Ready
for the future


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Annual Report 2011

CUSTOMER FOCUS ■ PARTNERSHIP ■ INTEGRITY ■ CONTINUOUS IMPROVEMENT

This year's report identifies six complementary goals that comprise CDS's corporate strategy going forward to 2014:

Operational excellence
Continue to improve CDS's operational excellence

Price reductions
Continue to reduce clearing fees and be the lowest or second lowest cost service provider in the world for all other core services

Revenue expansion
Expand CDS's revenue base such that, by the end of fiscal 2014, 33 per cent of revenue is generated from non-core businesses

OTC derivatives
Become the OTC derivatives infrastructure provider for Canada

Empowered workforce
Continue the focus on developing a high-performance, empowered workforce

AA+ rating
Improve our Thomas Murray rating to AA+

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Chairman's message

It's a rare business that must contend with a tumultuous economy, the launch of an aggressive new business strategy, the possibility of a takeover and the glare of a very public spotlight, all in the same year. Even rarer still is the business that allows itself to be transformed into a stronger, more focused and more efficient performer as a result of these challenges.

CDS® is such a business, and last year, in the face of formidable odds, the company not only met every challenge, it reinvented itself.

My reflections back over the year yield plenty of superlatives, and I make no apology for that because on so many fronts, the CDS team is richly deserving of praise.

Behind the scenes, and at times, quite openly, CDS was reported on in the news last year within the context of a proposed acquisition by the Maple Group Acquisition Corporation (Maple Group). Against this backdrop, here is a team that remained singularly focused on its core mission – to service Canada's capital markets, to manage the associated risks, to deliver on its promise of reduced pricing for participants – all while keeping its eye squarely fixed on the ball.

Here we also have CDS's president and chief executive officer, Ian Gilhooley, a ten-year veteran, keenly aware of the need to lead his team through some unprecedented circumstances without giving ground, never losing his nerve, and in fact, pulling out all the stops to ensure that CDS's value would neither go unnoticed nor be underestimated. By responding to requests for his expert opinion, by extolling the strategic value that CDS represents for Canada with regulators and customers, and by promoting his vision of CDS's role in the global arena, Ian proved that the measure of the individual is what he or she accomplishes in times of adversity. Shareholders could not have asked more of him.

With seemingly perfect confidence and equal grace under pressure, here we also have a dedicated management team, committed to doing what needed to be done, accepting that change was in the offing, working like the professionals they are to execute the plan, reflecting unwavering commitment and ultimately raising the game for Canada's capital markets. As chair of the board, I commend the management team and I assure them that their accomplishments did not go unnoticed, nor were they unappreciated.

And through it all, here we have CDS's 379 employees, living daily with the stress that comes with uncertainty, all the while embracing the new corporate strategy, moving closer to the goal of paperless processing, and delivering consistently positive customer service scores. We could not be more proud of their tenacity, and on behalf of the entire board, I applaud all CDS employees and would strongly encourage them to stand tall.

That was the backdrop for 2011. Now consider these hard facts. Even for those of us who are used to dealing with large numbers, the numbers last year were staggering. Entrusted with $4 trillion in Canadian securities, CDS's ability to process record exchange and non-exchange/over-the-counter (OTC) trades last year – as global markets roller-coastered – was unprecedented. In May 2010, at 2.5 million exchange trades, we thought we'd seen it all. Then in August 2011, volumes peaked at 3.1 million and, again, CDS rose to the challenge with perfect system availability scores and the highest risk management rating among central depositories anywhere in the world.

These same volumes, combined with expert management of the clearing and settlement processes, made CDS the second lowest cost service provider in the world on several key metrics. Considering Canada's capital market measured by volumes is one

one-hundredth the size of its U.S. counterpart, we are understandably proud of having become such an efficient central depository.

There is some truth to the adage that timing is everything. While CDS's management team cannot take credit for the volume side of the equation last year, it most certainly should take credit for making Canada's capital markets more competitive and more robust, this at a time when true thought leadership on matters of financial infrastructure and risk is critical. The global financial crisis has thrust our Canadian financial system onto the world stage – earning us considerable recognition and admiration. CDS is at the very foundation of this system and, as this report demonstrates, has contributed significantly to this achievement.

At this defining moment in CDS's history, we have produced a rare gem. A gem that was mined, cut and polished locally. A gem that should be treasured nationally. A gem that I am confident will serve capital markets globally well into the future.

WD Wood.

W. David Wood
Chairman

These same volumes, combined with expert management of the clearing and settlement processes, made CDS the **second lowest cost service provider** in the world on several key metrics.

W. David Wood
Chairman

Ian A. Gilhooley
President and Chief Executive Officer

... last year in the face of formidable odds, the company not only met every challenge, it reinvented itself.

W. David Wood
Chairman

← *Chairman's message inside*

President's message

Despite the intense volatility that permeated global markets last year, CDS once again stood out as a beacon of stability.

CDS's response to historic trading volumes was pitch-perfect. During the rocky five-day period in August when markets shifted into overdrive on news that the United States' credit rating was to be downgraded, CDS cleared a same-day record of 3.1 million exchange trades, all without missing a beat. That's roughly 500,000 more trades than the company processed in May 2010, the day of the 'flash crash', which had been the previous one-day record.

No matter how frantic the capital markets became in 2011, CDS rose to the challenge. We did it with zero service interruptions. We did it with no downtime and, as an important added benefit, we did it while continuing to drive down prices through discounts. Our commitment to reduce prices by five per cent for three consecutive years was completed in 2011. This commitment was achieved while continuing to demonstrate our customary operational excellence and, at the same time, strengthening our already impressive enterprise risk management (ERM) program.

As a testament to the integrity and strength of our risk management program, we retained our stellar AA rating from the Thomas Murray rating agency for the fifth year running. I am proud to say that this is still the highest rating given to any depository, anywhere in the world. It is a rating held by very few depositories other than CDS.

Looking forward to 2012 and beyond, we expect that the risk management bar will be raised considerably as a result of market and regulatory pressures. Of particular note are the proposed updated principles for financial market intermediaries such as CDS that were issued by the Committee on Payment and Settlement Systems (CPSS) and the technical committee of the International Organization of Securities Commissions (IOSCO). When finalized, we expect these principles will have considerable operational and financial implications for CDS, particularly the requirement to have considerably more working capital on our balance sheet than has been our practice to this point in time.

A major objective going into 2011 was to improve our visibility in the eyes of Canadian capital markets stakeholders and thereby meet our vision of being top-of-mind when the industry is looking for answers to the questions arising from an ever-changing landscape. I believe we were successful in conveying the message that CDS is a strategic asset for our industry and one that can be relied upon for thought leadership on the infrastructure issues that matter to capital markets both in Canada and abroad.

Last year, CDS refreshed its three-year strategic plan in order to prepare for the regulatory and operational changes that are taking place in our industry. Our strategy to 2014 targets six complementary goals:

1. Continue to improve the operational excellence for which we have become known
2. Continue to reduce clearing fees and be the lowest or second lowest cost service provider in the world for all other core services
3. Expand CDS's revenue base such that, by the end of fiscal 2014, 33 per cent of revenue is generated from non-core businesses
4. Become the OTC derivatives infrastructure provider for Canada
5. Continue the focus on developing a high-performance, empowered workforce
6. Improve our Thomas Murray rating to AA+.

This 2011 annual report provides details of how CDS has begun to position itself for the changes that the future holds, while staying true to our core mission and values. To be sure, we faced numerous challenges in 2011, and there will be more challenges to come in the years ahead. If we are to reach our new revenue goal, for example, we will have to learn to balance the conservative mindset that has positioned our core business so strongly for the past 40-plus years with the entrepreneurial spirit of a start-up business. That will take time, but the payoff will be new opportunities for our employees, more cross-functional collaboration and stronger relationships with our participants and our stakeholders.

If we are to do our part in making the Canadian capital markets more resilient, more robust and more transparent, then we will also need to shift our approach to one that is more proactive, seeking out new opportunities for growth, identifying new partners with whom to build products and participating in areas where our expertise can effectively be leveraged. I am absolutely confident that we are up to the challenge.

CDS operates in a global environment, one that is in a state of constant evolution. In 2011, we saw efforts at consolidation in Europe and in the southern hemisphere. Closer to home, we witnessed the proposed merger between the London Stock Exchange (LSE) and the TMX Group, followed by the proposed Maple Group transaction, which, if successful, will have a fundamental impact on CDS. The Maple Group seeks to combine the TMX Group, CDS and the Alpha Group into a vertically integrated entity for the trading, clearing and settlement of transactions in both the cash and derivative markets.

CDS rightfully prides itself on the strength and transparency of its corporate governance processes. Our approach to the Maple Group transaction exemplifies these qualities. The CDS board of directors has chosen not to comment on the Maple Group transaction, either in terms of the interests of CDS shareholders or the public interest. CDS's common shareholders (many of whom are part of the Maple Group) are sophisticated participants in the Canadian financial markets and are in a position to make their own decisions about the transaction. With respect to the public interest, the transaction is to be the subject of broad and intensive regulatory review and approval. CDS has done everything possible to accommodate the requests for information that have been received from the Maple Group and others who are involved in the process and to provide a level playing field to all of CDS's shareholders. This approach is consistent with the principles of corporate law, in terms of treating all shareholders equally, and the duty of the CDS board to act in the best interests of the corporation (i.e., in the best interests of all stakeholders without regard to any particular shareholder or group of shareholders).

I would like to thank our board of directors, the management team and most especially all CDS employees for their efforts last year in preparing CDS for the challenges that lie ahead and the changes that will inevitably reshape the Canadian capital markets. As one of the world's leading central depositories, we will continue to support our partners for the benefit of capital markets here in Canada and internationally.

Ian A. Gilhooley

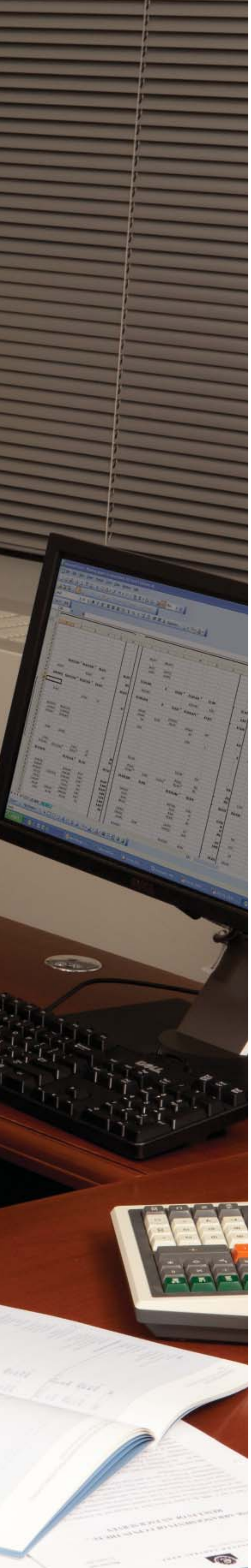
Ian A. Gilhooley
President and Chief Executive Officer

If we are to do our part in making the Canadian capital markets more resilient, more robust and more transparent, then we will also need to shift our approach to one that is more proactive ...

It is CDS's ability to keep a firm hand on internal costs while consistently delivering solutions to meet participants' requirements that will keep low pricing sustainable over the long term.

Sylvie Gagnon
Director, Financial Planning & Control

Steve Blake
Chief Financial Officer



Customer focus

Pricing

Using automation to drive down the cost per transaction has been at the heart of CDS's mission since its inception, and last year, the management team committed to continue to reduce exchange trade clearing fees even further, starting with a 29 per cent fee reduction for 2012 – to 0.82 of a cent per trade.

Compared to the 18 cents they paid in 2005, CDS participants last year paid 1.2 cents for each side of an exchange trade – a savings of 16.8 cents per exchange trade. Continuing fee reductions will further enhance the value proposition that has been such an integral part of our commitment to our participants.

That CDS's cost per transaction compares so favourably with other global central depositories and clearing organizations was clearly demonstrated last spring when CDS conducted a pricing study that compared its pricing with that of BM&FBOVESPA (Brazil), The Depository Trust & Clearing Corporation (DTCC, United States), Indeval (Mexico), Hong Kong Exchanges and Clearing Limited (HKEx, Hong Kong), Euroclear UK & Ireland (United Kingdom), Clearstream (Germany), Strate Ltd (South Africa) and ASX Group (Australia).

The study found that:

- CDS ranks second in the world, behind only the U.S., for both equity and debt clearing and settlement. Last year, for equity exchange trades, CDS charged an equivalent of 2.4 cents U.S. per trade (before any volume discounts were applied) compared to one cent U.S. at DTCC. These costs include the buy and sell sides of the transaction.
- CDS also ranked second to DTCC in annual debt custody costs for participant accounts containing debt securities at the US$5 billion and $50 billion levels. For accounts at the $500 million level, CDS's fees were shown to be higher than those in other markets, many of which charge for debt custody solely on the basis of value.
- Basic custody prices for both equity and some levels of debt were the only areas in which the study indicated room for improvement.

✱Customer experience

Historically high trade volumes and a focus on internal costs helped to keep prices down last year. It is CDS's ability to keep a firm hand on internal costs while consistently delivering solutions to meet participants' requirements that will keep low pricing sustainable over the long term.

Staying attuned to participant requirements creates a win-win all around, and that explains why CDS routinely keeps its finger on the pulse of its participants' needs. In fiscal 2011, CDS conducted two satisfaction surveys, the first in December, with over 80 respondents at the operations and senior/executive levels of participant organizations, demonstrating that CDS is doing more of the right things right, more of the time.

