

Procedures for Ad-hoc deposits of Certificates into CDS

Shipping and Packaging

Schedule and Service Levels

Ad-hoc certificate deposits will be shipped to the Canada Savings Bonds office every Wednesday. Pending deposits will be confirmed within 10 business days from the time the shipment is received at the Canada Savings Bonds office .

Ad-hoc certificate deposits for R-bonds will be accepted year-round outside of the close loan period which is defined as the two month period prior to the anniversary date.

Packaging

Participants must place their certificates in a regular courier envelope clearly addressed to the following address:

Canada Savings Bonds
Suite 201 – 50 O’Connor Street,
Ottawa, Ontario K1P 6L2

Delivery

Dealers may choose to deliver their shipments directly to the Canada Savings Bond office using a courier service or by Brinks.

If using Brinks, Dealers can deliver shipments to their nearest CDS location in either Toronto, Montreal, Calgary or Vancouver. Shipments must be accompanied by a Brink’s Global Services form. The completed form must include the full Canada Savings Bond office address as noted above.

Brink’s shipments will be delivered the Canada Savings Bond office by 10:00 AM on the 2nd business day after pick-up.

Brinks Invoicing

-Regular invoicing procedures will be followed.

Certificate Preparation

- Certificates do not require cancellation with stamp or other method;
- Old style bonds: Bond Head must be removed (to be kept by dealer);
- Staples must be removed;
- If certificates have been repaired with tape then no tape adhesive can be exposed.
- Note that severely damaged certificates must be placed in a separate CDS Deposit for manual processing by the Canada Savings Bond office.

Shipment Contents

- Due to a processing capacity at the Canada Savings Bond office, Dealer’s shipments should not contain more than 1,000 certificates;
- Documentation support including legal documents (power of attorney, testaments, etc.) are to be held at the Sales Agent location and must not accompany the shipment;
- A copy of the CDS Deposit Notification Report must be included for each CDSX Deposit in the shipment.

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Setting Up CDSX Deposits

- Dealers are to enter CDSX Deposits using the Bank of Canada BOCF CUID;
- Each deposit must list the number of certificates for each denomination (e.g. 58 x \$100, 36 x \$300, etc) as follows:
 1. In the CERTIFICATE NUMBER field, enter the number of pieces per denomination e.g. 58X100;
 2. In the DENOMINATION field, enter the denomination extension amount e.g. 5,800; &
 3. In the Memo field enter the Dealers contact name and telephone number.

Processing Bring-On Deposits on BofC

Certificates presented in a Bring-On Deposit will be cancelled on the BofC system and moved to a non-certificated position under the CDS & Co global registration.

Once the certificate is retrieved on the BofC system the only possibility for transaction reject is:

- certificate is in a Closed Loan Period;
- certificate is in a non-active status (e.g. marked as lost/stolen);
- certificate is matured.

Once all certificates in a CDS Deposit have been processed through BofC system, the following reports will be generated (sample of reports are attached):

- Bring-On Processing Result Report;
- Dealer Deposit Detail List of Rejects Report.

The Bring-On Processing Result Report will be used by the Custodian to confirm pending CDSX deposits.

Correction Process

There may be corrective action required if there are rejected transactions in a deposit or if the BofC processed amount does not equal the CDS Deposit amount. The following lists the corrective action that will be taken if errors are detected during the processing of certificate deposits.

Incorrect Deposit Amount

- Copy of the Bring-On Processing Result Report will be faxed to the dealer;
- Bank of Canada will amend original deposit amount on CDSX to reflect the total value of certificates processed on their system;
- Pending CDS Deposit will be confirmed on CDSX.

“Not for Us” Items with Value

- If part of the deposit is not a CSB/CPB (e.g. cheques, Ontario Savings Bonds, etc.) the Bank of Canada will amend the deposit amount and return the “Not for us item” through CDS with a copy of the original Deposit Notice and the Bring-On Processing Result Report.

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Correction Process

CDS Deposit contains Certificates for Multiple ISINs

- In the case that certificates for multiple ISINs are received under one CDS Deposit the following will occur:
 1. Copy of the Bring-On Processing Result Report will be faxed to the dealer identifying the amount processed for each ISIN;
 2. Original Deposit amount will be amended on CDSX; &
 3. Dealers will be asked to setup new CDS Deposits for each additional ISIN listed on the Bring-On Processing Result Report. New Deposits must cross-reference (in memo field) the original deposit.

