

# IIROC NOTICE

**Rules Notice**  
**Request for Comments**  
Dealer Member Rules

*Please distribute internally to:*

Corporate Finance  
Credit  
Institutional  
Internal Audit  
Legal and Compliance  
Operations  
Registration  
Regulatory Accounting  
Retail  
Senior Management  
Trading desk  
Training

*Contact:*  
Richard J. Corner  
Vice President, Member Regulation  
Policy  
(416) 943-6908  
[rcorner@iiroc.ca](mailto:rcorner@iiroc.ca)

**12-0042**  
**February 3, 2012**

**Plain language rule re-write project -  
Dealer Member Margin Rules,  
Rules 5100 through 5800**

**Summary of the nature and purpose of the proposed Rules**

On June 24, 2010, the Board of Directors ("the Board") of the Investment Industry Regulatory Organization of Canada ("IIROC") approved the publication for comment of the proposed 5000 series of plain language rules (collectively referred to as the "proposed Rules").

IIROC has undertaken a project to rewrite its rules in plain language. The primary objective of this project is to develop a set of rules that is clearer and more concise and organized, without changing the rules themselves. In addition, we have identified a number of rules that also require substantive revisions.

The new rules will be submitted to the Board and issued for public comments in 8 tranches. The fifth tranche submitted to the Board and issued for public comments includes the following eight sets of substantive and non-substantive change rules:

<b>Rule number and title</b>	<b>Rule type</b>
Rule 5100, " <i>Margin requirements - Application and definitions</i> ";	Substantive
Rule 5200, " <i>Margin requirements for debt securities and</i>	Substantive



Rule number and title	Rule type
<i>mortgages</i> ” ;	
Rule 5300, “ <i>Margin requirements for equity securities and index products</i> ” ;	Substantive
Rule 5400, “ <i>Margin requirements for other investment products</i> ” ;	Non-substantive
Rule 5500, “ <i>Margin requirements for underwriting commitments and when issued trading</i> ” ;	Non-substantive
Rule 5600, “ <i>Margin requirements for offset strategies involving debt and equity securities and related instruments</i> ” ; and	Non-substantive
Rule 5700, “ <i>Margin requirements for offset strategies involving derivative products</i> ”	Substantive
Rule 5800, “ <i>Account related agreements</i> ” ;	Non-substantive

The existing margin rules have been identified as requiring substantive revision in order to:

- eliminate unnecessary rule provisions;
- clarify IIROC’s expectations with respect to certain rules;
- ensure that the rules reflect current industry practices;
- ensure consistency with other IIROC Dealer Member rules; and
- streamline the decision making and rule interpretation process.

#### **Intention and organization of each of the proposed Rules**

The intention of proposed Rule 5100, “*Margin requirements - Definitions and application*”, is to bring together all margin related definitions into one rule and to provide guidance on the application of the margin requirements. The rule brings together the current definitions and application provisions set out in IIROC Dealer Member Rules 1.1, 17.11, 27.1, 100.1, 100.2, 100.4C, 100.4E, 100.4F, 100.4G, 100.4H, 100.4I, 100.5, 100.7, 100.9, 100.10, 100.11, 100.12, 100.18 and 100.19 and Form 1, Schedule 4. There are no substantive changes being introduced in this rule.

The intention of proposed Rule 5200, “*Margin requirements for debt securities and mortgages*”, is to bring together all of the current margin requirements relating to un-hedged positions in fixed income investment products. The requirements are largely unchanged but have been re-organized in order to present separately and in a more organized fashion the margin requirements for government debt, corporate debt and debt in default. This rule brings together the current requirements set out in IIROC Dealer Member Rules 100.2(a), 100.2(b), 100.2(c), 100.2(e), 100.2(h) and 100.3.

The intention of proposed Rule 5300, “*Margin requirements for equity securities and index products*”, is to bring together all of the current margin requirements relating to un-hedged positions in equity and index investment products. The requirements are largely unchanged but have been re-organized in order to present separately and in a more organized fashion the margin requirements for equity securities, installment receipts, convertible and



exchangeable equities, control blocks, rights and warrants and index products. This rule brings together the current requirements set out in IIROC Dealer Member Rules 100.2(f), 100.7, 100.9, 100.10, 100.12, 100.18 and 100.21.

The intention of proposed Rule 5400, "*Margin requirements for other investment products*", is to bring together all of the current margin requirements relating to un-hedged positions in other investment products. The requirements are largely unchanged but have been re-organized in order to present separately and in a more organized fashion the margin requirements for securities subject to redemption call or offer, units, precious metals certificates and bullion, swap contracts, mutual fund positions and foreign exchange positions. This rule brings together the current requirements set out in IIROC Dealer Member Rules 100.2(d), 100.2(g), 100.2(i), 100.2(j), 100.2(k), 100.2(l) and 100.13. There are no substantive changes being introduced in this rule.

The intention of proposed Rule 5500, "*Margin requirements for underwriting commitments and when issued trading*", is to bring together all of the current requirements relating to primary distributions and trading in advance of the commencement of secondary market trading. The sections describing the margin requirements for underwritings have been revised in an attempt to clarify. Specifically, the requirements for underwritings where a new issue letter has not been obtained [Section 5620] are now presented separately from the requirements for underwritings where a new issue letter has been obtained [Section 5621]. The sections describing the margin requirements for when issued trading are unchanged. This rule brings together the current requirements set out in IIROC Dealer Member Rules 100.5, 100.6, 100.10 and 100.19. There are no substantive changes being introduced in this rule.

The intention of proposed Rule 5600, "*Margin requirements for offset strategies involving debt and equity securities and related instruments*", is to bring together all of the current requirements for basic offset strategies involving debt and equity securities. For offsets involving only debt securities, the margin requirements for government debt offsets, corporate debt offsets and offsets involving government debt and corporate debt are presented separately. Further, in order to quickly find the requirement that relates to a particular offset strategy, offset reference tables have been included at the front of each section of the rule. This rule brings together the current requirements set out in IIROC Dealer Member Rules 100.2A, 100.4A, 100.4B, 100.4C, 100.4D, 100.4E, 100.4F, 100.4G, 100.4H, 100.4I, 100.4K and 100.13. There are no substantive changes being introduced in this rule.

The intention of proposed Rule 5700, "*Margin requirements for offset strategies involving derivative products*", is to bring together all of the current requirements for offset strategies involving derivative products. The requirements have been categorized as general requirements, exchange-traded option requirements and over-the counter option requirements. Specific to the requirements for exchange-traded options, the option offset rules have been rewritten such that one rule applies to both client and Dealer Member offset strategies for both equity and index options. This rule brings together the current requirements set out in IIROC Dealer Member Rules 100.8, 100.9, 100.10 and 100.11.



The intention of proposed Rule 5800, "Account related agreements", is to bring together all of the current transaction and account related agreements, including required minimum agreement terms, into one rule. The rule addresses cash and securities loan, cross-guarantee, guarantee, hedge, limited recourse call loan, subordinated loan and underwriting agreements. The rule brings together the current requirements set out in IIROC Dealer Member Rules 29, 100.4H, 100.5, 100.15, 100.15A and 2200. There are no substantive changes being introduced in this rule.

## **Issues and specific proposed amendments**

### ***Current rules***

Other than the proposed substantive revisions set out below, the proposed 5000 series of rules does not create any new obligations for Dealer Members.

### ***Proposed rules***

In addition to the plain language rewrite of the existing requirements to create proposed Rules 5100 through 5800, the following substantive amendments are proposed:

- *When to extend margin to clients* - A new provision has been added to specifically set out the steps a Dealer Member must take in deciding whether to allow a client to trade on margin. [5111(1)]
- *When a margin rate or requirement is not specified with the IIROC rules* - A new provision has been added to require that a Dealer Member obtain a margin ruling from IIROC staff when the margin treatment for a particular investment product is not specified within the IIROC rules. [5120(1)]
- *Definition of the term "exempt purchaser"* - A definition for the term "exempt purchaser" has been introduced to codify the category of accredited investors for which reduced margin can be provided where there are documented expressions of interest for an underwriting commitment.
- *Government debt redemptions* - A new provision (based on the current general requirements for redemptions set out in Rule 100.13) has been added to specifically set out the margin requirements for government debt called for redemption. The provision effectively allows the debt to be margined as short-term debt. [5210(4)]
- *Other non-commercial debt redemptions* - A new provision (based on the current general requirements for redemptions set out in Rule 100.13) has been added to specifically set out the margin requirements for other non-commercial debt called for redemption. The provision effectively allows the debt to be margined as short-term debt. [5214(2)]
- *Commercial debt margin requirements* - Currently, there are separate sets of margin rates for two distinct categories of commercial debt [current Rules 100.2(a)(v) and 100.2(a)(vi)], yet the margin rates themselves are materially the same, with the exception of the rates that apply to short-term debt. The proposed rules adopt one set of rates for the margining of commercial debt. [5220(1)]



- *Bank paper margin requirements* - Currently, the margin requirements for bank paper do not contemplate the situations where the bank paper issue has a low credit rating and/or where the bank paper has declined significantly in value. The proposed rules establish a 50% margin requirement for bank paper trading at or below 50% of par or with a low credit rating (which is the same as the current requirement for other corporate debt). [5222(1)]
- *Corporate strip and residual margin requirements* - The margin rates applicable to corporate strips and residuals have been amended to reflect the changes to the commercial debt margin requirements [the amendments detailed in 5220(1) as discussed above]. [5223(1)]
- *Government guaranteed equity security margin requirements* - The existing margin treatment for Dealer Member inventory positions in government guaranteed equity securities has been extended to client account positions. [5313(1)]
- *Floating rate preferred share margin requirements* - The existing margin treatment for Dealer Member inventory positions in floating rate preferred shares has been extended to client account positions. [5314(1)]
- *Requirement for client to write listed options in a margin account* - A new requirement to write exchange traded options for a client in a margin account has been added. This is already a requirement for over-the-counter options and reflects current practice. [5710(1)]
- *Requirement for client account option offset strategies* - A new requirement for customers with offset strategies involving long and short options, that the short option must expire on or before the long option, has been added. This is a current requirement for specific offset strategies, but not all. [5712(1)]

The full text of the proposed plain language 5000 series of Dealer Member Rules is attached.

#### **Rule-making process**

IIROC Staff involved representatives of Dealer Members in the rule development process, through preliminary consultations. Every rule in the proposed 5000 series of rules was available to all Dealer Members for their input through a Members-only website. The Financial Administrators Section and its Capital Formula Sub-committee also reviewed and provided comment on all substantive change rules within the proposed 5000 series of rules. A number of changes to the draft proposal were made in response to the comments IIROC received through these consultations.

The proposed Rules were approved for publication by the IIROC Board of Directors on June 24, 2010.

The text of proposed plain language 5000 series of rules is set out in Attachment A. The text of the existing Dealer Member Rules to be repealed is set out in Attachment B. A table of concordance is included as Attachment C.



### **Issues and alternatives considered**

An alternative to the inclusion of the substantive amendments being proposed was to leave the rules substantively as they were prior to the plain language rewrite. IIROC staff considered other pending projects and proposals as well as the extent of the potential substantive changes identified in order to decide which of the substantive changes would be proposed as part of the plain language rule rewrite project. Those substantive changes that were originally identified as part of the plain language rule rewrite project, but which were ultimately excluded from the plain language rewrite project will be pursued as separate rulemaking projects.

### **Proposed Rule classification**

Statements have been made elsewhere as to the nature and effects of the proposed Rules. The purposes of the proposed Rules are to:

- Ensure compliance with securities laws;
- Prevent fraudulent and manipulative acts and practices;
- Promote just and equitable principles of trade and emphasize the duty to act fairly, honestly and in good faith;
- Foster cooperation and coordination with entities engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities;
- Foster fair, equitable and ethical business standards and practices; and
- Promote the protection of investors.

IIROC staff proposes that the margin rules should be rewritten to reflect actual IIROC expectations, to enhance the clarity of the rule, to ensure consistency with other IIROC Dealer Member rules and to streamline the decision making and rule interpretation process. These amendments are in addition to the plain language rewrite of the existing rule provisions. The Board has determined that the proposed amendments are not contrary to the public interest.

Due to the extent and substantive nature of these proposed amendments, they have been classified as Public Comment Rule proposals.

### **Effects of proposed Rule on market structure, Dealer Members, non-members, competition and costs of compliance**

With the proposed 5000 series of plain language Rules, Dealer Members and investors will benefit from the enhanced clarity and certainty in the proposed Rules relating to margin requirements.

The proposed Rules will not have any significant effects on Dealer Members or non-Dealer Members, market structure or competition. Furthermore, it is not expected that there will be any significant, increased costs of compliance as a result of the proposed Rules.

The proposed Rules do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in the furtherance of IIROC's regulatory objectives. The proposed Rules do not impose costs or restrictions



on the activities of market participants that are disproportionate to the goals of the regulatory objectives sought to be realized.

#### **Technological implications and implementation plan**

There should not be significant technological implications for Dealer Members as a result of the proposed amendments. The proposed 5000 series of plain language Rules will be implemented at the same time as the rest of the plain language rules.

#### **Request for public comment**

Comments are sought on the proposed amendments. Comments should be made in writing. Two copies of each comment letter should be delivered within 90 days of the publication of this notice. One copy should be addressed to the attention of:

Richard J. Corner  
Vice President, Member Regulation Policy  
Investment Industry Regulatory Organization of Canada  
(416) 943-6908  
[rcorner@iiroc.ca](mailto:rcorner@iiroc.ca)

A second copy should be addressed to the attention of:

Manager of Market Regulation  
Ontario Securities Commission  
20 Queen Street West  
19th Floor, Box 55  
Toronto, Ontario  
M5H 3S8  
[marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the IIROC website ([www.iiroc.ca](http://www.iiroc.ca) under the heading "IIROC Rulebook - Dealer Member Rules - Policy Proposals and Comment Letters Received").

Questions may be referred to:

Richard J. Corner  
Vice President, Member Regulation Policy  
Investment Industry Regulatory Organization of Canada  
(416) 943-6908  
[rcorner@iiroc.ca](mailto:rcorner@iiroc.ca)

#### **Attachments**

Attachment A -Text of the proposed 5000 series of rules

Attachment B -Text of the existing relevant provisions of Dealer Member Rules  
1, 17, 27, 100, and 2200

Attachment C -Table of concordance

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA  
 DEALER MEMBER MARGIN RULES  
 PLAIN LANGUAGE RULES 5100 THROUGH 5800  
 PROPOSED AMENDMENTS

1. As part of a project to rewrite IIROC Rules in plain language, the following current rules are repealed and replaced:

Repealed current rule	Proposed plain language rule
	<p><b>RULE 5100</b></p> <p><b>MARGIN REQUIREMENTS - APPLICATION AND DEFINITIONS</b></p>
New	<p><b>5101. Introduction</b></p> <p>(1) This Rule:</p> <p style="padding-left: 40px;">(i) describes the purposes and general application of <i>Dealer Member inventory margin</i> and <i>client account margin</i> requirements - <b>Sections 5110 through 5118</b>;</p> <p style="padding-left: 40px;">(ii) sets out the process for determining the appropriate margin rate to use when a rate is not specified within the rules - <b>Section 5120</b>; and</p> <p style="padding-left: 40px;">(iii) sets out the definitions used within Rules 5200 through 5800 - <b>Section 5130</b>.</p>
New	<p><b>5102. - 5109. - Reserved.</b></p>
New	<p><b>5110. Margin requirements - purposes</b></p> <p>(1) The purposes of margin requirements are to:</p> <p style="padding-left: 40px;">(i) ensure that the maximum leverage levels extended to clients through the execution of a transaction or a trading strategy are appropriate;</p> <p style="padding-left: 40px;">and</p> <p style="padding-left: 40px;">(ii) set base-line market and credit risk requirements that a Dealer Member must adhere to when engaging in proprietary trading and/or client account margin lending.</p> <p>(2) Section 5111 describes the considerations a Dealer Member must make when determining whether to allow a client to engage in trading on margin.</p> <p>(3) Sections 5112 through 5118 describe how the margin requirements apply, generally, as well as specifically to both Dealer Member</p>

	inventory and client account positions.
New	<p><b>5111. Margin requirements - when to extend margin to clients</b></p> <p>(1) In deciding whether to allow a client to trade on margin, a Dealer Member must:</p> <p>(i) ensure that the client is aware of the risks and benefits associated with trading on margin; and</p> <p>(ii) assess whether trading on margin is appropriate for the client.</p>
Rule 17.11; Form 1, Schedule 4, Notes and Instructions 1	<p><b>5112. Margin requirements - general application</b></p> <p>(1) A Dealer Member must</p> <p>(i) obtain from and maintain for each of its clients; and</p> <p>(ii) maintain for its own inventory accounts minimum margin in the amount and manner prescribed by the Corporation.</p>
Rule 17.11; Form 1, Schedule 4, Notes and Instructions 1	<p>(2) A Dealer Member must calculate <i>client account margin</i>, and if such margin is not provided by the client, the Dealer Member must provide margin against the shortfall, and include the amount as <i>client account margin</i> when calculating its <i>risk adjusted capital</i>.</p>
Rule 17.11; Form 1, Schedule 4, Notes and Instructions 1	<p>(3) A Dealer Member must calculate and provide <i>Dealer Member inventory margin</i> for its own positions and indicate the amount as margin on securities owned and sold short when calculating its <i>risk adjusted capital</i>.</p>
New, reflects current practice	<p>(4) In Rules 5200 through 5800, unless stated otherwise, margin rates are expressed as a percentage of the market value of a security.</p>
	<p><b>5113. Application of margin requirements - Dealer Member inventory positions</b></p>
New	<p>(1) This section describes the calculations for determining margin requirements for long and short positions in Dealer Member inventory. It applies to Rules 5200 through 5800.</p>
New	<p>(2) <b>Dealer Member long inventory margin</b></p> <p>A Dealer Member must provide margin for its long inventory positions in the amount calculated according to the formula:</p> <p>(i) applicable margin rate x market value of security, or</p> <p>(ii) by any alternative method specified in the Rules.</p>
New	<p>(3) <b>Dealer Member short inventory margin</b></p> <p>A Dealer Member must provide margin for its</p>

short inventory positions in the amount calculated according to the formula:

- (i) applicable margin rate x market value of security (expressed as absolute value), or
- (ii) by any alternative method specified in the Rules.

**5114. Application of margin requirements - client account positions**

New

- (1) This section describes the calculations for determining margin requirements for long and short positions in client account. It applies to Rules 5200 through 5800.

New

(2) **Client accounts - loan value**

- (i) The *loan value* of a long security position is calculated according to the formula:

[100% - applicable margin rate %] x positive market value of security

- (ii) The *loan value* of a short client security is calculated according to the formula:

[100% + applicable margin rate %] x negative market value of security

New

(3) **Net loan value and status of a client account**

- (i) The positive and negative *loan values* in a client margin account must be totaled.
- (ii) If the total *loan value* in a client account results in a net positive *loan value*, the client may have a debit balance no larger than the positive *loan value amount* for the account to be in good standing.
- (iii) If the total *loan value* in a client account results in a net negative *loan value*, the balance in the margin account must be a credit equal to or larger than the net negative *loan value* for the account to be in good standing.
- (iv) If the amount of margin is specified by the Rules, such as a fixed amount of margin for a futures contract, then that amount is the credit required for margin required on that position.
- (v) If a client does not bring its account into good standing by depositing the required amount of margin into its account, subsection 5112(2) applies.

**5115. Client securities that are collateral for a**

	<b>margin debt</b>
Rule 27.1	(1) If a client is in debt to a Dealer Member, all securities the Dealer Member holds for the client, up to an amount that reasonably covers the debt, are collateral for payment of the debt.
Rule 27.1	(2) The securities a Dealer Member holds under Subsection 5115(1) are collateral security subject to Form 1, Schedule 4 and to any agreement between the Dealer Member and the client.
Rule 27.1	<b>5116. Dealer Member's rights in securities of indebted clients</b>
	(1) A Dealer Member has the right to: <ul style="list-style-type: none"> <li>(i) raise money on,</li> <li>(ii) carry in its general loans, and</li> <li>(iii) pledge and repledge</li> </ul> the client securities it holds as collateral under Section 5115.
Rule 27.1	<b>5117. Dealer Member may buy or sell client securities</b>
	(1) If a Dealer Member considers it necessary for its credit risk protection, it may: <ul style="list-style-type: none"> <li>(i) buy securities held short for an indebted client or</li> <li>(ii) sell securities it holds for an indebted client.</li> </ul>
Rule 27.1	<b>5118. Dealer Member's right to recover from indebted client</b>
	(1) A Dealer Member may recover the amount of the debt from an indebted client with or without realizing on any of the client's securities.
New	<b>5119. - Reserved.</b>
New, codification of previous guidance issued in IIROC Rules Notice 08-0074	<b>5120. Margin requirements - when a rate is not specified</b>
	(1) Where an investment product position is held in either the Dealer Member's inventory or in a client account for which a margin rate or requirement is not specified within the Rules, the Dealer Member must obtain a margin ruling from Corporation staff specifying the margin rate or requirement to be used.
New	<b>5121. - 5229. - Reserved.</b>
	<b>5130. Definitions</b>
	(1) For all positions subject to margin, the term:

New	(i) " <b>client account margin</b> " means: (a) a minimum percentage of a security's or derivative instrument's market value; or (b) a calculated dollar amount; that a client must deposit with a Dealer Member when borrowing from the Dealer Member to buy securities or to sell securities short or to enter into the derivative instrument contract.
New	(ii) " <b>Dealer Member inventory margin</b> " means: (a) a minimum percentage of a security's or derivative instrument's market value; or (b) a calculated dollar amount; that a Dealer Member must provide when calculating its <i>risk adjusted capital</i> .
New	(iii) " <b>equivalent number</b> " or " <b>equivalent quantity</b> " or " <b>equivalent quantities</b> " means a position with: (a) the same underlying number of shares, units of the same issuer; (b) underlying futures contracts based on the same underlying number of shares, units of the same issuer; or (c) the same currency denomination and market value as the offset or combination position with which it is paired.
New	(iv) " <b>loan value</b> " means the complement of the <i>client account margin</i> and is the maximum a Dealer Member may loan to a client for a particular security.
Rule 100.5(a)(vi)	(v) " <b>normal margin</b> " or " <b>normal margin required</b> " means margin otherwise required in Rules 5200 through 5800;
Rule 100.4H(a)(iv)	(vi) " <b>underlying interest</b> " or " <b>underlying security</b> " means: (a) in the case of a <i>convertible security</i> , the security to be received upon invoking the conversion or exchange feature; (b) in the case of <i>currency options</i> , the currency referenced by the option;
Rules 100.9(a)(xxvii) and 100.10(a)(i) Rules 100.9(a)(xxvii), 100.10(a)(i) and 100.11	(c) in the case of <i>equity, index participation unit</i> and <i>debt options</i> , the security referenced by the option;
Rule 100.4I(a)(iv)	(d) in the case of an <i>exercisable security</i> , the security to be

<p>Rules 100.9(a) (xxvii), 100.10(a) (i) and 100.11</p>	<p>received upon invoking the exercise feature</p> <p>(e) in the case of <i>index options</i>, the <i>index</i> referenced by the option;</p>
<p>Rule 100.18(a) (ii)</p>	<p>(f) in the case of an <i>installment receipt</i>, the security that has been purchased on an installment basis by the holder of the <i>installment receipt</i>.</p>
<p>Rules 100.2(a) (vi), "Acceptable Commercial, Corporate and Finance Company Notes"; and 100.2(a) (vii), "Acceptable Foreign Commercial, Corporate and Finance Company Notes"</p>	<p>(2) For positions in and offsets involving debt securities and related instruments, the term:</p> <p>(i) <b>"acceptable commercial, corporate and finance company notes"</b> means notes issued by a company that meet the requirements in clause 5220(2);</p>
<p>Rule 1.1, "Call Protection Period"</p>	<p>(ii) <b>"call protection period"</b> means the period of time during which the issuer cannot redeem a callable debt security;</p>
<p>Rule 1.1, "Callable Debt Security"</p>	<p>(iii) <b>"callable debt security"</b> means a debt security which can be redeemed by the issuer at a fixed price at any time other than during the call protection period;</p>
<p>New</p>	<p>(iv) <b>"Canada debt securities"</b> means bonds, debentures, treasury bills, notes and certain other non-commercial securities not in default that are issued or guaranteed by the government of Canada;</p>
<p>New</p>	<p>(v) <b>"Canada Municipal debt securities"</b> means bonds, debentures, treasury bills, notes and certain other non-commercial securities not in default that are issued or guaranteed by a Canadian municipal government;</p>
<p>New</p>	<p>(vi) <b>"Canada Provincial debt securities"</b> means bonds, debentures, treasury bills, notes and certain other non-commercial securities not in default that are issued or guaranteed by a Canadian provincial government;</p>
<p>Rule 100.4E(a) (iii)</p>	<p>(vii) <b>"Canada Provincial residuals"</b> means a residual portion from a debt instrument issued or guaranteed by a Canadian province;</p>