Notable highlights from this survey include:

- 94 per cent of respondents agree that new product training provided by CDS's customer service account managers is effective
- 91 per cent of respondents said they receive timely notification of changes or enhancements to CDS services from Customer Service
- 78 per cent indicated that CDS had taken the time to get to know the needs and issues that are unique to their business and 77 per cent agreed/strongly agreed that CDS was proactive in terms of identifying opportunities that will help them improve their business
- 75 per cent of respondents said that CDS releases timely new services and enhancements (i.e., before the need is acute).

The second survey – a follow-up to a previous *Value for Money* survey – was conducted in September 2011 with representatives of the strategic development review committee (SDRC) and other customers. Overall, the response to CDS's services and enhancements was positive:

- 100 per cent of respondents said that CDS provides reliable ongoing support
- 94 per cent of respondents indicated that CDS has effectively kept them informed about the status of new implementations
- 94 per cent said they were satisfied with the new services and enhancements that CDS implemented during the past 12 months
- 82 per cent of respondents agreed that CDS releases timely new services and enhancements
- Respondents said that the most useful implementations of the past 12 months included Direct Registration, TRAX™, Electronic Alert service (EAS) for paying agents' voluntary and bulk tender events, and continuous net settlement (CNS) real-time settlement.

✱New product/service offerings

In addition to reliable product support and competitive pricing, the hallmark of effective customer service is the ability to identify new products and services that help businesses and capital markets function more efficiently.

In 2011, CDS pressed forward with two new critical services designed to further streamline the entitlement and settlement processes. The first – due bill processing – will align the Canadian securities industry with the U.S. when it comes to entitlement events such as stock splits, stock dividends, stock distributions and spin-offs. While not currently used for transactions that originate in Canada, due bill processing will allow CDS to level the playing field for Canadian participants during the payment processing period for interlisted securities. The switch is part of an industry-wide initiative led by the Investment Industry Association of Canada (IIAC).

Revenue-generating products/services

The new *Positioning for change* strategy that was approved by CDS's board of directors last July calls not only for a responsive approach to participants' ongoing requirements, but also for an entrepreneurial mindset when it comes to developing new service offerings. In keeping with the goal of generating 33 per cent of its revenue from non-core revenue sources, CDS explored the following avenues with a view to increasing its revenue base:

Introduced in July, the second new service offering – CNS real-time settlement – replaced four intraday settlement cycles with a continuous, all-day settlement process and keeps the window for intraday settlement open until 4 p.m. (one half hour later than previously). The extension is a way of mitigating any unexpected cash outlays or capital charges in cases where positions in one settlement mode are used to settle outstanding positions in another. The 30-minute buffer is considered especially beneficial for those participants looking to settle large value trade-for-trade (TFT) trades and/or large value CNS obligations in the same security on the same day.

Beyond these new offerings, CDS also began to explore opportunities for change in the way shareholder voting in Canada is handled and provided its support for the lobbying efforts of the Canadian Society of Corporate Secretaries (CSCS) in this regard. A suggestion tabled at a symposium held by CSCS in October, for example, addressed the truncated relationship that currently exists between issuers and objecting beneficial owners and argued that, since it is already a regulated and trusted third party with existing data links and ties to all industry participants, CDS might be considered a natural choice to operate a shareholder information hub.

Such a hub could offer the following benefits:

- Improved efficiency for the way in which proxy votes are rendered and counted
- Greater transparency, a key element of corporate democracy and good governance
- Increased market competition, potentially leading to a reduction in shareholder communications fees.

Another major initiative in which CDS plans to play a pivotal role is in the area of OTC derivatives clearing, which is discussed in depth in the *Operational integrity* section of this report.

- CDS Innovations assumed direct responsibility for its data sales and began to consider how best to aggregate and leverage existing data as a major source of revenue.
- The management team approved the creation of a think tank of internal resources that will provide a pipeline to advance innovative ideas and allow time to focus on new product development in both core and adjacent businesses. The think tank group will work in tandem with a process improvement centre of excellence that will evolve from a pilot program currently underway in the operations group. More information on this initiative is provided in the *Continuous improvement* section of this report.

To pave the way for this revenue-generating strategy, the risk management team began to work with the executive team to define acceptable levels of risk appetite and tolerance for CDS in the area of new products/services (i.e., how much risk is too much?), compared to the low risk appetite CDS maintains for its core business.

Partnership

✱Dematerialization

While CDS maintained a strong focus last year on internal priorities such as cost control, operational integrity and systems improvement, it also trained its sights on important external issues where stronger partnerships with stakeholders were seen as the key to unlocking even greater efficiencies and developing new revenue streams.

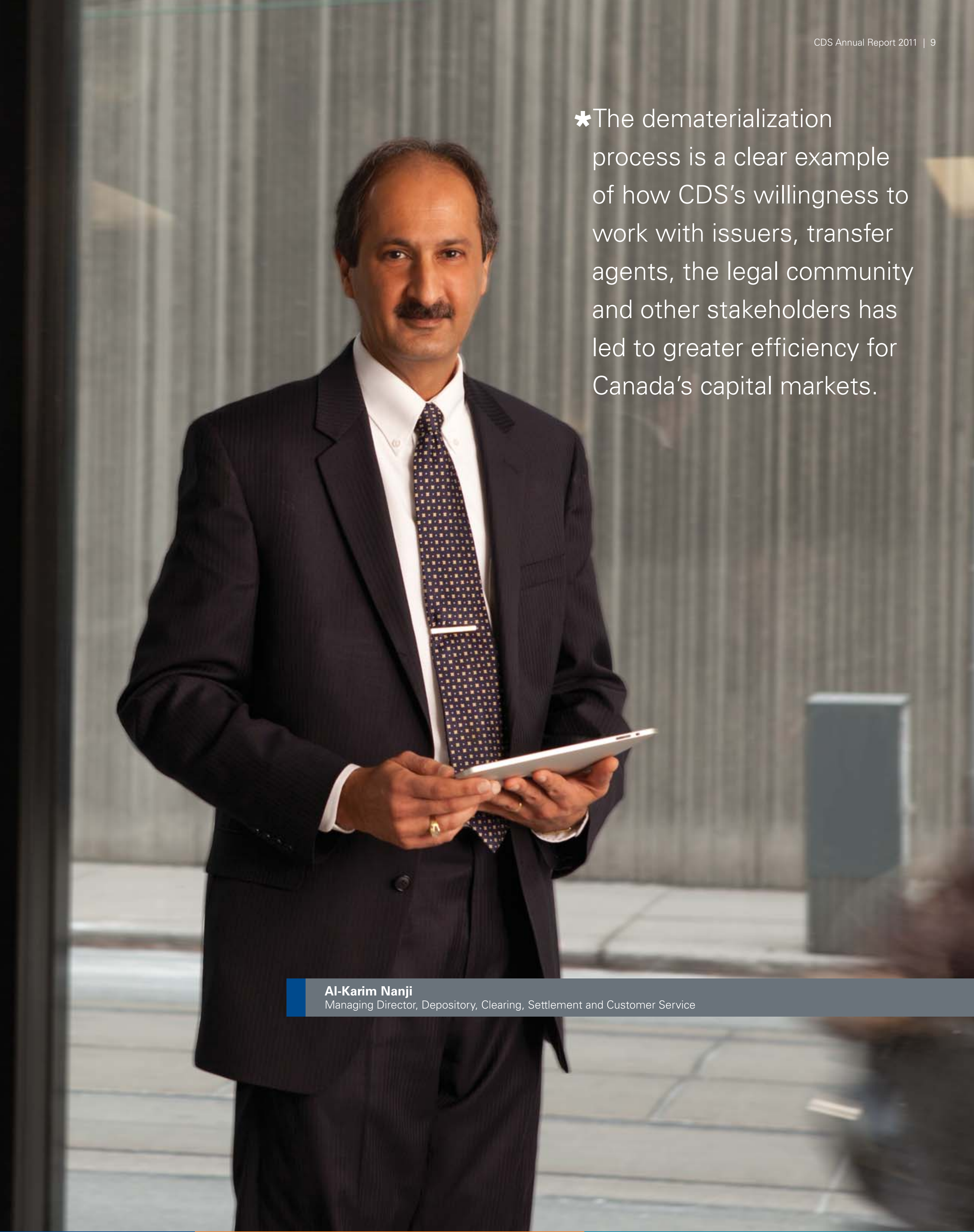
The dematerialization process is a clear example of how CDS's willingness to work with issuers, transfer agents, the legal community and other stakeholders has led to greater efficiency for Canada's capital markets. For example, after several years working with stakeholders to prepare for the paperless processing of securities transactions, by year-end CDS began to implement its 'no cheques, no certificates' policy. As of November 1, 2011, cheques are no longer accepted for entitlement payments for securities held by CDS, and no certificated withdrawals will be permitted for issues that have an active direct registration system (DRS) program in place with a transfer agent in Canada.

Other notable dematerialization milestones over the years include the first Canadian fully DRS-eligible issue by Tim Hortons in 2009, development of a revised trust indenture for book-entry-only security issuance, destruction of non-transferable inventory (NTI) certificates, promotion of electronic closings, the TRAX service to facilitate the electronic processing of stock options and buy-backs, and warrant subscriptions in uncertificated form.

Dematerialization at a glance

Capital markets have made significant progress in implementing paperless processing:

- → The first Canadian company to release a certificateless issue was Tim Hortons, when it became a Canadian listed company in 2009.
- → In April 2009, 65 per cent of Canadian dollar entitlement payments (eight per cent by value) were made by cheque; by September 2011, these numbers had decreased to 13 per cent and one per cent, respectively.
- → In September 2011, CDS implemented system changes to allow the elimination of withdrawals of physical certificates where an active DRS is available from the transfer agent. The business conversion was successfully completed in early November, and to date a total of 940 issues have an active DRS in place.
- → 60 per cent of new debt issues in Canada currently use trust indenture wording permitting electronic payments and book-entry-only issuance, wording that CDS, in concert with the transfer agent and legal communities, was instrumental in creating.



*The dematerialization process is a clear example of how CDS's willingness to work with issuers, transfer agents, the legal community and other stakeholders has led to greater efficiency for Canada's capital markets.

Al-Karim Nanji
Managing Director, Depository, Clearing, Settlement and Customer Service

CDS began working closely with the IIAC and the Canadian Derivatives Clearing Corporation to implement the industry's chosen solution for fixed income clearing.

Thought leadership

In support of greater operational efficiency, CDS joined the ranks of subject matter experts asked to provide thought leadership on issues of significance to global capital markets. In August, for example, CDS participated in a global consultation process led by CPSS/IOSCO that was seeking input on new international standards for financial market intermediaries that are expected to come into effect in 2013. While already compliant with existing CPSS/IOSCO standards, CDS recognizes that the new standards raise the bar for overall risk governance and is committed to meeting the new standards once implemented.

CDS's recommendations in response to the consultation process included:

- CPSS/IOSCO should consider the issue of constraints on the timing of settlement for cash market central counterparties (CCPs) and should confirm that the fundamental role of CCPs is to reduce the counterparty credit risk faced by market participants and not to take on the role of providing settlement of obligations at an absolute point in time, regardless of cost
- If capital standards are to be established, they must be based on an appropriate risk-based assessment of the risk exposures that the capital is expected to address
- Stress testing should be used to determine the additional credit and liquidity resources required to cover multiple defaulters.

Building relationships

For much of the year, CDS focused on establishing relationships with new stakeholders and improving relationships with many long-standing participants. Early in the year, for example, CDS began working closely with the IIAC and the Canadian Derivatives Clearing Corporation (CDCC) to implement the industry's chosen solution for fixed income clearing, which includes blind repos, partial deliveries and cash trades from interdealer brokers. In addition to being committed to the success of this initiative, CDS's aim was to minimize both switching and operating costs for participants.

On the heels of the most recent customer satisfaction survey that polled back-office staff, senior executives also arranged a series of spring and summer meetings with front-office executives within the capital markets, as well as with senior industry and government officials (both provincial and federal), in order to gain a better understanding of their needs vis-à-vis the role that CDS plays in the Canadian capital markets.

✱On the street

The same desire to stay attuned to developments in Canada's capital markets led CDS to ramp up its presence at various industry gatherings, where the company sponsored events, appeared at conferences and provided commentary on expert panels, including:

Issuers, brokers, dealers:

- → Sponsored and attended the 2011 24th annual Canadian Investor Relations Institute (CIRI) conference and the 2011 CSCS annual conference
- → Participated in the RBC Dexia/ Canadian Coalition for Good Governance (CCGG) shareholder voting symposium
- → Sponsored and participated as a panellist at the 2011 Shareholder Democracy Summit presented by CSCS
- → Sponsored and attended the 2011 Investment Industry Regulatory Organization of Canada Financial Administrators Section (IIROC FAS) conference and the 2011 IIAC annual conference.

International:

- → Participated on a panel discussing central securities depository innovation at the Americas' Central Securities Depositories Association (ACSDA) 2011 General Assembly in Bermuda and spoke on corporate governance at ACSDA's Leadership Institute
- → Participated in a panel discussion on competition within and between central securities depositories at the 11th Conference of Central Securities Depositories in Cape Town, South Africa
- → Hosted the 2011 Global Association of Central Counterparties (CCP12) annual general meeting in Toronto
- → Participated on a panel discussion at Sibos, a global financial services conference, on the Canadian experience in today's turbulent financial markets, and at the Sibos Standards Forum, on the use of international messaging standards in the financial industry in Canada.

