

# Motion

News from the CDS group of companies



The Canadian Depository for Securities Limited



## New web-based services designed with efficiency in mind

Two new services from CDS Clearing and Depository Services Inc. (CDS Clearing) launching this fall will make the proverbial 'paper trail' a thing of the past, as the processes for managing and tracking corporate action liability information will now be possible via the web. The new applications are accessible from the newly implemented web infrastructure that will support future web application development at CDS.

First to launch on September 14, 2009, is an electronic alerts service (daily warrant subscription alerts) to let transfer agents know of a pending transaction, thereby saving them the time they would otherwise spend looking for tender instructions on CDSX®. The manual subscription process of withdrawing warrants from CDS and delivering the certificates and funds to the transfer agent has been eliminated, reducing the costs

and risk associated with manual processing. And by December, the Corporate Action Liability Management service (CALMS) will be launched for participant subscribers to streamline the flow of information, making the tracking of liability notifications for voluntary corporate events more efficient. Both services were developed at the request of the strategic development review committee's (SDRC) entitlements sub-committee.

According to Mark Weseluck, chief business development officer, CDS Clearing, replacing the manual processing that underpins both processes makes sense. "The notification process for liability management, for example, is hugely paper-intensive. There is a lot of back and forth, with deadlines to be met on both ends. With each step of the process, there is the potential for a misstep, a delay or human error. An electronic service not only reduces the paper, it reduces the risk. We think that's a good thing because it is more efficient; it also opens the door for CDS Clearing to offer more web-based services down the road."

Given the type of information that is exchanged and the dollar values these transactions can represent, the new services' reliability is as important as their efficiency. "We built the same performance standards into the systems that support these services as we would for any other critical system," said Gord Campbell, managing director, IT Development. "In terms of disaster recovery, both services are mirrored at an alternate location."

The new web infrastructure supports integration with CDS's mainframe data. "Future web-enabled applications are definitely coming," said Steve Nagy, managing director, Business Systems Development and Support. "We're at the point now where we're asking participants to prioritize their needs, based on their go-forward objectives, and to advise us of what they would like next." Participants that wish to use CDS Clearing's web services can use the online registration tools on <https://www.cdsservices.ca>. All requests for registration are managed by their company's web user administrator (much like the current process for participant mainframe system access). ■



CDS Innovations Inc.

## CDS Innovations opens the market



### What a difference the web makes

The new CALMS service supports the ability to submit, acknowledge, accept, reject, reduce and track liability information using an Internet browser.

Here's how it works:

- To initiate a liability notification, approved users enter the target security's International Securities Identifying Number (ISIN), as well as the number of shares expected for delivery.
- The system retrieves any voluntary corporate action events related to the ISIN.
- Users select the event and option relevant to the notification.
- Users can also request email and/or online notifications to advise them when an action (either as an initiator or a counterparty) is required.

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– Mark Weseluck,  
Chief Business Development Officer

Monday, October 19, 2009 – Ian Gilhooley, president and CEO, CDS Innovations Inc. and Tom Kloet, CEO, TMX Group opened the market Monday, October 19 to announce CDS Innovations' marketing agreement with TMX Datalinx to distribute CDS Innovations' security data products.  
Photo courtesy TMX Group.

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CDS Clearing and Depository Services Inc.

## You spoke, we listened

In response to feedback from the 2008 *Strategic Development Enhancement and Maintenance (SDEM) Value for Money Assessment* survey, CDS Clearing will publish a monthly update on [www.cds.ca](http://www.cds.ca) (see Publications) to keep participants informed of progress on the company's development agenda.

"Our commitment is to produce a regular status report that explains each development initiative that will have a direct impact on participants, the associated benefits and impacts, as well as timelines for development and implementation," said CDS Clearing's chief business development officer, Mark Weseluck.

New initiatives will be published in one of the following service categories: clearing and settlement, depository initiatives, international services and information services. Status reports will focus on material changes relative to the month prior.

In the August, 2009, report, for example, there are updates on 17 projects, of which two in the 'Depository Initiatives' section are featured in this newsletter (see article 'New web-based services designed with efficiency in mind'). Others, such as enhancements made to the buy-in transaction list, have already been completed.

Total resource capacity for these and other development and maintenance projects is 13,000 days (the equivalent of 57 full-time staff) or approximately \$6.2 million. The projects in the *CDS 2009 Development Program* updates include those proposed, and approved, by the strategic development review committee and its subcommittees.

Both the *CDS 2009 Development Program* update and the 2008 *CDS Value for Money Assessment* are available on [www.cds.ca](http://www.cds.ca) (see Publications). ■

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– Mark Weseluck,  
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CDS Securities Management Solutions Inc.

## CDS Solutions offers value-added service for BEO issuers

CDS Securities Management Solutions Inc. (CDS Solutions) – a subsidiary of CDS Clearing and Depository Services Inc. – has re-introduced the Registrar and Paying Agent service (RPA), which now includes a broad range of value-added services and a restructured fee schedule.