Rule 100.4E(a) (iii)	(viii) <b>"Canada Provincial strips"</b> means a strip coupon from a debt instrument issued or guaranteed by a Canadian province;
Rule 100.4E(a) (iv)	(ix) <b>"Canada residuals"</b> means a residual portion from a debt instrument issued or guaranteed by the Government of Canada;
Rule 100.4E(a) (iv)	(x) <b>"Canada strips"</b> means a strip coupon from a debt instrument issued or guaranteed by the Government of Canada;
Rule 100.4C, "BAX futures contracts"	(xi) <b>"Canadian banker acceptance futures contract"</b> means a three month Canadian bankers acceptance futures contract that trades on the Bourse de Montreal under the "BAX" trading symbol;
Rule 1.1, "Extendible Debt Security"	(xii) <b>"extendible debt security"</b> means a security which allows a Dealer Member holder, during a fixed time period, to: (a) extend the security's maturity date to the extension maturity date; and (b) change the principal amount of the security by a fixed percentage (the <i>extension factor</i> ) of the original principal amount;
Rule 1.1, "Extension Election Period"	(xiii) <b>"extension election period"</b> means the period of time during which a Dealer Member holder may elect to: (a) extend the maturity date; and (b) change the principal amount, of an <i>extendible debt security</i> ;
Rule 1.1, "Extension Factor"	(xiv) <b>"extension factor"</b> means, if any, the fixed percentage used to change the original principal amount of an <i>extendible debt security</i> ;
Rule 100.12(d), "floating rate debt obligation"	(xv) <b>"floating rate debt obligation"</b> means a debt security of either a government issuer that otherwise meets the requirements under clause 5210(1) or a corporate issuer that otherwise meets the requirement under 5220(1), with terms that provide for interest rate adjustments at least quarterly with reference to an interest rate set for a term of 90 days or less;
Rules 100.2(a) (v) (3) and (4)	(xvi) <b>"low current credit rating"</b> means, for a Canadian issuer, a current credit rating of "B" or lower by <i>CBRS</i> or <i>DBRS</i> ; and for U.S. pay securities, a current credit rating of "B" or lower by <i>Moody's</i> or <i>S &amp; P Corporation</i> ;
New	(xvii) <b>"maturity band"</b> means the range of

Rule 1.1, "Retractable Debt Security"	years within which the security subject to margin matures;
	(xviii) <b>"retractable debt security"</b> means a security which allows the Dealer Member holder, during a fixed time period, to: <ul style="list-style-type: none"> <li>(a) retract the security's maturity date to the retraction maturity date; and</li> <li>(b) change the principal amount of the security by a fixed percentage (the <i>retraction factor</i>) of the original principal amount;</li> </ul>
Rule 1.1, "Retraction Election Period"	(xix) <b>"retraction election period"</b> means the period of time during which a holder may elect to: <ul style="list-style-type: none"> <li>(a) retract the maturity date; and</li> <li>(b) change the principal amount, of a <i>retractable debt security</i>;</li> </ul>
Rule 1.1, "Retraction Factor"	(xx) <b>"retraction factor"</b> means, if any, the fixed percentage used to change the original principal amount of a <i>retractable debt security</i> .
New	(xxi) <b>"United States debt securities"</b> means bonds, debentures, treasury bills, notes and certain other non-commercial securities not in default that are issued or guaranteed by the government of the United States;
	(3) For positions in and offsets involving equity and equity index securities and rights and warrants, the term:
New, based on Rule 100.2(f)(i), paragraph following "Short Positions" (B)	(i) <b>"basic margin requirement"</b> means a customized security specific margin rate for a security that is based on the security's traded price per share;
New, based on Rule 100.2(f)(i), 1st paragraph and on, by implication, paragraph following "Long Positions"	(ii) <b>"Canada and United States listed equity securities eligible for margin"</b> means securities (other than bonds, debentures, rights and warrants) listed on any recognized stock exchange market or market tier in Canada or the United States with adequate minimum pre-tax profit, net tangible asset and working capital requirements, as determined by the Corporation;
Rules 100.2(f)(iv)(A) through (G) and (I)	(iii) <b>"Canada and United States unlisted equity securities eligible for margin"</b> means unlisted: <ul style="list-style-type: none"> <li>(a) equity securities of insurance companies licensed to do business in</li> </ul>

	<p>Canada;</p> <p>(b) equity securities of Canadian banks;</p> <p>(c) equity securities of Canadian trust companies;</p> <p>(d) senior equity securities of other Canadian and United States listed companies;</p> <p>(e) equity securities which qualify as legal for investment by Canadian life insurance companies, without recourse to the basket clause; and</p> <p>(f) equity securities which have received conditional approval to list on a recognized exchange in Canada within the last 90 days;</p>
<p>Rule 100.7, "control block"</p>	<p>(iv) <b>"control block"</b> means a person's or combination of persons' holdings of an issuer's securities in sufficient number to materially affect control of that issuer. If a person or combination of persons holds over 20% of the outstanding voting securities of an issuer that person or combination of persons must, absent evidence to the contrary, be considered to materially affect control of that issuer;</p>
<p>Rule 100.12(c), "floating rate preferred share"</p>	<p>(v) <b>"floating rate preferred share"</b> means a special or preferred share with terms that provide for dividend rates that fluctuate at least quarterly in tandem with a prescribed short term interest rate;</p>
<p>Rule 100.2(f) (ii)</p>	<p>(vi) <b>"foreign listed equity securities eligible for margin"</b> means securities (other than bonds, debentures, rights and warrants) listed on any recognized exchange outside of Canada and the United States that are constituent securities for the recognized exchange's major broadly based <i>index</i>;</p>
<p>Rule 100.18(a) (iii)</p>	<p>(vii) <b>"future payments"</b> means the unpaid payments of the purchase price for an <i>underlying security</i> of an <i>installment receipt</i>;</p>
<p>Rule 100.12(b), "Government guaranteed securities"</p>	<p>(viii) <b>"government guaranteed equity securities"</b> means equity securities where the payment of all dividends, redemption amounts, or other return of capital to holder is unconditionally guaranteed by Government of Canada or by a provincial government.</p>
<p>Rule</p>	<p>(ix) <b>"installment receipt"</b> means a security</p>

100.18(a)(i)

issued by or for an issuer or selling security holder that:

(a) evidences partial payment for an *underlying security* of an *installment receipt*; and

(b) requires one or more subsequent payments by installment, to entitle the holder of the *installment receipt* to delivery of the *underlying security* of an *installment receipt*;

(4) For positions in underwriting commitments and positions traded on a when issued basis, the term:

(i) "**appropriate documentation**" with respect to the portion of the *commitment* where expressions of interest have been received from exempt purchasers means, at a minimum:

(a) that the lead underwriter has a record of the final affirmed exempt purchaser allocation indicating for each expression of interest:

(I) the name of the exempt purchaser;

(II) the name of the employee of the exempt purchaser accepting the amount allocated; and

(III) the name of the representative of the lead underwriter responsible for affirming the amount allocated to the exempt purchaser, time stamped to indicate date and time of affirmation

and;

(b) that the lead underwriter has notified in writing all the banking group participants when the entire allotment to exempt purchasers has been affirmed pursuant to Rule 5120(4)(i)(a) so that all banking group participants may take advantage of the reduction in the margin requirement.

Under no circumstances may the lead underwriter reduce its own margin requirement on a *commitment* due to such expressions of interest from exempt purchasers without providing notification to the rest of the banking

Rule  
100.5(a)(i),  
"appropriate  
documentation"

Rule  
100.5(a)(ii),  
"commitment"

group.

- (ii) a "**commitment**" pursuant to an underwriting agreement or banking group agreement to purchase a new issue of securities or a secondary issue of securities means, where all other non-pricing agreement terms have been agreed to, where two of the following three pricing terms have been agreed to:
- (a) issue price;
  - (b) number of shares;
  - (c) commitment amount (issue price x number of shares).

Rule  
100.5(a)(iii),  
"disaster out  
clause"

- (iii) "**disaster out clause**" means a provision in an underwriting agreement substantially in the following form:

"The obligations of the Underwriter (or any of them) to purchase (the Securities) under this agreement may be terminated by the Underwriter (or any of them) at its option by written notice to that effect to the Company at any time prior to the Closing if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which in the opinion of the Underwriter seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and its subsidiaries taken as a whole."

New

- (iv) "**exempt purchaser**" means an accredited investor that qualifies as an *institutional client*.

Rule  
100.5(a)(iv),  
"market out  
clause"

- (v) "**market out clause**" means a provision in an underwriting agreement which permits an underwriter to terminate its obligation to purchase in the event of unsalability due to market conditions, substantially in the following form:

"If, after the date hereof and prior to the Time of Closing,

Rule  
100.5(a)(v),  
"new issue  
letter"

Rule  
100.5(a)(vii),  
"normal new  
issue margin"

Rule 100.19(d),  
"trading on a  
when issued  
basis"

the state of financial markets in Canada or elsewhere where it is planned to market the Securities is such that, in the reasonable opinion of the Underwriters (or any of them), the Securities cannot be marketed profitably, any Underwriter shall be entitled, at its option, to terminate its obligations under this agreement by notice to that effect given to the Company at or prior to the Time of Closing."

(vi) **"new issue letter"** means an underwriting loan facility in a form satisfactory to the Corporation;

(vii) **"normal new issue margin"** means:

(a) where, in the case of an equity security, the market value is \$2.00 per share or more and the equity security qualifies for inclusion on the List of Securities Eligible for Reduced Margin, 60% of normal margin for the period from the date of commitment to the business day prior to settlement date and 100% of normal margin from settlement date on;

(b) where, in the case of an equity security, the market value of the security is \$2.00 per share or more and the security does not qualify for inclusion on the List of Securities Eligible for Reduced Margin, 80% of normal margin for the period from the date of commitment to the business day prior to settlement date and 100% of normal margin from settlement date on; or

(c) in all other instances, 100% of normal margin.

(viii) **"trading on a when issued basis"** means purchases or sales of a security to be issued under:

(a) a prospectus offering if a receipt for a (final) prospectus for the security has been issued but the offering has not closed and settled;

(b) a proposed plan of arrangement, an

	<p>amalgamation, or a take-over bid, prior to the date the security is issued under the amalgamation, arrangement or take-over bid; or</p> <p>(c) any other transaction that is subject to the satisfaction of certain conditions.</p>
	<p>(5) For positions in and offsets involving capital shares, convertible securities and exercisable securities, the term:</p>
<p>Rule 100.4G(a)(i), "capital share"</p>	<p>(i) "<b>capital share</b>" means a share issued by a <i>split share company</i> that represents all or most of the capital appreciation part of an underlying common share(s);</p>
<p>Rule 100.4G(a)(ii), "capital share conversion loss"</p>	<p>(ii) "<b>capital share conversion loss</b>" means any excess of the market value of a <i>capital share position</i> over its <i>retraction value</i>;</p>
<p>Rule 100.4G(a)(iii), "combined conversion loss"</p>	<p>(iii) "<b>combined conversion loss</b>" means any excess of the combined market value of positions in <i>capital shares</i> and <i>split share preferred shares</i> over their combined <i>retraction value</i>;</p>
<p>Rule 100.4H(a)(i), "conversion loss"; referred to in Rules 100.9(g)(i)(B) and 100.10(g)(i)(B)</p>	<p>(iv) "<b>conversion loss</b>" means any excess market value of a convertible security position over the market value of the <i>equivalent number</i> of underlying securities;</p>
<p>Rule 100.4H(a)(ii), "convertible security"</p>	<p>(v) "<b>convertible security</b>" means a convertible security, exchangeable security or any other security that entitles the holder to acquire another security, the underlying security, upon exercising a conversion or exchange feature;</p>
<p>Rule 100.4H(a){iii}, "currently convertible"</p>	<p>(vi) "<b>currently convertible</b>" means a security that is:</p> <p>(a) convertible within 20 business days into another security, the <i>underlying security</i>; or</p> <p>(b) convertible after the expiry of a specific period into another security, the <i>underlying security</i>, and the Dealer Member or client has entered into a term securities borrowing agreement, which includes the minimum agreement terms specified in subsection 5803(3), enabling a borrow of the <i>underlying security</i> for the entire period from</p>

Rules  
100.4I(a)(iii),  
"currently  
exercisable"

the current date until the expiry of  
the specific period until  
conversion.

- (vii) "**currently exercisable**" means a security that is exercisable into the *underlying security*:
- (a) exercisable within 20 business days into another security, the *underlying security*; or
  - (b) exercisable after the expiry of a specific period into another security, the *underlying security*, and the Dealer Member or client has entered into a term securities borrowing agreement, which includes the minimum agreement terms specified in subsection 5803(3), enabling a borrow of the *underlying security* for the entire period from the current date until the expiry of the specific period until exercise.

Rule  
100.4I(a)(ii),  
"exercisable  
security"

- (viii) "**exercisable security**" means a warrant, right, *installment receipt*, or any other security entitling the holder to acquire the *underlying security* after making an exercise or subscription payment;

Rule  
100.4I(a)(i),  
"exercise loss"

- (ix) "**exercise loss**" means any excess of the sum of the market value of a *exercisable security* position and its exercise or subscription payment requirement over the market value of the *equivalent number* of underlying securities;

Rule  
100.4H(e)(i)(A),  
"Newco  
securities"

- (x) "**Newco securities**" means securities of a successor issuer or issuers resulting from an amalgamation, acquisition, spin-off or any other securities related reorganization transaction;

Rule  
100.4H(e)(i)(B),  
"Oldco  
securities"

- (xi) "**Oldco securities**" means securities of a predecessor issuer or issuers resulting from an amalgamation, acquisition, spin-off or any other securities related reorganization transaction;

Rule  
100.4G(a)(v),  
"retraction  
value"

- (xii) "**retraction value**" means a value assigned to *capital shares* or a combination of *capital shares* and *split share preferred shares*, and is calculated as follows:
- (a) for *capital shares*:
    - (I) where the *capital shares* can be tendered to the *split share*

*company* for retraction directly for the underlying common shares, at the option of the holder, the excess of the market value of the underlying common shares received over the retraction cash payment to be made when retraction of the *capital shares* takes place.

(II) where the *capital shares* cannot be tendered to the *split share company* for retraction directly for the underlying common shares at the option of the holder, the retraction cash payment to be received when retraction of the *capital shares* takes place.

(b) for *capital shares* and *split share preferred shares* in combination:

(I) where the *capital shares* and *split share preferred shares* can be tendered to the *split share company* for retraction directly for the underlying common shares, at the option of the holder, the market value of the underlying common shares received.

(II) where the *capital shares* and *split share preferred shares* cannot be tendered to the *split share company* for retraction directly for the underlying common shares at the option of the holder, the retraction cash payment to be received when retraction of the *capital* and *split share preferred shares* takes place.

Rule  
100.4G(a)(vi),  
"split share  
company"

(xiii) "**split share company**" means a corporation formed for the sole purpose of acquiring underlying common shares and issuing its own:

(a) *capital shares* based on all or most of the capital appreciation portion; and

(b) *split share preferred shares* based on all or most of the dividend income portion,

of those underlying common shares.

Rule

(xiv) "**split share preferred share**" means

100.4G(a)(iv), "preferred share"	a share issued by a <i>split share company</i> that represents all or most of the dividend part of the underlying common share, and includes equity dividend shares of <i>split share companies</i> ;
Rules 100.2(j), "fixed interest rate" and 100.4F, "fixed interest rate"	(6) For positions in and offsets involving swaps, the term: (i) <b>"fixed interest rate"</b> means an interest rate that is not reset at least every 90 days;
Rules 100.2(j), "floating interest rate" and 100.4F, "floating interest rate"	(ii) <b>"floating interest rate"</b> means an interest rate that is not a <i>fixed interest rate</i> ;
New	(iii) <b>"interest rate swap"</b> means an agreement under which a Dealer Member is required to pay a fixed (floating) rate and entitled to receive a floating (fixed) rate amount calculated with reference to a notional amount;
Rule 100.4F, "realization clause"	(iv) <b>"realization clause"</b> means an optional clause within a <i>total performance swap</i> agreement which allows the Dealer Member to close out the swap agreement at the realization price (either the buy-in or sell-out price) of the security position involved in the offset.
New, based on current term usage in Rules 100.2(j) and 100.4F	(v) <b>"total performance swap"</b> means an agreement under which a Dealer Member is required to pay and entitled to receive amounts calculated: (a) based on the performance of a specified <i>underlying security</i> or basket of securities; and (b) with reference to a notional amount.
Rule 100.2(d), opening paragraph	(7) For positions in and offsets involving foreign exchange exposures, the term: (i) <b>"foreign exchange position"</b> means a <i>monetary asset or liability</i> including a: (a) currency spot position; (b) futures and forward contract; (c) swap; and (d) any other transaction resulting in exposure to foreign exchange rate risk;
Rule 100.2(d)(i)(E) and Form 1, Schedules 11 and 11A, Note 3	(ii) <b>"monetary asset or liability", "monetary asset", "monetary liability"</b> means a Dealer Member's asset or liability;

New, based on current term usage in Rule 100.2(d)

Rule 100.2(d)(i)(H), "recognized exchange"

Rule 100.2(d)(i)(D)

Rule 100.2(d)(ii)(B)(1), last 2 lines

Rules 100.9(a)(ii), "aggregate current value" and 100.10(a)(i), "aggregate current value"

Rules 100.9(a)(ii), "aggregate exercise value" and 100.10(a)(i), "aggregate exercise value"

New, based on current term usage in Rules 100.9 and 100.10

- (a) in money and claims to money;
  - (b) denominated in foreign or domestic currency; and
  - (c) that is fixed by contract or otherwise;
- (iii) "**net long (short) foreign exchange position**" means the net of *monetary assets* and liabilities as calculated on *Form 1*, Schedule 11;
- (iv) "**recognized exchange**" means a futures exchange:
- (a) on which currency contracts are traded; and
  - (b) that is on the most recently published list of *recognized exchanges and associations* used to determine *regulated entities*;
- (v) "**spot exchange rate**" means the rate quoted by a recognized quote vendor for contracts with a *term to maturity* of one day;
- (vi) "**term to maturity**" for a *monetary asset or liability* means the amount of time from the present to the time when the claim to the *monetary asset* or the obligation to satisfy the *monetary liability* expires.
- (8) For positions in and offsets involving derivative products, the term:
- (i) "**aggregate current value**" means, for *index options*:
 

<i>index</i>	x	\$1.00	x	<i>unit of trading</i>
<i>level</i>				
  - (ii) "**aggregate exercise value**" means:
 

<i>option exercise price</i>	x	<i>unit of trading</i>
------------------------------	---	------------------------
  - (iii) "**at-the-money**" means,
    - (a) for equity, *index participation unit*, debt and currency options, that the market price; and
    - (b) for *index options*, that the current value, of the *underlying interest* is equal to the *exercise price* for a *call option* or a *put option*;

Rules  
100.9(a)(iii),  
"call option"  
and  
100.10(a)(i),  
"call option"

(iv) **"call option"** means:

- (a) an *exchange-traded option* that:
- (I) for equity, *index participation unit*, debt and currency options, gives a holder the right to buy and the writer the obligation to sell the *underlying interest* at a stated *exercise price* on or before the option expiration date; and
  - (II) for *index options*, gives the holder the right to receive and the writer the obligation to pay, if the current value of the *index* rises above the *exercise price*, the difference between the aggregate *exercise price* and the *aggregate current value* of the *underlying interest* on or before the option expiration date;

(b) an *over-the-counter option* that either:

- (I) gives a holder the right to buy and the writer the obligation to sell the *underlying interest* at a stated *exercise price* on or before the option expiration date; or
- (II) gives the holder the right to receive and the writer the obligation to pay, if the current value of the *underlying interest* rises above the *exercise price*, the difference between the aggregate *exercise price* and the current value of the *underlying interest* on or before the option expiration date;

Rules  
100.9(a)(v),  
"clearing corporation" and  
100.10(a)(i),  
"clearing corporation"

(v) **"clearing corporation"** means the Canadian Derivatives Clearing Corporation, the Options Clearing Corporation or any other corporation or organization recognized by the Board of Directors;

Rule  
100.9(a)(xi),  
"incremental basket margin rate" and  
100.10(a)(i),  
"incremental basket margin"

(vi) **"cumulative relative weight percentage"** means an overall relative weight percentage determined by calculating, in accordance with subsection 5360(5), the actual basket weighting for each security in a *qualifying basket of index*

rate "	<i>securities</i> in relation to its latest published relative weighting in the <i>index</i> ;
Rules 100.9(a) (vii), "escrow receipt"; 100.10(a) (i), "escrow receipt" and 100.11(g) (ii), "escrow receipt"	(vii) " <b>escrow receipt</b> " means a document issued by a financial institution approved by a <i>clearing corporation</i> certifying that a security is held and will be delivered by that financial institution when a specified option is exercised;
Rules 100.9(a) (xvii), "OCC option"; 100.9(a) (xviii), "option" and 100.10(a) (i), "OCC option" and "option"	(viii) " <b>exchange-traded option</b> " means a <i>call option</i> or <i>put option</i> issued by the Canadian Derivatives Clearing Corporation, the Options Clearing Corporation or any other corporation or organization recognized by the Board of Directors.
Rules 100.9(a) (viii), "exercise price" and 100.10(a) (i), "exercise price"	(ix) " <b>exercise price</b> " means. (a) for equity, <i>index participation unit</i> , debt and currency options, the specified price per unit at which the <i>underlying interest</i> may be bought under a <i>call option</i> , or sold under a <i>put option</i> ; and (b) for <i>index options</i> , the specified price per unit that may be received by the holder and paid by the writer under a <i>call option</i> or a <i>put option</i> , on exercise of the <i>option</i> ;
Rules 100.9(a) (x), "floating margin rate" and 100.10(a) (i), "floating margin rate"	(x) " <b>floating margin rate</b> " means the floating margin rate set by the Corporation in accordance with subsection 5360(3);
Rule 100.9(a) (xi), "incremental basket margin rate" and 100.10(a) (i), "incremental basket margin rate"	(xi) " <b>incremental basket margin rate</b> " means the incremental basket rate for a <i>qualifying basket of index securities</i> calculated in accordance with subsection 5360(6);
Rules 100.9(a) (xii), "index" and 100.10(a) (i), "index"	(xii) " <b>index</b> " means an equity index in which: (a) the basket of equity securities underlying the index consists of eight or more securities; (b) the single largest security position by weighting comprises not more than 35% of the overall market value of the basket;

New, codifies commonly used industry term

Rules  
100.9(a) (xiii),  
"index option"  
and  
100.10(a) (i),  
"index option"

Rules  
100.9(a) (xx),  
"participation  
unit" and  
100.10(a) (i),  
"participation  
unit"

Rules  
100.9(a) (xxi),  
"participation  
unit option" and  
100.10(a) (i),  
"participation  
unit option"

Rules  
100.9(a) (xiv),  
"in-the-money"  
and  
100.10(a) (i),  
"in-the-money"

Rules  
100.9(a) (xix),  
"out-of-the-  
money" and  
100.10(a) (i),  
"out-of-the-  
money"

Rule 100.11,  
"over-the-  
counter option"

- (c) the average market capitalization for each security position in the basket of equity securities underlying the index is at least \$50 million; and
- (d) the securities constituting the foreign equity index are listed and traded on an exchange that meets the criteria for a *recognized exchange*;
- (xiii) "**index futures contract**" means an exchange-traded futures contract with an *underlying interest* that is an *index*;
- (xiv) "**index option**" means an *exchange-traded option* with an *underlying interest* that is an *index*;
- (xv) "**index participation unit**" means an interest in a trust or other entity that has assets consisting of equities or other securities underlying an *index*;
- (xvi) "**index participation unit option**" means an option with an *underlying interest* that is an *index participation unit*;
- (xvii) "**in-the-money**" means,
  - (a) for equity, *index participation unit*, debt and currency options, that the market price; and
  - (b) for *index options*, that the current value, of the *underlying interest* is above the *exercise price* for a *call option*, and below the *exercise price* for a *put option*;
- (xviii) "**out-of-the-money**" means,
  - (a) for equity, *index participation unit*, debt and currency options, that the market price; and
  - (b) for *index options*, that the current value, of the *underlying interest* is below the *exercise price* of a *call option*, and above the *exercise price* of a *put option*;
- (xix) "**over-the-counter option**" means a *call option* or a *put option* other than an *exchange-traded option*;

Rules  
100.9(a)(xxii),  
"premium" and  
100.10(a)(i),  
"premium"

Rules  
100.9(a)(xxiii),  
"put option"  
and  
100.10(a)(i),  
"put option"

Rules.  
100.9(a)(xxiv),  
"qualifying  
basket of index  
securities" and  
100.10(a)(i),  
"qualifying  
basket of index  
securities"

- (xx) "**premium**" means the aggregate price, excluding commissions and other fees, that the option buyer pays and the option writer receives for the rights under the *option* contract;
- (xxi) "**put option**" means,
- (a) an *exchange-traded option* that:
    - (I) for equity, *index participation unit*, debt and currency options, gives the holder the right to sell and the writer the obligation to buy the *underlying interest* at a stated *exercise price* on or before the option expiration date; and
    - (II) for *index options*, gives the holder the right to receive and the writer the obligation to pay, if the current value of the *index* falls below the *exercise price*, the difference between the aggregate *exercise price* and the *aggregate current value* of the *underlying interest* on or before the option expiration date;
  - (b) an *over-the-counter option* that either:
    - (I) gives the holder the right to sell and the writer the obligation to buy the *underlying interest* at a stated *exercise price* on or before the option expiration date; or
    - (II) gives the holder the right to receive and the writer the obligation to pay, if the current value of the *index* falls below the *exercise price*, the difference between the aggregate *exercise price* and the *aggregate current value* of the *underlying interest* on or before the option expiration date;
- (xxii) "**qualifying basket of index securities**" means a basket of equity securities with the characteristics in subsection 5360(4);

