Available	Daily
Data currency	Trade date+1

Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	CLEARED GRAND TOTAL, CLEARED NET POSITIONS

This report provides the following:

- A summary by security issue of all compared trades due to settle the following business day
- The contra broker (special representative), price and contract amount for each trade
- Net buys and sells by issue
- The net of all trades to one net dollar figure. The net contract amount is reported on the preliminary **CNS Cash Reconciliation Statement report** on trade date+2
- Non-CNS balance order trades
- All CDS-designated transactions from all sources.

16.7 **CNS Daytime Miscellaneous Activity report**

Source	DTCC
Report ID	003426
Available	4:00 p.m. ET (2:00 p.m. MT, 1:00 p.m. PT)
Data currency	Current day
Retention period	Seven years
Sort order	ISIN
Aggregation	TOTAL RECEIVED, TOTAL DELIVERED ISIN

This report includes reorganizations, stock borrows and any other miscellaneous activities received in CNS after the start of day cycle.

16.8 **CNS Dividend Activity report**

Source	DTCC
Report ID	003405
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	None

On the day before payable date, this report notifies the participant of dividends and interest scheduled to be debited or credited, based on the earlier **CNS Record Date** report.

16.9 **CNS Due Bill Activity report**

Source	DTCC
Report ID	003411
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	None

This report informs participants of stock dividends, bond interest, stock splits and spin-offs that will be credited or debited to the closing positions in their accounts on the next day.

16.10 **CNS Miscellaneous Activity report**

Source	DTCC
Report ID	003402
Available	Daily
Data currency	Trade date+2
Retention period	Seven years
Sort order	RECEIVED (by activity code and security number) DELIVERED (by activity code and security number)
Aggregation	BROKER TOTAL

This report consolidates any CNS activity that has been removed from the CNS stock record. These entries are posted on the date when they are removed and are identified by a legend. Money entries are netted to a single figure on the report.

The table below describes how items are removed from CNS.

Source	Description
Journal entry	When a participant's security position or money balance is adjusted by journal entry
Member mergers	If two or more participants merge their operations, all CNS stock record positions and money balances are merged

Sort order	ISIN
Aggregation	Sub-account - Net Position/Market Value

This report shows CNS positions before night allocations. It includes all trades received by 6:00 p.m. ET (4:00 p.m. MT, 3:00 p.m. PT), closing positions, settling trades, stock dividends, ACATS and any miscellaneous activity.

16.13 CNS Projection report

Source	DTCC
Report ID	003406
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SECURITY NUMBER
Aggregation	None

This report lists the transactions expected to settle in CNS the next business day.

16.14 CNS Receive/Deliver Instruction report

Source	DTCC
Report ID	000198
Available	Daily
Data currency	Trade date+2
Retention period	Seven years
Sort order	Security number
Aggregation	None

This report indicates if the participant is to receive securities from or deliver securities to other participants of DTCC or participants of an interfaced clearing corporation. The equity and corporate bond instructions listed on the report are processed as balance orders and are due for settlement on the date issued.

16.15 CNS Record Date report

Source	DTCC
Report ID	003403
Available	8:00 a.m. ET (6:00 a.m. MT, 5:00 a.m. PT)
Data currency	Yesterday

Retention period	Seven years
Sort order	Security number
Aggregation	None

This report indicates all long and short positions on record date, and pending entitlements to be paid or charged on payable date.

16.16 CNS Settlement Activity Statement report

Source	DTCC
Report ID	003404 (preliminary) 003407 (final)
Available	11:00 p.m. ET (9:00 p.m. MT, 8:00 p.m. PT) on trade date+2 for the preliminary report 3:30 p.m. ET (1:30 p.m. MT, 12:30 p.m. PT) on trade date+2 for the final report
Data currency	Trade date+2
Retention period	Seven years
Sort order	Security number
Aggregation	TOTALS for LONG MARKET VALUE and SHORT MARKET VALUE NET TOTALS

These reports summarize the previous CNS activity at DTCC and show receives and deliveries in the CNS account. The reports reflect overnight and intraday activities including:

- All shares received and delivered by CNS for settlement
- All movements and mark-to-market amounts
- Total of all long or short market values.

