



CDS — Looking ahead

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The Canadian Depository for
Securities Ltd.**



CDSX Status

- ◆ 28,000 securities converted on September 5th and 6th
- ◆ Risk model and 12-month transition
- ◆ Next steps:
 - ◆ October 6, 2003 post-conversion of remaining securities
 - ◆ Software enhancements in four updates (01/04, 05/04, 08/04, 10/04)
 - ◆ 12-month transition ends October 2004



CDSX Status

- ◆ Final budget of \$52.7 million approved by CDS Board in September 2001
 - ◆ CDSX came in on target
- ◆ Impact on CDS staff in core services
 - ◆ 26% reduction in full time employees – from 524 to 388
- ◆ Financial Times of London selected CDSX as “2003 Stock Exchange System of the Year”



CSA Initiatives

- ◆ National Registration Database (NRD)
 - ◆ Successful March 31, 2003 launch
 - ◆ Delivered on time and under budget
- ◆ System for Electronic Disclosure by Insiders (SEDI)
 - ◆ Remediated and relaunched June 9, 2003
- ◆ NRD, SEDI, and SEDAR all operating well



Year of Challenge

- ◆ Severe Acute Respiratory Syndrome (SARS)
 - ◆ Put business resumption plans to the test
 - ◆ CDS reacted and responded well
 - ◆ Opportunity to apply new lessons learned
- ◆ Virus attacks reach epidemic proportions
 - ◆ 27,000 virus attacks in one day
 - ◆ Network security precautions protected systems



Year of Challenge

- ◆ August 14th blackout
 - ◆ All systems remained functional
 - ◆ Exceptional response by CDS team
 - ◆ Excellent collaboration among participants and members of Problem Management Group
 - ◆ Next day was business as usual (except physical certificate processing)
 - ◆ Exploring greater collaboration with Bank of Canada and Canadian Payments Association for business resumption planning



Year Ahead — Stabilization

- ◆ CDSX and CSA initiatives
- ◆ Strengthen risk management and audit functions
- ◆ Reorganization of staff to focus on priorities
 - ◆ CDSX Transition
 - ◆ CDS/DTCC Project
 - ◆ CSA relationship



Year Ahead — Opportunity

- ◆ DTCC project – exploring joint venture feasibility
- ◆ Key objectives
 - ◆ Retain control and governance
 - ◆ Lower unit cost
 - ◆ Achieve participant efficiencies
 - ◆ Limit participant impact
 - ◆ Reduce risk



Our Focus

- ◆ Commitment to Participants
 - ◆ lowest cost
 - ◆ secure
 - ◆ reliable
 - ◆ efficient
 - ◆ effective
- ◆ Service to the financial community