<p>Rule 100.9(a)(x), "regular reset date"</p>	<p>(xxiii) "<b>regular reset date</b>" means the date after the last reset date if the maximum number of trading days in the <i>regular reset period</i> has passed;</p>										
<p>Rule 100.9(a)(x), "regular reset period"</p>	<p>(xxiv) "<b>regular reset period</b>" means the normal period between margin rate resets. This period is determined by the Corporation and is not longer than 60 trading days;</p>										
<p>Rules 100.9(a)(x), "regulatory margin interval"</p>	<p>(xxv) "<b>regulatory margin interval</b>" means the Corporation's regulatory margin calculation determined in accordance with subsection 5360(2);</p>										
<p>Rule 100.10(k), "SPAN"</p>	<p>(xxvi) "<b>SPAN</b>" means Standard Portfolio Analysis methodology;</p>										
<p>Rule 100.9(a)(xxv), "time value"</p>	<p>(xxvii) "<b>time value</b>" means an excess of the market value of an option over the <i>in-the-money</i> value of the option;</p>										
<p>Rule 100.10(k), "TIMS"</p>	<p>(xxviii) "<b>TIMS</b>" means Theoretical Intermarket Margin System methodology;</p>										
<p>Rules 100.9(a)(xxvi), "tracking error margin rate" and 100.10(a)(i), "tracking error margin rate"</p>	<p>(xxix) "<b>tracking error margin rate</b>" means the last calculated <i>regulatory margin interval</i> for the tracking error resulting from a particular offset strategy;</p>										
<p>Rules 100.9(a)(xxviii) , "unit of trading" and 100.10(a)(i), "unit of trading"</p>	<p>(xxx) "<b>unit of trading</b>" means the number of units of the <i>underlying interest</i> that have been designated by an exchange as the minimum number or value to be the subject for a single option in a series of options. If there is no such designation, for a series of options the following rules apply:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><i>Underlying interest</i></th> <th style="text-align: left;"><i>Unit of Trading</i></th> </tr> </thead> <tbody> <tr> <td>(a) equity</td> <td>100 shares</td> </tr> <tr> <td>(b) <i>index participation unit</i></td> <td>100 units</td> </tr> <tr> <td>(c) debt</td> <td>250 units</td> </tr> <tr> <td>(d) <i>index</i></td> <td>100 units</td> </tr> </tbody> </table>	<i>Underlying interest</i>	<i>Unit of Trading</i>	(a) equity	100 shares	(b) <i>index participation unit</i>	100 units	(c) debt	250 units	(d) <i>index</i>	100 units
<i>Underlying interest</i>	<i>Unit of Trading</i>										
(a) equity	100 shares										
(b) <i>index participation unit</i>	100 units										
(c) debt	250 units										
(d) <i>index</i>	100 units										
<p>Rules 100.9(a)(x), "floating margin rate" and 100.10(a)(i), "floating margin rate"</p>	<p>(xxxi) "<b>violation</b>" occurs if the maximum one or two day percentage change in the daily closing prices is greater than the margin rate;</p>										
<p>Rule 100.1</p>	<p>(9) In Rules 5100 through 5800, unless stated otherwise, any term used that is not defined here or in the Rule where it is used, but is defined or used in <i>Form 1</i>, has the meaning defined or used in <i>Form 1</i>.</p>										

New	5131. - 5199. - Reserved.
-----	---------------------------

New	<p style="text-align: center;"><b>RULE 5200</b></p> <p style="text-align: center;"><b>MARGIN REQUIREMENTS FOR DEBT SECURITIES AND MORTGAGES</b></p> <p><b>5201. Introduction</b></p> <p>(1) This Rule sets out specific Dealer Member inventory margin and client account margin requirements for:</p> <ul style="list-style-type: none"><li>(i) government debt securities not in default - <b>Sections 5210 through 5213;</b></li><li>(ii) commercial and corporate debt securities not in default - <b>Sections 5220 through 5226;</b></li><li>(iii) debt securities in default - <b>Section 5230;</b></li></ul> <p>(2) The Rule also describes the circumstances under which the debt margin surcharge applies, and details the calculation thereof - <b>Sections 5240 and 5241;</b> and</p> <p>(3) This Rule also sets out specific Dealer Member inventory margin and client account margin requirements for mortgages - <b>Section 5250.</b></p> <p>(4) The Dealer Member inventory margin requirements for debt security underwriting commitments are set out in Rule 5500.</p>
New	<p><b>5202. - 5209. - Reserved.</b></p>

## GOVERNMENT DEBT SECURITIES

## 5210. Government issued or guaranteed bonds, debentures, treasury bills, notes and certain other non-commercial securities not in default

Rules  
100.2(a) (i),  
(ii), and (iii)

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for Government issued or guaranteed bonds, debentures, treasury bills, notes and certain other non-commercial securities not in default are as follows:

Term to maturity or redemption	Minimum margin required as a percentage of market value		
	Category (i) Governments of Canada, United Kingdom, United States and national governments of countries with a high current credit rating	Category (ii) Canadian provincial government, International Bank for Reconstruction and Development and other national governments	Category (iii) Canadian and United Kingdom municipal corporations
Less than 1 year	1.00% x number of <u>days to maturity</u> 365	2.00% x number of <u>days to maturity</u> 365	3.00% x number of <u>days to maturity</u> 365
Greater than or equal to 1 year and less than 3 years	1.00%	3.00%	5.00%
Greater than or equal to 3 years and less than 7 years	2.00%	4.00%	
Greater than or equal to 7 years and less than 11 years	4.00%	5.00%	
Greater than or equal to 11 years			

Rule 100.2(a) (i)

- (2) In subsection 5210(1) category (i), a country with a "*high current credit rating*" is a country that is currently rated Aaa by *Moody's* or AAA by *S & P Corporation*.

Rule 100.2(a) (x)

- (3) In subsection 5210(1) category (ii), British Columbia government guaranteed parity bonds, the margin requirement for a long position must be at least

New, reflects practice

Rules  
100.2(a) (i), (ii), and (iii) and 100.2(a) (xi), in combination

0.25% of the par value of the bonds

- (4) If a security in subsection 5210(1) is redeemable and the security is called for redemption, the term to maturity is the term to the redemption date.

**5211. Government residual debt and stripped coupons not in default**

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for the Government residual debt and stripped coupons not in default are as follows:

Term to maturity or redemption	Minimum margin required as a percentage of market value		
	Category (i) Governments of Canada, United Kingdom, United States and national governments of countries with a high current credit rating	Category (ii) Canadian provincial government, International Bank for Reconstruction and Development and other national governments	Category (iii) Canadian and United Kingdom municipal corporations
Less than 1 year	1.50% x number of <u>days to maturity</u> 365	3.00% x number of <u>days to maturity</u> 365	4.50% x number of <u>days to maturity</u> 365
Greater than or equal to 1 year and less than 3 years	1.50%	4.50%	7.50%
Greater than or equal to 3 years and less than 7 years	3.00%	6.00%	
Greater than or equal to 7 years and less than 11 years	6.00%	7.50%	
Greater than or equal to 11 years and less than 20 years			
Greater than or equal to 20 years			

Rule  
100.2(a) (xi)

- (2) In subsection 5211(1), the maturity date of a coupon or other evidence of interest is the interest payment date.

Rule 100.12(d)

**5212. Government floating rate debt obligations**

- (1) The minimum margin required for government *floating rate debt obligations* held in Dealer Member inventory and client accounts is the sum of:
- (i) 50% of the margin otherwise applicable to the par value of the debt security; and
  - (ii) 100% of the margin otherwise applicable to any excess of the market value of the par value of the debt security.

Rule 100.2(h)

**5213. Government mortgage-backed securities**

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for government mortgage-backed securities are as follows:

Security type	Minimum margin requirement expressed as a percentage of market value
Security backed by mortgages and guaranteed as to timely payment of principal and interest by an issuer or its agent	Where the guarantor qualifies: (i) under subsection 5210(1) as a government debt issuer, 1.25 times the applicable rate set out in subsection 5220(1); or (ii) under subsection 5214(1) as an other non commercial debt issuer, 1.25 times the applicable rate set out in subsection 5214(1).

Rules 100.2(a)(iv) and 100.2(a)(xi), in combination

**5214. Other non-commercial issuers not qualifying under Sections 5210 through 5212**

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for securities of all other non-commercial issuers not qualifying under sections 5210 through 5213 are as follows:

Term to maturity or redemption	Minimum margin required as a percentage of market value	
	Category (i) All other non-commercial issuers' bonds and debentures not qualifying under sections 5210 through 5212	Category (ii) All other non-commercial issuers' residual debt and stripped coupons not qualifying under sections 5210 through 5212
Less than 1 year	10.00%	15.00%
Greater than or equal to 1 year and less than 3 years		
Greater than or equal to 3 years and less than 7		

New, reflects practice

Rule 100.2(a)(xi)

New

Rules 100.2(a)(v), (vi), and (vii); amended to adopt one set of margin rates for the margining of commercial debt

years		
Greater than or equal to 7 years and less than 11 years		
Greater than or equal to 11 years and less than 20 years		
Greater than or equal to 20 years		30.00%

- (2) If a security in subsection 5214(1) is redeemable and the security is called for redemption, the term to maturity is the term to the redemption date.
- (3) In subsection 5214(1), the maturity date of a coupon or other evidence of interest is the interest payment date.

5215. - 5219. - Reserved.

**CORPORATE DEBT SECURITIES**

**5220. Commercial and corporate bonds, debentures, notes and other securities not in default**

- (1) The minimum *Dealer Member inventory margin* and *client margin* requirements for commercial and corporate bonds, debentures, notes and other securities not in default are as follows:

	Minimum margin required as a percentage of market value	
	<p><b>Category (i)</b>                      Commercial and corporate bonds, debentures and notes and non-negotiable and non-transferable trust and mortgage loan company obligations registered in the Dealer Member's name;  <i>Acceptable commercial, corporate and finance company notes</i> and readily negotiable and transferable trust and mortgage loan company obligations; and</p>	<p><b>Category (ii)</b>                      Canadian and foreign Category (i) issues and obligations with a market value of 50% or less of par value and with a <i>low current credit rating</i></p>
Term to maturity	Acceptable and readily	

	negotiable foreign commercial, corporate and finance company notes	
Within 1 year	3.00% x <u>number of days to maturity</u> 365	50.00%
Over 1 to 3 years	6.00%	
Over 3 to 7 years	7.00%	
Over 7 to 11 years	10.00%	
Over 11 years		

Rule  
100.2(a) (vi)

(2) In subsection 5220(1) category (i), "acceptable commercial, corporate and finance company notes" means notes issued by a company that meet the following requirements:

(i) A Canadian incorporated issuer must have:

- (a) a net worth of at least \$10,000,000;
- (b) the note must be guaranteed by another company with a net worth of at least \$10,000,000; or
- (c) a binding agreement with another company with net worth of at least \$25,000,000 to pay the issuer or a noteholders' trustee any note indebtedness outstanding.

Rule  
100.2(a) (vii)

(ii) A foreign incorporated issuer must have a net worth of at least \$25,000,000 or the notes must be guaranteed by a foreign incorporated company with a net worth of at least \$25,000,000.

**5221. Convertible commercial and corporate bonds, debentures, notes and other securities not in default**

Rules  
100.2(a) (v),  
100.2(a) (vi) and  
100.21, in  
combination;  
amended to adopt  
one set of  
margin rates for  
the margining of  
convertible  
commercial debt

(1) The minimum Dealer Member inventory margin and client account margin requirements for convertible commercial and corporate bonds, debentures, and notes not in default, and non-negotiable and non-transferable trust company and mortgage loan company obligations registered in the Dealer Member's name are as follows:

	Minimum margin required expressed as a percentage of market value or as a dollar amount		
	Category (i) Margin required when market value is above par value	Category (ii) Margin required when market value is at or below par	Category (iii) Margin required when market value is 50% or less of
Term to maturity			

		value	par value and issuer has a low current credit rating
<b>Basic margin requirement</b>			
Within 1 year	3.00% of par value plus any excess of convertible debt market value over convertible debt par value.	3.00% of market value	50.00% of market value
Over 1 to 3 years	6.00% of par value plus any excess of convertible debt market value over convertible debt par value.	6.00% of market value	
Over 3 to 7 years	7.00% of par value plus any excess of convertible debt market value over convertible debt par value.	7.00% of market value	
Over 7 to 11 years	10.00% of par value plus any excess of convertible debt market value over convertible debt par value.	10.00% of market value	
Over 11 years			
<b>Alternative margin requirement</b>			
As an alternative to the margin requirements set out above, the margin requirement may be calculated for categories (i) through (iii) as the sum of the margin required for the <i>underlying security</i> plus any excess of the convertible debt market value over the <i>underlying security</i> market value.			

**5222. Bank paper not in default**

- (1) The minimum *Dealer Member inventory margin* and *client margin* requirements for bank paper not in default are as follows:

	Minimum margin required as a percentage of market value		
	Category (i) Bank acceptances, deposit certificates, promissory notes and debentures issued by a	Category (ii) Bank acceptances, deposit certificates, promissory notes issued by a foreign bank with a net	Category (iii) Canadian and foreign category (i) and (ii) issues and obligations with a market value of 50% or less of
Term to maturity			

Rules 100.2(b) and (c); ; amended to establish a separate margin rate for bank paper with a low market value and a low credit rating; new rate is consistent

with current equivalent requirement for commercial debt as set out in Rules 100.2(a){v}{5} and 100.2(a){v}{6}

	Canadian chartered bank	worth (capital + reserves) of not less than \$200 million	par value and with a low current credit rating
Within 1 year	$2.00\% \times \frac{\text{number of days to maturity}}{365}$		50.00%
Over 1 to 3 years	6.00%		
Over 3 to 7 years	7.00%		
Over 7 to 11 years	10.00%		
Over 11 years			

#### 5223. Commercial residual debt and stripped coupons not in default

Rules 100.2(a)(v), 100.2(a)(vi) and 100.2(a)(xi), in combination; amended to adopt one set of margin rates for the margining of commercial residual debt and stripped coupons

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for commercial residual debt and stripped coupons not in default are as follows:

Term to maturity	Minimum margin required expressed as a percentage of market value	
	Category (i) Commercial residual debt and stripped coupons	Category (ii) Commercial residual debt and stripped coupons where the underlying issue has a market value of 50% or less of par value and has a low current credit rating
Within 1 year	$4.50\% \times \frac{\text{number of days to maturity}}{365}$	
Over 1 to 3 years	9.00%	
Over 3 to 7 years	10.50%	
Over 7 to 11 years	50.00%	
Over 11 to 20 years		
Over 20 years		

Rule 100.2(a)(xi)

- (2) In subsection 5223(1), the maturity date of a coupon or other evidence of interest is the interest payment date.

#### 5224. Convertible commercial residual debt not in default

Rules  
 100.2(a)(v),  
 100.2(a)(vi),  
 100.2(a)(xi) and  
 100.21, in  
 combination;  
 amended to adopt  
 one set of  
 margin rates for  
 the margining of  
 convertible  
 commercial  
 residual debt

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for convertible commercial residual debt not in default are as follows:

Term to maturity	Minimum margin required expressed as a percentage of market value or as a dollar amount	
	Category (i) Margin required for commercial convertible residual debt	Category (ii) Margin required for commercial convertible residual debt where the underlying issue has a market value of 50% or less of par value and has a low current credit rating
<b>Basic margin requirement</b>		
Within 1 year	The greater of (I) margin calculated for underlying convertible bond under section 5221(1); and (II) margin calculated for residual debt instrument under section 5223(1).	50.00%
Over 1 to 3 years		
Over 3 to 7 years		
Over 7 to 11 years		
Over 11 to 20 years		
Over 20 years		
<b>Alternative margin requirement</b>		
As an alternative to the margin requirements set out above, the margin requirement may be calculated for categories (i) and (ii) as the sum of the margin required for the <i>underlying security</i> plus any excess of the convertible debt market value over the <i>underlying security</i> market value.		

Rule 100.12(d)

**5225. Commercial and corporate floating rate debt obligations not in default**

- (1) The minimum margin required for commercial and corporate *floating rate debt obligations* not in default held in Dealer Member inventory and client accounts is the sum of:
- (i) 50% of the margin otherwise applicable to the par value of the debt security; and
  - (ii) 100% of the margin otherwise applicable to any excess of the market value of the par value of the debt security.

Rule  
 100.2(a)(ix)

**5226. Commercial and corporate income bonds not in default**

- (1) The minimum *Dealer Member inventory margin* and *client margin* requirements for income bonds not in default are as follows:

Minimum margin required expressed as a percentage of market value	
Category (i) Income bonds currently and for the past two years paying interest at the full stated rate	Category (ii) All other income bonds
10.00%	50.00%

- (2) To qualify under subsection 5226(1), the trust indenture must specify:
- (i) an interest rate; and
  - (ii) that interest must be paid if earned.

Rule 100.2(h)

**5227. Commercial and corporate mortgage-backed securities**

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for mortgage-backed securities are as follows:

Security type	Minimum margin requirement expressed as a percentage of market value
Security backed by mortgages and guaranteed as to timely payment of principal and interest by an issuer or its agent	Where the guarantor qualifies: (i) under subsection 5220(1) as commercial and corporate debt issuer, 1.25 times the applicable rate set out in subsection 5220(1); or (ii) under subsection 5222(1) as a bank paper issuer, 1.25 times the applicable rate set out in subsection 5222(1).

5228. - 5229. - Reserved.

**DEBT SECURITIES IN DEFAULT**

Rule 100.2(a)(viii)

**5230. Debt securities in default**

- (1) The minimum margin required for debt in default is 50% of market value.

New

5231. - 5239. - Reserved.

**DEBT MARGIN SURCHARGE**

Rule 100.3, opening paragraph

**5240. Circumstances under which debt margin surcharge is imposed**

- (1) Higher margin requirements for debt securities, by way of a margin surcharge, may be established by the Corporation in response to market conditions.

Rule 100.3(e)	(2) The Corporation monitors the price volatility of debt securities that Dealer Members trade, determines when a margin surcharge is required, and when it is no longer required.
Rules 100.3(c) and (d)	(3) The margin surcharge required under this section is: (i) 50% of the margin required in sections 5210 through 5226; and (ii) required for at least 30 days.
Rule 100.3(g)	(4) A Dealer Member will be notified by the Corporation of the imposition or revocation of a margin surcharge promptly following the Corporation determining that the margin surcharge is, or is no longer, required. The notice is effective, and a Dealer Member must be in compliance with it, not less than five days after it is given.
<b>5241. Determining debt margin surcharge</b>	
Rule 100.3, opening paragraph	(1) The Corporation determines the debt margin surcharge according to the calculations in section 5240.
Rule 100.3(a)	(2) The Corporation monitors government of Canada - issued debt securities maturing in each of the three periods: (i) over 1 year to 3 years (ii) over 3 years to 7 years (iii) over 7 years for price volatility in the primary markets in which a Dealer Member trades them. Each maturity is considered a separate class of debt securities.
Rule 100.3(b)	(3) The Corporation measures price volatility as follows: (i) Start with the closing price on a trading day for a security in monitored markets (the <i>base day</i> ). (ii) Compare the closing price of a security on each of the four trading days after the <i>base day</i> to the closing price in clause (i). (iii) The first day (if any) of the four days in clause (ii) on which the percentage change in price (negative or positive) between the closing price on that day and the closing price in clause (i) is greater than the margin rate required in Rule 5200, is an <i>offside base day</i> . (iv) If an <i>offside base day</i> has occurred, it becomes the <i>base day</i> for making further comparisons under clauses (i) and (ii). (v) If an <i>offside base day</i> does not occur in the four trading days

<p>Rule 100.3(f)</p>	<p>following the <i>base day</i>, then the trading day after the <i>base day</i> becomes the new <i>base day</i>, and the calculations under clauses (ii) through (iv) are made with reference to that new <i>base day</i>.</p> <p>(vi) For any 90 day calendar day period, the Corporation must determine <i>p%</i> as follows:</p> $\frac{\# \text{ of } \textit{offside base days} \times 100}{\text{total } \# \text{ trading days in the period}} = p\%$ <p>(vii) If <i>p%</i> is greater than 5% for any two of the three classes of debt securities monitored, a margin surcharge will be required.</p> <p>(4) After a margin surcharge has been required for at least 30 days under subsection 5240(3), the Corporation will look at the number of <i>offside base days</i>. If the number of <i>offside base days</i> is not more than 5% of the total number of trading days in the immediately preceding 90 day period, the margin surcharge will no longer be required.</p>						
<p>New</p>	<p><b>5242. - 5249. - Reserved.</b></p>						
	<p><b>MORTGAGES</b></p> <p><b>5250. Mortgages</b></p>						
<p>Rule 100.2(e)</p>	<p>(1) The minimum <i>Dealer Member inventory margin</i> requirements for mortgages are as follows:</p> <table border="1" data-bbox="701 906 1890 1079"> <thead> <tr> <th data-bbox="701 906 1297 971">Mortgage type</th> <th data-bbox="1306 906 1890 971">Minimum margin requirement expressed as a percentage of market value</th> </tr> </thead> <tbody> <tr> <td data-bbox="701 971 1297 1013">NHA insured mortgage</td> <td data-bbox="1306 971 1890 1013">6%</td> </tr> <tr> <td data-bbox="701 1013 1297 1079">Conventional first mortgage</td> <td data-bbox="1306 1013 1890 1079">12% or the rate set by the chartered banks, whichever is greater</td> </tr> </tbody> </table>	Mortgage type	Minimum margin requirement expressed as a percentage of market value	NHA insured mortgage	6%	Conventional first mortgage	12% or the rate set by the chartered banks, whichever is greater
Mortgage type	Minimum margin requirement expressed as a percentage of market value						
NHA insured mortgage	6%						
Conventional first mortgage	12% or the rate set by the chartered banks, whichever is greater						
<p>Rule 100.2(e)</p>	<p>(2) Client account positions in mortgages may not be carried on margin.</p>						
<p>New</p>	<p><b>5251. - 5299. - Reserved.</b></p>						

	<b>RULE 5300</b>
	<b>MARGIN REQUIREMENTS FOR EQUITY SECURITIES AND INDEX PRODUCTS</b>
New	<p><b>5301. Introduction</b></p> <p>(1) This Rule sets out specific Dealer Member inventory margin and client account margin requirements for:</p> <ul style="list-style-type: none"><li>(i) Equity securities - <i>Sections 5310 through 5315</i>;</li><li>(ii) Installment receipts - <i>Section 5320</i>;</li><li>(iii) Convertible and exchangeable equities - <i>Section 5330</i>;</li><li>(iv) Control blocks - <i>Sections 5340</i>;</li><li>(v) Rights and warrants - <i>Section 5350</i>; and</li><li>(vi) Index products - <i>Section 5360</i>.</li></ul> <p>(2) The margin requirements for equity securities subject to redemption call or offer are set out in Rule 5400.</p> <p>(3) The Dealer Member inventory margin requirements for equity security underwriting commitments are set out in Rule 5500.</p> <p>(4) The margin requirements for when issued trading are set out in Rule 5500.</p>
New	<p><b>5302. - 5309. - Reserved.</b></p>

Rules  
100.2(f) (i) and  
(vi) and  
100.12(a)

## EQUITY SECURITIES

## 5310. Determining the basic margin requirement

- (1) Where a security is eligible to be margined using the *basic margin requirement* approach, the minimum *Dealer Member inventory margin* and *client account margin* rates (or dollar amounts per share) are as follows:

Market value per share	Minimum margin required as a percentage of market value or as a dollar amount per share
<b>Long positions:</b>	
Market value of \$2.00 or more per share and qualifying for inclusion on the List of Securities Eligible for Reduced Margin published by the Corporation	25% for Dealer Member positions; 30% for client account positions
All other positions with a market value of \$2.00 or more per share	50%
Market value of \$1.75 per share to \$1.99 per share	60%
Market value of \$1.50 per share to \$1.74 per share	80%
Market value of below \$1.50 per share	100%
<b>Short positions:</b>	
Market value of \$2.00 or more per share and qualifying for inclusion on the List of Securities Eligible for Reduced Margin published by the Corporation	25% for Dealer Member positions; 30% for client account positions
All other positions with a market value of \$2.00 or more per share	50%
Market value of \$1.75 per share to \$1.99 per share	60%
Market value of \$1.50 per share to \$1.74 per share	80%
Market value of \$0.25 per share to \$1.49 per share	100%
Market value of below \$0.25 per share	\$0.25 per share

<p>Rule 100.2(f)(i)</p>	<p><b>5311. Canada and United States equity securities eligible for margin</b></p> <p>(1) The minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> rates (or dollar amounts per share) for <i>Canada and United States listed equity securities eligible for margin</i> are the basic margin requirements in Section 5310.</p>																				
<p>Rules 100.2(f)(iv)</p>	<p>(2) The minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> rates (or dollar amounts per share) for <i>Canada and United States unlisted equity securities eligible for margin</i> are the basic margin requirements in Section 5310.</p>																				
<p>Rule 100.2(f)(ii)</p>	<p><b>5312. Foreign listed equity securities eligible for margin</b></p> <p>(1) The minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> rate for <i>foreign listed equity securities eligible for margin</i> is 50%.</p>																				
<p>Rule 100.12(b); same margin treatment is now extended to client account positions</p>	<p><b>5313. Government guaranteed equity securities</b></p> <p>(1) The minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> rate for <i>government guaranteed equity securities</i> is 25%.</p>																				
<p>Rules 100.12(c) and 100.21; same margin treatment is now extended to client account positions</p>	<p><b>5314. Floating rate preferred shares</b></p> <p>(1) The minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> requirements for <i>floating rate preferred shares</i> are as follows:</p> <table border="1" data-bbox="703 950 1900 1412"> <thead> <tr> <th data-bbox="703 950 1297 982">Default status and conversion features</th> <th colspan="3" data-bbox="1308 950 1900 982">Minimum margin required</th> </tr> <tr> <th colspan="4" data-bbox="703 990 1900 1023">Not in default of any dividend payment</th> </tr> </thead> <tbody> <tr> <td data-bbox="703 1031 1297 1144"><i>Floating rate preferred shares</i> of issuer</td> <td data-bbox="1308 1031 1564 1144">50% of margin rate for related junior security of issuer</td> <td data-bbox="1575 1031 1617 1144" style="text-align: center;">x</td> <td data-bbox="1627 1031 1900 1144">market value of preferred shares</td> </tr> <tr> <td data-bbox="703 1153 1297 1258"><i>Floating rate preferred shares</i> with a market value at or below par value and convertible into other securities of issuer</td> <td data-bbox="1308 1153 1564 1258">50% of margin rate for related junior security of issuer</td> <td data-bbox="1575 1153 1617 1258" style="text-align: center;">x</td> <td data-bbox="1627 1153 1900 1258">market value of preferred shares</td> </tr> <tr> <td data-bbox="703 1266 1297 1412"><i>Floating rate preferred shares</i> with a market value above par value and convertible into other securities of issuer</td> <td colspan="3" data-bbox="1308 1266 1900 1412">                     The lesser of:                      (i) (a) 50% of margin rate for related junior security of issuer x preferred share par value                      +                      (b) preferred share market value -                 </td> </tr> </tbody> </table>	Default status and conversion features	Minimum margin required			Not in default of any dividend payment				<i>Floating rate preferred shares</i> of issuer	50% of margin rate for related junior security of issuer	x	market value of preferred shares	<i>Floating rate preferred shares</i> with a market value at or below par value and convertible into other securities of issuer	50% of margin rate for related junior security of issuer	x	market value of preferred shares	<i>Floating rate preferred shares</i> with a market value above par value and convertible into other securities of issuer	The lesser of: (i) (a) 50% of margin rate for related junior security of issuer x preferred share par value + (b) preferred share market value -		
Default status and conversion features	Minimum margin required																				
Not in default of any dividend payment																					
<i>Floating rate preferred shares</i> of issuer	50% of margin rate for related junior security of issuer	x	market value of preferred shares																		
<i>Floating rate preferred shares</i> with a market value at or below par value and convertible into other securities of issuer	50% of margin rate for related junior security of issuer	x	market value of preferred shares																		
<i>Floating rate preferred shares</i> with a market value above par value and convertible into other securities of issuer	The lesser of: (i) (a) 50% of margin rate for related junior security of issuer x preferred share par value + (b) preferred share market value -																				

	preferred share par value; and (ii) (a) the margin required under Rules 5200, 5300 or 5400 for the underlying security; + (b) the market value of the preferred shares - the market value of the underlying security
<b>In default of one or more dividend payments</b>	
All floating rate preferred shares in default whether convertible or not	50% of margin rate for related junior security of issuer $\times$ market value of preferred shares

Rule 100.2(f)(v)

**5315. Other equity securities**

- (1) The minimum *Dealer Member inventory margin* and *client account margin* rates (or dollar amounts per share) for equity securities not eligible for margin under subsections 5311(1), 5312(1), 5313(1) or 5314(1) are as follows:

	Margin required as a percentage of market value or as a dollar amount per share
<b>Market value per share</b>	<b>Category (i)</b> <b>Equity securities not eligible for margin under subsections 5311(1), 5312(1), 5313(1) or 5314(1)</b>
<b>Long positions:</b>	
All market value per share levels	100%
<b>Short positions:</b>	
Market value of \$0.50 per share and above	200%
Market value of below \$0.50 per share	\$0.50 per share

New

**5316. - 5319. - Reserved.**

**INSTALLMENT RECEIPTS**

**5320. Installment receipts**

Rules 100.18(d),  
(e) and (f)

- (1) A Dealer Member must calculate *Dealer Member inventory margin* and *client account margin* for *installment receipt* long positions according to the following:

Long positions	Margin required
held in Dealer Member inventory	100% of margin required for <i>underlying security</i> plus any excess of the future installment payments over the market value of the <i>underlying security</i>
held in client account	the lesser of 100% of margin required for <i>underlying security</i> and the market value of the <i>installment receipt</i>

Rule 100.18(b)

- (2) A Dealer Member may purchase and hold an *installment receipt* for its own account as beneficial owner.