These reports provide an audit trail of each day's CNS settlement activities.

16.17 Credit Summary Listing report

Source	DTCC
Report ID	003423, 003420, 003417
Available	Daily
Data currency	Trade date+3
Retention period	Seven years
Sort order	None
Aggregation	Total items

This report lists the credits made to the participant's settlement account for the value of envelopes being delivered for the Inter-City Envelope Settlement Service and the Dividend Settlement Service.

The debits and credits for next-day settlement of deliveries to New York city are posted as:

- Activity code 64 for the Inter-City Envelope Settlement Service
- Activity code 11 for the Dividend Settlement Service.

16.18 Deliver and Receive Settlement Activity report

Source	DTCC
Report ID	003430
Available	Daily
Data currency	Trade date+2
Retention period	Seven years
Sort order	DELIVER BROKER
Aggregation	None

This report lists all settlement activities received or delivered on trade date+2.

16.19 Deliveries Received and Debited (DSS) report

Source	DTCC
Report ID	003419, 003422
Available	Daily
Data currency	Trade date+3
Retention period	Seven years
Sort order	DELIVER BROKER
Aggregation	None

This report lists all Dividend Settlement Service envelopes (including deliveries and debits) from the previous business day.

16.20 Deliveries Received and Debited (IESS) report

Source	DTCC
Report ID	003416
Available	Daily
Data currency	Trade date+3

In addition, this report lists a monthly position statement showing the status of all securities positions, including those where no activity occurred during the month. Participants must confirm the accuracy of the monthly position statement in writing within 10 business days after the statement is available.

16.28 Participant Settlement Super Statement – DTC/NSCC report

Source	DTCC
Report ID	003440
Available	Daily
Data currency	Yesterday
Retention period	Seven years
Sort order	SUMMARY BALANCES, ACTIVITY BALANCES
Aggregation	DTC TOTALS, NSCC TOTALS, NET BALANCE, ACTIVITY BALANCE, POST ACTIVITY, FUNDS TRANSFER, SUSPENSES, ADJUSTMENTS, SPONSORED ADJ, BALANCE, SUB TOTALS, GRAND TOTALS

This report lists daily activities and the amounts to be paid or received by the participant during payment exchange.

16.29 Supplemental Consolidated Trade Summary report (Cycles 1 and 2)

Source	DTCC
Report ID	003424
Available	Cycle 1 – 2:00 a.m. ET (12:00 a.m. MT, 11:00 p.m. PT) Cycle 2 – 1:00 p.m. ET (11:00 a.m. MT, 10:00 a.m. PT)
Data currency	Yesterday (Cycle 1) Current day (Cycle 2)
Retention period	Seven years
Sort order	CUSIP
Aggregation	BOND TOTALS, NET BONDS, STOCK TOTALS, NET STOCKS, TOTALS TRADE, NET TRADES, CLEARED GRAND TOTALS and CLEARED NET POSITIONS

The Cycle 1 report contains T+1 and older trades received between 9:00 p.m. and 12:00 a.m. ET (7:00 p.m. and 10:00 p.m. MT, 6:00 p.m. and 9:00 p.m. PT) on settlement day.

The Cycle 2 report contains T+2 and older trades received between 12:00 a.m. and 12:00 p.m. ET (10:00 p.m. and 10:00 a.m. MT, and 9:00 p.m. and 9:00 a.m. PT) on settlement day.

7.24 Network Connectivity service

The Network Connectivity service enables participants, non-participants and transfer agents to connect to CDS systems using one of the following connection types:

- Dedicated connection
- VPN connection.

For more information, see [Using CDS systems](#) on page 20.

To register for this service, complete and submit the following applicable form(s) to CDS Customer Service:

- Network Services Application form (Participant) (CDSX846)
- Network Services Application form (Non-Participant) (CDSX847)
- Network Services Application form (Transfer Agent) (CDSX848)
- Customer VPN Access form (CDSX086).