Infrastructure:

- → Hosted the 2011 annual general meeting of the Association of National Numbering Agencies (ANNA) in June (CDS Securities Management Solutions Inc. is the national numbering agent for Canada)
- → Participated on an expert panel dealing with risk management and regulation at an event hosted by the Toronto Financial Services Alliance at the Sibos conference
- → Spoke at two OTC derivatives-themed industry conferences held in Toronto discussing the future of OTC derivatives clearing and settlement in Canada.

Also, CDS held its first formal gathering of shareholders at its annual general meeting in April, using the opportunity to rekindle relationships with key stakeholders, partners and industry peers and also to reaffirm its commitment to supporting a strong, competitive foundation for Canada's capital markets.

Operational integrity

Efficiency and performance

CDS achieved top marks last year for system reliability during a time of historic market volatility. As noted earlier, CDS processed in excess of three million exchange trades on August 9, 2011 after three consecutive record-breaking days above 2.5 million trades. The previous peak of two and a half million exchange trades occurred in May 2010. System availability throughout the year was 100 per cent, operational reliability was at 99.9 per cent and two audited disaster recovery tests, one in November, the other in May, passed with flying colours.

The information technology (IT) department's $7 million development budget last year included a total of 3,500 development days specifically in support of SDRC projects. To ensure it is able to consistently deliver operational efficiencies and strong reliability scores in support of the SDRC's priorities, CDS continues to invest significantly in technical training for its IT resources.

AA+ Enterprise risk management

For the fifth year in a row, CDS earned top marks for the high level of operational effectiveness and internal controls with which it conducts its affairs. Specialist custody rating, risk management and research firm Thomas Murray again awarded CDS the highest rating for any depository anywhere in the world, a rating held by very few depositories other than CDS.

Following are highlights from the report: The AA rating – indicating very low risk – recognizes CDS's ongoing commitment to minimize risk for market participants and the demonstrated robustness of CDS's clearing and settlement processes, including during periods of financial instability.

Simon Thomas, CEO and chief ratings officer of Thomas Murray, said when announcing the rating: "CDS has demonstrated the resilience of its complex and sophisticated risk model through periods of global financial instability. The stress testing that is regularly undertaken has proven to be a key factor in ensuring the resilience of controls. It is noted that CDS has an ongoing commitment to system and process development, and to the introduction of new electronic services, as a means to increase efficiency and reduce risk for both the participants and CDS. The strength of CDS confirms the excellence of Canada's capital markets infrastructure, and the AA rating of CDS, one of the top ratings assigned by Thomas Murray, reflects the ongoing confidence the Canadian market has in CDS."

Following up on last year's positive independent assessment of CDS's approach to enterprise risk management, the company further enhanced its risk profile in the areas of risk appetite, risk identification and culture and capabilities. Identifying the company's appetite for

> CDS has demonstrated the resilience of its complex and sophisticated risk model through periods of global financial instability.
>
> Simon Thomas
> CEO and Chief Ratings Officer
> Thomas Murray

risk is particularly important given the renewed emphasis on developing new revenue streams.

Lastly, in terms of managing financial risk going forward, CDS's board of directors decided at year-end to defer any decision about discounts and rebates until further notice. If the revised CPSS/IOSCO international guidelines for financial market infrastructure (FMI) providers are enacted as currently written, CDS would be required to hold cash and equivalent liquid assets equal to six, nine or twelve months' worth of expenses to cover general business risk – significantly more than it currently holds.

Thomas Murray report highlights:

Asset servicing risk	AA-
Operational risk	AA+
Financial risk	AA
Counterparty risk	AA
Liquidity risk	AA
Asset commitment risk	AA+
CDS overall rating	**AA**

Global markets

Following on commitments made by G20 members at their 2009 meeting in Pittsburgh and reaffirmed at the 2010 summit in Toronto, CDS last year provided thought leadership on the issue of strengthening global financial market infrastructure, improving transparency and providing regulatory oversight of OTC derivatives in an internationally consistent way. CDS's recommendations directly address the Canadian capital markets' needs regarding the largely unregulated $700 trillion OTC derivatives market, namely that:

- All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by the end of 2012 at the latest
- OTC derivative contracts should be reported to trade repositories
- Non-centrally cleared contracts should be subject to higher capital requirements.

Given its current role in the Canadian capital markets as the recipient of all OTC trading in debt and equity asset classes, its automated interfaces with other depositories and its experience in dealing in a CCP-to-CCP environment, CDS is proposing that it is ideally positioned to perform the role of a central clearing and collateral management hub for Canada.

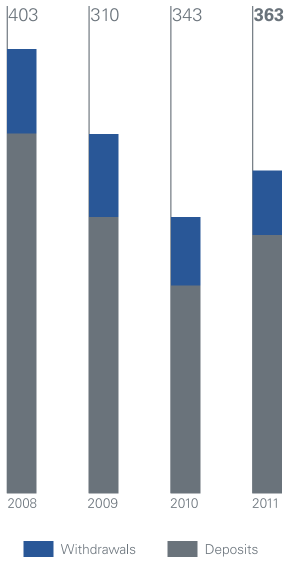
If a Canadian OTC infrastructure is mandated, CDS envisions it would operate as a trade repository and centralized connectivity hub for OTC derivatives trading where all OTC derivative transactions involving a Canadian participant would be reported. The Canadian trade repository, connectivity and collateral management hub model would have the advantage of giving Canadian regulators access to a complete view of all Canadian activity and providing Canadian participants with a single input source for all transactions. It would be the responsibility of the Canadian hub to transmit all clearable transactions to the designated clearing house as well as to the trade repository. If required, a Canadian clearing house could be developed and function as a member of the global clearing house network.

While the exact structure is still under regulatory review, CDS recommended that an initial priority should be the development of an industry consensus on the likely future market structure for products that are within the scope of the initiative. Without this consensus, CDS believes it will be difficult to define, with any precision, what needs to be delivered by market participants, infrastructure providers and regulators, thereby jeopardizing Canada's ability to meet the December 2012 target date.

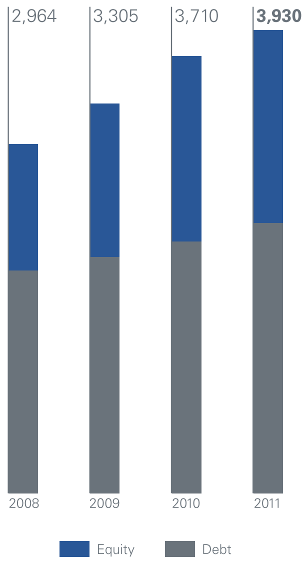
CDS's vision is to build the right infrastructure for the rapidly evolving regulatory and trading realities of tomorrow's capital markets.

Curtis Wennberg
Chief Business Development Officer

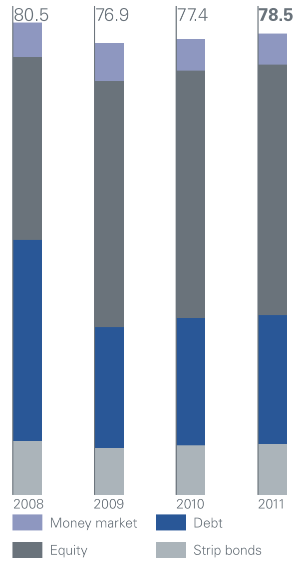
Depository activity
(thousands of transactions)



Value on deposit
(billions of dollars)



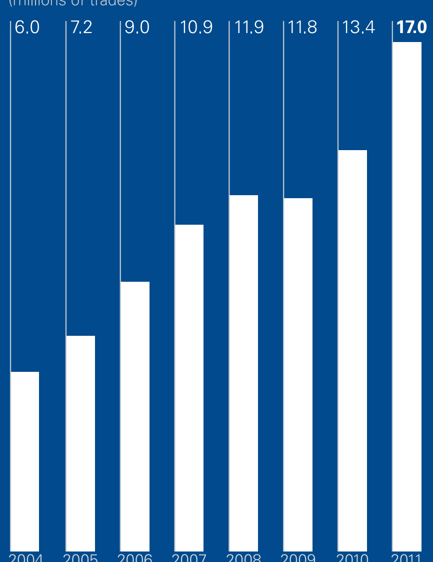
Number of eligible ISINs*
(in thousands)



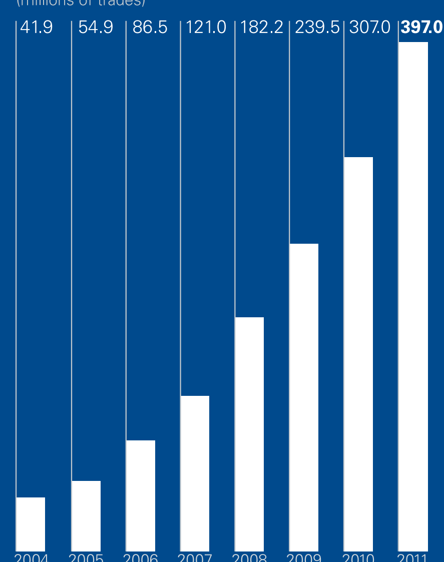
* As of 2009, the number of eligible issues at CDS is represented by the number of eligible ISINs set up in CDSX®.

Operational highlights

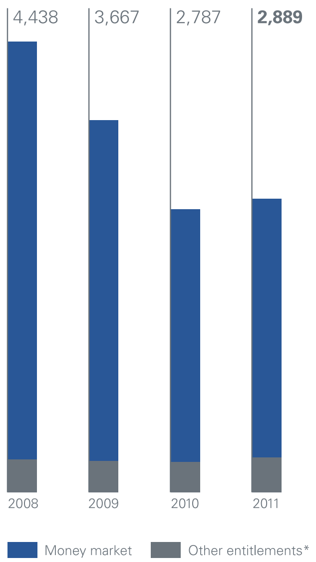
Volume of non-exchange/OTC trades
(millions of trades)



Volume of exchange trades
(millions of trades)



Value of entitlements processed
(billions of dollars)

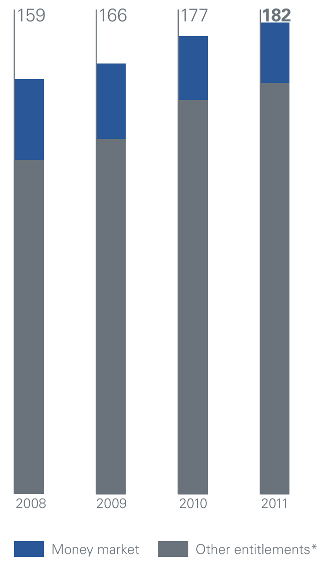


(billions of dollars)

*Other entitlements	2008	2009	2010	2011
Interest	90.4	100.4	102.7	100.8
Dividends	40.3	35.5	34.7	39.6
Corporate events	192.4	174.0	162.1	201.5

Note: These values only capture corporate events involving cash transactions.

Number of entitlements processed
(in thousands)

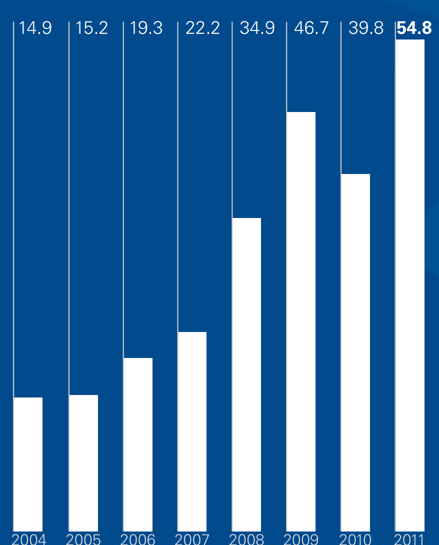


(in thousands)

*Other entitlements	2008	2009	2010	2011
Interest	76.3	93.5	108.8	115.4
Dividends	26.3	23.6	23.3	24.3
Corporate events	19.2	19.8	19.9	18.8

In 2011, CDS averaged **1,580,000 exchange trades** per day, an increase of 28 per cent over 2010.

Volume of cross-border trades
(millions of trades)



2011 brought record-breaking trade volumes with 3,100,000 exchange trades processed on August 9.

⁂Strong engagement scores are known to be key drivers of organizational success.

Wendy Nunn
Chief Human Resources Officer

Continuous improvement

⁂High-performance culture

In his remarks at the 2011 annual general meeting, the chair of CDS's board of directors, David Wood, noted that in addition to being in the technology business, CDS is very much in the people business. The CDS professionals who design service enhancements, upgrade existing systems, launch new ones and ensure that CDS delivers consistent reliable service are key assets for Canada's capital markets.

CDS recognizes that the value of these top-qualified individuals will only grow, which explains why the company devoted so much energy last year to determining the core competencies it will require in order to achieve greater efficiencies and meet its growth targets in the years ahead. Over the spring and summer, CDS's senior management team analyzed the skill sets that will be required to build a high-performance workforce and decided on a recruitment strategy to guide the company forward.

Strong engagement scores are known to be key drivers of organizational success; therefore, the management team reaffirmed its commitment to the company's leadership development program, which last year resulted in cross-functional assignments for select high-potential employees. Programs launched in 2010 to improve the effectiveness of the senior management team were also continued last year.

The company also introduced monthly town hall meetings at which employees have the opportunity to hear updates from CDS's president Ian Gilhooley and ask questions about the company's performance and strategic direction. A *Values Champion* program was also launched as a way to celebrate the achievements of employees who consistently reflect the core values of customer focus, partnership, integrity and continuous improvement.