Rule 100.18(c)

- (3) A Dealer Member may hold an *installment receipt* for a client registered in the Dealer Member's or its nominee name.

Rule 100.18(b)

- (4) A Dealer Member must not purchase or hold an *installment receipt* that requires it or its nominee to make payment under the *installment receipt*.

Rule 100.18(b)

- (5) Subsection (4) does not apply:
- (i) to a Dealer Member's payments for its own account as beneficial owner of the *installment receipt*; or
  - (ii) if the agreement creating and issuing the *installment receipts* releases the Dealer Member or its nominee from the requirement to make the payments in subsection (4) either by:
    - (a) transferring the *installment receipt* to another person if an installment is not paid in full when due; or
    - (b) another mechanism approved by the Corporation.
  - (iii) The transfer in section 5320(5)(ii)(a) must be able to occur at any time before:
    - (a) the close of business (Toronto time) on the second business day after default in payment of an installment; and
    - (b) the issuer's or selling security holder's rights arising from non-payment of the installment can be enforced.

Rule 100.18(c)

- (6) If an installment on an *installment receipt* held for a client in subsection (4) has not been paid in full when due, the Dealer Member must promptly take steps necessary to be released from any requirements to pay the installment or any *future payments*. The Dealer Member must take steps

within the time permitted by the agreement creating and issuing the *installment receipts*. If appropriate or necessary, the Dealer Member must transfer the *installment receipt* to another person.

New

5321. - 5329. - Reserved.

CONVERTIBLE AND EXCHANGEABLE EQUITIES

Rule 100.21

5330. Convertible and exchangeable equities

(1) The minimum *Dealer Member inventory margin* and *client account margin* requirements calculated for convertible and exchangeable equities may be limited to an overall maximum margin requirement calculated as follows:

	Category (i) Equity currently convertible into or exchangeable for another security
Overall maximum margin requirement	The sum of : (a) the margin required under this Rule 5300 for the underlying equity; plus (b) any excess of the market value of the convertible or exchangeable equity over the market value of the underlying security.

New

5331. - 5339. - Reserved.

CONTROL BLOCKS

Rule 100.7

5340. Control blocks

(1) The minimum *Dealer Member inventory margin* and *client account margin* rates for *control blocks* are 100% unless the position is part of an underwriting commitment that is subject to the requirements of Rule 5500.

New

5341. - 5349. - Reserved.

RIGHTS AND WARRANTS

Rules  
100.2(f)(iii)  
and 100.12(e)

5350. Canada and United States rights and warrants eligible for margin

(1) The minimum *Dealer Member inventory margin* and *client account margin* rates (or dollar amounts per share) for unlisted warrants issued by a Canadian chartered bank and Canada and United States listed rights and warrants are as follows:

	Minimum margin rate required	
<b>Position</b>	<b>Category (i)</b> Unlisted warrants issued by a Canadian chartered bank entitling the holder to buy securities issued by the Government of Canada or a Canadian province	<b>Category (ii)</b> Canada and United States listed rights and warrants
long or short position	The lesser of: (a) 100% of the market value of the warrant; and (b) the margin required for warrant's underlying security.	

New

5351. - 5359. - Reserved.

**INDEX PRODUCTS**

**5360. Index participation units and qualifying baskets of index securities**

Rules  
100.2(f) (vii)

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for *index participation units* and *qualifying baskets of index securities* are as follows:

Margin required	
<b>Category (i)</b> <i>Index participation units</i>	<b>Category (ii)</b> <i>Qualifying basket of index securities</i>
(a) The <i>floating margin rate percentage</i> (calculated for <i>index participation unit</i> based on its <i>regulatory margin interval</i> ); multiplied by (b) The market value of <i>index participation units</i> .	(a) The sum of: The <i>floating margin rate percentage</i> (calculated for a perfect basket of <i>index securities</i> based on its <i>regulatory margin interval</i> ); plus The calculated <i>incremental basket margin rate</i> for the <i>qualifying basket of index securities</i> ; multiplied by (b) The market value of <i>qualifying basket of index securities</i> .

Rules  
100.9(a)(x),  
"floating margin  
rate"

- (2) The Corporation calculates a *regulatory margin interval* according to the following formula:
- $$\begin{array}{rcl} \text{Maximum standard deviation of} & & 3 \text{ (for a 99\%} \\ \text{percentage changes in daily closing} & & \text{confidence} \\ \text{prices over the most recent 20, 90,} & \times & \text{interval)} \\ \text{260 trading days} & & \times \text{ 2 (for 2 days} \\ & & \text{price risk} \\ & & \text{coverage)} \end{array}$$
- rounded up to the next  $\frac{1}{4}\%$ .

Rules  
100.9(a)(x),  
"floating margin  
rate" and  
100.10(a)(i),  
"floating margin  
rate"

- (3) To calculate the *floating margin rate* for an *index participation unit* or a perfect basket of index securities:
- (i) The Corporation uses the last calculated *regulatory margin interval*, which is effective for the *regular reset period* unless a *violation* occurs.
- (ii) In normal circumstances, the *floating margin rate* is reset on the *regular reset date* to the *regulatory margin interval* calculated as at the *regular reset date*.
- (iii) If a *violation* occurs, the *floating margin rate* is reset on the date the *violation* occurs to the *regulatory margin interval* determined as at the date of the *violation*.
- (iv) The *regulatory margin interval* determined in (iii) must be effective for a minimum of 20 trading days and reset at the close of the 20th trading day to the *regulatory margin interval* determined as at that date if a reset results in a lower margin rate.

Rules  
100.9(a)(xxiv),  
"qualifying  
basket of index  
securities" and  
100.10(a)(i),  
"qualifying  
basket of index  
securities"

- (4) A basket of equity securities is a *qualifying basket of index securities* if:
- (i) all of the securities in the basket are included in the composition of the same *index*;
- (ii) the basket comprises a portfolio with a market value equal to the market value of the underlying securities in the *index*;
- (iii) the market value of each equity security comprising the portfolio proportionally equals or exceeds the market value of its relative weight in the *index*, based on the latest published relative weights of securities comprising the *index*; and
- (iv) the required *cumulative relative weight percentage* of all equity securities comprising the portfolio:
- (a) equals 100% of the cumulative weighting of the corresponding *index*, if the basket of equity securities underlying the *index* is

Rules  
100.9(a)(xi),  
"incremental  
basket margin  
rate"

Rules  
100.9(a)(xi),  
"incremental  
basket margin  
rate" and  
100.10(a)(i),  
"incremental  
basket margin  
rate"

New

- comprised of less than 20 securities;
- (b) equals or exceeds 90% of the cumulative weighting of the corresponding *index*, if the basket of equity securities underlying the *index* is comprised of 20 or more securities but less than 100 securities; and
- (c) equals or exceeds 80% of the cumulative weighting of the corresponding *index*, if the basket of equity securities underlying the *index* is comprised of 100 or more securities;

based on the latest published relative weightings of the equity securities comprising the *index*.

- (v) If the cumulative relative weighting of all equity securities in the basket equals or exceeds the required *cumulative relative weight percentage* and is less than 100% of the cumulative weighting of the corresponding *index*, the deficiency in the basket must be filled by other equity securities included in the composition of the *index*.

(5) The *cumulative relative weight percentage* is determined:

- (i) by calculating for each security in a *qualifying basket of index securities*:
  - (a) its actual basket weighting; and
  - (b) its latest published relative weighting in the *index*;

and then;

- (ii) by summing the minimum of the two weighting percentages (as determined in paragraph 5320(5)(i)) for each security for all of the securities in the *qualifying basket of index securities*.

(6) The *incremental basket margin rate* for a *qualifying basket of index securities* is calculated as the sum:

Market value of each underweighted security in basket	x	Margin rate for that security	x	The % by which the security is underweighted (calculated according to the formula: published relative weighting of the security - actual basket weighting of the security)
---	---	-------------------------------	---	--

for each underweighted security in the basket.

5361. - 5399. - Reserved.

	<b>RULE 5400</b> <b>MARGIN REQUIREMENTS FOR OTHER INVESTMENT PRODUCTS</b>
New	<b>5401. Introduction</b> (1) This Rule sets out specific <i>Dealer Member inventory margin</i> and <i>client account margin</i> requirements for investment products not covered in Rules 5200 or 5300. The order of subjects in this Rule is: (i) Securities subject to redemption call or offer <b>Section 5410</b> (ii) Units <b>Section 5420</b> (iii) Precious metal certificates and bullion <b>Section 5430</b> (iv) Swap contracts <b>Sections 5440 to 5442</b> (v) Mutual fund positions <b>Section 5450</b> (vi) Foreign exchange positions <b>Sections 5460 to 5469</b>
New	<b>5402. - 5409. - Reserved.</b>

Rule 100.13

**SECURITIES SUBJECT TO REDEMPTION CALL OR OFFER****5410. Securities subject to redemption call or offer**

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for securities subject to redemption call or offer are as follows:

Conditions	Minimum margin requirement	
	Category (i) Securities called for cash redemption according to their terms and conditions	Category (ii) Securities subject to a binding cash offer, for which all conditions have been met
Cash offer for all the issued and outstanding class of securities	No margin required provided the market value of the position is no greater than the amount of the cash offer	
Cash offer for a fraction of the issued and outstanding class of securities	For fraction subject to cash offer, no margin required provided the market value of the fractional position is no greater than the amount of the cash offer. For remainder of the position, <i>normal margin</i> (as determined elsewhere in Rules 5200 through 5800) would	

New

**5411. - 5419. - Reserved.****UNITS**

Rule 100.2(g)

**5420. Units**

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirement for units is the sum of the margin required for each of the unit components.

New

**5421. - 5429. - Reserved.****PRECIOUS METAL CERTIFICATES AND BULLION****5430. Precious metal certificates and bullion**

Rule 100.2(i)

- (1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for precious metal certificates and bullion are as follows:

Precious metal investment type	Minimum margin requirement expressed as a percentage of market value
Negotiable certificates issued by Canadian chartered banks and trust companies authorized to do business in Canada, evidencing an interest in one of gold, platinum or silver	20%
Gold or silver bullion purchased by a Dealer Member for inventory or on behalf of a client, from the Royal Canadian Mint or a Canadian chartered bank that is a market making Dealer Member or ordinary Dealer Member of the London Bullion Market Association (LBMA)	20%

Rule 100.2(i)

- (2) The Dealer Member must have a written representation from bullion vendor stating that the bullion are LBMA good delivery bars for the bullion to be margin eligible under section 5430(1).

New

**5431. - 5439. - Reserved.****INTEREST RATE AND TOTAL PERFORMANCE SWAPS**

Rule 100.2(j)

**5440. Interest rate swaps**

- (1) On *interest rate swap* agreements where payments are calculated with reference to a notional amount, the *Dealer Member* obligation to pay and entitlement to receive shall each be margined as separate components as follows:
- (i) Where a component is a payment calculated according to a *fixed interest rate*, the margin required is the margin rate percentage specified in subsection 5210(1) Category (i) for a security with the same term to maturity as the outstanding term of the swap, multiplied by 125% and in turn multiplied by the notional amount of the swap;
  - (ii) Where a component is a payment calculated according to a *floating interest rate*, the margin required is the margin rate percentage specified in subsection 5210(1) Category (i) for a security with the same term to maturity as the remaining term to the swap reset date, multiplied by the notional amount of the swap.

Rule 100.2(k)

**5441. Total performance swaps**

	<p>(1) On <i>total performance swap</i> agreements, where payments are calculated with reference to a notional amount, the <i>Dealer Member</i> obligation to pay and entitlement to receive shall each be margined as separate components as follows:</p> <p>(i) Where a component is a payment calculated based on the performance of a stipulated <i>underlying security</i> or basket of securities, with reference to a notional amount, the margin requirement is the <i>normal margin</i> required for the <i>underlying security</i> or basket of securities relating to this component, based on the market value of the <i>underlying security</i> or basket of securities;</p> <p>(ii) Where a component is a payment calculated according to a <i>floating interest rate</i>, the margin required is the margin rate percentage specified in subsection 5210(1) Category (i) for a security with the same term to maturity as the remaining term to the swap reset date, multiplied by the notional amount of the swap.</p>
<p>Rules 100.2(j) and 100.2(k)</p>	<p><b>5442. Swap counterparty margin requirements</b></p> <p>(1) The counterparty to the swap agreement is considered the <i>Dealer Member's</i> client and the minimum margin the <i>Dealer Member</i> shall obtain from the swap client is as follows:</p> <p>(i) Where the swap client is an acceptable institution, no margin; or</p> <p>(ii) Where the swap client is an acceptable counterparty or regulated entity, any market value deficiency calculated relating to the swap agreement; or</p> <p>(iii) Where the counterparty is an other counterparty, any <i>loan value</i> deficiency calculated relating to the swap agreement determined by using the same approach as set out in sections 5440 and 5441 for <i>Dealer Member</i> swap positions.</p>
<p>New</p>	<p><b>5443. - 5449. Reserved.</b></p>
	<p><b>MUTUAL FUNDS</b></p>
<p>Rule 100.2(1)</p>	<p><b>5450. Margin requirements for mutual fund positions</b></p> <p>(1) The minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> rates (or dollar amounts per share) for securities of mutual funds qualified by prospectus for sale in any province of Canada are:</p> <p>(i) 5%, for rate for money market mutual funds (as defined in National</p>

Instrument 81-102); and  
(ii) the basic margin requirement determined in Section 5310 using the unit value of the mutual fund.

New

**5451. - 5459. Reserved.**

**FOREIGN EXCHANGE POSITIONS**

**5460. General margin requirements for foreign exchange positions**

Rules  
100.2(d)(i)(A),  
100.2(d)(ii)(B)(2),  
100.2(d)(ii)(B)(3) and Form 1  
Schedules 11 and 11A, Note 8

(1) The minimum *Dealer Member inventory margin* and *client account margin* requirements for *foreign exchange positions* are the aggregate of the spot risk margin requirement and term risk margin requirement, calculated using one of the following groups of spot risk margin rates and term risk margin rates:

	Currency Group			
	1	2	3	4
Spot risk margin rate	greater of: (i) 1.00% and (ii) spot risk surcharge rate	greater of: (i) 3.00% and (ii) spot risk surcharge rate	greater of: (i) 10.00% and (ii) spot risk surcharge rate	25.00%
Term risk margin rate	lesser of: (i) 1.00% x <i>foreign exchange position term to maturity</i> ; and (ii) 4.00%	lesser of: (i) 3.00% x <i>foreign exchange position term to maturity</i> ; and (ii) 7.00%	lesser of: (i) 5.00% x <i>foreign exchange position term to maturity</i> ; and (ii) 10.00%	lesser of: (i) 12.50% x <i>foreign exchange position term to maturity</i> ; and (ii) 25.00%

New

(2) The foreign exchange currency group that a particular country currency qualifies for is determined based on the currency group criteria set out in subsection 5461(1).

New

(3) The spot risk margin surcharge rate that may be in effect from time to time for a particular country currency is determined using the approach set out in subsection 5462(1).

Rule  
100.2(d)(i)(C)

(4) Dealer Members is permitted at their option to margin certain inventory positions in accordance with section 5467 instead of the other applicable

	provisions of this Rule.
Rule 100.2(d)(i)(D)	(5) References to conversion to Canadian dollars at the <i>spot exchange rate</i> are to the rate quoted by a recognized quote vendor for contracts with a <i>term to maturity</i> of one day.
Rule 100.2(d)(i)(E)	(6) <i>Monetary assets</i> and liabilities are assets and liabilities, respectively, of a Dealer Member in respect of money and claims to money whether denominated in foreign or domestic currency, which are fixed by contract or otherwise.
Rule 100.2(d)(i)(F)	(7) Inventory long or short currency futures contracts listed on a <i>recognized exchange</i> which are included in the unhedged foreign exchange calculations hereunder are not required to be margined pursuant to section 5790.
Rule 100.2(d)(i)(G)	(8) Dealer Members are permitted at their option to exclude non-allowable <i>monetary assets</i> from <i>monetary assets</i> for the purpose of calculating the margin requirement under this Rule.
Rule 100.2(d)(i)(H)	(9) For the purpose of this Rule, the futures exchanges on which currency futures contracts are traded and that are listed on the most recently published list of recognized exchanges and associations, used for the purposes of determining "regulated entities", are deemed to be recognized exchanges.
New	(10) The <i>foreign exchange position term to maturity</i> is the term to maturity of a particular <i>foreign exchange position</i> expressed in years.
	<b>5461. Foreign exchange currency group criteria and monitoring</b>
Rule 100.2(d)(v)(A)	(1) <b>Criteria</b> - The qualitative and quantitative criteria for initial qualification within each currency group are as follows: (i) A Group 1 currency must: (a) have a spot price volatility level of less than or equal to 1.00%; and (b) be a primary intervention currency of the Canadian dollar. (ii) A Group 2 currency must: (a) have a spot price volatility level of less than or equal to 3.00%; (b) have a daily quoted spot rate by a Canadian Schedule 1 chartered bank; and (c) have either: (I) a daily quoted spot rate by either:

- (A) a Dealer Member of the European Monetary System; or
- (B) a participant in the Exchange Rate Mechanism

or

(II) a listed currency futures contract on a *recognized exchange*.

(iii) A Group 3 currency must:

- (a) have a spot price volatility level of less than or equal to 10.00%;
- (b) have a daily quoted spot rate by a Canadian Schedule 1 chartered bank; and
- (c) be of a Dealer Member country of International Monetary Fund with Article VIII status, and no capital payment restrictions as they relate to security transactions.

(iv) A Group 4 currency has no initial or ongoing qualification criteria.

(2) **Monitoring** - The Corporation shall monitor each currency's adherence to the Group 1, 2 or 3 qualification set out in subsection 5461(1) as follows:

(i) **Spot price volatility levels** - To monitor the volatility of each Group 1, 2 or 3 currency, the Canadian dollar *equivalent* closing price on each of the four trading days succeeding the "base day" is compared to the base day closing price. The first of four succeeding trading days on which the percentage change in price (negative or positive) between the closing price on the succeeding day and the closing price on the base day is greater than the spot risk margin rate prescribed for the particular currency in subsection 5460(1) is designated an "offside base day". If an offside base day has been designated, the offside base day is designated the base day for the purpose of making further base day closing price comparisons.

If the number of offside base days during any 60 trading day period is greater than 3, the currency is deemed to have exceeded the volatility threshold of the currency group.

(ii) **Qualitative criteria** - On at least an annual basis, the Corporation shall assess the adherence of each currency in a group to the qualitative criteria of the particular currency group to determine whether the currency continues to satisfy the qualitative criteria of the currency group.

(3) **Group upgrades and downgrades** - Where the Corporation determines that a

Rules  
100.2(d) (i) (A)  
and  
100.2(d) (v) (B) (a)  
)

Rule  
100.2(d) (v) (B) (b)  
)

Rule  
100.2(d) (v) (D)

particular currency:

- (i) should be upgraded, because it now satisfies the criteria set out in subsection 5461(1) for a currency group other than its current currency group; or
- (ii) should be downgraded, because it no longer satisfies its current currency group criteria as set out in subsection 5461(1);

the Corporation shall recommend for approval its proposed upgrade or downgrade to the Financial Administrators Section. Upon Financial Administrators Section approval, the Corporation shall notify Dealer Members of the upgrade or downgrade.

Rules

100.2(d)(i)(A)  
and  
100.2(d)(v)(C)  
and Form 1,  
Schedules 11 and  
11A, Notes 1 to  
Note 8 and Note  
11

**5462. Spot risk surcharge rate**

- (1) If the volatility of a Group 1, 2 or 3 currency exceeds the volatility threshold described in paragraph 5461(2)(i), the individual currency spot risk margin rate is increased by increments of 10% until the application of the increased margin rate would result in no more than two offside days during the preceding 60 trading days. The increased margin rate shall apply for a minimum of 30 trading days and is automatically decreased to the margin rate otherwise applicable when after such 30 trading day period the volatility of the currency is less than the volatility threshold defined in paragraph 5461(2)(i).

The Corporation is responsible for determining the required increase or decrease in foreign exchange spot risk margin rates under this subsection.

Rule 100.2(d)(ii)  
(A) and Form 1,  
Schedules 11 and  
11A, Note 8

**5463. Spot risk margin requirement**

- (1) The spot risk margin requirement applies to all *monetary assets and liabilities*, regardless of *term to maturity*, and must be calculated as:  
*net long (short) foreign exchange spot risk margin rate position*
- (2) The spot risk margin requirement must be converted to Canadian dollars at the current *spot exchange rate*.

Rule  
100.2(d)(ii)(A)

**5464. Term risk margin requirement**

- (1) The term risk margin requirement applies to all *monetary assets or liabilities* with a *term to maturity* of over three days and must be calculated for each individual asset and liability as:  
*foreign exchange position* x *term risk margin rate* for the

Rule  
100.2(d)(ii)(B)  
(1) and Form 1,  
Schedules 11 and  
11A, Note 8

Rule 100.2(d)(ii)(B)(5)	<p style="text-align: right;">position</p> <p>(2) The term risk margin requirement must be converted to Canadian dollars at the current <i>spot exchange rate</i>.</p>								
Rule 100.2(d)(ii)(B)(6)	<p><b>5465. Maximum security margin requirement</b></p> <p>(1) The sum of:</p> <ul style="list-style-type: none"> <li>(i) the spot risk margin requirement</li> <li>(ii) the term risk margin requirement; and</li> <li>(iii) the security margin requirement as determined elsewhere in these Rules</li> </ul> <p>must not exceed 100% of the market value of the security.</p>								
New	<p><b>5466. Foreign exchange position offsets for Dealer Members</b></p> <p>(1) A Dealer Member must calculate <i>Dealer Member inventory margin</i> and <i>client margin</i> for <i>foreign exchange positions</i> according to the currency groups and rates in subsection 5460(1).</p> <p>(2) If a Dealer Member has a <i>monetary asset</i> and <i>monetary liability</i> in the same currency, the term risk margin requirement may be netted according to the following table:</p>								
Rule 100.2(d)(ii)(B)(4)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Dealer Member position</th> <th style="text-align: left;">Term risk margin requirement</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">(i) <i>Monetary asset and monetary liability, both with a term to maturity of 2 years or less</i></td> <td style="vertical-align: top;">Term risk margin requirement for both positions may be netted</td> </tr> <tr> <td style="vertical-align: top;">(ii) <i>Monetary asset and monetary liability, both with a term to maturity of over 2 years</i></td> <td style="vertical-align: top;">Term risk margin requirement for both positions is the greater of term risk margin requirement for the <i>monetary asset</i> and the <i>monetary liability</i>.</td> </tr> <tr> <td style="vertical-align: top;">(iii) <i>Monetary asset (monetary liability) with a term to maturity of 2 years or less and monetary liability (monetary asset) with a term to maturity of over 2 years where difference in the terms to maturity is 180 days or less.</i></td> <td style="vertical-align: top;">Term risk margin requirement for both positions may be netted</td> </tr> </tbody> </table>	Dealer Member position	Term risk margin requirement	(i) <i>Monetary asset and monetary liability, both with a term to maturity of 2 years or less</i>	Term risk margin requirement for both positions may be netted	(ii) <i>Monetary asset and monetary liability, both with a term to maturity of over 2 years</i>	Term risk margin requirement for both positions is the greater of term risk margin requirement for the <i>monetary asset</i> and the <i>monetary liability</i> .	(iii) <i>Monetary asset (monetary liability) with a term to maturity of 2 years or less and monetary liability (monetary asset) with a term to maturity of over 2 years where difference in the terms to maturity is 180 days or less.</i>	Term risk margin requirement for both positions may be netted
Dealer Member position	Term risk margin requirement								
(i) <i>Monetary asset and monetary liability, both with a term to maturity of 2 years or less</i>	Term risk margin requirement for both positions may be netted								
(ii) <i>Monetary asset and monetary liability, both with a term to maturity of over 2 years</i>	Term risk margin requirement for both positions is the greater of term risk margin requirement for the <i>monetary asset</i> and the <i>monetary liability</i> .								
(iii) <i>Monetary asset (monetary liability) with a term to maturity of 2 years or less and monetary liability (monetary asset) with a term to maturity of over 2 years where difference in the terms to maturity is 180 days or less.</i>	Term risk margin requirement for both positions may be netted								
Rule 100.2(d)(ii)(B)(4)	<p>(3) If a Dealer Member has a <i>monetary asset</i> and a <i>monetary liability</i> in the same currency group and one of the positions has a <i>term to maturity</i> of 2 years or less and the other has a <i>term to maturity</i> of more than 2 years, the term risk margin requirement for the two positions need not be greater</p>								

than the following:

Currency Group			
1	2	3	4
Market value of positions offset			
x	x	x	x
5.00%	10.00%	20.00%	50.00%

Rule  
100.2(d)(iii)

**5467. Alternative calculation approach for Dealer Member foreign exchange positions**

- (1) As an alternative to the foreign exchange margin requirement determined under sections 5463 through 5466 for futures and forward contract inventory positions denominated in a currency which has a currency futures contract which trades on a *recognized exchange*, the foreign exchange margin requirement may be calculated as follows.
- (i) **Futures contracts** - *Foreign exchange positions* consisting of futures contracts may be margined at the margin rates prescribed by the exchange on which such futures are listed.
- (ii) **Forward contracts offsets** - Forward contract positions which are not denominated in Canadian dollars may be margined as follows:
- (a) The margin requirement is the greater of the requirement determined under sections 5463 through 5466 on each of the two positions;
- (b) Two forward contracts held by a Dealer Member which have one currency common to both contracts, are for the same value date, and the amount of the common currency positions are equal and offsetting, may be treated as a single contract for the purposes of this subparagraph.
- (iii) **Futures and forward contract offsets** - Futures and forward contract positions which are not denominated in Canadian dollars may be margined as follows:
- (a) (I) The margin requirement is the greater of the requirement determined under sections 5463 through 5466 on each of the two positions;
- (II) Margin rates applicable to unhedged positions under this subparagraph are the rates established by this Rule and not the rates prescribed by the exchange on which the futures contracts are listed;

(b) Two forward contracts held by a Dealer Member which have one currency common to both contracts, are for the same value date, and the amount of the common currency positions are equal and offsetting, may be treated as a single contract for the purposes of this subparagraph.