7.25 Trade Matching

The Trade Matching service provides an alternative method of confirming non-exchange trades where the trade type is DP (direct participant) and both parties to the trade are eligible for trade matching. The primary objective of this service is to provide a facility where trades reported in CDSX are confirmed for settlement within the prescribed times. Confirmation is required within one business day of the trade date.

CDS participants who are members of the Investment Industry Regulatory Organization of Canada (IIROC) are automatically set up in the Trade Matching service as mandated by the IIROC. These participants are also responsible for monitoring any trades where they are the counterparty.

Participants who are both IIROC and non-IIROC members register for this service by selecting Trade Matching on the Application for Participation: Schedule C (CDSX789). Participants who are non-IIROC members must also complete the Application for Participation: Schedule C1 Trade Matching Profile for Non-IIROC Members (CDSX800).

For more information, refer to *Trade and Settlement Procedures*.

7.26 SOLA netting system

SOLA netting system eligibility enables participants to submit, modify and confirm non-exchange cash and repo trades for netting and novation at CDCC.

Exchange Trade List screen

```

MY11 CDS CLEARING AND DEPOSITORY SERVICES INC. 13:25:21 03-03-21
INQUIRE EXCHANGE TRADE LIST
LYDI
MARKET: TSE
TRADE ID PAR VALUE SECURITY NBR CUID ACCOUNT SEL
CUID ROLE NET AMOUNT CURR SECURITY NAME MODE OF SETTLEMENT STAT
Y03080-15701 1,000.00+ CA0019877186 HAFI GA000
LYDI S 56,000.00+ CAD BIG BELL TFT C
Y03080-81501 1,000.00+ CA0019877186 BAFS GA000
LYDI S 52,000.00+ CAD BIG BELL TFT C

PF: 1/HELP 3/EXIT 4/MENU 5/REFRESH 7/BACK 8/FWD 9/BMSG
OPTION: DATA:

```

- Type X in the SEL column beside the required trade and press ENTER to display the Exchange Trade – Details screen on page 25.

Exchange Trade – Details screen

```

MY12 CDS CLEARING AND DEPOSITORY SERVICES INC. 12:11:21 03-03-21
INQUIRE EXCHANGE TRADE - DETAILS
PAUA
TRADE ID: Y03080-41501 STATUS : S SETTLE : Y OTHER SETTLE : Y
CUID: PAUA ROLE: S TRADE TYPE: BIA
TRADE DATE: 2003-03-21 VALUE DATE: 2003-03-21 EXCH TIME: 12:07:40
MARKET ID : TSE MODE OF SETTLEMENT: TFT
OTHER CUID: BUYD CUID NAME: BUY IN DOMESTIC
SECURITY NUMBER: CA04033A1185 SECURITY NAME: BIG BELL COMPANY LIMITED
SECURITY TYPE : E EXCH. SYMBOL :
ACCOUNT: GA 000
CURRENCY : CAD PRICE : 55.25000000
QTY/PAR VALUE: 1,000.00+ NET AMOUNT : 55,250.00+
MEMO:
PF: 1/HELP 3/EXIT 4/MENU 5/REFRESH 9/BMSG 10/SAVE
OPTION: DATA:

```

- Review the details of the exchange trade.

3.4 Requesting modifications to exchange trades

Participants cannot directly modify domestic exchange trades. However, participants may request on trade date+1 that CDS correct a trade reported to CDS from a domestic exchange. In order to initiate the correction, both the buyer and the seller must complete and email the Exchange Trade – Corrections and Adjustments form (CDSX535) to CDS's Depository Control group in Toronto (Depcontrol-Toronto@tmx.com) on trade date+1.

Note: CDS will not process trade correction requests received on or after trade date+2.

For each correction, CDS creates two new trades as indicated in the table below.