⁂Internal restructuring

In early 2011, CDS created an operational support team whose goal is to identify sustainable process improvements that contribute to ongoing risk mitigation and cost reduction for CDS and therefore for its participants. Headed by individuals trained in the Lean Six Sigma methodology, the unit's first order of business was to review all operational processes with a view to identifying potential process improvements while also updating the existing documentation. The team was also busy on operational processes related to the payment of dividends with options, the set up of multi-exchange offers and the re-engineering of the transfer fee payments process. CDS chose the Lean Six Sigma methodology based on its wide acceptance and applicability as a business process improvement tool within the financial services industry.

In 2013, CDS anticipates that this team will transition into a process improvement centre of excellence – a corporate support group with responsibility for introducing repeatable process improvements across multiple corporate divisions and operating companies. The centre of excellence will support the development of a broad and cohesive culture of continuous improvements in all divisions of the company.

A new business development unit was also created, with a goal of generating new sources of revenue through the development of new products and services. Focus in 2011 was given to OTC derivatives processing and a proposed shareholder proxy hub, along with improving the existing data sales business within CDS Innovations. The new unit is accountable for generating, within the next three years, 33 per cent of annual revenue from businesses outside of CDS's core clearing, settlement and depository products and services. Because new products and services come as the result of having an in-depth understanding of participants' businesses, and of knowing where the opportunities lie for improving existing products and services, the team will introduce a client relationship support role. As noted earlier, a new think tank focused on idea generation and knowledge creation was also created.

Lastly, a new public affairs portfolio was added to the mandate for the corporate communications group. This expanded mandate now includes industry outreach and events, stakeholder communications and sponsorship.

Financial review

In 2011, CDS returned over $14.8 million to participants through price reductions and volume-related discounts.

In 2011, CDS processed record trading volumes during a period of significant market volatility, all while maintaining exceptional service quality to participants.

By prudently managing its financial resources, CDS returned over $14.8 million to participants through price reductions totaling $11.8 million and through volume-related discounts of $3.0 million.

At year-end, the board of directors deferred a decision to rebate excess revenue in order to ensure that CDS would be able to comply with the proposed CPSS/IOSCO international guidelines for FMI entities. The new guidelines are expected to require FMIs such as CDS to retain much higher liquid assets than were held previously.

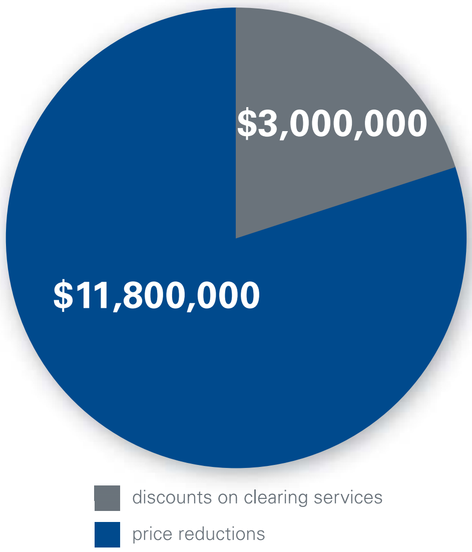
While CDS anticipates a transition period will be provided to facilitate compliance with the new guidelines, CDS's risk management and financial strategy is to commence building its capital reserves while revenue and transaction volumes remain strong, and the impact to participants and customers can be reduced.

As a result of this decision, 2011 net income was higher than in 2010. In addition, cash and short-term investments were higher than the prior year.

Revenue

Total net operating revenue for the CDS group at year-end was $85.6 million compared to $77.0 million for 2010. Total net operating revenue before volume discounts and rebates for 2011 was $88.6 million, compared to $86.5 million for 2010. The year-over-year increase in adjusted total net operating revenue was primarily the result of increases in settlement and depository revenues.

The higher comparative revenue results in 2011 are due to a $7.0 million rebate provided to participants in 2010 that reduced revenue in 2010.



Return to participants

In 2011, CDS returned over $14.8 million to participants through price reductions that totaled $11.8 million and volume-related discounts of $3.0 million. This compares favorably with 2010 when CDS returned $14.2 million to participants through price reductions and volume-related discounts that totaled $7.2 million along with the year-end rebate of $7.0 million.

As noted earlier, CDS and its board of directors deferred the decision to rebate excess revenue to ensure that the company is able to comply with the proposed CPSS/IOSCO international guidelines for FMIs. The excess revenue in CDS Clearing and Depository Services Inc. was retained in the company pending the expected release of the final CPSS/IOSCO principles in the first half of 2012. A decision as to a potential rebate in 2012 will be made in due course.

CDS collects a transaction volatility premium (TVP) from participants on most services to protect against significant declines in market volume. For the period November 2010 to March 2011, CDS collected $1.5 million in TVP. In April 2011, CDS projected that volumes for the remainder of the year would be sufficient to meet operating requirements and stopped collecting the TVP. CDS refunded the $1.5 million with interest to participants in May 2011.

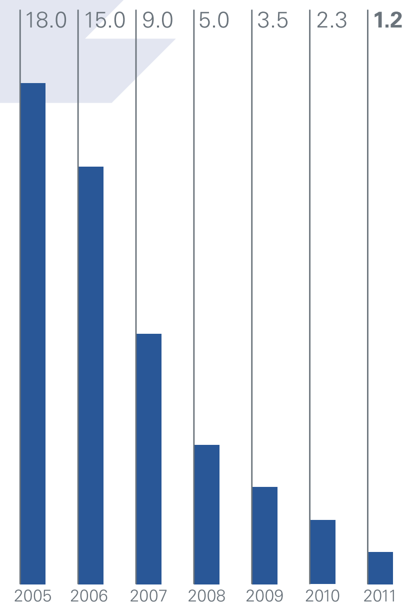
Clearing services

In 2011, CDS processed an average of 1.58 million exchange trades each trading day, compared to a daily average of 1.23 million exchange trades in 2010, an increase of 28 per cent. The daily average of non-exchange/over-the-counter (OTC) trades increased by nearly 27 per cent to 67,200, compared to 53,000 trades in the prior year.

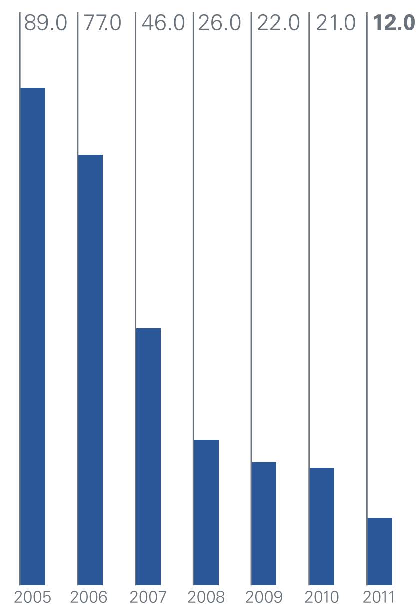
Compared to fiscal 2010, fiscal 2011 prices for exchange trades were reduced by 50 per cent, while non-exchange/OTC trade prices decreased by 42 per cent. Prices for exchange trades and for non-exchange/OTC trades decreased to $0.0116 and $0.12, from $0.0231 and $0.2074 per trade respectively. CDS accomplished this by reducing the price of both exchange and non-exchange/OTC trades by the discount levels provided in fiscal 2010. CDS's commitment to reduce the inflation-adjusted price by five per cent (three per cent after inflation) also contributed to price reductions overall. Lastly, in its continuing effort to better reflect the cost of providing services, CDS formalized the last instalment of its price rebalancing initiative for clearing and settlement services, generating even further reductions in both the exchange trade clearing and netting fees.

Exchange and non-exchange/OTC trade volumes continued to increase during the year, and CDS implemented price protection mechanisms for participants through volume discounts. Volume discounts for non-exchange/OTC trades were initiated at the beginning of fiscal 2011, and for exchange trades in February of 2011. Fees for non-exchange/OTC trades were discounted by 12 per cent in the first quarter of 2011, and both exchange and non-exchange/OTC fees were discounted by a full 29 per cent from the second quarter onwards. Volume discounts, as always, were provided on an equal basis to all participants using these services. As noted earlier, participant savings from volume discounts totaled $3.0 million.

Price per exchange trade
(cents per trade before discounts – rounded to nearest tenth of a cent)



Price per non-exchange/OTC trade
(cents per trade before discounts – rounded to nearest cent)



Settlement services

In 2011, revenue from settlement services rose by $3.7 million compared to 2010. The majority of this additional revenue came as a result of the completion of the rebalancing initiative, noted above. Increased volumes accounted for approximately $1.7 million.

Depository, international services and delivery services

In 2011, depository services revenue increased by $2.8 million, to $33.4 million, compared to $30.6 million in 2010. The increase reflects a rebound in the volume and value of securities in the depository, solidifying CDS's positive recovery from the financial crisis in 2008/2009. CDS also experienced better than anticipated custodial revenue and processed more corporate actions on behalf of issuers and participants.

As noted, CDS last year met its commitment to decrease prices for custody and entitlement/corporate actions services by five per cent (three per cent after inflation). The company also implemented a new price rebalancing strategy for custody and entitlement/corporate actions services. Prices for these services were revised in order to bring the revenue and cost of providing entitlements/corporate actions services to a break-even point over the next five years. The increase in price for entitlements/corporate actions products was balanced by an equivalent reduction in price for custody-domestic products. Details of the rebalancing strategy follow.

There was also a $2.0 million increase in international services revenue. Approximately half of this amount came from the recovery of the custody fees that CDS is charged for sponsored services such as The Depository Trust Company (DTC) Direct Link and New York Link. The remaining revenue increase was volume driven.

In 2011, CDS's secure courier service and Account Transfer Online Notification (ATON™) services continued to experience an increase in participant usage which also resulted in increased revenue.

Operating expenses

CDS was very successful with its cost management efforts in 2011. More importantly, this was accomplished without compromising operational excellence, including the stellar up-time service availability that allowed CDS to process a record number of transactions during the year.

Total operating expenses, before the provision for impairment, increased by $2.4 million, or three per cent, compared to 2010. The increase was due primarily to higher pension expenses resulting from a reduction in the discount rate used to value the pension obligation and the costs related to an internal organizational restructuring, both of which are recorded in salaries and related expenses.

Key operating expenses such as computer services, insurance, general and administrative costs were all kept in line with 2010 levels through prudent cost management.

Balance sheet

In an uncertain economic environment, CDS further strengthened its financial position as cash, excluding customer deposits, increased by $7.0 million due to strong operating performance. The company invested $2.8 million in new information technology (IT) equipment and software applications to support increased processing capacity and new services. Long-term liabilities were reduced by $2.4 million and unappropriated retained earnings increased by $7.7 million over 2010.

Setting the stage for 2012

Price reductions

Looking forward to 2012, participants can expect further savings. Effective November 1, 2011, CDS reduced prices by 29 per cent for exchange and non-exchange/OTC trade clearing, as well as for TFT settlement: the exchange trade fee will decrease to $0.0082 from $0.0116 per trade, while non-exchange/OTC trade prices will decrease to $0.0852 per trade from $0.12. TFT intraday and batch net settlement (BNS) TFT settlement prices will drop to $0.1136 and $0.0639 from $0.16 and $0.09 respectively.

Rebalancing pricing

CDS has continued to introduce pricing changes to better reflect the cost of providing its services. In fiscal 2011, the goal to rebalance pricing between clearing and settlement was completed early. Prices for these products now more closely reflect the cost of offering these services and therefore provide for a fairer allocation of costs to users of these services. The following describes ongoing efforts to rebalance other service portfolios.

Custody and entitlements/ corporate actions
As noted earlier, 2012 will mark the second in a five-year rebalancing of CDS's custody and entitlement prices. In 2012, CDS will increase the price for processing corporate actions and will decrease domestic custody prices, resulting in a $3.6 million shift in revenue.

International trades, U.S. deposits and withdrawal services
In order to properly reflect the cost of providing these services in its pricing of international trades, U.S. deposits and withdrawal services, and bring each to break-even over a five-year period, CDS's prices for these services now include an adjustment of $0.1 million, thus shifting revenue from international trades to U.S. deposits and withdrawals.

Transition to International Financial Reporting Standards

The Canadian Accounting Standards Board requires Canadian publicly accountable enterprises to report their financial statements using International Financial Reporting Standards (IFRS) beginning on or after January 1, 2011. CDS's 2011 annual financial statements are the last to be prepared under Canadian generally accepted accounting principles (GAAP); CDS will prepare its fiscal 2012 financial statements in accordance with IFRS commencing November 1, 2011, with comparative financial information beginning November 1, 2010 (transition date).

In fiscal 2011, CDS completed the transition to IFRS by modifying those policies, processes and systems deemed critical for compliance. Customized training for management and staff was provided, and the process of raising awareness continued company-wide. Throughout the transition process, regular updates provided to senior management and the audit/risk committee ensured that decisions were made and issues were resolved in a timely manner. The audit/risk committee approved the company's opening financial position as well as all significant accounting policies adopted by the company.

The fiscal 2012 financial statements will be the first year of reporting under IFRS, therefore IFRS 1, First-time Adoption of IFRS (IFRS 1) will be applicable. The expected impacts from the transition to IFRS and the most significant transition adjustments on our financial position and financial performance are discussed below.

Cash collateral held on behalf of participants

Under IFRS, the most significant area of impact will be the recognition of cash collateral held on behalf of participants on the CDS balance sheet. These amounts were not reported on the balance sheet under Canadian GAAP.