Rule  
100.2(d)(iv)

**5468. Client account margin requirements**

- (1) The minimum *client account margin* requirements for *foreign exchange positions* are the aggregate of the spot risk margin requirement and term risk margin requirement calculated for each position provided that:
- (i) Where the positions are held in an account of:
    - (a) An acceptable institution as defined in Form 1, no margin is required; or
    - (b) An acceptable counterparty or a regulated entity as defined in Form 1, margin is calculated on a mark-to-market basis.
  - (ii) The margin required in respect of *foreign exchange positions* (excluding cash balances) held in the accounts of customers who are classified as other counterparties, as defined in Form 1, which are denominated in a currency other than the currency of the account, is the aggregate of the security margin requirement and the foreign exchange margin requirement, provided that where the margin rate applicable to the security is greater than the spot risk margin rate, the foreign exchange margin requirement is nil. The sum of the security margin requirement and the foreign exchange margin requirement shall not exceed 100%.
  - (iii) Listed futures contracts are margined in the same manner as prescribed in section 5790.

Rule  
100.2(d)(v)(E)

**5469. Foreign exchange concentration charge**

- (1) In respect of any Group 2, Group 3 or Group 4 currency, a concentration charge as calculated in subsection 5469(2) may apply.
- (2) The concentration charge that applies for any Group 2, Group 3 or Group 4 currency, is any excess of the aggregate of the foreign exchange margin provided under this Rule on a Dealer Member's *monetary assets* and *monetary liabilities* and the foreign exchange margin on client accounts over 25% of the firm's net allowable assets net of minimum capital (as determined for the purposes of Form 1) as determined on a currency by currency basis.

New	5470. - 5499. Reserved.
-----	-------------------------

<p>New</p>	<p style="text-align: center;"><b>RULE 5500</b></p> <p style="text-align: center;"><b>MARGIN REQUIREMENTS FOR UNDERWRITING COMMITMENTS AND WHEN ISSUED TRADING</b></p> <p><b>5501. Introduction</b></p> <p>(1) This Rule covers Dealer Member inventory margin requirements for underwriting commitments and offsets involving underwriting commitments and Dealer Member inventory margin and client account margin requirements for when issued trading positions. The order of subjects in this Rule is:</p> <ul style="list-style-type: none"> <li>(i) Underwriting commitment amount <b>Section 5510</b></li> <li>(ii) Margin requirements for underwriting commitments: <ul style="list-style-type: none"> <li>(a) Where a new issue letter has not been obtained <b>Section 5520</b></li> <li>(b) Where a new issue letter has been obtained <b>Section 5521</b></li> <li>(c) Where expressions of interest from exempt purchasers have been received <b>Section 5522</b></li> <li>(d) Alternative approach to margining private placements of restricted equity securities <b>Section 5523</b></li> <li>(e) Standby commitment to purchase securities under a rights offering <b>Section 5524</b></li> </ul> </li> <li>(iii) Underwriting related agreements <b>Section 5530</b></li> <li>(iv) Individual and overall underwriting concentration charges <b>Sections 5540 and 5541</b></li> <li>(v) Specific offset strategies involving commitments to purchase <b>Sections 5550 through 5552</b></li> <li>(vi) Margin requirements for when issued trading positions <b>Sections 5560 through 5562</b></li> </ul> <p><b>5502. - 5509. - Reserved.</b></p>
<p>New</p>	

	<b>UNDERWRITING COMMITMENT AMOUNT</b>
Rule 100.5(f)	<p><b>5510. Underwriting commitment amount</b></p> <p>(1) In determining the amount of a Dealer Member's underwriting commitment for the purposes of sections 5520 through 5524 and sections 5530 and 5531, receivables from Dealer Members of the banking or selling groups in respect of firm obligations to take down a portion of a new issue of securities (i.e. not after-market trading) may be deducted from the liability of the Dealer Member to the issuer.</p>
New	<b>5511. - 5519. - Reserved.</b>
	<b>MARGIN REQUIREMENTS FOR UNDERWRITING COMMITMENTS</b>
Rule 100.5(b)	<p><b>5520. Margin requirements for underwriting commitments where a new issue letter has not been obtained</b></p> <p>(1) The minimum <i>Dealer Member inventory margin</i> requirement for a <i>commitment</i> in respect of a new issue of securities or a secondary issue of securities where a <i>new issue letter</i> has not been obtained is calculated in accordance with subsections 5520(2) through 5520(5).</p> <p>(2) <b>No out clauses in effect</b> - Where the <i>commitment</i> is not subject to a <i>market out clause</i> or a <i>disaster out clause</i> (by omission in the <i>commitment</i> to such clauses being included in the underwriting agreement), the margin required is:</p> <p>(i) From the commitment date to 20 business days after settlement date, <i>normal new issue margin</i>;</p> <p>(ii) Thereafter, <i>normal margin</i>.</p> <p>(3) <b>Disaster out clause in effect</b> - Where the <i>commitment</i> is subject to a <i>disaster out clause</i> (by reference in the <i>commitment</i> to such clause being included in the underwriting agreement), the margin required is:</p> <p>(i) From the commitment date to the settlement date of the offering or the expiry date of the <i>disaster out clause</i>, whichever is earlier, 50% of <i>normal new issue margin</i>; and</p> <p>(ii) Thereafter, the same as in subsection 5520(2).</p> <p>(4) <b>Market out clause in effect</b> - Where the <i>commitment</i> is subject to a <i>market out clause</i> (by reference in the <i>commitment</i> to such clause being included in the underwriting agreement), the margin required is:</p>

Rule 100.5(b)

- (i) From the commitment date to the settlement date of the offering or the expiry date of the *market out clause*, whichever is earlier, 10% of *normal new issue margin* is required; and
  - (ii) Thereafter, the same as in subsection 5520(2).
- (5) **Disaster out clause and market out clause in effect** - Where the *commitment* is subject to a *disaster out clause* and a *market out clause* (by reference in the *commitment* to such clauses being included in the underwriting agreement), the margin required is:
- (i) From the commitment date to the settlement date of the offering or the expiry date of the *market out clause*, whichever is earlier, 10% of *normal new issue margin* is required; and
  - (ii) Thereafter:
    - (a) Where the *disaster out clause* is still in effect, the same as in subsection 5520(3); or
    - (b) Where the *disaster out clause* is also no longer effect, the same as in subsection 5520(2).
- 5521. Margin requirements for underwriting commitments where a new issue letter has been obtained**
- (1) The minimum *Dealer Member inventory margin* requirement for a *commitment* in respect of a new issue of securities or a secondary issue of securities where a *new issue letter* has been obtained is calculated in accordance with subsections 5521(2) through 5521(6).
  - (2) **No out clauses in effect** - Where the *commitment* is not subject to a *market out clause* or a *disaster out clause* (by omission in the *commitment* to such clauses being included in the underwriting agreement), the margin required is:
    - (i) From the effective date of the *new issue letter* to the business day prior to the settlement date of the offering:
      - (a) Where the *new issue letter* has not expired, 10% of *normal new issue margin*; and
      - (b) Where the *new issue letter* has expired, *normal new issue margin*.
    - (ii) From settlement date of the offering:
      - (a) Where the *new issue letter* has been drawn:
        - (I) From settlement date to 5 business days after settlement date or when the *new issue letter* expires, whichever is earlier,

- 10% of normal new issue margin;
  - (II) For the next succeeding 5 business days or when the new issue letter expires, whichever is earlier, 25% of normal new issue margin;
  - (III) For the next succeeding 5 business days or when the new issue letter expires, whichever is earlier, 50% of normal new issue margin;
  - (IV) For the next succeeding 5 business days or when the new issue letter expires, whichever is earlier, 75% of normal new issue margin; and
  - (V) Thereafter, normal margin.
- (b) Where the new issue letter has not been drawn:
- (I) From settlement date to 20 business days after settlement date or when the new issue letter expires, whichever is earlier, 100% of normal new issue margin;
  - (II) Thereafter, normal margin.
- (3) **Disaster out clause in effect** - Where the commitment is subject to a disaster out clause (by reference in the commitment to such clause being included in the underwriting agreement), the margin required is:
- (i) From the effective date of the new issue letter to the business day prior to the settlement date of the offering:
    - (a) Where the new issue letter has not expired, 10% of normal new issue margin;
    - (b) Where the disaster out clause has not expired; 50% of normal new issue margin; and
    - (c) Where the new issue letter and the disaster out clause have expired, normal new issue margin.
  - (ii) From settlement date of the offering, the same as in paragraph 5521(2)(ii).
- (4) **Market out clause in effect** - Where the commitment is subject to a market out clause (by reference in the commitment to such clause being included in the underwriting agreement), the margin required is:
- (i) From the effective date of the new issue letter to the business day prior to the settlement date of the offering:
    - (a) Where the new issue letter and the market out clause have not

- expired, 5% of *normal new issue margin*;
- (b) Where the *new issue letter* has expired and the *market out clause* has not expired; 10% of *normal new issue margin*;
  - (c) Where the *new issue letter* has not expired and the *market out clause* has expired; 10% of *normal new issue margin*; and
  - (d) Where both the *new issue letter* and the *market out clause* have expired, *normal new issue margin*.
- (ii) From settlement date of the offering, the same as in paragraph 5521(2) (ii).
- (5) **Disaster out clause and market out clause in effect** - Where the *commitment* is subject to a *disaster out clause* and a *market out clause* (by reference in the *commitment* to such clauses being included in the underwriting agreement), the margin required is:
- (i) From the effective date of the *new issue letter* to the business day prior to the settlement date of the offering:
    - (a) Where the *new issue letter* and the *market out clause* have not expired, 5% of *normal new issue margin*;
    - (b) Where the *new issue letter* has expired and the *market out clause* has not expired; 10% of *normal new issue margin*;
    - (c) Where the *new issue letter* has not expired and the *market out clause* has expired; 10% of *normal new issue margin*;
    - (d) Where both the *new issue letter* and the *market out clause* have expired and the *disaster out clause* has not expired; 50% of *normal new issue margin*; and
    - (e) Where the *new issue letter*, the *market out clause* and the *disaster out clause* have all expired, *normal new issue margin*.
  - (ii) From settlement date of the offering, the same as in paragraph 5521(2) (ii).
- (6) If the margin rates prescribed above in respect of *commitments* for which a *new issue letter* is available are less than the margin rates required by the issuer of such letter, the higher rates required by the issuer shall be applied.

Rule 100.5(c)

**5522. Margin requirements for underwriting commitments where expressions of interest from exempt purchasers have been affirmed**

- (1) Where a Dealer Member has a *commitment* in respect of a new issue of securities or a secondary issue of securities and the Dealer Member has determined through obtaining *appropriate documentation*:
  - (i) that the allocation between retail and exempt purchasers has been finalized;
  - (ii) that expressions of interest received from the entire allotment to exempt purchasers have been verbally affirmed but not yet ticketed;
  - (iii) that there is unlikely to be a significant renege rate on the expressions of interest received from exempt purchasers; and
  - (iv) that the Dealer Member is not significantly leveraging its underwriting activities through the use of the margin requirement reduction provided on that portion of the *commitment* where expressions of interest have been received from exempt purchasers;

the minimum *Dealer Member inventory margin* requirement for the portion of the *commitment* allocated to exempt purchasers is calculated in accordance with subsections 5522(2) through 5522(6).
- (2) **New issue letter has not been obtained and no out clauses in effect** - Where the *commitment* is not subject to a *market out clause* or a *disaster out clause* (by omission in the *commitment* to such clauses being included in the underwriting agreement) and a *new issue letter* has not been obtained or has expired, the margin required from the date that the expressions of interest received from the entire allotment to exempt purchasers have been verbally affirmed but not yet ticketed until the date the sales are contracted is:
  - (i) Where the current market value of the *commitment* is at or above 90% of new issue value (90% x issue price x number of shares), 20% of *normal new issue margin*;
  - (ii) Where the current market value of the *commitment* is at or above 80% but below 90% of new issue value (80% x issue price x number of shares), 40% of *normal new issue margin*; and
  - (iii) Otherwise, *normal new issue margin*.
- (3) **New issue letter has not been obtained and disaster out clause in effect** - Where the *commitment* is subject to a *disaster out clause* (by reference in the *commitment* to such clause being included in the underwriting agreement)

and the *disaster out clause* has not expired and a *new issue letter* has not been obtained or has expired, the margin required is the lesser of:

- (i) The margin required in subsection 5522(2); and
- (ii) The margin required in subsection 5520(3).

- (4) **New issue letter has not been obtained and market out clause in effect** - Where the *commitment* is subject to a *market out clause* (by reference in the *commitment* to such clause being included in the underwriting agreement) and the *market out clause* has not expired and a *new issue letter* has not been obtained or has expired, the margin required is the same as in subsection 5520(4).
- (5) **New issue letter has not been obtained and disaster out clause and market out clause in effect** - Where the *commitment* is subject to a *disaster out clause* and a *market out clause* (by reference in the *commitment* to such clauses being included in the underwriting agreement) and the *market out clause* has not expired and a *new issue letter* has not been obtained or has expired, the margin required is the same as in paragraph 5520(5).
- (6) **New issue letter has been obtained** - Where a *new issue letter* has been obtained and the *new issue letter* has not expired, the margin required is the same as in section 5521.

Rule 100.5(g)

**5523. Alternative approach to margining of private placements of restricted equity securities during the distribution period**

- (1) For a private placement of an equity security subject to a four-month trading restriction (pursuant to National Instrument 45-102 or a similar provincial securities legislation exemption), an alternative approach to margining is permitted. The alternative approach is set out in subsection 5523(2).
- (2) The margin rate to be used for the private placement during the distribution period shall be the greater of:
  - (i) The margin rate that would be otherwise applicable to the security if the restriction were not present, subject to the margin rate reductions available in sections 5520 through 5522; and
  - (ii)
    - (a) Where it is five business days or less subsequent to the commitment date, 25%;
    - (b) Where it is greater than five business days subsequent to the commitment date, 50%; and

<p>Rule 100.6</p>	<p>(c) Where it is on or after the offering settlement date, 100%.</p> <p><b>5524. Margin requirements for a standby commitment to purchase securities under a rights offering</b></p> <p>(1) The minimum <i>Dealer Member inventory margin</i> requirement for a standby commitment to purchase securities under a rights offering is calculated in accordance with subsection 5524(2).</p> <p>(2) The margin required is:</p> <p>(i) Where the market value of the <i>underlying security</i> is greater than 125% of the subscription amount, nil;</p> <p>(ii) Where the market value of the <i>underlying security</i> is greater than 110% but less than or equal to 125% of the subscription amount, 10% of the <i>normal margin</i> rate multiplied by the subscription amount;</p> <p>(iii) Where the market value of the <i>underlying security</i> is greater than 105% but less than or equal to 110% of the subscription amount, 30% of the <i>normal margin</i> rate multiplied by the subscription amount;</p> <p>(iv) Where the market value of the <i>underlying security</i> is greater than 100% but less than or equal to 105% of the subscription amount, 50% of the <i>normal margin</i> rate multiplied by the subscription amount; and</p> <p>(v) Where the market value of the <i>underlying security</i> is less than or equal to 100% of the subscription amount, the <i>normal margin</i> rate multiplied by the market value of the <i>underlying security</i>.</p>
<p>New</p>	<p><b>5525. - 5529. - Reserved.</b></p>
<p></p>	<p><b>UNDERWRITING RELATED AGREEMENTS</b></p>
<p>Rule 100.5(a)(v)</p>	<p><b>5530. New issue letter</b></p> <p>(1) To obtain the reduced margin requirements in section 5521 for an underwriting commitment, a Dealer Member must be party to a <i>new issue letter</i>.</p> <p>(2) In paragraph 5130(4)(iv), a <i>new issue letter</i> is defined as an underwriting loan facility in a form satisfactory to the Corporation. For the letter to be satisfactory, it must contain the following minimum terms and conditions:</p> <p>(i) the letter issuer must provide an irrevocable commitment to advance funds based only on the strength of the new issue and the Dealer</p>

Member;

- (ii) the letter issuer must advance funds to the Dealer Member for any part of the commitment not sold, for an amount based on a stated *loan value* rate, at a stated interest rate, and for a stated period of time;
- (iii) the letter issuer must not, if the Dealer Member is unable to repay the loan at the termination date resulting in a loss or potential loss to the letter issuer, have or seek any right of set-off against
  - (a) collateral held by the letter issuer for any other obligations of the Dealer Member or its clients;
  - (b) cash on deposit with the letter issuer for any purpose; or
  - (c) securities or other assets held in a custodial capacity by the letter issuer for the Dealer Member's own account or for the Dealer Member's clients,
 to recover the loss or potential loss.

- (3) If the *new issue letter issuer* is not an *acceptable institution*, the funds that can be drawn under the *new issue letter* must either be fully collateralized by high-grade securities or held in escrow with an *acceptable institution*.

New

**5531. - 5539. - Reserved.**

**INDIVIDUAL AND OVERALL UNDERWRITING CONCENTRATION CHARGES**

Rule 100.5(d)

**5540. Individual underwriting concentration charge**

- (1) Where:
  - (i) the margin required on any one *commitment* is reduced due to either:
    - (a) obtaining a *new issue letter* in accordance with section 5521; or
    - (b) qualifying expressions of interest received from exempt purchasers that have been verbally affirmed but not yet contracted in accordance with section 5522,
 and;
  - (ii) the margin requirement reduction in respect of such *commitment* (determined by comparing the margin requirement calculated in section 5521 or section 5522 with the margin requirement otherwise applicable and calculated in section 5520), exceeds 40% of such Dealer Member's net allowable assets,
 such excess shall be added to total margin required pursuant to Form 1. The

amount to be deducted may be reduced by the amount of margin provided for as required by section 5521 or section 5522 on the individual underwriting position to which such excess relates.

Rule 100.5(e)

**5541. Overall underwriting concentration charge**

(1) Where:

(i) the margin required on some or all *commitments* is reduced due to either:

- (a) obtaining a *new issue letter* in accordance with section 5521; or
- (b) qualifying expressions of interest received from exempt purchasers that have been verbally affirmed but not yet contracted in accordance with section 5522,

and

(ii) the aggregate margin requirement reductions in respect of such *commitments* (determined by comparing the margin requirements calculated in section 5521 and / or section 5522 with the margin requirements otherwise applicable and calculated in section 5520), exceeds 100% of such Dealer Member's net allowable assets,

such excess shall be added to total margin required pursuant to Form 1. The amount to be deducted may be reduced by the amount of margin provided for as required by section 5521 and / or section 5522 above on individual underwriting positions and by the amount required to be deducted from risk adjusted capital pursuant to section 5530.

New

**5542. - 5549. - Reserved.****SPECIFIC OFFSET STRATEGIES INVOLVING COMMITMENTS TO PURCHASE**Rule  
100.10(h)(iii)(C)  
)**5550. Long qualifying basket of index securities - Short index participation units - Commitment to purchase index participation units**

(1) Where a Dealer Member inventory account contains the following combination:

<b>Long position</b>	<b>and</b>	<b>Short position</b>	<b>and</b>	<b>Commitment</b>
(i) <i>qualifying basket of index securities</i>	and	<i>index participation units based on the same index</i>	and	commitment to purchase <i>index participation units</i> pursuant to an underwriting agreement

and *equivalent quantities* of each position in the combination are held, the

minimum margin required for the combination is calculated in accordance with subsection 5550(2).

- (2) No margin is required provided the long *qualifying basket of index securities*:
- (i) is of size sufficient to comprise a basket of securities or multiple thereof required to obtain the participation units;
- and
- (ii) does not exceed the Dealer Member's *commitment* to purchase the participation units.

Rule  
100.10 (h) (ii) (G)  
(I)

**5551. Long qualifying basket of index securities - Short index participation unit call options - Commitment to purchase index participation units**

- (1) Where a Dealer Member inventory account contains the following combination:

<b>Long position</b>	<b>Short option position</b>	<b>Commitment</b>
(i) <i>qualifying basket of index securities</i>	and <i>index participation unit call option</i> based on the same <i>index</i>	commitment to purchase <i>index participation units</i> pursuant to an underwriting agreement

and *equivalent quantities* of each position in the combination are held and the underwriting period expires after the expiry date of the short *call options*, the minimum margin required for the combination is calculated in accordance with subsection 5551(2).

- (2) Subject to additional margin requirements set out in subsection 5551(3), the minimum margin required is the *normal margin* required on the long *qualifying basket* less the market value of the short *call options*, but in no event shall the margin required be less than zero.
- (3) Where the *qualifying basket of index securities* is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.

Rule  
100.10 (h) (ii) (G)  
(II)

**5552. Long qualifying basket of index securities - Long index participation unit put options - Commitment to purchase index participation units**

- (1) Where a Dealer Member inventory account contains the following combination:

<b>Long position</b>	<b>Long option position</b>	<b>Commitment</b>
(i) <i>qualifying basket of index securities</i> and	<i>index participation and unit put option based on the same index</i>	<i>commitment to purchase index participation units pursuant to an underwriting agreement</i>
<p>and <i>equivalent quantities</i> of each position in the combination are held and the underwriting period expires after the expiry date of the long <i>put options</i>, the minimum margin required for the combination is calculated in accordance with subsection 5552(2).</p>		
<p>(2) Subject to additional margin requirements set out in subsection 5552(3), the minimum margin required is.</p> <p>(i) 100% of the market value of the long <i>put options</i>;</p> <p>plus</p> <p>(ii) the lesser of:</p> <p style="padding-left: 2em;">(a) the <i>normal margin</i> required on the long <i>qualifying basket of index securities</i>,</p> <p style="padding-left: 2em;">or</p> <p style="padding-left: 2em;">(b) the market value of the <i>qualifying basket of index securities</i> less the <i>aggregate exercise value</i> of the <i>put options</i>.</p> <p>A negative value calculated under (ii)(b) may reduce the margin required on the <i>put options</i>, but in no event shall the margin required be less than zero.</p>		
<p>(3) Where the <i>qualifying basket of index securities</i> is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.</p>		

New

5553. - 5559. - Reserved.

**MARGIN REQUIREMENTS FOR WHEN ISSUED TRADING POSITIONS****5560. Margin for short positions**Rule  
100.19(a)(i)

- (1) Subject to subsections 5560(2) and 5560(3), the minimum *Dealer Member inventory margin* and *client account margin* required for short positions resulting from short sales of a security traded on a when issued basis is

	the <i>normal margin</i> required for a short position in the security.
Rules 100.19(a)(i) and 100.19(c)	(2) <i>Dealer Member inventory margin</i> shall be posted on the trade date of the short sale.
Rule 100.19(a)(i)	(3) <i>Client account margin</i> shall be posted on the third settlement day after the trade date of the short sale.
	<b>5561. Margin for hedged positions</b>
Rule 100.19(a)(ii)	(1) Subject to subsections 5561(3) and 5560(4), the minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> required for hedged positions resulting from purchases of securities <i>trading on a when issued basis</i> that are subsequently sold on a when issued basis is the <i>normal margin</i> required for a long position in the security.
Rule 100.19(a)(iii)	(2) Subject to subsections 5561(3) and 5560(4), the minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> required for hedged positions resulting from purchases of securities <i>trading on a when issued basis</i> that are subsequently sold for settlement into the regular market is the <i>normal margin</i> required for a short position in the security.
Rules 100.19(a)(ii), 100.19(a)(iii) and 100.19(c)	(3) <i>Dealer Member inventory margin</i> shall be posted on the trade date of the purchase.
Rules 100.19(a)(ii) and 100.19(a)(iii)	(4) <i>Client account margin</i> shall be posted on the third settlement day after the trade date of the sale.
	<b>5562. Margin for long positions</b>
Rule 100.19(b)	(1) Subject to subsections 5562(3) and 5560(3), the minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> required for long positions resulting from purchases of securities <i>trading on a when issued basis</i> that have not been sold subsequently on a when issued basis is the <i>normal margin</i> required for a long position in the security.
Rules 100.19(b) and 100.19(c)	(2) <i>Dealer Member inventory margin</i> shall be posted on the trade date of the purchase.
Rule 100.19(b)	(3) <i>Client account margin</i> shall be posted on the later of the third settlement day after the trade date of the purchase and the date of the issuance or distribution of the security.

