

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 CDS – Notice of Commission Approval – Material Amendments to CDS Procedures Relating to Issue and Entitlement Procedures – Money Market Securities

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES

ISSUE AND ENTITLEMENT PROCEDURES – MONEY MARKET SECURITIES

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (“Commission”) and CDS, the Commission approved on August 24, 2010 amendments filed by CDS to its procedures relating to Issue and Entitlement Procedures – Money Market Securities.

The amendments were effective on April 5, 2010.

Summary of Material Rule

A copy and description of the amendments were published for comment on April 23, 2010.

The primary focus of the Money Market Procedures is the definition of participant roles and responsibilities with respect to eligible securities, and the imposition of standards for adequate internal controls and segregation of duties in the back-office operations of participants who undertake these roles.

The infrastructure supporting the money market must be as risk-proofed and stable as possible. The changes to the CDSX system functionality, and the Money Market Procedures implementing these changes, are directed to these objectives.

Summary of Public Comments

No comments received

Revisions to the Material Rule

In consultation with its regulators, CDS has decided to make a non-significant revision to the proposed amendments for clarity purposes. The revision provides that in addition to the federal Depository Bills and Notes Act and the Ontario Securities Transfer Act, 2006, competent legislation validating clearing agency transactions in securities also includes the Quebec statute *an Act respecting the transfer of securities and the establishment of security entitlements*.

The rule amendments that were approved by the Commission are provided in Appendix B (the non-significant revisions have been marked to indicate the changes from the previously published version).

Appendix B

Rule Amendment

Access the proposed marked-up amendments to the CDS Procedures on the User documentation revisions web page (<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open>) and to the CDS Forms (if applicable) on Forms online (Click View by Form Category and in the Select a Form Category list, click External review) on the CDS Services web page (www.cdsservices.ca).