Trades	Description
Cancel trade	<p>For TFT trades:</p> <p>The buyer and seller roles of the incorrect original trade are reversed. The trade type is X (correction). All other details of the original trade are indicated (including the original trade ID)</p> <p>This transaction causes the cancel and original trades to net to zero</p> <p>For CNS trades:</p> <p>The buyer and seller of the incorrect original trade are reversed. The trade type is MX (miscellaneous adjustment) All other details of the original trade are indicated (including the original trade ID)</p> <p>This transaction causes the cancel trade to net with the related value-dated CNS position</p>
Correction trade	<p>For TFT trades:</p> <p>The trade details that should have been reported to CDS are entered. The trade type is X (correction). The trade date, value date and trade ID of the original trade are indicated</p> <p>For CNS trades:</p> <p>The trade details that should have been reported to CDS are entered. The trade type is MX (miscellaneous adjustment). The trade date and value date of the original trade are indicated</p>

To monitor trade corrections review the following:

- Exchange Trade Corrections and Adjustments report. For more information, refer to *CDS Reporting Procedures*.
- Exchange trade message details. For more information, refer to *CDS Batch and Interactive Services – Technical Information*.
- Exchange and non-exchange trade file. For more information, refer to *CDS Batch and Interactive Services – Technical Information*.

3.4.1 Buy-in adjustments

CDS creates a buy-in adjustment in order to complete the execution of a replacement trade if a CNS position is bought in. A buy-in adjustment is reported as an exchange trade where the trade type is BIA and the original buy-in ID is retained. For more information on buy-in adjustments for domestic CNS outstanding positions, see [Executing and washing out domestic buy-ins](#) on page 103.

To monitor a buy-in adjustment review the following:

CHAPTER 5

Trade matching

The Trade Matching service provides an alternative method of confirming non-exchange trades. All non-exchange trades with a trade type of DP (direct participant) and where both parties are eligible for trade matching are considered. The primary objective of this service is to provide a facility where trades reported in CDSX are confirmed for settlement within the prescribed times. Confirmation is required within one business day of the trade date.

The life cycle for this service is as follows:

1. The buyer and seller report the same trade in CDSX.
2. CDSX determines if the trades are eligible for trade matching.
3. If CDSX finds a match, the original trades are deleted and one or more new trades are created as follows:
 - The new trades are identified as trades originating from a trade matching process and are assigned a match status code.
 - The seller is identified as the submitter of the trade.
 - The buyer is identified as the acceptor of the trade.
 - Details of the original trade are reflected in the new trade (e.g., tag number).

The acceptor can change the status of a C (confirmed) trade to DK (don't know). The submitter then has the ability to update the status of the DK'd trade to D (deleted). If the submitter has not deleted the trade by the end of the day, it is deemed that they are not in agreement with the acceptor's change and the trade status is reverted back to C.

Participants may manage unconfirmed trades in the same way as other non-exchange trades. For example, a participant may confirm a trade that is eligible for the Trade Matching service using the Modify Non-Exchange Trade function.

5.1 Trades eligible for matching

For a trade to be considered for matching, it must meet the following eligibility criteria:

- Both parties in the trade must be eligible for the Trade Matching service. Eligibility is maintained at the CUID level by clearing organization and currency.
- The trade must be a non-exchange trade.
- The trade type must be DP (direct participant).
- During the M2 trade matching process, the trade must not have par value or quantity equal to zero (i.e., delivery of funds).



Error Corrections to Listed Trades

Participant:	Contact Name:	Telephone #:
Trade Date:	Value Date:	CUID:

For each item, select ADD, DELETE, DOLLAR, CHANGE or QUANTITY CHANGE				Deliver CUID	Receiver CUID	CNS TFT CBS	Quantity	ISIN	Price	\$C/\$U	Ref. No.	Execution Time	Amount	Market ID
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											
ADD	Delete	CH\$	CHQ											

Email completed form to CDS Depository Control (Depcontrol-Toronto@tmx.com) by 3:00 p.m. on Trade Date + 1.