CDS Deposit contains non-active certificates (lost/stolen certificates)

- Certificates in an inactive status will be rejected;
- Copy of the Bring-On Processing Result Report and the Dealer Deposit Detail List of Rejects Report will be faxed to the dealer;
- Bank of Canada will amend the original deposit amount on CDSX to reflect the system processed amount;
- The Canada Savings Bond office will investigate and if:
 1. Certificate is confirmed to be lost/stolen then regular lost/stolen procedure will be followed; &
 2. Certificate is inactive due to an error on the BofC system, then the system will be corrected. The certificate will subsequently be transferred to the CDS & Co global registration on BofC system.
- Dealer will be asked to setup a new CDS Deposit for the certificated processed during the correction process;
- New Deposit must be cross-referenced (in memo field) to the original deposit.

CDS Deposit contains matured certificates

- Matured certificates will be rejected;
- Copy of the Bring-On Processing Result Report and the Dealer Deposit Detail List of Rejects Report will be faxed to the dealer;
- Bank of Canada will amend the original deposit amount on CDSX to reflect the system processed amount;
- Matured certificate will be redeemed on BofC system through an online transaction;
- Cheque payment and supporting documentation will be sent to the dealer via CDS.

Processing Turnaround Time

The expected turnaround time for confirming a CDS Deposit is 12 days (i.e. 2 days for shipping and 10 days for processing). Note this does not apply to certificate rejects which will be handled on a case by case basis. As a result the turnaround time for rejects will depend on the nature of the error.

The dealer will be notified if a CDS Deposit cannot be confirmed within the expected timeframe.

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Bring-on Processing Result Report

DEPOSIT ID: Dyyddd-99999 **Request Date:** YYYY-MM-DD

<u>ISIN</u>	<u>PRODUCT</u>	<u>Total Processed \$'s</u>	<u>Total # of Processed Certs</u>	<u>Total Rejected \$'s</u>	<u>Total # of Rejected Certs</u>	<u>Total Accepted \$'s</u>
CA999999XX99	CSB S55 C	\$500,000	1,000	\$20,000	40	\$480,000
XXXXXXXXXXXXXX	XXXXXXXXXX	\$999,999,999	999,999	\$999,999,999	999,999	\$999,999,999
TOTALS for Deposit		\$999,999,999	999,999	\$999,999,999	999,999	\$999,999,999

Total Processed \$'s – the dollar amount of the Principal for all certificates from the bring-on file, either for one ISIN or for the whole file (in the TOTALS for Deposit line).

Total # of Processed Certs – the number of certificates (= Total number of detail records) from the bring-on file, either for one ISIN or for the whole file (in the TOTALS for Deposit line).

Total Rejected \$'s – the dollar amount of the Principal for all certificates with exceptions, rejected from the bring-on file, either for one ISIN or for the whole file (in the TOTALS for Deposit line).

Total # of Rejected Certs – the number of certificates (= Total number of detail records) with exceptions, rejected from the bring-on file, either for one ISIN or for the whole file (in the TOTALS for Deposit line).

Total Accepted \$'s – the dollar amount of the Principal for all certificates from the bring-on file, processed and accepted (converted into non-certificated holdings), either for one ISIN or for the whole file (in the TOTALS for Deposit line). The TOTAL line amount must be used for Confirmation of the whole Deposit. In case of rejects the deposit must be adjusted to this amount.

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Dealer Deposit Detail List of Rejects

DEPOSIT ID: Dyyddd-99999

Request Date: YYYY-MM-DD

<u>ITEM #</u>	<u>ISIN</u>	<u>Certificate_Id</u> <u>Image Media/Loc Id</u>	<u>Denom</u>	<u>Error Cd</u>	<u>Description</u>
00001	CA999999XX99	RS50M0000020D 04 021231234123	5000	10135	Certificate in Closed Loan Period
99999					XX
99999					XXXXXXXXXX XXXX ---- 70 char -----
XXXX					
XX	99999999999999			-----	
TOTAL Rejected \$'s for ISIN			999,999		

TOTAL Rejected \$'s for DEPOSIT			999,999		

Item # - sequential number of the items on the report

Image Media/Loc Id – Image Media Code and Locator Id of the image of the certificate.

Error Cd – Code of the error as assigned by BofC system