

# CDS Update

**CDS**

2010

Keith Evans, Executive Director, Operations

September 24, 2010

**40**  
years

at the core of Canada's capital markets

*CDS Clearing and Depository Services Inc.*

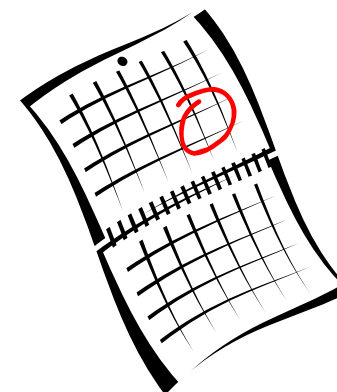
# Topics

- 2010 Development program
- Other 2010 undertakings
- 2010 Financial results
- 2011 Development program

# 2010 Development program

- RegSho
  - New correction function
- ISIN fees
  - New fees billed directly to participant monthly
  - Elimination of credit card payment

*February*



# 2010 Development program

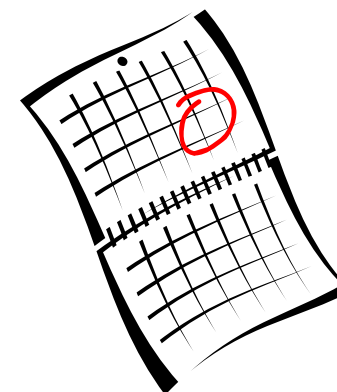
## ■ ACT

- Converted from CDS as a service bureau to Nasdaq's Weblink
- More efficient and less costly

## ■ Money market changes

- Improved risk controls
  - New certificate format
  - Enhanced industry standards
- Enforced segregation of duties at the participant level
- Enhanced issuer functionality

*April*

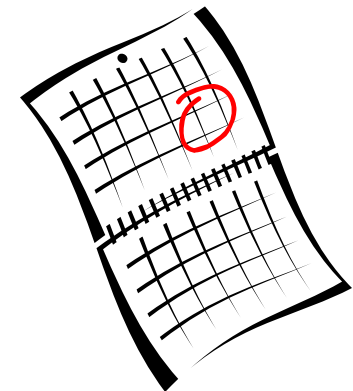


# 2010 Development program

## ■ Release 2

- Added security value to deposit and withdrawal reports
- Ability to delete a matched trade
- Electronic alert of New York Link collateral requirements

*May*

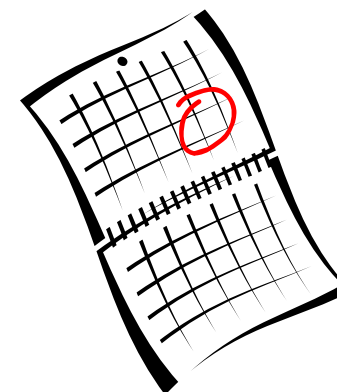


# 2010 Development program

## ■ Release 3

- New York Link – Soft cap
  - Enhanced risk controls
  - Cap set at \$162 million
- New eligibility fees
  - Part of dematerialization strategy
  - Elimination of physical certificates
  - Not applicable if electronic
    - RPA
    - NCI
    - Custodian driven

*August*

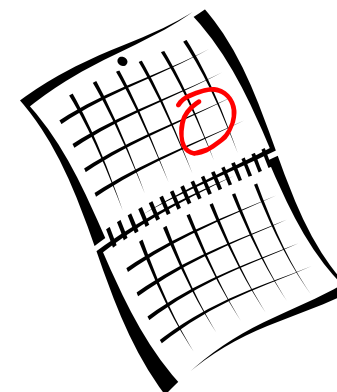


# 2010 Development program

*August*

## ■ Release 3

- Transfer agent as paying agent
  - Computershare as paying agent (via BNS)
  - Earlier release of payments
  - ‘Simple’ dividend and interest payments only
- TRAX
  - Buy-back and stock options handled electronically
  - Computershare, CIBC Mellon, Olympia, Valliant and Alliance Trust



## Other 2010 initiatives

- Replaced participant network with CDS
  - New Bell network completed in May
- Education program
  - Implemented in the Spring
  - Offered twice per year across the country

*Training courses  
now available*



*Learn from the experts.*

Depository  
Clearing and settlement  
International  
Risk  
Corporate actions

## Other 2010 initiatives

- **G-20**
  - Minimal disruptions (no deposits or withdrawals)
  - 3-day demonstration of our BCP capabilities
  - SunGard, Montreal and home facilities
  - Identified minor enhancements needed for the BCP program
- **NTI inventory destruction**
  - Non-transferable issues only
  - Awaiting final regulatory approval
  - Shred certificates after 7 years
  - Total inventory is imaged

# 2010 Financial results

## ■ As of August 2010

- Revenue \$ 70 million
- Expenses \$ 60 million
- Surplus \$ 10 million
  - Higher trading volumes than planned
  - Maximum discounts on exchange trades (25%)
  - Discounts on non exchange trades (10%)
  - Total value of discounts - \$1.8 million

# 2011 Development program

- Transfer agent strategy
  - Continuation of agreed processes
    - DRS
    - Additional event types in the paying agent role
- Real-time CNS
- Due bills
  - FAS driven
  - Start in October/November 2010
  - Implementation in November 2011
    - Dependant on coordination with service bureau
    - TMX rule changes

# 2011 Development program

- **GCR – Guaranteed Collateral Receipt**
  - Phase 1: Short, medium and long-term Canada bonds, plus T-Bills
  - Phase 2: Other assets classes (Prov, Corps)
- **CDCC**
  - Support of their fixed income netting service
- **Price reductions**
  - Final year of a 5% reduction commitment.

## 2011 Development initiatives

- Automation of  *Holders of Record*
- Redesign of Bulletins service
- Upgrade SWIFT messages
- SMF – central hub concept
- Elimination of cheques
- Elimination of physical withdrawals
- Re-engineering of entitlement functions
- Automation of pass-thru transfer fees

# QUESTIONS?

**CDS**

2010

Thank you

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