

CSDs: Canada CDS (Canada)

Date: 18 Jan 2013

SMI Markets: Canada

CMIRR Markets: Canada

CDS Enhances CNS Allotment Process for Voluntary Corporate Actions

The CDS Clearing and Depository Services Inc. (CDS) has announced that it has enhanced the Continuous Net Settlement service (CNS) allotment process for voluntary corporate actions, effective immediately.

The change disregards the CNS settlement restriction on a security if that restriction has been automatically created by a voluntary corporate action. Thus, instead of settling the trade via the Trade-for-Trade process (TFT), it will be settled via the CNS novation and netting process. The change will:

- eliminate the TFT exchange trades created by the conversion process
- reduce the quantities of trades to be settled by allowing trades with a CNS mode of settlement to be netted and then allotted out to TFT non-exchange trades

CNS settlement restrictions that have been placed on a security manually, or automatically for reasons other than a voluntary corporate action, will continue to be processed as they are today (the mode of settlement on exchange and non-exchange trades will be converted from CNS to TFT).

CSD Risk Impact

Canada CDS (Canada)

CSD Rating: AA

CSD Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = AA+

Flash Impact = Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = AA-

Flash Impact = Positive

The change will reduce the commitment times for securities and cash involved in trades that are part of voluntary corporate actions. In the same sense, the liquidity of both assets will be boosted with their inclusion in the CNS netting process reducing the number of trades that require monitoring and settlement management activities.

Market Information Impact

Canada

This information affects the data contained in the Corporate Actions sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Canada

Market Rating: AA

Market Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = AA+

Flash Impact = Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = AA-

Flash Impact = Positive

The change will reduce the commitment times for securities and cash involved in trades that are part of voluntary corporate actions. In the same sense, the liquidity of both assets will be boosted with their inclusion in the CNS netting process reducing the number of trades that require monitoring and settlement management activities.

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