

# CDS update

**CDS**

2011

Keith Evans

Executive Director, Operations

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# Topics

- 2011 development program
- Thomas Murray rating
- CDS pricing study
- Customer satisfaction survey
- 2011 financials
- 2012 development program

# 2011 Development program

- **NTI inventory destruction**
  - 150,000 certificates digitized and shredded
  - Completed in November 2010
  
- **Electronic Alert Service (EAS)**
  - Alert for depository agents
  - Allows for more online tendering and later cut-offs
  - Implementation completed on March 5
  
- **Elimination of ACV**
  - No ACV for matured securities for the paying agent
  - Reduces risk to participants
  - Implementation completed on March 5

# 2011 Development program

- Real-time CNS
  - Replacement of current four CNS batch runs
  - Implementation scheduled for July 25
  
- MT566 message
  - CA confirmation message
  - Implementation scheduled for July 25
  
- CDCC fixed income
  - Implementation scheduled for Oct 24

# 2011 Development program

- Bulletin redesign
  - Technical implementation scheduled for Oct 2011
  - To be followed with external benefits in later phases
  
- Due bills
  - Industry testing to start November 7
  - Implementation scheduled for November 26

# Thomas Murray

Asset servicing risk	AA-
Operational risk	AA+
Financial risk	AA
Counterparty risk	AA
Liquidity risk	AA
Asset commitment risk	AA+
<b>CDS overall rating</b>	<b>AA</b>

**AA** Public Depository Rating  
(Thomas Murray) retained in 2010

Operational risk:  
AA → AA+ in 2008

*“CDS remains one of the top rated CSDs in the world. The strength of CDS confirms the excellence of Canada’s capital market infrastructure.”*

~ Simon Thomas, Thomas Murray



THOMAS MURRAY

CDS Clearing and Depository Services Inc

# CDS Pricing Study

- CDS commissioned a study to determine how CDS pricing compares to other global depository and clearing organizations
- CDS ranks second in the world to the U.S. on debt custody pricing and equity clearing and settlement pricing (exchange and OTC markets)

	CDS's placement in comparative group
Clearing and settlement - equity exchange	2
Clearing and settlement - equity over-the-counter	2
Clearing and settlement - debt exchange	2
Clearing and settlement - debt OTC	2
Basic custody - equity	4
Basic custody - debt	
- US\$500 million level	5
- US\$5 and \$50 billion level	2

# Customer Satisfaction Survey

- Customer survey conducted in December 2010
- Generally, participants feel that CDS's product and service offerings are timely and improve the efficiency and effectiveness of their company's operations
- Areas for improvement were also identified in the results
- Highlights from the survey are presented in the brochure, *We're Listening*, on [www.cds.ca](http://www.cds.ca)

# 2011 Financials

## ■ As of April 2011

- Revenue \$ 43 million
- Expenses \$ 36 million
- Surplus \$ 7 million
  - Higher trading volumes than planned
  - Discounts on exchange trades - 29%
  - Discounts on non exchange trades - 29%
  - Total value of discounts - \$1.1 million

## 2012 Development program

- No cheques for CDSX entitlement payments
  - Some exceptions till December 2012
- No physical withdrawals where an active DRS program exists
  - To be effective November 2011
  - About 900 issues have an active DRS program today
  - Changes to CDSX to default withdrawal requests to DRS
- No withdrawals by December 2012

## 2012 Development program

- Improved ISIN/Eligibility interface for issuers/lawyers
- Improved Bulletin services
- New entitlement events
  - Multi exchange offers (MEO)
  - Implementation scheduled for February 2012
- Additional events paid by the paying agent
  - Dividends with options (DWO)
  - Implementation scheduled for February 2012

**QUESTIONS?**

**CDS**

**2011**

Thank you