

Reports from key industry institutions – CDS Update

CDS Update - 2009

CDS

2009

IIROC Conference

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Topics

- 2009 development initiatives
- 2010 development initiatives
- Three-year strategy

2009 Development Initiatives

- Release 1 (February)
 - Buy-in screen enhancements
 - Trade Reconciliation report enhancements
 - Settled report enhancements
- Release 2 (April)
 - FInet – Fixed Income Netting service
 - Reg SHO support
 - NTI destruction
 - ISIN issuance – online capability

2009 Development Initiatives

- Release 3 (September)
 - EAS – Electronic Alerts service
 - eligibility of warrants with daily subscriptions
 - final phase is signing up the transfer agents
 - new warrants only
 - Reg SHO enhancements to the final rule
 - fee for non-compliance
 - changes to the timing of the various options
 - ‘deemed to own’ issue
 - Report modifications

2009 Development Initiatives

- Release 4 (November)
 - CALMS – Corporate Actions Liability Management Service
 - FINet
 - include new CMB instrument type
 - Report modifications

2010 Development Initiatives

- SDRC initiatives in four releases
- Regulatory requirements
- Board initiatives

2010 Development Initiatives

Securities information project

- Formerly called the SIHub
- No regulatory approval
- Will now focus on the population of data fields within the current SMF at CDS
- TA/Issuer strategy to gather and populate data
- Field-based data

2010 Development Initiatives

ABCP status

- Completed security conversions in 2008
- Most of the money has been distributed
 - January and May 2009
- Still one final payment to be made ‘shortly’?
- Removal of old underlying assets from CDSX

2010 Development Initiatives

Due bills

- FAS Operations Committee initiative
- CDS provided a detailed assessment of the development costs to implement into CDSX
- Resources will be allocated to meet any industry driven decision to proceed.

2010 Development Initiatives

New York Link/DTC Direct Link

- Risk assessment indicated unlimited risk
- RBM will no longer be held by CDS (November)
- Additional analysis by CDS and industry to determine future direction
- Decision by participants by September 30, 2009
- CDS decision by early October 2009
- If exiting the service, deadline to leave will be May 2010

2010 Development Initiatives

- Transfer agent initiatives
 - Electronic payments
 - Electronic closings
 - PA and DA role with CDSX
 - Treasury directions
 - Stock options and buybacks
 - DRS support

Three Year Strategy

- 2008 was the first three- year strategy document
 - 2009/10/11
- 2009 modified this previous version
 - 2010/11/12
- Split into four main categories
 - Financial
 - Customer
 - Internal
 - Growth

Three Year Strategy

Financial

- Expand range of eligible securities
- Expand registrar and paying agent program
- Implement a revised clearing and settlement fee
- Expand tax services

Three Year Strategy

Customer

- Expand internet usage
- Continue with SDRC releases
- More emphasis on regulatory relations
- More emphasis on marketing of services

Three Year Strategy

Internal

- NTI inventory destruction
- Overall inventory reduction
- Automation of entitlement processes

Three Year Strategy

Internal CDS growth

- Internal focus on CDS staff
 - Employee survey
 - Mission, vision, values review
 - Leadership program