New	5563. - 5599. - Reserved.
-----	---------------------------

New	<p style="text-align: center;"><b>RULE 5600</b></p> <p style="text-align: center;"><b>MARGIN REQUIREMENTS FOR OFFSET STRATEGIES INVOLVING DEBT AND EQUITY SECURITIES AND RELATED INSTRUMENTS</b></p> <p><b>5601. Introduction</b></p> <p>(1) This Rule addresses the margin treatment of security positions that comprise reduced-risk offset strategies. The margin requirements for these strategies are generally less than if the positions are margined separately. Reduced margin in some cases is available for both Dealer Member inventory and client account offset strategies and in other cases is available for only Dealer Member inventory offset strategies.</p> <p>(2) The order of subjects in this Rule is:</p> <p>(i) Dealer Member inventory and client account offset strategies involving:</p> <p>(a) Debt securities</p> <p>(I) Government debt securities <i>Sections 5610 to 5618</i></p> <p>(II) Commercial and corporate debt securities <i>Sections 5620 to 5623</i></p> <p>(III) Government debt securities and commercial and corporate debt securities <i>Sections 5630 to 5631</i></p> <p>(b) Convertible and exercisable securities</p> <p>(I) Convertible securities <i>Sections 5640 to 5643</i></p> <p>(II) Capital shares <i>Sections 5650 to 5654</i></p> <p>(III) Warrants, rights, installment receipts and other exercisable securities <i>Sections 5660 to 5662</i></p> <p>(ii) Offsets only available for Dealer Member inventory positions</p> <p>(a) Debt securities <i>Sections 5670 to 5671</i></p> <p>(b) Swap positions <i>Section 5680 to 5683</i></p> <p><b>5602. - 5609. Reserved.</b></p>
New	

## DEALER MEMBER INVENTORY AND CLIENT ACCOUNT OFFSET STRATEGIES

## OFFSETS INVOLVING GOVERNMENT DEBT SECURITIES AND RELATED INSTRUMENTS

New

## 5610. Summary reference tables

(1) The following table summarizes and references the reduced margin offset strategies available among government debt securities:

	<b>Short Canada debt securities</b>	<b>Short United States debt securities</b>	<b>Short Canada Provincial debt securities</b>	<b>Short Canada Municipal debt securities</b>
<b>Long Canada debt securities</b>	same maturity band - 5611 and 5612	same maturity band - 5614(3)(i)	same maturity band - 5614(1)(i)	same maturity band - 5614(1)(ii) and 5614(3)(iii)
	different maturity bands - 5613(1)(i)	different maturity bands - no offset	different maturity bands -5613(1)(ii)	different maturity bands - no offset
<b>Long United States debt securities</b>	same maturity band - 5614(3)(i)	same maturity band - 5611 and 5612	same maturity band - 5614(3)(ii)	same maturity band - 5614(3)(iv)
	different maturity bands - no offset	different maturity bands - no offset	different maturity bands - no offset	different maturity bands - no offset
<b>Long Canada Provincial debt securities</b>	same maturity band - 5614(1)(i)	same maturity band - 5614(3)(ii)	same maturity band - 5611 and 5612	same maturity band - 5614(1)(iii) and 5614(3)(v)
	different maturity bands - 5613(1)(ii)	different maturity bands - no offset	different maturity bands - 5613(1)(iii)	different maturity bands - no offset
<b>Long Canada Municipal debt securities</b>	same maturity band - 5614(1)(ii) and 5614(3)(iii)	same maturity band - 5614(3)(iv)	same maturity band - 5614(1)(iii) and 5614(3)(v)	no offset available
	different maturity bands - no offset	different maturity bands - no offset	different maturity bands - no offset	

(2) The following table summarizes and references the reduced margin offset strategies available between government debt securities and strip and residual debt instruments:

	<i>Short Canada debt securities</i>	<i>Short Canada Provincial debt securities</i>	<i>Short Canada strips or Canada residuals</i>	<i>Short Provincial strips or Provincial residuals</i>
<i>Long Canada debt securities</i>	Refer to table in 5610(1)		same maturity band - 5615(1) (i) and (ii)	same maturity band - 5615(2) (i) and (ii)
			different maturity bands - no offset	different maturity bands - no offset
<i>Long Canada Provincial debt securities</i>			same maturity band - 5615(2) (iii) and (iv)	same maturity band - 5615(1) (iii) and (iv)
			different maturity bands - no offset	different maturity bands - no offset
<i>Long Canada strips or Canada residuals</i>	same maturity band - 5615(1) (i) and (ii)	same maturity band - 5615(2) (iii) and (iv)	same maturity band - 5615(3) (i) to (iii)	same maturity band - 5615(4) (i) to (iii)
	different maturity bands - no offset	different maturity bands - no offset	different maturity bands - no offset	different maturity bands - no offset
<i>Long Provincial strips or Provincial residuals</i>	same maturity band - 5615(2) (i) and (ii)	same maturity band - 5615(1) (iii) and (iv)	same maturity band - 5615(4) (i) to (iii)	same maturity band - 5615(3) (iv) to (vi)
	different maturity bands - no offset	different maturity bands - no offset	different maturity bands - no offset	different maturity bands - no offset

(3) The following table summarizes and references the reduced margin offset strategies available between government debt securities and government guaranteed mortgage-backed securities:

	<i>Short Canada debt securities</i>	<i>Short Canada mortgage-backed securities</i>

<b>Long Canada debt securities</b>	Refer to table in 5610(1)	same maturity band - 5616(1)(i)
		different maturity bands - no offset
<b>Long Canada mortgage-backed securities</b>	same maturity band - 5616(1)(i)	same security- margin computed in respect to the net long or net short position only
	different maturity bands - no offset	different security - no offset

(4) The following table summarizes and references the reduced margin offset strategies available between government debt securities and government debt futures contracts:

	<b>Short Canada debt securities</b>	<b>Short Canada Provincial debt securities</b>	<b>Short Canada Municipal debt securities</b>	<b>Short Canada bond futures</b>
<b>Long Canada debt securities</b>	Refer to table in 5610(1)			same maturity band - 5617(1)(i)
				different maturity bands - 5618(1)(i)
<b>Long Canada Provincial debt securities</b>				same maturity band - 5618(1)(ii)
				different maturity bands - 5618(1)(ii)
<b>Long Canada Municipal debt securities</b>				same maturity band - 5618(1)(iii)
				different maturity bands - no offset

	different maturity bands - 5618(1)(i)	different maturity bands - 5618(1)(ii)	different maturity bands - no offset	different contracts - refer to requirements on exchange on which the contract trades
--	---	--	--	--

Rule 100.4B

**5611. Government debt securities of same issuer and both maturing within one year**

(1) Where a Dealer Member or a client:

(i) has a long position in *Canada debt securities, United States debt securities, Canada Provincial debt securities* or any other debt security described in Category (i) or Category (ii) of subsection 5210(1), maturing within one year, and

(ii) has a short position in debt securities:

(a) issued or guaranteed by the same issuer (provided that for these purposes each of the provinces of Canada shall be regarded as the same issuer as any other province of Canada),

(b) in the same currency as the securities referred to in (i),

(c) maturing within one year, and

(d) with a market value equal to the securities referred to in (i)

the two positions may be offset and the minimum margin required for both positions may be computed as the excess of the *normal margin required* on the long (or short) position over the *normal margin required* on the short (or long) position.

Rule 100.4A

**5612. Government debt securities of same issuer with same maturity band and both maturing in greater than or equal to one year**

(1) Where a Dealer Member or a client:

(i) has a long position in *Canada debt securities, United States debt securities, Canada Provincial debt securities* or any other debt security described in Category (i) or Category (ii) of subsection 5210(1), maturing in greater than or equal to one year, and

(ii) has a short position in debt securities:

(a) issued or guaranteed by the same issuer (provided that for these purposes each of the provinces of Canada shall be regarded as the same issuer as any other province of Canada),

(b) and in the same currency as the securities referred to in (i),

(c) maturing within the same *maturity band* as the securities referred to in (i), and

(d) with a market value equal to the securities referred to in (i) the two positions may be offset and the minimum margin required for both positions may be computed with respect to the net long or net short position only.

Rules 100.4C(i),  
(j) and (k) and  
Notes (ii) and  
(iv)

**5613. Government debt securities with different maturity bands**

(1) Where a Dealer Member or a client has one of the following long government debt security position and short government debt security position pairings:

<b>Long (short) position</b>		<b>Short (long) position</b>
(i) <i>Canada debt securities</i>	and	<i>Canada debt securities</i>
(ii) <i>Canada debt securities</i>	and	<i>Canada Provincial debt securities</i>
(iii) <i>Canada Provincial debt securities</i>	and	<i>Canada Provincial debt securities</i>

and the positions have the same currency denomination and market value but are within different *maturity bands*, the two positions may be offset and the minimum margin required for both positions may be computed as 50% of the greater of the margins normally required on the long (or short) and the short (or long) positions.

**5614. Government debt securities of different issuers with same maturity band**

(1) Where a Dealer Member or a client has one of the following long government debt security position and short government debt security position pairings:

<b>Long (short) position</b>		<b>Short (long) position</b>
(i) <i>Canada debt securities</i>	and	<i>Canada Provincial debt securities</i>
(ii) <i>Canada debt securities</i>	and	<i>highly rated Canada Municipal debt securities</i>
(iii) <i>Canada Provincial debt securities</i>	and	<i>highly rated Canada Municipal debt securities</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as 50% of the greater of the margins normally required on the long (or short) and the short (or long) positions.

Rules 100.4C(j),  
(l) and (m) and  
Notes (ii)  
through (iv)

Rule 100.4C  
Note (v)

Rules 100.4C(a),  
(b), (c) and (e)  
and Notes (iii)  
and (iv)

(2) In subsection 5614(1) "highly rated Canada Municipal debt securities" are Canada Municipal debt securities currently rated "A" or higher by CBRS or DBRS.

(3) Where a Dealer Member or a client has one of the following long government debt security position and short government debt security position pairings:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada debt securities</i>	and <i>United States debt securities</i>
(ii) <i>United States debt securities</i>	and <i>Canada Provincial debt securities</i>
(iii) <i>Canada debt securities</i>	and <i>Canada Municipal debt securities</i>
)	
(iv) <i>United States debt securities</i>	and <i>Canada Municipal debt securities</i>
(v) <i>Canada Provincial debt securities</i>	and <i>Canada Municipal debt securities</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as the greater of the margins normally required on the long (or short) and the short (or long) positions.

**5615. Offsets involving government debt securities and / or strip coupons or residuals**

Rule 100.4E  
preamble items  
(i), (ii) and  
(iv) and Rules  
100.4E(a)(i) and  
(ii) and  
100.4E(e)

(1) Where a Dealer Member or a client has one of the following long (short) government debt security position and short (long) government strip coupon or residual position pairings:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada debt securities</i>	and <i>Canada strips</i>
(ii) <i>Canada debt securities</i>	and <i>Canada residuals</i>
(iii) <i>Canada Provincial debt securities</i>	and <i>Canada Provincial strips</i>
)	
(iv) <i>Canada Provincial debt securities</i>	and <i>Canada Provincial residuals</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as the excess of the *normal margin required* on the strip coupon or residual position over the *normal margin required* on the debt security position.

Rule 100.4E  
preamble items  
(i), (ii) and  
(iv) and Rules  
100.4E(a)(iii)  
and (iv) and  
100.4E(e)

- (2) Where a Dealer Member or a client has one of the following long (short) government debt security position and short (long) government strip coupon or government residual position pairings:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada debt securities</i>	and <i>Canada Provincial strips</i>
(ii) <i>Canada debt securities</i>	and <i>Canada Provincial residuals</i>
(iii) <i>Canada Provincial debt securities</i>	and <i>Canada strips</i>
(iv) <i>Canada Provincial debt securities</i>	and <i>Canada residuals</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as 50% of the total *normal margin required* for both positions.

Rule 100.4E  
preamble items  
(i), (ii) and  
(iv) and Rules  
100.4E(b), (c),  
(d) and (e)

- (3) Where a Dealer Member or a client has one of the following government strip coupon and / or government residual position pairings:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada strips</i>	and <i>Canada strips</i>
(ii) <i>Canada residuals</i>	and <i>Canada residuals</i>
(iii) <i>Canada strips</i>	and <i>Canada residuals</i>
(iv) <i>Canada Provincial strips</i>	and <i>Canada Provincial strips</i>
(v) <i>Canada Provincial residuals</i>	and <i>Canada Provincial residuals</i>
(vi) <i>Canada Provincial strips</i>	and <i>Canada Provincial residuals</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as the excess of the *normal margin required* on the long (or short) position over the *normal margin required* on the short (or long) position.

Rule 100.4E  
preamble items  
(i), (ii) and  
(iv) and Rules  
100.4E(b), (c),  
(d) and (e)

- (4) Where a Dealer Member or a client has the following pairing:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada strips</i>	and <i>Canada Provincial strips</i>
(ii) <i>Canada strips</i>	and <i>Canada Provincial residuals</i>
(iii) <i>Canada residuals</i>	and <i>Canada Provincial residuals</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as 50% of the

total *normal margin required* for both positions.

Rule 100.4D

**5616. Offsets involving government debt securities and government guaranteed mortgage-backed securities**

(1) Where a Dealer Member or a client has the following pairing:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada debt securities</i>	and <i>Canada guaranteed mortgage-backed securities</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as the excess of the *normal margin required* on the mortgage-backed security position over the *normal margin required* on the debt security position.

Rule 100.4K(a)  
and Notes (i)  
and (iv)

**5617. Offsets involving government debt securities and Government of Canada notional bond futures contracts with same underlying issuer and same maturity bands**

(1) Where a Dealer Member or a client has the following pairing:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada debt securities</i>	and <i>Government of Canada notional bond futures contract</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed with respect to the net long or net short position only.

**5618. Other offsets involving government debt securities and Government of Canada notional bond futures contracts**

(1) Where a Dealer Member or a client has one of the following long (short) government debt security position and short (long) Government of Canada notional bond futures contract position pairings:

<b>Long (short) position</b>	<b>Short (long) position</b>
(i) <i>Canada debt securities in different maturity band</i>	and <i>Government of Canada notional bond futures contract</i>
(ii) <i>Canada Provincial debt securities in same or different maturity band</i>	and <i>Government of Canada notional bond futures contract</i>
(iii) <i>highly rated Canada Municipal debt securities in same maturity band</i>	and <i>Government of Canada notional bond futures contract</i>

Rules 100.4K(b),  
(c) and (d) and  
Notes (i) and  
(iv)

Rule 100.4K Note  
(ii)

New

and the positions have the same currency denomination and market value, the two positions may be offset and the minimum margin required for both positions may be computed as 50% of the greater of the margins normally required on the long (or short) and the short (or long) positions.

(2) In subsection 5618(1) "highly rated Canada Municipal debt securities" are Canada Municipal debt securities currently rated "A" or higher by CBRS or DBRS.

**5619. Reserved.**

## OFFSETS INVOLVING COMMERCIAL AND CORPORATE DEBT SECURITIES AND RELATED INSTRUMENTS

New

## 5620. Summary tables

- (1) The following table summarizes and references the reduced margin offset strategies available among commercial and corporate debt securities:

	Short commercial and corporate debt	Short Canadian chartered bank acceptances	Short Canadian bankers acceptance futures contracts
Long commercial and corporate debt	same issuer and maturity band - 5621(1)(i)	no offset	no offset
	all other situations - no offset		
Long Canadian chartered bank acceptances	no offset	same issuer - margin computed in respect to the net long or net short position only	same maturity band - 5622(1)(i)
		all other situations - no offset	different maturity bands - no offset
Long Canadian bankers acceptance futures contracts	no offset	same maturity band - 5622(1)(i)	same contract-margin computed in respect to the net long or net short position only
		different maturity bands - no offset	different contracts - refer to requirements on exchange on which the contract trades

- (2) The following table summarizes and references the reduced margin offset strategies available between commercial and corporate debt securities and strip and residual debt instruments:

	Short commercial and corporate debt	Short commercial and corporate debt strips or residuals

		all other situations - no offset
Long commercial and corporate debt strips or residuals	same <i>maturity band</i> and highly rated commercial and corporate debt - 5623(1)(i)	no offset
	all other situations - no offset	

(3) The following table summarizes and references the reduced margin offset strategies available between commercial and corporate debt securities and government debt futures contracts:

	Short commercial and corporate debt	Short Canada bond futures
Long commercial and corporate debt	Refer to table in 5620(1)	same <i>maturity band</i> and highly rated commercial and corporate debt - 5624(1)(i)
		all other situations - no offset
Long Canada bond futures	same <i>maturity band</i> and highly rated commercial and corporate debt - 5624(1)(i)	no offset
	all other situations - no offset	

**5621. Commercial and corporate debt securities of same issuer with same maturity band**

(1) Where a Dealer Member or a client has the following pairing:

<b>Long (short) position</b>	and	<b>Short (long) position</b>
(i) <i>highly rated non convertible commercial and corporate debt securities</i>		<i>highly rated non convertible commercial and corporate debt securities of the same issuer</i>

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as the greater of the margins normally required on the long (or short) and the short (or long) positions.

(2) In subsection 5621(1) "*highly rated non convertible commercial and corporate debt securities*" are non convertible commercial and corporate

Rules 100.4C(g) and Notes (ii) through (iv)

Rule 100.4C Note (i)

debt securities currently rated "A" or higher by CBRS, DBRS, Moody's or S & P Corporation.

**5622. Offsets involving Canadian chartered bank acceptances and Canadian bankers acceptance futures contracts with same maturity bands**

Rules 100.4C(h) and Notes (ii) through (iv)

(1) Where a Dealer Member or a client has the following pairing:

<b>Long (short) position</b>	<b>Short (long) position</b>
------------------------------	------------------------------

(i) <i>highly rated Canadian chartered bank acceptances</i>	and <i>Canadian banker acceptance futures contract</i>
---	--

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed with respect to the net long or net short position only.

Rule 100.4C Note (i)

(2) In subsection 5622(1) "*highly rated Canadian chartered bank acceptances*" are bank acceptances currently rated "A" or higher by CBRS, DBRS, Moody's or S & P Corporation.

**5623. Offsets involving commercial and corporate debt securities and / or strip coupons or residuals**

Rule 100.4E preamble items (i), (ii) and (iv) and Rules 100.4E(e) and (f)

(1) Where a Dealer Member or a client has the following pairing:

<b>Long (short) position</b>	<b>Short (long) position</b>
------------------------------	------------------------------

(i) <i>highly rated non convertible commercial and corporate debt securities</i>	and strips or residuals whose underlier is <i>highly rated non convertible commercial and corporate debt securities</i> of the same issuer
--	--

and the positions have the same currency denomination and market value and are within the same *maturity band*, the minimum margin required for both positions may be computed as the greater of the margins normally required on the long (or short) and the short (or long) positions, subject to a maximum margin rate requirement of 20%.

Rule 100.4E(f)

(2) In subsection 5623(1) "*highly rated non convertible commercial and corporate debt securities*" are non convertible commercial and corporate debt securities currently rated "A" or higher by CBRS, DBRS, Moody's or S & P Corporation.

**5624. Offsets involving commercial and corporate debt securities and Government of Canada notional bond futures contracts**

Rule 100.4K(e)  
and Notes (i)  
and (iv)

(1) Where a Dealer Member or a client has one of the following long (short) government debt security position and short (long) Government of Canada notional bond futures contract position pairings:

<b>Long (short) position</b>	and	<b>Short (long) position</b>
(i) <i>highly rated non convertible commercial and corporate debt securities in same maturity band</i>		Government of Canada notional bond futures contract

and the positions have the same currency denomination and market value, the two positions may be offset and the minimum margin required for both positions may be computed as the greater of the margins normally required on the long (or short) and the short (or long) positions.

Rule 100.4K Note  
(iii)

(2) In subsection 5624(1) "*highly rated non convertible commercial and corporate debt securities*" are non convertible commercial and corporate debt securities currently rated "A" or higher by *CBRS, DBRS, Moody's* or *S & P Corporation*.

New

**5625. - 5629. Reserved.**

**OFFSETS INVOLVING GOVERNMENT AND COMMERCIAL AND CORPORATE DEBT SECURITIES AND RELATED INSTRUMENTS**

New

**5630. Summary tables**

(1) The following table summarizes and references the reduced margin offset strategies available between government debt securities and commercial and corporate debt securities:

	Short Canadas	Short United States treasuries	Short Canada Provincials	Short commercial and corporate debt
Long Canadas	Refer to table in 5610(1)			same <i>maturity band</i> and highly rated commercial and corporate debt - 5631(1)(i)
				all other situations - no offset
Long United States treasuries				same <i>maturity band</i> and highly rated commercial and corporate debt

				- 5631(1)(ii)
				all other situations - no offset
Long Canada Provincials				same maturity band and highly rated commercial and corporate debt - 5631(1)(iii)
				all other situations - no offset
Long commercial and corporate debt	same maturity band and highly rated commercial and corporate debt - 5631(1)(i)	same maturity band and highly rated commercial and corporate debt - 5631(1)(ii)	same maturity band and highly rated commercial and corporate debt - 5631(1)(iii)	Refer to table in 5620(1)
	all other situations - no offset	all other situations - no offset	all other situations - no offset	

**5631. Government and commercial corporate debt securities with same maturity band**

Rules 100.4C(d) and (f) and Notes (ii) through (iv)

(1) Where a Dealer Member or a client has one of the following long (short) government and short (long) commercial and corporate debt security position pairings:

Long (short) position	Short (long) position
(i) Canadas	and highly rated non convertible commercial and corporate debt
(ii) United States treasuries	and highly rated non convertible commercial and corporate debt
(iii) Canada Provincials )	and highly rated non convertible commercial and corporate debt

and the positions have the same currency denomination and market value and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed as the greater of the margins normally required on the long (or short) and the short (or long) positions.

Rule 100.4C Note (i)

(2) In subsection 5631(1) "*highly rated non convertible commercial and corporate debt securities*" are non convertible commercial and corporate debt securities currently rated "A" or higher by *CBRS, DBRS, Moody's* or *S*

& P Corporation.

New

5632. - 5639. Reserved.

**OFFSETS INVOLVING CONVERTIBLE SECURITIES**

New

**5640. Summary reference tables**

- (1) The following table summarizes and references the basic reduced margin offset strategies available for convertible securities:

	<i>Short convertible security which is currently convertible</i>	<i>Short convertible security which is not currently convertible</i>	<i>Short underlying security</i>
<i>Long convertible security which is currently convertible</i>	offsetting positions in same security - no margin required		<i>convertible security can be converted into underlying security 5641(1) (i)</i>
			<i>convertible security can be converted into cash equivalent of unit value of underlying security 5641(1) (i) and (ii)</i>
<i>Long convertible security which is not currently convertible</i>		offsetting positions in same security - no margin required	5642(1)
<i>Long underlying security</i>	5643(1)	5643(1)	offsetting positions in same security - no margin required

- (2) Other reduced margin offset strategies available for convertible securities:

- (i) Offset relating to a pending amalgamation, acquisition, spin-off or other securities related reorganization transaction - 5644

Rule 100.4H(b)

**5641. Offset where convertible security is held long and is currently convertible**

- (1) Where a Dealer Member or a client holds a long position in a convertible security which is *currently convertible* and a short position in the *underlying security* and *equivalent quantities* of both positions are held, the two positions may be offset and the minimum margin required for both

	<p>positions may be computed as the sum of:</p> <ul style="list-style-type: none"> <li>(i) the <i>conversion loss</i>, if any;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>(ii) if the convertible security cannot be converted directly into the <i>underlying security</i> at the holder's option, 20% of the <i>normal margin</i> required on the underlying securities.</li> </ul>
Rule 100.4H(c)	<p><b>5642. Offset where convertible security is held long and is not currently convertible</b></p> <ul style="list-style-type: none"> <li>(1) Where a Dealer Member or a client holds a long position in a convertible security which is not <i>currently convertible</i> and a short position in the <i>underlying security</i> and <i>equivalent quantities</i> of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of: <ul style="list-style-type: none"> <li>(i) the <i>conversion loss</i>, if any;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>(ii) 40% of the <i>normal margin</i> required on the underlying securities.</li> </ul> </li> </ul>
Rule 100.4H(d)	<p><b>5643. Offset where convertible security is held short</b></p> <ul style="list-style-type: none"> <li>(1) Where a Dealer Member or a client holds a long position in the <i>underlying security</i> and a short position in a convertible security and <i>equivalent quantities</i> of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of: <ul style="list-style-type: none"> <li>(i) the <i>conversion loss</i>, if any;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>(ii) 40% of the <i>normal margin</i> required on the underlying securities.</li> </ul> </li> </ul>
Rule 100.4H(e)	<p><b>5644. Offset relating to a pending amalgamation, acquisition, spin-off or other securities related reorganization transaction</b></p> <ul style="list-style-type: none"> <li>(1) Where a Dealer Member or a client holds a long position in <i>Newco securities</i> and short position in <i>Oldco securities</i> and <i>equivalent quantities</i> of both positions are held and the pending reorganization that resulted in the creation of the <i>Newco securities</i> has received approval to proceed, the two positions may be offset and the minimum margin required for both positions may be computed as the excess of the combined market value of the <i>Oldco securities</i> over the combined market value of the <i>Newco securities</i>, if any.</li> <li>(2) For the purposes of subsection 5643(1), "approval to proceed" means that:</li> </ul>

- (i) all legal requirements to proceed with the reorganization have been met;
- (ii) all regulatory, competition bureau and court approvals to proceed with the reorganization have been received; and
- (iii) the *Oldco securities* will be cancelled and replaced by an *equivalent number of Newco securities* within 20 business days.

