

MEMBER REGULATION



INVESTMENT DEALERS
ASSOCIATION OF CANADA

notice



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

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ATTENTION:
Ultimate Designated Persons
Chief Financial Officers
Panel Auditors

Distribute internally to:

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New Canada Savings Bond Conversion to CDSX – Transaction Freeze for Canada Savings Bond Series S46 – S83 and Canada Premium Bond Series P03 – P33

We have been informed by the Bank of Canada that effective August 26, 2003, Investment Dealers will use CDSX, the new clearing system being implemented by The Canadian Depository for Securities (CDS), for processing transactions of non-certificated New Canada Savings Bonds.

Current non-certificated dealer holdings will be converted over to CDSX on August 25, 2003. In order to effect this change, a freeze will be placed on all transfer and exchange transactions effective August 1, 2003. In addition, a freeze will be placed on all redemption transactions effective August 21, 2003.

Transfer and exchange transactions that will not be allowed during the August 1 – 25 freeze period include the following:

- Dealer-to-dealer transfers of account holdings.
- Exchanges for different bond denominations (denomination splits).
- Exchanges of regular interest CSBs/CPBs to compound interest bonds and vice versa.
- Exchanges from CSB to CPB and vice versa (cross-product transfers).
- All registration transfers (e.g. estates, change of name, etc.).

All services via CDSX will resume on August 26, 2003.

Certificated New Canada Savings Bonds will continue to be available this year using the current processing methods.

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