

**13.1.6 Notice and Request for Comment – Application to Vary the Recognition and Designation Order of CDS as a Clearing Agency**

**THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (“CDS Ltd.”)**

**And**

**CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS Clearing”)**

**(collectively, “CDS”)**

**APPLICATION TO VARY THE RECOGNITION AND DESIGNATION OF CDS  
AS A CLEARING AGENCY**

**NOTICE AND REQUEST FOR COMMENT**

**A. INTRODUCTION**

CDS has applied to the Commission for an order pursuant to section 144 of the *Securities Act* (Ontario), to vary the current recognition and designation order of CDS as a clearing agency (“Recognition Order”).

The Commission is publishing for a 30-day comment period CDS’s application (the “Application”). The Application includes in Appendix A, the relevant provisions of CDS’s by-laws and the shareholders pooling agreement that are to be revised, and in Appendix B, a draft section 144 order (“Draft Order”).

**B. BACKGROUND**

The board of directors of CDS at their meeting on February 2, 2007 approved certain amendments to the by-laws of CDS and the shareholders pooling agreement for recommendation to the shareholders of CDS at their meeting on April 4, 2007, where such amendments were approved with minor changes. The board of directors also approved changes to the board committees’ guidelines and terms of reference.

**C. DRAFT ORDER**

The Draft Order would amend the Recognition Order by adding two new terms and conditions, one related to each of CDS Ltd. and CDS Clearing. In particular, the new provisions would address the number of independent directors on the board of directors and the quorum requirement for the transaction of business by the board.

**D. THE COMMENT PROCESS**

You are asked to provide your comments in writing and to send them on or before **July 1, 2007** to:

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1903, Box 55  
Toronto, Ontario  
M5H 3S8  
[jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

We request that you submit an electronic version of your submission by email or on a diskette. Confidentiality of submissions cannot be maintained as a summary of written comments received during the comment period will be published.

Following the comment period, staff of the Commission will consider the comments received on the Application and Draft Order. Subject to comments received, staff will recommend that the Order be granted to CDS Ltd. and CDS Clearing.

Questions may be referred to:

Winfield Liu  
Senior Legal Counsel, Market Regulation  
Capital Markets,  
Ontario Securities Commission  
(416) 593-8250  
[wliu@osc.gov.on.ca](mailto:wliu@osc.gov.on.ca)

June 1, 2007