New

**5645. - 5649. Reserved.**

**OFFSETS INVOLVING CAPITAL SHARES**

New

**5650. Summary reference tables**

- (1) The following table summarizes and references the basic reduced margin offset strategies available for capital shares:

	<b>Short capital share, with a conversion feature</b>	<b>Short capital share and short split share preferred share, both with a conversion feature</b>	<b>Short underlying security</b>
<b>Long capital share, with a conversion feature</b>	offsetting positions in same security - no margin required		<i>capital share</i> can be converted into underlying security 5651(1) (i)
			<i>capital share</i> can be converted into cash equivalent of unit value of underlying security 5651(1) (i) and (ii)
<b>Long capital share and long split share preferred share, both with a conversion feature</b>		offsetting positions in same security - no margin required	<i>capital share</i> and <i>split share preferred share</i> can be converted into underlying security 5652(1) (i)
			<i>capital share</i> and <i>split share preferred share</i> can be converted into cash equivalent of unit value of underlying security 5652(1) (i) and (ii)

<b>Long underlying security</b>	5653 (1)	5654 (1)	offsetting positions in same security - no margin required
---------------------------------	----------	----------	--

- (2) Other reduced margin offset strategies available for capital shares:
- (i) Offset involving long capital share and short call option contract positions - 5655

Rule 100.4G(b)

**5651. Offset involving long capital share and short underlying common share positions**

- (1) Where a Dealer Member or a client holds a long *capital share* position and a short underlying common share position and *equivalent quantities* of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of:
- (i) lesser of:
- (a) the sum of:
- (I) the *capital share conversion loss*, if any; and
- (II) the *normal margin required* on the *equivalent quantity of split share preferred shares*;
- and;
- (b) the *normal margin required* on the underlying common shares;
- and
- (ii) if the *capital shares* cannot be delivered to the *split share company* for retraction directly into the *underlying security* at the holder's option, 20% of the margin otherwise required on the underlying common shares.

Rule 100.4G(c)

**5652. Offset involving long capital share, long split share preferred share and short underlying common share positions**

- (1) Where a Dealer Member or a client holds a long *capital share* position, a long *split share preferred share* position and a short underlying common share position and *equivalent quantities* of all positions are held, the two positions may be offset and the minimum margin required for all positions may be computed as the sum of:
- (i) lesser of:
- (a) the *combined conversion loss*, if any; and
- (b) the *normal margin required* on the underlying common shares;
- and

	<p>(ii) if the <i>capital shares</i> cannot be delivered to the <i>split share company</i> for retraction directly into the <i>underlying security</i> at the holder's option, 20% of the margin otherwise required on the underlying common shares.</p>
Rule 100.4G(e)	<p><b>5653. Offset involving short capital share and long underlying common share positions</b></p> <p>(1) Where a Dealer Member or a client holds a short <i>capital share</i> position and a long underlying common share position and <i>equivalent quantities</i> of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of:</p> <p>(i) lesser of:</p> <p>(a) the sum of:</p> <p>(I) the <i>capital share conversion loss</i>, if any; and</p> <p>(II) the <i>normal margin required on the equivalent quantity of split share preferred shares</i>;</p> <p>and;</p> <p>(b) the <i>normal margin required on the underlying common shares</i>;</p> <p>and</p> <p>(ii) 40% of the <i>normal margin required on the underlying common shares</i>.</p>
Rule 100.4G(f)	<p><b>5654. Offset involving short capital share, short split share preferred share and long underlying common share positions</b></p> <p>(1) Where a Dealer Member or a client holds a short <i>capital share</i> position, a short <i>split share preferred share</i> position and a long underlying common share position and <i>equivalent quantities</i> of all positions are held, the two positions may be offset and the minimum margin required for all positions may be computed as the sum of:</p> <p>(i) lesser of:</p> <p>(a) the <i>combined conversion loss</i>, if any; and</p> <p>(b) the <i>normal margin required on the underlying common shares</i>;</p> <p>and</p> <p>(ii) 40% of the <i>normal margin required on the underlying common shares</i>.</p>
Rule 100.4G(d)	<p><b>5655. Offset involving long capital share and short call option contract positions</b></p> <p>(1) Where a Dealer Member or a client holds a long <i>capital share</i> position and a short <i>call option</i> contract position expiring on or before the redemption</p>

date of the *capital shares* and *equivalent quantities* of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of:

- (i) lesser of:
  - (a) the *normal margin* required on the *capital share* position less the market value of the *call option* contract position, provided that the net amount may not be less than zero;
  - and;
  - (b) the *normal margin* required on the underlying common shares;
- and
- (ii) the *capital share conversion loss*, if any;
- and
- (iii) if the *capital shares* cannot be delivered to the *split share company* for retraction directly into the *underlying security* at the holder's option, 20% of the *normal margin* required on the underlying common shares.

New

5656. - 5659. Reserved.

**OFFSETS INVOLVING WARRANTS, RIGHTS, INSTALLMENT RECEIPTS AND OTHER EXERCISABLE SECURITIES**

New

**5660. Summary reference tables**

- (1) The following table summarizes and references the basic reduced margin offset strategies available for exercisable securities:

	<b>Short exercisable security which is currently exercisable</b>	<b>Short exercisable security which is not currently exercisable</b>	<b>Short underlying security</b>
<b>Long exercisable security which is currently exercisable</b>	offsetting positions in same security - no margin required		exercisable security can be exercised into underlying security 5661(1)(i) and (ii)
			exercisable security can be exercised into cash equivalent of unit value of underlying security 5661(1)(i), (ii) and (iii)

Long exercisable security which is not currently exercisable		offsetting positions in same security - no margin required	5662(1)
Long underlying security	5663(1)	5663(1)	offsetting positions in same security - no margin required

Rule 100.4I(b)

**5661. Offset where exercisable security is held long and is currently exercisable**

- (1) Where a Dealer Member or a client holds a long position in an *exercisable security* which is *currently exercisable* and a short position in the *underlying security* and *equivalent quantities* of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of:
- (i) the *exercise loss*, if any;
  - and
  - (ii) for client account positions, the amount of the exercise or subscription payment;
  - and
  - (iii) if the *exercisable security* cannot be converted directly into the *underlying security* at the holder's option, 20% of the *normal margin required* on the underlying securities.

Rule 100.4I(c)

**5662. Offset where exercisable security is held long and is not currently exercisable**

- (1) Where a Dealer Member or a client holds a long position in an *exercisable security* which is not *currently exercisable* and a short position in the *underlying security* and *equivalent quantities* of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of:
- (i) the *exercise loss*, if any;
  - and
  - (ii) for client account positions, the amount of the exercise or subscription payment;
  - and
  - (iii) 40% of the margin otherwise required on the underlying securities.

Rule 100.4I(d)

**5663. Offset where exercisable security is held short**

- (1) Where a Dealer Member or a client holds a long position in the *underlying security* and a short position in an *exercisable security* and *equivalent quantities* of both positions are held, the two positions may be offset and the minimum margin required for both positions may be computed as the sum of:
- (i) the *exercise loss*, if any;
  - and
  - (ii) for client account positions, the amount of the exercise or subscription payment;
  - and
  - (iii) 40% of the margin otherwise required on the underlying securities.

New

**5664. - 5669. Reserved.**

**OFFSETS ONLY AVAILABLE FOR DEALER MEMBER INVENTORY POSITIONS**

**DEBT SECURITIES**

Rules 100.2A(a),  
(b) and (c)

**5670. Offsets involving callable, extendible and retractable debt securities**

- (1) Where a Dealer Member holds a position in callable, *extendible* or *retractable debt securities* they may elect to use a different maturity date for reduced margin offset purposes than the original maturity date of the security if the applicable conditions in the chart below are met:

Security	Condition	Maturity date election
(i) Callable debt security	Market value of security at or below 101% of call value	Original maturity date
	Market value of security greater than 101% of the call value	First business day after expiry date of call protection period
(ii) <i>Extendible debt security</i>	<i>Extension election period</i> has not expired and security is trading at or below the: <i>extension factor</i> x current principal amount	Original maturity date
	<i>Extension election period</i> has not expired and security is trading above the: <i>extension factor</i> x current principal	Extension maturity date

	amount	
	<i>Extension election period</i> has expired	Original maturity date
(iii) <i>Retractable debt security</i>	<i>Retraction election period</i> has not expired and security is trading at or above the: <i>retraction factor</i> x current principal amount	Original maturity date
	<i>Retraction election period</i> has not expired and security is trading below the: <i>retraction factor</i> x current principal amount	Retraction maturity date
	<i>Retraction election period</i> has expired	Original maturity date

Rule 100.12(g)

**5671. Offsets involving Canadian government debt or Canadian listed equity securities and futures and forward contracts**

- (1) Where a Dealer Member or client account has a position in bonds, debentures or treasury bills issued or guaranteed by the Government of Canada or in equity securities listed on the Toronto Stock Exchange and the account has an offsetting futures or forward contract position on the same security, the positions may be netted for the purposes of calculating margin.

New

**5672. - 5679. Reserved.**

## OFFSETS ONLY AVAILABLE FOR DEALER MEMBER INVENTORY POSITIONS

## SWAP POSITIONS

Rule 100.4F(a)

**5680. Offset involving two interest rate swap agreements**

(1) Where a Dealer Member

(i) is a party to an *interest rate swap* agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar fixed (or floating) interest rate amounts calculated with reference to a notional amount;

and

(ii) is a party to another offsetting *interest rate swap* agreement entitling it to receive (or requiring it to pay) a fixed (or floating) interest rate amount calculated with reference to the same notional amount, denominated in the same currency and is within the same *maturity band* for margin purposes as the *interest rate swap* referred to in (i);

the two agreements in (i) and (ii) may be offset and the minimum margin required for both agreements may be computed as the net of the *normal margin required* for each agreement, provided that the *normal margin required* on the *fixed interest rate* payment (or receipt) component position may only be offset against the *normal margin required* on the *fixed interest rate* receipt (or payment) component position, and the *normal margin required* on the *floating interest rate* payment (or receipt) component position may only be offset against the *normal margin required* on the *floating interest rate* receipt (or payment) component position.

**5681. Offsets involving interest rate swap agreements and federal government debt securities**

Rule 100.4F(b)

(1) **Offset involving fixed interest rate swap component and federal government debt securities** - Where a Dealer Member

(i) is a party to an *interest rate swap* agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar *fixed interest rate* amounts calculated with reference to a notional amount;

and

(ii) holds a long (or short) position in *Canada debt securities, United States debt securities*, or any other debt securities described in

Rule 100.4F(c)

Category (i) of subsection 5210(1) with a principal amount equal to and denominated in the same currency as the notional amount of the *interest rate swap* and with a *term to maturity* that is within the same *maturity band* for margin purposes as the *interest rate swap*;

the two positions in (i) and (ii) may be offset and the minimum margin required for both positions may be computed as the net of the *normal margin required* for each position. Any margin requirement calculated for the separate *floating interest rate* receipt (or payment) component position will continue to be required unless that position separately qualifies for the offset set out in subsection 5681(2).

(2) **Offset involving floating interest rate swap component and federal government debt securities** - Where a Dealer Member

(i) is a party to an *interest rate swap* agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar *floating interest rate* amounts calculated with reference to a notional amount;

and

(ii) holds a long (or short) position in *Canada debt securities, United States debt securities*, or any other debt security described in Category (i) of subsection 5210(1), maturing within one year with a principal amount equal to and denominated in the same currency as the notional amount of the swap;

the two positions in (i) and (ii) may be offset and the minimum margin required for both positions may be computed as the net of the *normal margin required* in respect of the positions in (i) and (ii). Any margin requirement calculated for the separate *fixed interest rate* receipt (or payment) component position will continue to be required unless that position qualifies for the offset set out in subsection 5681(1).

**5682. Offsets involving total performance swap agreements and underlying securities**

Rule 100.4F(d)

(1) **Offset involving two total performance swap agreements** - Where a Dealer Member:

(i) is a party to a *total performance swap* agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar amounts calculated based on the performance of a stipulated *underlying security* or basket of securities, with reference to a notional amount;

and

(ii) is a party to another *total performance swap* agreement entitling it to receive (or requiring it to pay) amounts calculated based on the performance of the same *underlying security* or basket of securities, with reference to the same notional amount and denominated in the same currency;

the two agreements in (i) and (ii) may be offset and the minimum margin required for both agreements may be computed as the net of the *normal margin required* for each agreement, provided that the *normal margin required* on the performance payment (or receipt) component position may only be offset against the *normal margin required* on the performance receipt (or payment) component position, and the *normal margin required* on the *floating interest rate* payment (or receipt) component position may only be offset against the *normal margin required* on the *floating interest rate* receipt (or payment) component position.

Rule  
100.4F(e) (i)

(2) **Offset involving short total performance swap component position and long underlying security position** - Where a Dealer Member:

(i) is a party to a *total performance swap* agreement requiring it to pay amounts calculated based on the performance of a stipulated *underlying security* or basket of securities, with reference to a notional amount;

and

(ii) holds long an *equivalent quantity* of the same *underlying security* or basket of securities;

the two positions in (i) and (ii) may be offset and the minimum margin required for both positions may be computed as either:

(iii) nil, where it can be demonstrated that sell-out risk relating to the offset has been mitigated:

(a) through the inclusion of a *realization clause* in the *total performance swap* agreement, which allows the Dealer Member to close out the swap agreement using the sell-out price(s) for the long position in the *underlying security* or basket of securities; or

(b) since, due to the features inherent in the long position in the *underlying security* or basket of securities or the market on which the security or basket of securities trades, the realization value of the long position in the *underlying security* or basket of securities is determinable at the time the *total performance swap* agreement is to expire and this value will be used as the closeout

Rule  
100.4F(e) (ii)

price for the swap.

or;

(iv) 20% of the *normal margin required* on the long position in the *underlying security* or basket of securities where sell-out risk relating to the offset has not been mitigated.

(3) **Offset involving long total performance swap component position and short underlying security position** - Where a Dealer Member:

(i) is a party to a *total performance swap* agreement entitling it to receive amounts calculated based on the performance of a stipulated *underlying security* or basket of securities, with reference to a notional amount;

and

(ii) holds short an *equivalent quantity* of the same *underlying security* or basket of securities;

the two positions in (i) and (ii) may be offset and the minimum margin required for both positions may be computed as either:

(iii) nil, where it can be demonstrated that buy-in risk relating to the offset has been mitigated:

(a) through the inclusion of a *realization clause* in the *total performance swap* agreement, which allows the Dealer Member to close out the swap agreement using the buy-in price(s) for the short position in the *underlying security* or basket of securities; or

(b) since, due to the features inherent in the short position in the *underlying security* or basket of securities or the market on which the security or basket of securities trades, the realization value of the short position in the *underlying security* or basket of securities is determinable at the time the *total performance swap* agreement is to expire and this value will be used as the closeout price for the swap.

or;

(iv) 20% of the *normal margin required* on the short position in the *underlying security* or basket of securities where buy-in risk relating to the offset has not been mitigated.

New

5683. - 5699. Reserved.

## RULE 5700

## MARGIN REQUIREMENTS FOR OFFSET STRATEGIES INVOLVING DERIVATIVE PRODUCTS

New

## 5701. Introduction

- (1) This Rule addresses the margin treatment of derivative product positions that comprise reduced-risk offset strategies. The margin requirements for these strategies are generally less than if the positions are margined separately. Reduced margin in some cases is available for both Dealer Member inventory and client account offset strategies and in other cases is available for only Dealer Member inventory offset strategies. The derivative products covered in this Rule include exchanged-traded options whose underliers include:
- equities
  - indexes
  - index participation units
  - debt
  - currencies
- and *over-the-counter options*, commodity futures contracts and futures contract options.
- (2) The order of subjects in this Rule is:
- (i) General requirements and summary tables *Sections 5710 to 5715*
  - (ii) Exchange-traded options
    - (a) Unhedged option positions *Sections 5720 to 5721*
    - (b) Hedged option positions *Section 5725*
    - (c) Option spreads and combinations *Sections 5730 to 5740*
    - (d) Security and option combinations and conversions *Sections 5750 to 5755*
    - (e) Futures and options combinations and conversions *Sections 5760 to 5765*
    - (f) Basket, participation unit and futures combinations *Sections 5770 to 5772*
    - (g) Cross index offsets and the optional use of *TIMS* or *SPAN Sections 5775 and 5776*
  - (iii) Over-the-counter options *Section 5780*

	(iv) Commodity futures contracts and futures contract options <b>Section 5790</b>
New	<b>5702. - 5709. Reserved.</b>
	<b>GENERAL REQUIREMENTS AND SUMMARY TABLES</b>
	<b>5710. Margin account requirement</b>
New	(1) A Dealer Member writing <i>exchanged traded options</i> on behalf of a client must do so in a margin account and must have and maintain a written margin account agreement or other applicable account agreement defining the rights and obligations between them relating to transacting in <i>exchanged traded options</i> .
Rule 100.11(f)	(2) A Dealer Member writing <i>over-the-counter options</i> on behalf of a client must do so in a margin account.
Rule 100.11(k)	(3) A Dealer Member writing and issuing or guaranteeing <i>over-the-counter options</i> on behalf of a client must either: <ul style="list-style-type: none"> <li>(i) have and maintain with that client a separate written margin agreement defining the rights and obligations between them relating to transacting in <i>over-the-counter options</i>; or</li> <li>(ii) have and maintain with that client a supplementary <i>over-the-counter options</i> agreement defining the rights and obligations between them relating to transacting in <i>over-the-counter options</i>.</li> </ul>
Rules 100.9(b)(i) and (ii)	<b>5711. Requirement to calculate and obtain margin from clients</b> <ul style="list-style-type: none"> <li>(1) A Dealer Member must calculate and obtain minimum <i>client margin</i> from clients with <i>option positions</i> according to the following: <ul style="list-style-type: none"> <li>(i) all open written transactions and resulting short positions must be carried in a margin account;</li> <li>(ii) each <i>option</i> must be margined separately and: <ul style="list-style-type: none"> <li>(a) for equity, <i>index participation unit</i>, debt or currency options, any difference between the market price of the <i>underlying interest</i>; or</li> <li>(b) for <i>index options</i>, any difference between the current value of the <i>index</i>,</li> </ul> </li> </ul> </li> </ul> <p>and the <i>exercise price</i> of the option has value only in providing the amount of margin required on that particular option.</p>

New, based on  
Rule  
100.10 (b) (i)

**5712. Requirement for client account option offset strategies**

- (1) For all client account *option* offset strategies involving both short option and long option positions, the short option position must expire on or before the date of expiry of the long option position.

Rules  
100.9 (b) (v) and  
100.10 (b) (v)

**5713. Imposition of special margin requirements**

- (1) The Corporation may impose special margin requirements on particular options or options positions.

Rules  
100.9 (b) (iii),  
100.9 (j),  
100.10 (b) (iii)  
and 100.10 (j)

**5714. Treatment of option positions issued by different clearing corporations**

- (1) If a *Dealer Member account* or a *client account* holds options issued by the Canadian Derivatives Clearing Corporation and options issued by the Options Clearing Corporation, with the same *underlying interest*, they may be treated as being *equivalent* when calculating margin for the account.

New

**5715. Summary table of common strategies**

- (1) The following table summarizes and references the most common reduced margin offset strategies available involving *exchange-traded options*:

	No hedge position	Short underlying interest	Short call option	Long put option	Short call option and long put option
No hedge position			Unhedged short call 5721	Unhedged long put 5720	
Long underlying interest		Positions may be offset	Long underlying - short call combination 5750	Long underlying - long put combination 5751	Conversion or long tripo 5754
Long call option	Unhedged long call 5720	Short underlying - long call combination 5752	Call spread 5730	Long call - long put spread 5732	Long call - short call - long put combination 5733
Short put option	Unhedged short put 5721	Short underlying - short put combination 5753	Short call - short put spread 5731	Put spread 5730	

Long call option and short put option		Reconversion or short tripo 5755			
---------------------------------------	--	-------------------------------------	--	--	--

- (2) Other reduced margin offset strategies available involving *exchange-traded options* are as follows:
- (i) Option positions hedged by escrow receipts or letters of guarantee - 5725
  - (ii) Long warrant - short call offset - 5734
  - (iii) Box spread - 5735
  - (iv) Butterfly, iron butterfly and iron condor spreads - 5736-5740
- (3) The following table summarizes and references additional reduced margin offset strategies available involving *index options*:

	Short qualifying basket of index securities	Short index participation units	Short index or index participation unit call options	Long index or index participation unit put options	Short and long respectively index or index participation unit call and put options	Short index futures contracts
Long qualifying basket of index securities	Positions may be offset	Long basket - short index participation units 5770	Long basket - short call combination 5750	Long basket - long put combination 5751	Long tripo or conversion 5754	Long basket - short index futures contracts 5772
Long index participation units	Short basket - long index participation units 5771	Positions may be offset	Long index participation units - short call combination - 5750	Long index participation units - long put combination - 5751	Long tripo or conversion 5754	Long index participation units - short index futures contracts 5772
Long index or index participation unit call	Short basket - long call combination	Short index participation unit - long call	Call spread - 5730	Long call - long put spread - 5732		Long calls - short index futures contracts

<b>options</b>	5752	combination - 5752				5762
<b>Short index or index participation unit put options</b>	Short basket - short put combination 5753	Short index participation unit - short put combination 5753	Short call - short put spread 5731	Put spread 5730		Short puts - short index futures contracts 5763
<b>Long and short respectively index or index participation unit call and put options</b>	Short tripo or reconversion 5755	Short tripo or reconversion 5755				Futures reconversion or short tripo 5765
<b>Long index futures contract</b>	Short basket - long index futures contracts 5772	Short index participation units - long index futures contracts 5772	Short calls - long index futures contracts 5760	Long puts - long index futures contracts 5761	Futures conversion or long tripo 5764	same contract month-margin computed in respect to the net long or net short position only  different contract months - refer to requirements on exchange on which the contract trades

- (4) Other reduced margin offset strategies available involving any combination of *qualifying baskets of index securities, index participation units, index options, index participation unit options and index futures contracts* are

as follows:

- (i) Long qualifying basket of index securities - short *index participation unit call options* - commitment to purchase *index participation units* (Dealer Member only) - 5340
- (ii) Long qualifying basket of index securities - long *index participation unit put options* - commitment to purchase *index participation units* (Dealer Member only) - 5341
- (iii) Long qualifying basket of index securities - short *index participation units* - commitment to purchase *index participation units* (Dealer Member only) - 5342

New

**5716. - 5719. Reserved.**

New

**EXCHANGE-TRADED OPTIONS - UNHEDGED OPTION POSITIONS**

**5720. Long option positions**

Rules

100.9(b)(iv),  
100.9(c)(i)(A)  
and (B),  
100.10(b)(iv)  
and 100.10(c)(i)

(1) Subject to subsection 5720(2), the minimum *Dealer Member inventory margin* and *client account margin* required for long *exchange-traded option positions* is the sum of:

(i) the lesser of:

(a) a percentage of the market value of the *underlying interest* determined using the following percentages:

- (I) for equity options, the margin rate used for the *underlying interest* as determined in section 5311;
- (II) For *index options* or *index participation unit options*, the published *floating margin rate* for the *index* or *index participation unit* calculated according to the formula set out in section 5360;
- (III) For debt options, the margin rate used for the *underlying interest* as determined in section 5210;
- (IV) For currency options, the Corporation's published spot risk margin rate for the currency calculated according to the formula set out in section 5460(1);

and

(b) the option's *in-the-money* amount, if any.

plus

(ii) 100% of the option's *time value*.

Rules  
100.9(c)(ii) and  
100.10(c)(ii)

- (2) If the position in subsection 5720(1) is a long *call option* on an equity that is the subject of a legal and binding cash take-over bid for which all conditions have been met, the margin required on that *call option* is
- (i) the market value of the call option;
- minus
- (ii) the excess, if any, of the amount offered over the *exercise value* of the *call option*.

If the take-over bid is made for less than 100% of the issued and outstanding securities, the margin requirement must be applied pro rata in the same proportion as the offer, and subsection 5720(1) applies to the balance.

#### 5721. Short option positions

Rules  
100.9(b)(iv),  
100.9(d)(i),  
100.10(b)(iv)  
and 100.10(d)

- (1) Subject to subsection 5721(2), the minimum *Dealer Member inventory margin* and *client account margin* required for short *exchange-traded option* positions is:
- (i) a percentage of the market value of the *underlying interest* determined using the following percentages:
    - (a) for equity options, the margin rate used for the *underlying interest* as determined in section 5311;
    - (b) For *index options* or index participation unit options, the published *floating margin rate* for the *index* or index participation unit calculated according to the formula set out in section 5360;
    - (c) For debt options, the margin rate used for the *underlying interest* as determined in section 5210;
    - (d) For currency options, the Corporation's published spot risk margin rate for the currency calculated according to the formula set out in section 5460(1);

minus

- (ii) any *out-of-the-money* amount associated with the option.

- (2) Subsection 5721(1) notwithstanding, the minimum *client account margin* required for short *exchange-traded option* positions shall be the amount determined by multiplying:
- (i) in the case of a short *call option* position, the market value of the *underlying interest*;

Rule  
100.9(d)(ii) and  
100.10(d)

(ii) in the case of a short *put option* position, the *aggregate exercise value* of the option;

by one of the following percentages:

(iii) for equity options, 5.00%;

(iv) for *index options* or *index participation unit options*, 2.00%;

(v) for debt options, 1.00%; *Note to Draft: To consult Bourse de Montreal to determine minimum margin rate appropriateness*

(vi) for currency options, 0.75%.