Impact on CDS
On the date of transition, CDS will recognize as an asset the approximately $246 million in cash collateral held on behalf of participants and will also show an offsetting liability in the company's statement of financial position. To accommodate this increase, the recognition orders governing the

> In November 2011, CDS reduced the cost of exchange and non-exchange/OTC trade clearing and trade-for-trade settlement by 29 per cent.

company's regulatory ratio requirements (as stipulated by the Ontario Securities Commission and the Autorité des marchés financiers) have been amended so that henceforth these cash collateral assets will be excluded when determining regulatory ratio calculations.

Employee benefits

IFRS 1 provides the option to recognize unamortized past service costs and unamortized transition obligations on employee benefit plans that were deferred under Canadian GAAP in opening retained earnings at the transition date. CDS has elected to apply this option for its supplemental executive retirement plan at the date of transition.

Impact on CDS

On the date of transition, the pension benefit assets will be reduced by $335 thousand with the offset to retained earnings. The tax effect of this transition adjustment will increase deferred tax assets with the offset to retained earnings.

Mandatory exceptions and optional exemptions

CDS will implement the following significant IFRS 1 exemptions at the transition date:

Business combinations

IFRS 1 allows first-time adopters to elect to apply IFRS 3, Business Combinations (IFRS 3) retrospectively or prospectively from the transition date. Applying IFRS 3 retrospectively would require restatement of all business combinations occurring before the date of transition. CDS has elected to apply IFRS 3 prospectively from the date of transition.

Estimates

IFRS 1 requires that estimates made under IFRS at the date of transition be consistent with those made for the same date under GAAP unless there is objective evidence that those estimates were in error. CDS's IFRS estimates are consistent with Canadian GAAP estimates as at the transition date.

Deemed cost

IFRS 1 allows first-time adopters to measure property and equipment or intangible assets at either their fair value at the transition date and use those amounts as deemed costs; or using the historical valuation under previous GAAP. CDS elected under IFRS 1 to continue to use the historical valuation under previous GAAP as deemed cost under IFRS at the transition date.

Caution regarding forward-looking statements

From time to time, we make forward-looking statements within this 2011 annual report to shareholders. Forward-looking statements in this document include, but are not limited to, statements relating to our financial performance objectives, our vision and strategic goals, and the outlook and priorities for our businesses. The forward-looking information contained in this document is presented for the purpose of assisting the reader of this annual report in understanding our financial position and the results of our operations as at, and for the periods ended on the dates presented, as well as our vision, strategic goals and financial performance objectives, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: general business, economic and financial market conditions in Canada and the United States; changes in accounting standards, policies and estimates, including changes in our estimates of provisions, allowances and valuations; the effects of changes in government fiscal, monetary and other policies; the impact of changes in laws and regulations including those relating to the payments system in Canada, and CPSS/IOSCO principles; the effects of competition in the markets in which we operate; our ability to attract and retain employees; and our ability to successfully execute our strategies. We do not undertake to update any forward-looking statements that have been made in this annual report.

Statement of management's responsibility for the reliability of financial information

The financial statements of The Canadian Depository for Securities Limited have been prepared by, and are the responsibility of, the corporation's management. The presentation and information provided therein have been prepared in accordance with generally accepted accounting principles. The audited financial statements necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. The financial information presented elsewhere in the annual report is consistent with that in the financial statements.

The board of directors oversees management's responsibilities for financial statements through the audit/risk committee, which is composed of directors who are not also employees or officers of the corporation.

The shareholders' auditors and CDS's chief auditor have full and free access to the audit committee to discuss audit, financial reporting and related matters.

Disclosure controls and procedures

The corporation has disclosure controls and procedures in place that are designed to provide reasonable assurance that information issued to the general public, outsiders and for legislative and regulatory reporting requirements are provided on a timely basis. Management has reviewed the company's disclosure controls and concluded that they were designed and operating effectively during the year.

Internal control over financial reporting

Management of CDS is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of the president and chief executive officer and the chief financial officer and effected by the board of directors, management and other personnel to provide reasonable assurance regarding the reliability of the corporation's financial reporting and the preparation of financial statements for external presentation in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has evaluated the design and assessed effectiveness of the corporation's internal control over financial reporting as at October 31, 2011, based on the criteria set forth in *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission*. Based on this assessment, management concluded that, as of October 31, 2011, CDS's internal control over financial reporting is effective and sufficient to provide such reasonable assurance. There were no changes in the corporation's internal control over financial reporting in the year ended October 31, 2011, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Ian A. Gilhooley
President and Chief Executive Officer

Steve M. Blake
Chief Financial Officer

Independent auditors' report

To the Shareholders of The Canadian Depository for Securities Limited

We have audited the accompanying consolidated financial statements of The Canadian Depository for Securities Limited, which comprise the consolidated balance sheet as at October 31, 2011, the consolidated statements of operations and comprehensive income, shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Canadian Depository for Securities Limited as at October 31, 2011, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants
January 19, 2012
Toronto, Canada

Consolidated balance sheet

As at October 31
(000s)

	2011	2010
Assets		
Current assets		
Cash and short-term investments (notes 2 and 12)	**$ 100,306**	$ 82,132
Accounts receivable	**7,532**	6,911
Income taxes receivable	**681**	1,669
Prepaid expenses and other	**1,647**	1,487
Total current assets	**110,166**	92,199
Property and equipment (note 4)	**6,575**	8,014
Intangible assets (note 5)	**2,813**	4,700
Pension benefit (note 13(a))	**–**	712
Future income taxes (note 10)	**4,083**	5,857
Total assets	**$ 123,637**	$ 111,482
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and other liabilities	**$ 29,252**	$ 34,123
Income taxes payable	**103**	–
Customer deposits (note 7)	**39,647**	28,953
Current portion of long-term liabilities (note 8)	**2,429**	2,415
Deferred revenue	**796**	909
Total current liabilities	**72,227**	66,400
Long-term liabilities (note 8)	**799**	2,945
Deferred lease inducement and other (note 9)	**1,044**	688
Pension obligation (note 13(a))	**396**	–
Total liabilities	**$ 74,466**	$ 70,033
Shareholders' equity		
Share capital (note 11)		
Preferred shares	**6,122**	6,122
Common shares	**2,539**	2,539
	8,661	8,661
Retained earnings		
Reserve (note 12)	**10,000**	10,000
Unappropriated	**30,481**	22,771
	40,481	32,771
Accumulated other comprehensive income (note 2)	**29**	17
Total shareholders' equity	**49,171**	41,449
Total liabilities and shareholders' equity	**$ 123,637**	$ 111,482

Commitments and contractual obligations (note 15)

The accompanying notes are an integral part of these financial statements.

WD Wood

W. David Wood
Chairman

Ian A. Gilhooley

Ian A. Gilhooley
President and Chief Executive Officer

Consolidated statement of operations and comprehensive income

For the year ended October 31
(000s)

	2011	2010
Operating revenue		
Depository	$ 33,407	$ 30,564
Clearing	10,850	12,399
Settlement	7,957	4,244
International	6,379	4,315
SEDAR®	4,415	4,335
NRD®	7,040	6,679
SEDI®	2,940	3,552
Courier	3,148	2,886
ATON™	3,611	3,428
Other	10,546	9,902
Total operating revenue	90,293	82,304
Direct operating expenses	5,453	5,393
Net operating revenue	84,840	76,911
Other revenue		
Interest and other	714	135
Total net revenue	85,554	77,046
Other operating expenses		
Salaries and related expenses	42,938	40,125
Accommodation	5,557	5,684
Computer services	14,770	14,305
General and administrative	1,414	1,644
Insurance	1,124	1,195
Professional services	3,985	3,819
Amortization (notes 4 and 5)	5,147	5,755
Provision for impairment (note 5)	778	–
Interest	203	244
Total operating expenses	75,916	72,771
Income before income taxes	9,638	4,275
Provision for income taxes (note 10)		
Current	160	1,145
Future	1,768	1,304
	1,928	2,449
Net income	7,710	1,826
Unrealized holding gain on available-for-sale securities	12	11
Total comprehensive income	$ 7,722	$ 1,837

The accompanying notes are an integral part of these financial statements.

Consolidated statement of shareholders' equity

For the year ended October 31
(000s)

	Preferred Shares	Common Shares	Reserve	Unappropriated Retained Earnings	AOCI	2011 Total Shareholders' Equity	2010 Total Shareholders' Equity
Balance, beginning of year	$ 6,122	$ 2,539	$ 10,000	$ 22,771	$ 17	$ 41,449	$ 39,612
Net income	–	–	–	7,710	–	7,710	1,826
Net change in fair value of available-for-sale securities	–	–	–	–	12	12	11
Balance, end of year	$ 6,122	$ 2,539	$ 10,000	$ 30,481	$ 29	$ 49,171	$ 41,449

The accompanying notes are an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended October 31
(000s)

	2011	2010
Cash flows from operating activities		
Net income	$ 7,710	$ 1,826
Adjustments to net income:		
Amortization - property and equipment	3,597	3,508
Amortization - intangible assets	1,745	2,165
Provision for impairment	778	–
Loss on disposal of property and equipment and intangible assets	5	82
Future income taxes	1,768	1,304
Changes in operating assets and liabilities:		
Accounts receivable	(621)	1,520
Income taxes receivable	988	(767)
Prepaid expenses and other	(142)	770
Pension benefit	1,108	227
Accounts payable and other liabilities	(4,871)	2,029
Income taxes payable	103	(235)
Customer deposits	10,694	61
Deferred revenue	(113)	44
Deferred lease inducement and other	356	(295)
Net cash provided by operating activities	23,105	12,239
Cash flows from investing activities		
Purchase of property and equipment	(2,165)	(5,334)
Purchase of intangible assets	(636)	(1,929)
Proceeds from disposal of property and equipment	2	3
Net cash used in investing activities	(2,799)	(7,260)
Cash flows from financing activities		
Repayment of long-term liabilities	(2,429)	(2,367)
Proceeds from long-term liabilities	297	5,410
Net cash provided by (used in) financing activities	(2,132)	3,043
Net change in cash and short-term investments	18,174	8,022
Cash and short-term investments, beginning of year	82,132	74,110
Cash and short-term investments, end of year	$ 100,306	$ 82,132
Supplemental cash flow information		
Interest paid	$ 203	$ 244
Interest received	774	194
Income taxes paid	838	2,128

The accompanying notes are an integral part of these financial statements.

Notes to consolidated financial statements

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

The Canadian Depository for Securities Limited (the corporation) was incorporated under the Canada Corporations Act on June 9, 1970 and continued under Section 181 of the Canada Business Corporations Act on July 30, 1980.

The principal objective of the corporation is to contribute to the improved efficiency of the financial sector of the Canadian economy through the provision of automated facilities for clearing of securities transactions and custody of securities.

The corporation, through its subsidiary, CDS Clearing and Depository Services Inc. (CDS Clearing), operates the automated facilities for clearing of securities transactions and custody of securities. CDS Clearing holds an operating subsidiary, CDS Securities Management Solutions Inc. (CDS Solutions), whose principal objective is to offer depository related services to issuers and their agents to facilitate securities issuance and reporting of registered positions. The subsidiary, CDS INC., operates the System for Electronic Document Analysis and Retrieval (SEDAR®), the National Registration Database (NRD®) and the System for Electronic Disclosure by Insiders (SEDI®).

The corporation maintains a subsidiary, CDS Innovations Holding Inc., to hold an operating subsidiary, CDS Innovations Inc. (CDS Innovations), whose principal objective is to market existing data dissemination products, to create new data dissemination products and to develop new services and products.

1. Significant accounting policies

The accompanying consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies conform, in all material respects, to GAAP.

a) Basis of consolidation

The consolidated financial statements include the assets and liabilities and results of operations of subsidiaries after elimination of inter-company transactions and balances. Wholly-owned subsidiaries comprise CDS Clearing, CDS Solutions, CDS INC., CDS Innovations Holding Inc., and CDS Innovations.

b) Cash and short-term investments

Cash and short-term investments include marketable securities that are readily convertible to cash and are carried at fair value.

c) Property and equipment and intangible assets

Furniture, computers and equipment, software (including systems and systems application software) and leasehold improvements are stated at cost except assets financed by capital leases which are recorded at their original capitalized value. Systems application software under development is amortized when it is substantially complete and available for use and the cost is reclassified to software. Costs related to systems projects which have a benefit to the corporation of less than one year, along with feasibility studies and post-implementation expenses related to capitalized projects are expensed as incurred.

Amortization is provided on a straight-line basis over the following expected useful lives of the assets:

Asset	Rate
Furniture	10 years
Computers and equipment	3-5 years
Leasehold improvements	over term of lease
Equipment under capital lease	over term of lease
Software	1-5 years

The corporation evaluates the carrying value of its property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

d) Participant securities

Securities and related entitlements in process of distribution, or awaiting claim, together with funds received for the settlement of securities transactions, are not the obligations of the corporation and therefore, are not recorded in the accompanying consolidated financial statements.

e) Clearing and settlement of participant trades

All trades that have been netted and novated, but have not yet settled are recognized on a settlement date basis.

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

f) Income taxes

Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or when the liability is settled. The corporation records a valuation allowance where it is more likely than not that the value of these assets will not be realized.

g) Post-retirement benefits

The corporation accrues its obligations under employee benefit plans (including pension plans and non-pension post-retirement and post-employment benefit plans) and the related costs, net of plan assets, as the employees render the service necessary to earn the pension and other employee future benefits.

The corporation has adopted the following policies with respect to the defined benefit plans:

- The cost of defined benefit pensions and other post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment
- The average remaining service period of the active employees covered by the pension plan is 10 years. The average remaining service period of the active eligible employees covered by the other post-retirement benefit plan is five years
- All actuarial gains and losses are recognized immediately in the year they are incurred.