"The service still allows issuers to manage their book-entry-only (BEO) securities in a paperless environment, as did the original service that was rolled out in 2007," said Fran Daly, managing director, Customer Service. "What's new is that by virtue of our relationship with CDS Clearing, we can now offer BEO issuers the expertise they're used to, as well as a centralized approach to securities processing that will reduce operational and administrative costs."

New BEO issuers who have not yet appointed an agent to act as a registrar and paying agent for their issued and outstanding BEO securities, or those who do not require the full services of a transfer agent, can appoint CDS Solutions as a registrar and paying agent prior to the closing of new issues.

"We've also revised the pricing for the RPA service as a way of encouraging issuers to issue securities in uncertificated form," said Daly. "Consistent with CDS's guidelines, and our commitment to a paperless process, pricing will be tiered to more accurately reflect the economies of scale realized for issuers of large numbers of securities."

For information on how to sign up for the RPA service, visit [www.cdssolutions.ca/rpa](http://www.cdssolutions.ca/rpa). ■

All BEO issuers who appoint CDS Solutions as their registrar and paying agent are eligible for the following value-added services:

- Discounted rates for on-request reports indicating records of exchanges, transfers and registration of interests in the securities
- Audit confirmations listing the issuer's total outstanding securities held by CDS Clearing
- Reports on controls and tests of operating effectiveness for CDS Clearing (CICA 5970 report)
- Daily reconciliations with CDS Clearing for non-certificated issues.



## Dematerialization update

### CDS continues to advance dematerialization in Canada's capital markets.

CDS is planning to introduce a new fee structure to encourage the issuance of securities in uncertificated form. The new fees will be applied when CDS Clearing is requested to make an issue eligible in the CDSX system. The proposed fees are already applied to a small group of issuers for book-entry-only (BEO) securities, and the expansion of these fees to all issuers of securities (except money market issuers) will further promote CDS's dematerialization efforts. Under the new proposed structure, issuance costs would increase incrementally if certificates have to be received and processed for safekeeping by CDS Clearing, depending on the type of certificate. The new fee structure is to take effect by early 2010 and ranges from a \$1,000 charge for issuing certificated issues (non-BEO) to no charge for issuing uncertificated issues. The issuance of a BEO with a global certificate would cost \$500 while the issuance of an uncertificated BEO would cost \$100.

**4** CDS's target date  
**1** for eliminating  
**0** the need to hold  
**2** physical securities

"The proposed new fees have been established based on the relative value of work that CDS performs to set up each of the different forms of issuance for deposit in the depository with sufficient differentiation to encourage issuance of securities in uncertificated form," commented Mike Polak, director, Operations Support. CDS Clearing and Depository Services Inc. Representatives from CDS will be meeting with key issuers and underwriters over the coming months to explain in more detail the proposed fee structure.



### CDS

The Canadian Depository for Securities Limited is a valued partner to securities market participants, providing reliable, cost-effective depository, clearing, settlement, regulatory and information services. We deliver innovative, value-added solutions that help our stakeholders maintain a competitive capital market in Canada and build a strategic global advantage.

*The Canadian Depository for Securities Limited* is the holding company for four operating subsidiaries: CDS Clearing and Depository Services Inc., CDS Securities Management Solutions Inc., CDS INC., and CDS Innovations Inc. For more information go to [www.cdsltd-cdsltee.ca](http://www.cdsltd-cdsltee.ca).

*CDS Clearing and Depository Services Inc.* is Canada's national securities depository, clearing and settlement hub – supporting Canada's equity, fixed income and money markets. For more information go to [www.cds.ca](http://www.cds.ca).

■ *CDS Securities Management Solutions Inc. (CDS Solutions)* is a subsidiary of CDS Clearing and Depository Services Inc. CDS Solutions offers depository-related services to issuers and their agents to facilitate securities issuance and registrar and paying agent related activities. CDS Solutions is dedicated to promoting the use of uncertificated issues and electronic payment as an efficient and secure alternative to paper certificates and cheques. For more information go to [www.cdssolutions.ca](http://www.cdssolutions.ca).

*CDS INC.* is focused on delivering improvements to the capital markets and the public through the services we provide on behalf of the CSA – the System for Electronic Document Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI) and the National Registration Database (NRD). For more information go to [www.cdsinc.ca](http://www.cdsinc.ca).

*CDS Innovations Inc.* is the premier source for information on Canadian securities and is ideally positioned to develop and provide new solutions that meet market demand for securities data and related services. For more information go to [www.cdsinnovations.ca](http://www.cdsinnovations.ca).

#### Comments

We welcome comments on CDS inMotion so that we can better meet your needs. Contact Janet Comeau @ 416.365.8427 or email [jcomeau@cds.ca](mailto:jcomeau@cds.ca)

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