The pension plan is administered through a retirement compensation arrangement whereby 50 per cent of the assets are held in a Refundable Tax Account (RTA) with Canada Revenue Agency as required under the Income Tax Act (Canada) and the remaining 50 per cent is held in a trust account. The assets in the RTA do not earn any income and are only available for distribution through payment as benefits are paid to members of the plan on retirement. As a result, the corporation has elected to discount these assets in order to fairly value the assets available for distribution to members of the plan.

h) Operating revenue

Operating revenue is recognized when it is probable that the economic benefits will flow to the corporation and the revenue can be reliably measured and collection is ensured. The corporation follows the following recognition criteria for each type of revenue:

Clearing services

Clearing activities include the reporting and confirmation of all trade types within CDSX®. It also includes the netting and novation of FINet™ and exchange trades prior to settlement. The related fees are recognized as follows:

- Reporting fees are recognized when the trades are delivered to the corporation
- Netting/novation fees are recognized when the trades are netted and novated
- Other clearing related fees are recognized when services are performed.

Settlement services

Settlement related fees are recognized upon settlement date of the related transaction when the trade is settled.

Depository services

Depository fees are charged for custody of securities, depository related activities and processing of entitlement and corporate actions and are recognized when the services are performed.

International

International revenue consists of revenue generated through offering links as channels to participants to effect cross-border transactions and custodial relationships with other international organizations. The related fees are recognized as follows:

- Fees are charged to participants based on sponsoring arrangements with New York Link and DTC Direct Link and are based on their usage of National Securities Clearing Corporation (NSCC) and Depository Trust Company (DTC) services
- Custodial fees and other international services related revenues are recognized when the services are performed.

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

SEDAR, SEDI and NRD services
Revenue related to the operations of the SEDAR, SEDI and NRD services are based on the cost of operating these services and are inclusive of management fees. Revenue is recognized when the services are performed.

ATON, courier and other
Revenue related to ATON, courier and other are recognized in the period the services are performed.

Rebates
The corporation provides rebates to participants based on the amount of earnings to be retained in a given year with due regard to current and anticipated future needs, and these rebates are approved by the board of directors. Rebates are netted against revenue in the *Consolidated statement of operations and comprehensive income*.

i) Investment tax credits

Scientific research and experimental development (SR&ED) investment tax credits are recognized when realized or when the corporation has reasonable assurance that the credits will be realized. SR&ED investment tax credits are recorded as either a reduction to the cost of the related asset or credited in the *Consolidated statement of operations and comprehensive income* on the same basis as the related expenditures are charged to income.

j) Financial instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of financial instruments are categorized into one of three hierarchy levels that best reflect the significance of the inputs used in making the measurement:
Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – inputs are not based on observable market data.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Fair values are determined by reference to quoted market prices. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles or external valuation quotes, as appropriate. The fair values may differ from the realizable amounts in the event of immediate settlement.

Financial instruments classified as short-term investments and designated as available-for-sale are carried at fair value. Any changes in fair values of short-term investments are recognized in other comprehensive income (OCI) and the cumulative changes in the fair values are recognized in accumulated other comprehensive income (AOCI).

Short-term investments are composed primarily of federal and provincial money market securities and are assessed for impairment at each reporting date. The cumulative changes in fair values previously recognized in AOCI are reclassified to net income (loss) in the event there is a decline in value that is considered to be other-than-temporary or upon disposal.

k) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

l) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

m) Transition to International Financial Reporting Standards (IFRS)

IFRS will be required commencing in 2011 for publicly accountable, profit-oriented enterprises. IFRS will replace Canadian GAAP currently followed by the corporation. The corporation will be required to begin reporting under IFRS for its fiscal year ending October 31, 2012 and will be required to provide information that conforms with IFRS for the 2011 comparative (transition) year presented.

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

The corporation has determined the transition to IFRS will result in a charge of $222 to the opening retained earnings at November 1, 2010. Cash collateral held on behalf of participants along with an offsetting liability of approximately $246 million will be recognized in the statement of financial position upon transition to IFRS. The corporation will monitor and evaluate changes in IFRS pronouncements and assess their impact on significant decisions relating to financial reporting and accounting policy selections. The corporation's consolidated financial performance, financial position, and notes as disclosed in the current Canadian GAAP financial statements will differ when presented in accordance with IFRS.

2. Short-term investments

Short-term investments of $89.6 million (2010 – $78.4 million) comprise of federal and provincial fixed income securities that mature primarily within 90 days. As at October 31, 2011, the pre-tax and after-tax unrealized gains for short-term investments amounted to $41 (2010 – $24) and $29 (2010 – $17) respectively. These securities are classified as Level 1 in the fair value hierarchy. The unrealized changes in fair value are primarily due to changes in interest rates.

3. Participant securities and collateral funds

Securities pledged by participants are not the assets of the corporation and, therefore, are not recorded in the consolidated financial statements.

The corporation's rules require participants to pledge collateral to the corporation in the form of cash and securities in amounts calculated in relation to their activities. The collateral pledged is available to secure participants' obligations and certain liabilities of the corporation and is not recorded in the consolidated financial statements. The amount of collateral required as at October 31, 2011 was $3.1 billion (2010 – $2.8 billion).

Summarized below is the collateral pledged:

	2011	2010
Cash	$ 336,315	$ 246,372
Treasury bills and fixed income securities	3,425,108	$ 3,152,778
Total collateral pledged	$ 3,761,423	$ 3,399,150

4. Property and equipment

	Cost	Accumulated amortization	Net book value 2011	Net book value 2010
Furniture	$ 2,357	$ 1,953	$ 404	$ 531
Computers and equipment	4,641	2,826	1,815	983
Leasehold improvements	3,544	2,061	1,483	1,422
Equipment under capital leases	9,116	6,243	2,873	5,078
	$ 19,658	$ 13,083	$ 6,575	$ 8,014

Equipment under capital leases consists of leased computer equipment.

5. Intangible assets

	Cost	Accumulated amortization	Net book value 2011	Net book value 2010
Software	$ 12,153	$ 9,340	$ 2,813	$ 4,318
Software under development	–	–	–	382
	$ 12,153	$ 9,340	$ 2,813	$ 4,700

During the year, the corporation reduced the amount of amortization expense by $200 for SR&ED investment tax credits received for qualified expenditures incurred in earlier years.

The corporation capitalized costs associated with the development of software application for use in providing clearing services to its participants which are included in software. The corporation anticipates the introduction of a competitive service that will reduce the corporation's ability to recover the cost of development and has taken a $778 impairment charge.

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

6. Credit facilities

The corporation maintains unsecured operating demand loans totalling $11.0 million to support short-term operating requirements. To support processing and settlement activities of participants, unsecured overdraft facility and demand loan of $15.0 million and an overnight facility of US$5.5 million are available. The borrowing rates for these facilities are the Canadian prime or the U.S. base rate, depending on the currency drawn. No amounts were drawn on these credit facilities.

The corporation maintains a US$200 million or CAD equivalent secured standby credit arrangement that can be drawn in either U.S. or Canadian currencies. This arrangement is available to support processing and settlement activities in the event of a participant default. Borrowings under the secured facility are obtained by pledging or providing collateral pledged by participants primarily in the form of debt instruments issued or guaranteed by federal, provincial and/or municipal governments in Canada or U.S. treasury instruments. Depending upon the currency drawn, the borrowing rate for the secured standby credit arrangement is the U.S. base rate or the Canadian prime rate. No amounts were drawn on these credit facilities.

7. Customer deposits

Included in customer deposits are funds withheld from customers to be remitted to government agencies and the interest payable on participant collateral funds. The equivalent assets for funding customer deposits are carried as cash and short-term investments.

8. Long-term liabilities

Long-term liabilities consist primarily of obligations under capital leases and are as follows:

Fiscal year	2011	2010
2011	$ –	$ 2,595
2012	2,511	2,357
2013	712	619
2014	87	59
2015 and thereafter	16	–
Total minimum lease payments	3,326	5,630
Less imputed interest at an average rate of 4.4% (2010 – 4.5%)	98	270
Present value of minimum lease payments	3,228	5,360
Less current obligations under capital leases	2,429	2,415
Long-term obligations under capital leases	$ 799	$ 2,945

9. Deferred lease inducement and other

The corporation received an inducement upon renewing its premises lease. This amount was deferred at the time of the renewal of the lease, and is being amortized over the five-year renewal period September 2009 to August 2014. The carrying value of this amount recorded in deferred lease inducement and other amounts to $283 (2010 – $383).

Also included in deferred lease inducement and other are exit costs amounting to $226 (2010 – $305) associated with vacating a portion of its premises lease in 2010. This amount was accrued in 2010, and is amortized into accommodation expense over the remaining term of the lease.

In addition, management has estimated the costs of $575 to remove the leasehold improvements associated with its leased premises and has recorded an obligation of $535 using the credit-adjusted risk-free rate. The liability will be accreted to the total cost that is payable over the period that remains on the respective leases. An amount of $528 has been capitalized as leasehold improvements, which will be amortized into amortization expense over the remaining term of the respective premises leases.

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

10. Income taxes

The reconciliation between statutory federal and provincial income taxes and the income taxes charged to the *Consolidated statement of operations and comprehensive income* is as follows:

	2011	2010
Income tax provision based on a combined Canadian federal and provincial statutory income tax rate of 28.6% (2010 – 31.5%)	$ 2,755	$ 1,346
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	38	33
Changes in tax rates for future income taxes	(314)	810
Recoveries in respect of prior years	(547)	(79)
Reversal of previously recognized benefit	–	350
Other	(4)	(11)
Provision for income taxes	$ 1,928	$ 2,449

The tax effects of temporary differences that give rise to significant portions of the future income tax assets are summarized as follows:

	2011	2010
Tax loss carry forwards	$ –	$ 1,167
Property and equipment and intangible assets	2,432	3,266
Reserves and other	1,651	1,424
Future income tax assets	$ 4,083	$ 5,857

A valuation allowance is established based upon management's estimate of whether it is more likely than not that some or all of the future tax assets will not be realized. In making this assessment, management takes into consideration the schedule of timing differences, projected future taxable income, and tax strategies. On this basis, management has not recorded an additional valuation allowance in the current year (2010 – $350). As at October 31, 2011, the corporation has non-capital losses of nil (2010 – $4.3 million) to offset future taxable income.

11. Share capital

Preferred shares

An unlimited number of preferred shares may be issued. All preferred shares are non-cumulative, without par value, and are redeemable at $1.00 per share at the option of the corporation. No dividends were declared during the year.

Common shares

An unlimited number of common shares may be issued. No dividends were declared during the year.

Issued shares:

		2011		2010	
	Dividend rate	Number of shares	Amount	Number of shares	Amount
Preferred shares					
Class A	8.75%	413,452	$ 413	413,452	$ 413
Class B	8.75%	1,321,000	1,321	1,321,000	1,321
Class C	8.75%	2,543,583	2,544	2,543,583	2,544
Class D	8.75%	375,000	375	375,000	375
Class E	1.00%	1,468,750	1,469	1,468,750	1,469
		6,121,785	$ 6,122	6,121,785	$ 6,122
Common shares	–	2,539,018	$ 2,539	2,539,018	$ 2,539

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

12. Capital management

The corporation's objective for managing capital is to maintain an effective cost management structure to ensure the corporation is sufficiently capitalized to meet its strategic objectives and to maintain high quality operations. The corporation has defined capital to include share capital, retained earnings and AOCI. The corporation is required by the Ontario Securities Commission and the Autorité des marchés financiers to maintain certain regulatory ratios as defined in the recognition orders, as follows:

a) A debt to cash flow ratio not greater than 4 to 1; being the ratio of debt (long-term liabilities) to earnings before interest, taxes and depreciation; and
b) A financial leverage ratio not greater than 4 to 1; being the ratio of total assets excluding cash held on deposit for tax exempt dividends to shareholders' equity.

The corporation has complied with these ratios throughout the year.

The corporation has set aside $10.0 million of retained earnings appropriated to a reserve that is funded by $7.0 million of cash and short-term investments. The purpose of the retained earnings reserve is to supplement the corporation's existing insurance coverage and to provide coverage for other events that may occur.

13. Employee benefit plans

a) Pension plans

The corporation contributes to a defined contribution pension plan for full-time employees. Pension expense related to this plan of $970 (2010 – $1,010) was incurred during the year.

The corporation also maintains a defined benefit supplemental executive retirement plan for senior executives. Information concerning the plan is as follows:

	2011	2010
Accrued benefit obligation:		
Balance, beginning of year	$ 8,704	$ 7,345
Current service cost	379	277
Interest cost	500	485
Benefits paid	(314)	(323)
Actuarial loss	1,074	920
Balance, end of year	10,343	8,704
Plan assets:		
Fair value, beginning of year	9,081	7,891
Actual return on plan assets	147	625
Employer contribution	500	800
Benefits paid	(314)	(323)
Fair valuation adjustment of the Refundable Tax Account	256	88
Fair value, end of year	9,670	9,081
Funded status – (deficit) surplus	(673)	377
Unamortized past service costs	243	295
Unamortized transitional obligation	34	40
Accrued benefit (obligation) asset	$ (396)	$ 712

The significant assumptions adopted in measuring the corporation's accrued benefit obligation are as follows:

	2011	2010
Discount rate	4.8%	5.6%
Expected long-term rate of return on plan assets	4.5%	4.9%
Rate of compensation increase	4.1%	4.2%

The expense for the year amounted to $1,608 (2010 – $1,027). The most recent actuarial valuation was completed as of January 1, 2011. The measurement date of benefit obligations and plan assets is October 31 each year.

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
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The liability discount rate applied to the cash flows for expected future benefit payments at each measurement date is discounted at spot rates developed from a yield curve of AA corporate debt securities maturing between 10 to 25 years.

For the assets held in the trust account, the asset categories are as follows:

	2011	2010
Equity securities	74%	76%
Fixed income securities	24%	23%
Cash and cash equivalents	2%	1%

The corporation's cash contributions for the year, relating to all pension plans maintained for full-time employees, amounted to $1,470 (2010 – $1,810).

b) Other post-retirement and post-employment benefit plans

The corporation maintains an unfunded post-retirement health plan for senior executives and an unfunded post-employment plan for all employees. The expense for the year amounted to $201 (2010 – $50). The corporation has an accrued liability of $1,079 (2010 – $877) for these plans that is included in accounts payable and other liabilities.

14. Rebates

The corporation announced rebates of nil (2010 – $7.0 million) to participants. Rebates are netted against the domestic clearing and settlement, depository, international, courier and other revenue in the *Consolidated statement of operations and comprehensive income*.

15. Commitments and contractual obligations

Commitments

The corporation's commitments under operating leases for premises, automobile leases and on certain office, computer and software equipment and services are as follows:

Fiscal year	
2012	$ 6,970
2013	4,661
2014	2,607
2015	244
2016	244
Subsequent years	20
	$ 14,746

In addition, the corporation has commitments to a service provider for managed network services with monthly amounts due based on usage which varies from month to month.

Contractual obligations

CDS Clearing operates a multilateral clearing and settlement system, referred to as CDSX, which provides efficiencies to participants through a process called netting by novation. Novation is a legal mechanism whereby the contractual rights and obligations of two contracting parties are extinguished and replaced by corresponding rights and obligations against a third party. In CDSX, the settlement rights and obligations between two participants to a trade (for the seller to deliver securities and to receive payment; for the buyer to receive securities and to make payment) are extinguished and replaced by corresponding settlement rights and obligations between each participant and CDS Clearing, as set out in the *CDS Participant Rules*. Novation enables participants' securities and fund accounts to be maintained on a net basis, thereby substantially reducing payment and default risks in CDSX.

In CDSX, novation occurs at two distinct points in the processing of trades: (1) for trades processed through continuous net settlement (CNS) (i.e., for most equity trades reported from a stock exchange or alternate trading system) and FINet (i.e., for eligible fixed income trades at the election of each participant), trades are novated and netted by security for that value date (the contracted settlement date based on regulation, practice or agreement between the parties to the trade) in the CNS or FINet

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
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processing cycle prior to settlement; and (2) for all trades, novation takes place upon settlement. Netting by novation, whether prior to or upon settlement, is final and irrevocable and cannot be unwound or revised by CDS Clearing or the other parties to the original trade. All payment and delivery obligations of each participant are owed to CDS Clearing; all corresponding rights of the other participant to receive funds or securities must be asserted against CDS Clearing.

CNS and FINet are referred to as central counterparty services because trades reported to these services are novated against CDS Clearing, prior to settlement, resulting in long or short positions by security for each participant. The final result of the netting is that CDS Clearing is obligated to deliver securities to the long participant, and the short participant is obligated to deliver securities to CDS Clearing. If these positions are not settled on the value date, they are netted with other CNS eligible trades of that participant in the same security with the value date of the following day. CDS Clearing can only deliver securities to long participants to the extent that short participants have made deliveries to CDS Clearing. At all times, the aggregate of participants' long positions equals the aggregate of short positions. Settlement of the final net positions in central counterparty services occurs by means of appropriate entries in the securities and funds accounts of the participants and CDS Clearing.

Trade-for-trade transactions are not netted or novated prior to settlement. The participants who are parties to the trade retain their respective identities as deliverer/payee and receiver/payor until settlement is completed. Settlement of trade-for-trade transactions in CDSX occurs on a real time basis at the point in time during the processing day that the entries are made in the participants' securities and funds accounts, the same accounts used for the settlement of central counterparty service final net positions.

At payment exchange near the end of the processing day, participants' settled securities are represented by final positions in their securities accounts. These securities are fully paid securities belonging to each participant in the depository service. Funds account positions at payment exchange represent net payments owed to or from CDS Clearing by each participant and are settled by final and irrevocable payments received from or paid to each participant. Following the successful completion of payment exchange, all participants' funds accounts are returned to a nil balance in preparation for the next day's processing. If a participant fails to make payment to CDS Clearing, the default processes described in Risks (note 16) are implemented.

CDS Clearing is a member of NSCC and DTC. CDS Clearing sponsors its participants to use NSCC and DTC services through CDS Clearing's New York Link (NYL) and DTC Direct Link (DDL) services. Under these services, the sponsored participants have operational access to use the services and are legally responsible to CDS Clearing as set out in the *CDS Participant Rules*. As a member, CDS Clearing is legally responsible to NSCC/DTC for settlement and payment obligations of its participants once trades are reported to NSCC or DTC. If a sponsored participant fails to make payment to CDS Clearing for a NYL or DDL obligation, the default processes described in Risks (note 16) are implemented. At year end CDS Clearing does not have a payment obligation under these services to NSCC/DTC.

16. Risks

Credit risk

The primary credit risk of the corporation and its subsidiaries is the risk of loss due to the failure of a participant in CDS Clearing's clearing and settlement services to honour their financial obligations. To a lesser extent, the corporation is exposed to credit risk through the performance of services in advance of payment and also is exposed to credit risk in its investing activities.

Through the clearing and settlement services operated by CDS Clearing, credit risk exposures are created. During the course of each business day, transaction settlements can result in a net payment obligation of a participant to CDS Clearing or the obligation of CDS Clearing to pay a participant. The potential failure of the participant to meet its payment obligation to CDS Clearing results in payment risk, a specific form of credit risk. Payment risk is a form of credit risk in securities settlement whereby a seller will deliver securities and not receive payment, or that a buyer will make payment and not receive the purchased securities. Payment risk is mitigated by delivery payment finality in CDSX as set out in the *CDS Participant Rules*.

In the settlement services offered by CDS Clearing, payment risk is transferred entirely from CDS Clearing to participants who accept this risk pursuant to the contractual rules for the settlement services. This transfer of payment risk occurs primarily by means of participants acting as extenders of credit to other participants through lines of credit managed within the settlement system or, alternatively, by means of risk-sharing arrangements whereby groups of participants cross-guarantee the payment

Notes to consolidated financial statements *continued*

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obligations of other members of the group. Should a participant be unable to meet their payment obligations to CDS Clearing, these surviving participants are required to make the payment. Payment risk is mitigated on behalf of participants through the enforcement of limits on the magnitude of payment obligations of each participant and the requirement of each participant to collateralize their payment obligation. Both of these mitigants are enforced in real time in the settlement system.

Through New York Link and DTC Direct Link, credit risk exposures are created. During the course of each business day, settlement transactions by NSCC/DTC can result in a net payment obligation from NSCC/DTC to CDS Clearing or the obligation of CDS Clearing to make a payment to NSCC/DTC. As a corollary result, CDS has a legal right to receive the funds from sponsored participants in a debit position or has an obligation to pay the funds to sponsored participants in a credit position. The potential failure of the participant to meet its payment obligation to CDS Clearing in the NYL or DDL services results in a payment risk. To mitigate the risk of default, CDS Clearing has in place default risk mitigation mechanisms to minimize losses to the surviving participants as set out in the *CDS Participant Rules*. The process includes participants posting collateral with CDS Clearing and NSCC/DTC.

CDS Clearing's principal risk management mechanism is the collection of collateral in the form of cash and liquid government securities. CDS Clearing Rules require participants to pledge collateral to CDS Clearing in the form of cash and securities in amounts calculated in relation to their activities. The collateral pledged by participants is available to CDS Clearing in order to fulfill its payment obligations to NSCC/DTC and any liabilities of CDS Clearing in the case of a participant default (note 3).

The corporation is exposed to credit risk related to its holding of debt and money market investments in the defined benefit supplemental executive retirement plan. This risk is mitigated by limiting investments in these instruments to primarily Canadian government-issued or government-backed fixed income securities. Similarly, the credit risk related to the corporation's holding of short-term marketable securities is mitigated by holding Canadian government-issued or government-backed fixed income securities with maturities of less than one year.

Market risk

Market risk is the risk of loss due to changes in market prices and rates such as equity prices, interest rates and foreign exchange rates.

CDS Clearing is exposed to market risk as a result of its role as central counterparty in its CNS and FINet services. In these services, CDS Clearing is obligated to fulfill security delivery and receipt and payment obligations to participants who are members of those services. The potential for security prices to change between trade execution and settlement creates replacement cost risk, a form of market risk. Should a participant counterparty to a transaction be ultimately unable to meet its security receipt and payment obligation or security delivery, the surviving counterparty can be exposed to replacement cost risk by having to execute a replacement transaction at a less favourable price.

Replacement cost risk exposure of CDS Clearing in these central counterparty services is mitigated through a daily mark-to-market of each participant's obligations as well as risk-based collateral requirements calculated daily. These mitigants are intended to cover the vast majority of market changes and are tested against actual price changes on a regular basis. This testing is supplemented with analysis of the effects of extreme market conditions on a collateral valuation and market risk measurements. Should the collateral of a defaulter in a central counterparty service be insufficient, either because the value of the collateral has declined or the loss to be covered by the collateral exceeded the collateral requirement, the surviving participants in the service are required to cover any residual losses.

The securities investments held by the defined benefit supplemental executive retirement plan are exposed to market risk in order to generate returns consistent with the objectives and obligations of the plan. This risk is mitigated by employing professional managers to manage the plan's assets.

The corporation is exposed to market risk related to its holding of short-term marketable securities and the risk is mitigated by holding Canadian and U.S. government-issued or government-backed fixed income securities with maturities less than one year.

Settlements in the clearing and settlement services occur in both Canadian and U.S. dollars. Foreign exchange risk is created when the currency of the payment obligation is different from the valuation currency of the collateral supporting that payment obligation. This risk is mitigated by discounting the collateral value of securities where these mismatches occur.

Notes to consolidated financial statements *continued*

As at and for the year ended October 31
(All amounts are in thousands of dollars, except number of shares and where otherwise stated)

Liquidity risk

Liquidity risk is the risk of loss resulting from the inability to meet financial obligations as they are due. In the clearing and depository services, liquidity risk results from the requirement to convert collateral to cash in the event of the default of a participant. Most liquidity risk is transferred to participants willing to accept this risk in the same manner as credit risk is transferred to participants. There are some liquidity risks borne directly by CDS Clearing which are mitigated through the use of pre-established lines of credit (see note 6).

17. Related party transactions

Services provided to or received from participants, which includes the corporation's shareholders, are conducted at arm's length.

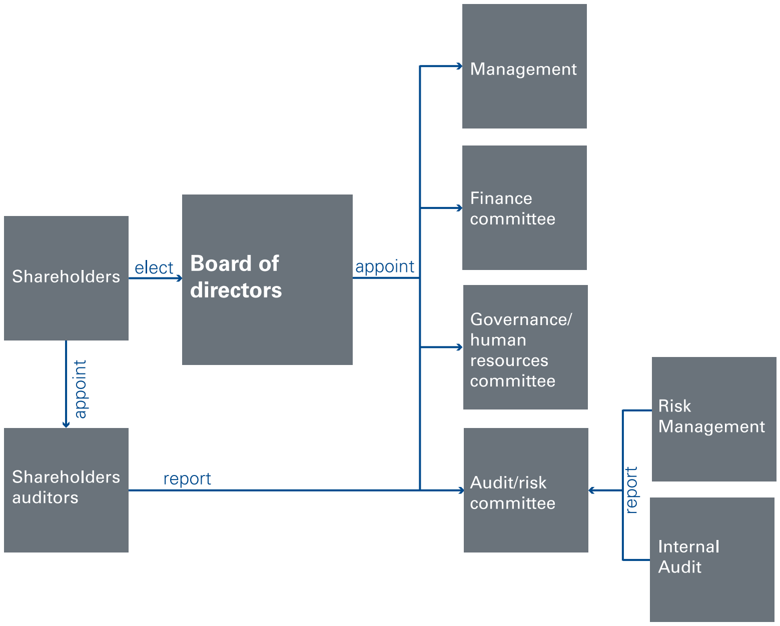
18. Proposed Maple Transaction

Maple Group Acquisition Corporation (Maple) has communicated to the corporation its desire to enter into an amalgamation agreement between the corporation and a subsidiary of Maple, whereby Maple would indirectly acquire all of the outstanding common shares of the corporation.

As the intended transaction would require multiple regulatory and shareholder approvals, the likelihood of any change occurring in the corporation's ownership or operations cannot be determined at this time.

Disclosure of corporate governance practices

CDS's governance structure



Our best practices

CDS has guidelines with respect to the appointment of directors which are made in accordance with a Pooling Agreement among CDS shareholders. CDS has had a Pooling Agreement since 1981. The Pooling Agreement provides for bank shareholders to appoint six directors, the TSX Inc. to appoint two directors, the Investment Industry Regulatory Organization of Canada to appoint one director and the CDS board of directors to nominate five independent directors. The president and chief executive officer of CDS is also a member of the board.

CDS's definition of an independent director is a person who is not:

- An associate, partner, director, officer or employee of a shareholder of the corporation
- An associate, partner, director, officer or employee of a participant of the corporation or its affiliates or an associate of such director, partner, officer or employee
- An officer or employee of the corporation or its affiliates or an associate of such officer or employee.

CDS has the following standards and tests in place to determine if a nominee for director is independent. A nominee for director is not independent if the nominee has been within the preceding year:

- An officer or employee of the corporation or its affiliates, or an associate or spouse of an officer or employee
- An industry director of the corporation representing a participant or shareholder
- A partner, principal, senior manager or manager of the external auditor of the corporation.

The CDS board of directors has put the following policies in place to ensure the board operates in the best interests of CDS, taking into consideration public interest perspectives and an independent point of view:

- CDS has developed processes that provide for extensive consultation and input from all stakeholder groups. Membership on these committees extends to a wide range of stakeholders and ensures that there is extensive understanding and input regarding CDS policies and operations.
- 33 per cent of the board is made up of independent directors (five of CDS's current 15 directors are independent).
- CDS policy is that independent directors chair the board, the audit/risk committee and the governance/human resources committee.
- CDS policy ensures that independent directors meet privately at the end of each board meeting.
- There are code of conduct and conflict of interest guidelines in place which are consistent with the Canadian Securities Administrators Guidelines. All directors of CDS must acknowledge their adherence annually to the Code of Conduct and Conflict of Interest Guidelines for Directors and all officers and employees must acknowledge their adherence annually to the CDS Code of Business Conduct and Confidentiality Undertaking.
- CDS has also adopted a whistleblower policy. The audit/risk committee of the board receives reports from an independent firm regarding this policy.

The board governance policy provides for an annual review of its performance and that of its committees.

An orientation program is in place for all new directors. They also receive the *Corporate Governance Manual*, which is updated annually and reissued to all directors.

For more information

CDS's disclosure to the Form 58-101F1 of the Canadian Securities Administrators' National Policy 58-201 Corporate Governance Guidelines, National Instrument 58-101 Disclosure of Governance Practices, as at October 31, 2011, is available at www.cdsltd-cdsltee.ca.

Board committees

	Members	Responsibilities
Audit/risk committee	Robert M. Fotheringham Charles Freedman (chair) Michele Goddard Jeffrey C. Heath John K. Mitchell	■ Supervises the quality, integrity and timeliness of CDS's financial reporting. ■ Reviews unaudited interim consolidated financial statements on a quarterly basis prior to their release externally. ■ Reviews all audited consolidated financial statements. ■ Reviews and approves any proposed material changes in accounting policies and assesses their impact on the financial statements as presented by management or the external auditor. ■ Reviews CDS's risk management and insurance programs. ■ Reviews CDS's internal controls structure, business continuity program and audit matters. ■ Receives reports of claims made by participants against CDS and provides a forum for the disposition of appeals of claims made by participants for losses not exceeding $50,000 arising out of one incident. ■ Reviews (and reports to the board) management's recommendation for the appointment of the external auditor, the terms of engagement and the appropriateness and reasonableness of the proposed audit fee.
Finance committee	Lloyd A. Costley Malcolm Eylott Michael Foulkes (chair) Ian A. Gilhooley Michael Ptasznik	■ Monitors the financial performance of CDS with respect to the approved business plan and provides guidance to management as considered necessary. ■ Provides financial management and direction to the business and affairs of CDS.
Governance/ human resources committee	John B. Cieslak John P. McCrea Bruce Macdonald Wayne Ralph W. David Wood (chair)	■ Oversees human resource and compensation issues. ■ Focuses on corporate governance to enhance corporate performance.

Board attendance

Director	Committees			Meetings attended
	Governance/ human resources	Audit/risk	Finance	
John B. Cieslak	*			100%
Lloyd A. Costley			*	94%
Malcolm Eylott			*	58%
Robert M. Fotheringham		*		65%
Michael Foulkes			*	88%
Charles Freedman		*		100%
Ian A. Gilhooley			*	100%
Michele Goddard		*		81%
Jeffrey C. Heath		*		95%
Bruce Macdonald	*			93%
John P. McCrea	*			100%
John K. Mitchell		*		100%
Michael Ptasznik			*	64%
Wayne Ralph	*			87%
W. David Wood	*			100%

Director elections/retirements during the year:
1. Kevin J. Whyte resigned on November 19, 2010.
2. Malcolm Eylott was appointed on January 21, 2011.

Board of directors

(as at October 31, 2011)

John B. Cieslak
Senior Vice-President
Information Technology,
Sourcing and Organizational
Performance
National Bank Financial Group

Lloyd A. Costley
Executive Vice-President and
Chief Administrative Officer
Raymond James Ltd.

Malcolm Eylott
Senior Vice-President, Wealth
Management, Operations and
Technology
TD Bank Group

Robert M. Fotheringham
Senior Vice-President
Equities Trading
TMX Group

Charles Freedman

Ian A. Gilhooley
President and
Chief Executive Officer
The Canadian Depository for
Securities Limited

Michele Goddard
Senior Vice-President
and Managing Director
Client Strategy and Execution
BMO Nesbitt Burns Inc.

Jeffrey C. Heath
Executive Vice-President &
Group Treasurer
Scotiabank

John P. McCrea

John K. Mitchell

Michael Ptasznik
Chief Financial Officer
TMX Group

Wayne Ralph
Senior Vice-President,
Wholesale Brokerage Operations
CIBC Global Technology and
Operations

Michael Foulkes

Bruce Macdonald
Head, Commodities & Electronic Trading (Capital Markets)
RBC Capital Markets

W. David Wood

CDS is a privately-owned company. Its shareholders are the banks, the Toronto Stock Exchange (TSX), and the Investment Industry Regulatory Organization of Canada (IIROC). The shareholders appoint nine directors from the industry and five independent directors to the CDS board. Rather than provide investment on returns, CDS shareholders receive value through the efficiencies CDS provides to their operations. This serves the general interest of the Canadian capital markets as well as all Canadians who depend on an efficient, risk-conscious securities clearing organization.

CDS holds itself accountable to the highest standards of corporate governance as is fitting for an organization whose activities are essential to the Canadian capital markets.

Officers of the corporation

(as at October 31, 2011)

The Canadian Depository for Securities Limited

W. David Wood
Chairman

Ian A. Gilhooley
President and
Chief Executive Officer

Steve M. Blake
Chief Financial Officer

Allan Cheung
Chief Auditor

Keith Evans
Executive Director,
Operations

Brian Gill
Chief Information Officer

Toomas Marley
Chief Legal Officer

Wendy Nunn
Chief Human Resources Officer

David W. Stanton
Chief Risk Officer

Curtis Wennberg
Chief Business
Development Officer

Sandra Kendall
Corporate Secretary

Rosanna Au
Managing Director,
IT Audit

Gordon Campbell
Managing Director,
IT Development

Fran Daly
Managing Director,
Business Development

Terry Mack
Managing Director
and Corporate Controller

Adina Saposnik
Managing Director,
IT Services

CDS Clearing and Depository Services Inc.

Ian A. Gilhooley
President and
Chief Executive Officer

Steve M. Blake
Chief Financial Officer

Keith Evans
Executive Director,
Operations

Brian Gill
Chief Information Officer

Toomas Marley
Chief Legal Officer

David W. Stanton
Chief Risk Officer

Mark Fabricius
Managing Director,
Securities Information and
Entitlement Services

Stephen Nagy
Managing Director,
Business Systems
Development and Support

Al-Karim Nanji
Managing Director,
Depository, Clearing, Settlement
and Customer Service

Jamie Anderson
Managing Director, Legal

Terry Mack
Managing Director and
Corporate Controller

Ginette Cyr
Manager, Montréal Operations

Sandra Kendall
Corporate Secretary

Ronald Meyer
Manager, Customer Service

Cathy Trombino
Manager, Securities Information
and Entitlement Services

CDS Securities Management Solutions Inc.

Ian A. Gilhooley
President and
Chief Executive Officer

Steve M. Blake
Chief Financial Officer

Keith Evans
Executive Director,
Operations

Brian Gill
Chief Information Officer

Toomas Marley
Chief Legal Officer

Jamie Anderson
Managing Director, Legal

Fran Daly
Managing Director,
Business Development

Mark Fabricius
Managing Director,
Securities Information and
Entitlement Services

Terry Mack
Managing Director and
Corporate Controller

Sandra Kendall
Corporate Secretary

CDS INC.

Ian A. Gilhooley
President and
Chief Executive Officer

Steve M. Blake
Chief Financial Officer

Toomas Marley
Chief Legal Officer

Sherri Brand
Managing Director,
CDS INC., Business

Mary Campione
Controller, CDS INC.

Sandra Kendall
Corporate Secretary

CDS Innovations Inc.

Ian A. Gilhooley
President and
Chief Executive Officer

Steve M. Blake
Chief Financial Officer

Brian Gill
Chief Information Officer

Toomas Marley
Chief Legal Officer

Curtis Wennberg
Chief Business
Development Officer

Fran Daly
Managing Director,
Business Development

Terry Mack
Managing Director and
Corporate Controller

Sandra Kendall
Corporate Secretary

CDS Innovations Holding Inc.

Ian A. Gilhooley
President and
Chief Executive Officer

Steve M. Blake
Chief Financial Officer

Keith Evans
Executive Director,
Operations

Brian Gill
Chief Information Officer

Toomas Marley
Chief Legal Officer

Curtis Wennberg
Chief Business
Development Officer

Sandra Kendall
Corporate Secretary

Participants

(as at October 31, 2011)

Banks (11)

Bank of Montreal

The Bank of Nova Scotia

Bank of Tokyo-Mitsubishi UFJ (Canada)

BNP Paribas (Canada)

Canadian Imperial Bank of Commerce

Citibank Canada

HSBC Bank Canada

Laurentian Bank of Canada

National Bank of Canada

Royal Bank of Canada

The Toronto-Dominion Bank

Trust companies (8)

The Canada Trust Company

CIBC Mellon Trust Company

Fiducie Desjardins Inc.

Montreal Trust Company of Canada

The Northern Trust Company, Canada

RBC Dexia Investor Services Trust

Standard Life Trust Company

State Street Trust Company Canada

Investment dealers (52)

BMO Nesbitt Burns Inc.

Caldwell Securities Ltd.

Canaccord Genuity Corp.

Canadian Shareowner Investments Inc.

Casgrain & Compagnie (USA) Limitée

Casgrain & Compagnie Limitée

CIBC World Markets Inc.

Cormark Securities Inc.

Credit Suisse Securities (Canada) Inc.

Deutsche Bank Securities Limited

DWM Securities Inc.

E3M Investments Inc.

Edward Jones

Fidelity Clearing Canada ULC

Global Securities Corporation

GMP Securities L.P.

Goldman Sachs Canada Inc.

Haywood Securities Inc.

ITG Canada Corp.

J.P. Morgan Securities Canada Inc.

Jones, Gable & Company Limited

Leede Financial Markets Inc.

LEK Securities Corporation

MacDougall, MacDougall & MacTier Inc.

Mackie Research Capital Corporation

Macquarie Private Wealth Inc.

Maison Placements Canada Inc.

Manulife Securities Incorporated

Maple Securities Canada Limited

Merrill Lynch Canada Inc.

MF Global Canada Co.

NBCN Inc.

Newedge Canada Inc.

Octagon Capital Corporation

Odlum Brown Limited

Penson Financial Services Canada Inc.

Pershing Securities Canada Ltd.

Peters & Co. Limited

PI Financial Corp.

Pictet Canada L.P.

Qtrade Securities Inc.

Raymond James Ltd.

RBC Dominion Securities Inc.

Salman Partners Inc.

Scotia Capital Inc.

TD Waterhouse Canada Inc.

Timber Hill Canada Company

UBS Securities Canada Inc.

Union Securities Ltd.

Valeurs mobilières Desjardins Inc.

W.D. Latimer Company Limited

Wolverton Securities Ltd.

Other participating organizations (11)

Alberta Treasury Branches

Bank of Canada

Caisse centrale Desjardins

Canadian Derivatives Clearing Corp.

Cavali S.A. I.C.L.V.

Central 1 Credit Union

The Depository Trust Company

La Fédération des caisses Desjardins du Québec

La Fédération des caisses populaires de l'Ontario inc.

ICE Clear Canada, Inc.

Japan Securities Depository Center Inc.

Transfer agent limited participants (8)

Alliance Trust Company

Computershare Investor Services Inc.

Computershare Trust Company of Canada

Equity Financial Trust Company

Kingsdale Shareholder Services Inc.

Laurel Hill Advisory Group

Olympia Trust Company*

Valiant Trust Company

ATON™ limited participants (5)

Assante Capital Management Ltd.

Canadian Western Trust Company

M.R.S. Inc.

MD Management Limited

Olympia Trust Company*

ACT limited participants (3)

Global Maxfin Capital Inc.

MGI Securities Inc.

Northern Securities Inc.

Total participants: 97

* Some participants may be listed and counted under multiple categories. The number of "Total participants", however, will only count each firm once, regardless of whether they are listed under multiple categories.

Our mission

We provide valued, secure and reliable products and services that consistently improve the efficiency and effectiveness of the Canadian capital markets.

To our customers, we commit to apply our expertise to provide products and services to best meet your needs and create a positive customer experience in all of your dealings with us.

To our employees, we commit to recognize and reward your contribution to achieving our organizational goals, to provide you with opportunities to develop your expertise and to treat you with the same respect and integrity that we ask you to show each of our customers.

Our vision

To be recognized in the Canadian capital markets as a world-class leader in the design, development and operation of capital market infrastructure and information services.

Put our expertise to work

CUSTOMER FOCUS PARTNERSHIP INTEGRITY CONTINUOUS IMPROVEMENT

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www.cdsinc.ca
www.cdsinnovations.ca

Put our expertise to work