New

**5722. - 5724. Reserved.**

New

**EXCHANGE-TRADED OPTIONS - HEDGED OPTION POSITIONS**

Rule 100.9(e)  
and 100.10(e)

**5725. Hedged option positions**

- (1) No margin is required for the following *exchange-traded option* and *collateral position combinations* held in *equivalent quantities* in a Dealer Member inventory or client account:

***Exchange-traded option position***

***Acceptable collateral***

(i) Short *call option* with an  
equity, *index, index*  
*participation unit, debt or*  
currency *underlying interest*

and *escrow receipt* evidencing the  
deposit of the *underlying*  
*security*

(ii) Short *put option* with an  
equity, *index, index*  
*participation unit, debt or*  
currency *underlying interest*

and *escrow receipt* evidencing the  
deposit of government securities

(iii) Short *put option* with an  
) equity, *index, index*  
*participation unit, debt or*  
currency *underlying interest*

and letter of guarantee

provided the conditions in subsections 5725(2) and 5725(3) are met.

- (2) For an *escrow receipt* to be acceptable collateral in subsection 5725(1):

(i) the issuer of the *escrow receipt* must be a financial institution  
approved by the *clearing corporation*;

and

(ii) all *clearing corporation* agreements must be signed and delivered to

the *clearing corporation* and available for inspection by the Corporation on request;

and

(iii) in the case of an *escrow receipt* evidencing the deposit of government securities, the securities must:

- (a) be acceptable forms of *clearing corporation* margin;
- (b) mature within one year of their deposit; and
- (c) have a market value of greater than 110% of the *aggregate exercise value* of the *short put option*.

(3) For a letter of guarantee to be acceptable collateral in subsection 5725(1):

(i) the issuer must be:

- (a) a financial institution approved by the *clearing corporation* to issue *escrow receipts*;

and

- (b) a Canadian chartered bank, a Quebec savings bank or a trust company licensed to do business in Canada, with a minimum paid-up capital and surplus of \$5,000,000

and

(ii) the letter must certify that the bank or trust company:

- (a) holds on deposit for the client's account cash equal to the full *aggregate exercise value* of the *put option* and that amount will be paid to the *clearing corporation* against delivery of the *underlying interest* hedged by the *put option*;

or

- (b) unconditionally and irrevocably guarantees to pay the *clearing corporation* the full amount of the *aggregate exercise value* of the *put option* against delivery of the *underlying interest* hedged by the *put option*.

and

(iii) the Dealer Member must deliver it to the *clearing corporation* and the *clearing corporation* must accept it as margin.

New

**5726. - 5729. Reserved.**

Rules  
100.9(f)(i),

**5730. Call option spreads and put option spreads**

100.10 (f) (i),  
100.9 (h) (i) (A)  
and  
100.10 (h) (i) (A)

- (1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* spread pairings:

<b>Long (short) option position</b>	and	<b>Short (long) option position</b>
(i) <i>call option</i> with an equity, <i>index, index participation unit, debt or currency underlying interest</i>		<i>call option</i> with the same <i>underlying interest</i>
(ii) <i>put option</i> with an equity, <i>index, index participation unit, debt or currency underlying interest</i>		<i>put option</i> with the same <i>underlying interest</i>
(iii) <i>index call option</i>		<i>index participation unit call option</i> based on the same <i>index</i>
(iv) <i>index put option</i>		<i>index participation unit put option</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the pairing are held, the minimum margin required for the spread pairing is calculated in accordance with subsection 5730(2).

- (2) Provided the condition in subsection 5730(1) is met, the minimum margin required is the lesser of:

- (i) the margin required on the short option position determined pursuant to section 5721;

or

- (ii) the greater of:

- (a) the spread loss amount, if any, that would result if both options were exercised;

and

- (b) where the spread involves an *index option* position and an *index participation unit option* position, the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index participation units*.

Rules  
100.9 (f) (ii),  
100.10 (f) (ii),  
100.9 (h) (i) (B)  
and  
100.10 (h) (i) (B)

#### 5731. Short call option - short put option spread

- (1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* spread pairings:

<b>Short option position</b>	and	<b>Short option position</b>
(i) <i>call option</i> with an equity,		<i>put option</i> with the same

- |       |  |     |  |
|-------|--|-----|--|
|       | <i>index, index participation unit, debt or currency underlying interest</i> |     | <i>underlying interest</i>   |
| (ii)  | <i>index call option</i>   | and | <i>index participation unit put option based on the same index</i> |
| (iii) | <i>index participation unit call option</i>                                  | and | <i>index put option based on the same index</i>                    |

and *equivalent quantities* of each position in the pairing are held, the minimum margin required for the spread pairing is calculated in accordance with subsection 5731(2).

(2) The minimum margin required is the greatest of:

- (i) the greater of:
- (a) the margin required on the *call option* position;
- or
- (b) the margin required on the *put option* position;

and

- (ii) the excess of the *aggregate exercise value* of the *put option* position over the *aggregate exercise value* of the *call option* position;

and

- (iii) where the spread involves an *index option* position and an *index participation unit option* position, the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index participation units*.

Rules  
100.9(f)(iii)  
and  
100.10(f)(iii)

**5732. Long call option - long put option spread**

(1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* spread pairings:

- |       | <b>Long option position</b>  |     | <b>Long option position</b>  |
|-------|--|-----|--|
| (i)   | <i>call option with an equity, index, index participation unit, debt or currency underlying interest</i> | and | <i>put option with the same underlying interest</i>                |
| (ii)  | <i>index call option</i>   | and | <i>index participation unit put option based on the same index</i> |
| (iii) | <i>index participation unit call</i>   | and | <i>index put option based on the</i>                               |

) option same index

and *equivalent quantities* of each position in the pairing are held, the minimum margin required for the spread pairing is calculated in accordance with subsection 5732(2).

- (2) The minimum margin required is the lesser of:
- (i) the sum of:
    - (a) the margin required for the long *call option* position;
    - plus
    - (b) the margin required for the long *put option* position;
  - or
  - (ii) the sum of:
    - (a) 100% of the market value of the long *call option*;
    - plus
    - (b) 100% of the market value of the long *put option*;
    - minus
    - (c) the amount by which the *aggregate exercise value* of the *put option* exceeds the *aggregate exercise value* of the *call option*.

Rules  
100.9(f)(iv) and  
100.10(f)(iv)

**5733. Long call option - short call option - long put option**

- (1) Where a Dealer Member inventory or client account contains long *call option*, short *call option* and long *put option* positions in *exchange-traded options* on the same *underlying interest* and *equivalent quantities* of each position in the combination are held, the minimum margin required is:
- (i) 100% of the market value of the long *call option*;
  - plus
  - (ii) 100% of the market value of the long *put option*;
  - minus
  - (iii) 100% of the market value of the short *call option*;
  - plus
  - (iv) the greater of:
    - (a) any excess of the *aggregate exercise value* of the long *call option* over the *aggregate exercise value* of the short *call option*; and
    - (b) any excess of the *aggregate exercise value* of the long *call option* over the *aggregate exercise value* of the long *put option*.

Where the amount calculated in (iv) is negative, this amount may be applied against the margin charge.

Rules  
100.9(f)(v) and  
100.10(f)(v)

**5734. Long warrant - short call option**

- (1) Where a Dealer Member inventory or client account contains long warrant and short call *exchange-traded option* positions on the same *underlying interest* and *equivalent quantities* of each position in the pairing are held, the minimum margin required is the sum of:
- (i) the lesser of:
- (a) a percentage of the market value of the *underlying interest* determined using the following percentages:
- (I) for equity options, the margin rate used for the *underlying interest* as determined in section 5311;
- (II) For *index options* or index participation unit options, the published *floating margin rate* for the *index* or index participation unit calculated according to the formula set out in section 5360;
- (III) For debt options, the margin rate used for the *underlying interest* as determined in section 5210;
- (IV) For currency options, the Corporation's published spot risk margin rate for the currency calculated according to the formula set out in section 5460(1);
- or
- (b) the spread loss amount, if any, that would result if both the option and the warrant were exercised;
- and
- (ii) the excess of the market value of the warrant over the *in-the-money* value of the warrant multiplied by 25%;
- and
- (iii) the *in-the-money* value of the warrant, multiplied by:
- (a) 50%, where the expiration date of the warrant is 9 months or more away, or
- (b) 100%, where the expiration date of the warrant is fewer than 9 months away.

<p>Rule 100.9(f)(vi)</p>	<p><b>5735. Box spread</b></p> <p>(1) <b>Client account requirement</b> - Where a client account contains a box spread combination on the same <i>underlying interest</i> with all <i>exchange-traded options</i> expiring at the same time, such that the client holds a long and short <i>call option</i> and a long and short <i>put option</i> and where the long <i>call option</i> and short <i>put option</i>, and short <i>call option</i> and long <i>put option</i> have the same strike price, the minimum <i>client account margin</i> required is the lesser of:</p> <p>(i) the greater of the margin requirements calculated for the component call and put spreads pursuant to subsection 5730(2)); and</p> <p>(ii) the greater of the <i>out-of-the-money</i> amounts calculated for the component call and put spreads.</p>
<p>Rule 100.10(f)(vi)</p>	<p>(2) <b>Dealer Member inventory account requirement</b> - Where a Dealer Member inventory account contains a box spread <i>exchange-traded option</i> combination on the same <i>underlying interest</i> with all options expiring at the same time, such that the Dealer Member holds a long and short <i>call option</i> and a long and short <i>put option</i> and where the long <i>call option</i> and short <i>put option</i>, and short <i>call option</i> and long <i>put option</i> have the same strike price, the minimum <i>Dealer Member inventory margin</i> required is the lesser of:</p> <p>(i) the difference, plus or minus, between the <i>aggregate exercise value</i> of the long <i>call options</i> and the <i>aggregate exercise value</i> of the long <i>put options</i>; and</p> <p>(ii) the net market value of the options.</p>
<p>Rules 100.9(f)(vii) and 100.10(f)(vii)</p>	<p><b>5736. Long butterfly spread</b></p> <p>(1) Where a Dealer Member inventory or client account contains a long butterfly spread combination on the same <i>underlying interest</i> with all <i>exchange-traded options</i> expiring at the same time, such that short positions in two <i>call options</i> (or <i>put options</i>) are held and the short <i>call options</i> (or short <i>put options</i>) are at a middle strike price and are flanked on either side by a long <i>call option</i> (or long <i>put option</i>) having a lower and higher strike price respectively, and the interval between the strike prices is equal, the minimum margin required is the net market value of the short and long <i>call options</i> (or <i>put options</i>).</p>
<p>Rules 100.9(f)(viii) and</p>	<p><b>5737. Short butterfly spread</b></p>

100.10(f)(viii)

- (1) Where a Dealer Member inventory or client account contains a short butterfly spread combination on the same *underlying interest* with all *exchange-traded options* expiring at the same time, such that long positions in two *call options* (or *put options*) are held and the long *call options* (or long *put options*) are at a middle strike price and are flanked on either side by a short *call option* (or short *put option*) having a lower and higher strike price respectively, and the interval between the strike prices is equal, the minimum margin required is the amount, if any, by which the exercise value of the long *call options* (or long *put options*) exceeds the exercise value of the short *call options* (or short *put options*).

Rules

100.9(f)(ix) and  
100.10(f)(ix)**5738. Long condor spread**

- (1) Where a Dealer Member inventory or client account contains a long condor spread combination on the same *underlying interest* with all *exchange-traded options* expiring at the same time, such that four separate options series are held wherein the strike prices of the options are in ascending order and the interval between the strike prices is equal, comprising a short position in two *call options* (or *put options*) and the short *call options* (or short *put options*) are flanked on either side by a long *call option* (or long *put option*) having a lower and higher strike price respectively, the minimum margin required is the net market value of the short and long *call options* (or *put options*).

Rules

100.9(f)(x) and  
100.10(f)(x)**5739. Short iron butterfly spread**

- (1) Where a Dealer Member inventory or client account contains a short iron butterfly spread combination on the same *underlying interest* with all *exchange-traded options* expiring at the same time, such that four separate options series are held wherein the strike prices of the options are in ascending order, and the interval between the strike prices is equal, comprising short positions in a *call option* and a *put option* with the same strike price and the short options are flanked on either side by a long *put option* and a long *call option* having a lower and higher strike price respectively, the minimum margin required shall equal the strike price interval multiplied by the *unit of trading*.

Rules

100.9(f)(xi) and  
100.10(f)(xi)**5740. Short iron condor spread**

- (1) Where a customer account contains a short iron condor spread combination on the same *underlying interest* with all *exchange-traded options* expiring at

the same time, such that a customer holds four separate options series wherein the strike prices of the options are in ascending order, and the interval between the strike prices is equal, comprising short positions in a *call option* and a *put option* and the short options are flanked on either side by a long *put option* and a long *call option* having a lower and higher strike price respectively, the minimum margin required shall equal the strike price interval multiplied by the *unit of trading*.

New

5741. - 5749. Reserved.

New

EXCHANGE-TRADED OPTIONS - SECURITY AND OPTION COMBINATIONS AND CONVERSIONS

Rules

100.9 (g) (i),  
100.10 (g) (i),  
100.9 (h) (ii) (A)  
and  
100.10 (h) (ii) (A)

5750. Long underlying interest or convertible security - short call option combination

- (1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* and security combinations:

<b>Long position</b>	and	<b>Short option position</b>
(i) <i>underlying interest or currently convertible security</i>		<i>call option with the same underlying interest</i>
(ii) <i>qualifying basket of index securities</i>	and	<i>index call option or based on the same index</i>
(iii) <i>qualifying basket of index securities</i>	and	<i>index participation unit call option based on the same index</i>
(iv) <i>index participation unit</i>	and	<i>index participation unit call option based on the same index</i>
(v) <i>index participation unit</i>	and	<i>index call option based on the same index</i>

and *equivalent quantities* of each position in the combination are held, the minimum margin required for the combination is calculated in accordance with subsections 5750(2).

- (2) Subject to additional margin requirements set out in subsections 5750(3) through (5), the minimum margin required is the lesser of:
- (i) the *normal margin* required on the *underlying interest, index basket or index participation unit position*;
- and
- (ii) any excess of the *aggregate exercise value* of the *call options* over the *normal loan value* of the *underlying interest, index basket or index participation unit position*.

- (3) Where the combination involves a *currently convertible* security position, additional margin is required to be provided in the amount of the *conversion loss*.
- (4) Where the combination involves a *qualifying basket of index securities* and the basket is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.
- (5) Where the combination involves either:
- (i) a *qualifying basket of index securities* and an *index participation unit option* position;
- or
- (ii) an *index participation unit* position and an *index option* position; additional margin is required to be provided in the amount of the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index* basket or *index participation unit* position held.

Rules  
 100.9(g)(iv),  
 100.10(g)(iv),  
 100.9(h)(ii)(D)  
 and  
 100.10(h)(ii)(D)

**5751. Long underlying interest - long put option combination**

- (1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* and security combinations:

<b>Long position</b>	<b>Long option position</b>
(i) <i>underlying interest</i>	and <i>put option</i> with the same <i>underlying interest</i>
(ii) <i>qualifying basket of index securities</i>	and <i>index put option</i> based on the same <i>index</i>
(iii) <i>qualifying basket of index securities</i>	and <i>index participation unit put option</i> based on the same <i>index</i>
(iv) <i>index participation unit</i>	and <i>index participation unit put option</i> based on the same <i>index</i>
(v) <i>index participation unit</i>	and <i>index put option</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the combination are held, the minimum margin required for the combination is calculated in accordance with subsection 5751(2).

- (2) Subject to additional margin requirements set out in subsection 5751(3), the minimum margin required is the greater of:
- (i) lesser of:

(a) the *normal margin* required on the *underlying interest*;  
or

(b) the excess of the combined market value of the *underlying interest* and the *put option* over the *aggregate exercise value* of the *put option*.

(ii) where the combination involves:

(a) a *qualifying basket of index securities* and an *index participation unit option position*;

or

(b) an *index participation unit position* and an *index option position*; the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index basket* or *index participation unit position* held.

(3) Where the combination involves a *qualifying basket of index securities* and the basket is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.

Rules  
100.9(g)(iii),  
100.10(g)(iii),  
100.9(h)(ii)(C)  
and  
100.10(h)(ii)(C)

#### 5752. Short underlying interest - long call option combination

(1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* and security combinations:

<b>Short position</b>	<b>Long option position</b>
(i) <i>underlying interest</i>	and <i>call option</i> with the same <i>underlying interest</i>
(ii) <i>qualifying basket of index securities</i>	and <i>index call option</i> based on the same <i>index</i>
(iii) <i>qualifying basket of index securities</i>	and <i>index participation unit call option</i> based on the same <i>index</i>
(iv) <i>index participation unit</i>	and <i>index participation unit call option</i> based on the same <i>index</i>
(v) <i>index participation unit</i>	and <i>index call option</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the combination are held, the minimum margin required for the combination is calculated in accordance with subsection 5752(2).

(2) Subject to additional margin requirements set out in subsection 5752(3),

the minimum margin required is the sum of:

(i) 100% of the market value of the long *call option*;

plus

(ii) the greater of:

(a) the lesser of:

(I) any *out-of-the-money* value associated with the *call option*;

or

(II) the *normal margin* required on the *underlying interest*.

(b) where the combination involves:

(I) a *qualifying basket of index securities* and a *index participation unit option* position;

or

(II) an *index participation unit* position and an *index option* position;

the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index basket* or *index participation unit* position held.

minus

(iii) where the combination is held within a Dealer Member inventory account and the *call option* is *in-the-money*, the *in-the-money* value, provided the overall margin requirement cannot be reduced to less than zero.

(3) Where the combination involves a *qualifying basket of index securities* and the basket is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.

Rules

100.9(g)(ii),  
100.10(g)(ii),  
100.9(h)(ii)(B)  
and  
100.10(h)(ii)(B)

**5753. Short underlying interest - short put option combination**

(1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* and security combinations:

<b>Short position</b>	and	<b>Short option position</b>
(i) <i>underlying interest</i>		<i>put option</i> with the same <i>underlying interest</i>
(ii) <i>qualifying basket of index securities</i>		<i>index put option</i> based on the same <i>index</i>

- (iii) *qualifying basket of index securities* and *index participation unit put option based on the same index*
- (iv) *index participation unit* and *index participation unit put option based on the same index*
- (v) *index participation unit* and *index put option based on the same index*

and *equivalent quantities* of each position in the combination are held, the minimum margin required for the combination is calculated in accordance with subsection 5753(2).

- (2) Subject to additional margin requirements set out in subsection 5753(3), the minimum margin required is the greater of:
  - (i) the lesser of:
    - (a) the *normal margin* required on the *underlying interest, index basket or index participation unit* position; and
    - (b) any excess of the *normal margin* required on the *underlying interest, index basket or index participation unit* position over the *in-the-money* value, if any, of the *put options*.
  - (ii) where the combination involves:
    - (a) a *qualifying basket of index securities* and an *index participation unit* option position;
    - or
    - (b) an *index participation unit* position and an *index option* position; the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index basket or index participation unit* position held.
- (3) Where the combination involves a *qualifying basket of index securities* and the basket is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.

Rules  
 100.9(g)(v),  
 100.10(g)(v),  
 100.9(h)(ii)(E)  
 and  
 100.10(h)(ii)(E)  
 , proposed  
 amendments to

**5754. Conversion or long tripo combination**

- (1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* and security combinations:

<b>Long position</b>	<b>Long option position</b>	<b>Short option position</b>
(i) <i>underlying</i>	and <i>put option</i> with	and <i>call option</i> with

conversion and  
reconversion  
offset  
strategies

	<i>interest</i>		the same <i>underlying interest</i>		the same <i>underlying interest</i>
(ii)	<i>qualifying basket of index securities</i>	and	<i>index put option based on the same index</i>	and	<i>index call option based on the same index</i>
(iii )	<i>qualifying basket of index securities</i>	and	<i>index participation unit put option based on the same index</i>	and	<i>index participation unit call option based on the same index</i>
(iv)	<i>index participation unit</i>	and	<i>index participation unit put option based on the same index</i>	and	<i>index participation unit call option based on the same index</i>
(v)	<i>index participation unit</i>	and	<i>index put option based on the same index</i>	and	<i>index call option based on the same index</i>

and *equivalent quantities* of each position in the combination are held, the minimum margin required for the combination is calculated in accordance with subsection 5754(2).

(2) Subject to additional margin requirements set out in subsection 5754(3), the minimum margin required is the greater of:

(i) the sum of:

(a) 100% of the market value of the long *put options*;

minus

(b) 100% of the market value of the short *call options*;

plus

(c) the difference, plus or minus, between the market value of the *underlying interest, index basket or index participation unit position* and the *aggregate exercise value* of the long *put options* or short *call options*, whichever is lower.

and

(ii) where the combination involves:

(a) a *qualifying basket of index securities* and a *index participation unit option position*;

or

(b) an *index participation unit position* and an *index option position*;

the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index basket* or *index participation unit* position held.

- (3) Where the combination involves a *qualifying basket of index securities* and the basket is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.

Rules  
100.9(g)(vi),  
100.10(g)(vi),  
100.9(h)(ii)(F)  
and  
100.10(h)(ii)(F)  
, proposed  
amendments to  
conversion and  
reconversion  
offset  
strategies

#### 5755. Reconversion or short trip combination

- (1) Where a Dealer Member inventory or client account contains one of the following *exchange-traded option* and security combinations:

<b>Short position</b>	and	<b>Long option position</b>	and	<b>Short option position</b>
(i) <i>underlying interest</i>	and	<i>call option with the same underlying interest</i>	and	<i>put option with the same underlying interest</i>
(ii) <i>qualifying basket of index securities</i>	and	<i>index call option based on the same index</i>	and	<i>index put option based on the same index</i>
(iii) <i>qualifying basket of index securities</i>	and	<i>index participation unit call option based on the same index</i>	and	<i>index participation unit put option based on the same index</i>
(iv) <i>index participation unit</i>	and	<i>index participation unit call option based on the same index</i>	and	<i>index participation unit put option based on the same index</i>
(v) <i>index participation unit</i>	and	<i>index call option based on the same index</i>	and	<i>index put option based on the same index</i>

and *equivalent quantities* of each position in the combination are held, the minimum margin required for the combination is calculated in accordance with subsection 5755(2).

- (2) Subject to additional margin requirements set out in subsection 5755(3), the minimum margin required is the greater of:
- (i) the sum of:

- (a) 100% of the market value of the long *call options*;  
minus
- (b) 100% of the market value of the short *put options*;  
plus
- (c) the difference, plus or minus, between the *aggregate exercise value* of the long *call options* or short *put options*, whichever is higher and the market value of the *underlying interest, index basket or index participation unit position*.

and

- (ii) where the combination involves:
  - (a) a *qualifying basket of index securities* and an *index participation unit option position*;
  - or
  - (b) an *index participation unit position* and an *index option position*; the published *tracking error margin rate* for the spread between the *index* and the related *index participation units*, multiplied by the market value of the *index basket or index participation unit position* held.
- (3) Where the combination involves a *qualifying basket of index securities* and the basket is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.

New

**5756. - 5759. Reserved.**

New

**EXCHANGE-TRADED OPTIONS - FUTURES AND OPTIONS COMBINATIONS AND CONVERSIONS**

Rules

100.9(h)(v)(A)  
and  
100.10(h)(v)(A)

**5760. Long index futures contract - short call option combination**

- (1) Where a Dealer Member inventory or client account contains one of the following exchange traded futures and *exchange-traded option* contract combinations:

**Long futures position**

**Short option position**

- (i) *index futures contracts* and *index call option* or based on the same *index*
  - (ii) *index futures contracts* and *index participation unit call option* based on the same *index*
- and *equivalent quantities* of each position in the combination are held and

the options and futures contracts have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5760(2).

- (2) The minimum margin required is the greater of:
- (i) (a) the *normal margin* required on the *index futures contract* position; minus
    - (b) the *aggregate market value* of the *short call options*,
  - and;
  - (ii) the published *tracking error margin rate* for the spread between the *index futures contracts* and the related *index* or the *index futures contracts* and the related *index participation units*, multiplied by the market value of the underlying *qualifying basket of index securities* or the *index participation units*.

Rules  
100.9(h)(v)(D)  
and  
100.10(h)(v)(D)

**5761. Long futures contracts - long put option combination**

- (1) Where a Dealer Member inventory or client account contains one of the following exchange traded futures and *exchange-traded option* contract combinations:
- | <b>Long futures position</b>        | and | <b>Long option position</b>   |
|-------------------------------------|-----|---|
| (i) <i>index futures contracts</i>  |     | <i>index put option</i> based on the same <i>index</i>                    |
| (ii) <i>index futures contracts</i> |     | <i>index participation unit put option</i> based on the same <i>index</i> |
- and *equivalent quantities* of each position in the combination are held and the options and futures contracts have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsections 5761(2) and 5761(3).
- (2) Where the *put option* position is *out-of-the-money*, the minimum margin required is the greater of:
- (i) the sum of:
    - (a) the *aggregate market value* of the *long put options*
    - plus
    - (b) the lesser of:
      - (I) (A) the daily settlement value of the *index futures contract*

position;

minus

(B) the aggregate exercise value of the long put options

(II) the margin required on the long futures contract position,

and

(ii) the published tracking error margin rate for the spread between the index futures contracts and the related index or the index futures contracts and the related index participation units, multiplied by the market value of the underlying qualifying basket of index securities or the index participation units.

(3) Where the put option position is *in-the-money* or *at-the-money*, the minimum margin required is the greater of:

(i) any excess of the aggregate market value of the long put options over the aggregate *in-the-money* amount of the long put options;

and

(ii) the published tracking error margin rate for the spread between the index futures contracts and the related index or the index futures contracts and the related index participation units, multiplied by the market value of the underlying qualifying basket of index securities or the index participation units.

Rules  
100.9(h)(v)(C)  
and  
100.10(h)(v)(C)

**5762. Short futures contracts - long call option combination**

(1) Where a Dealer Member inventory or client account contains one of the following exchange traded futures and exchange-traded option contract combinations:

**Short futures position**

(i) *index futures contracts*

(ii) *index futures contracts*

**Long option position**

and *index call option* based on the same *index*

and *index participation unit call option* based on the same *index*

and equivalent quantities of each position in the combination are held and the options and futures contracts have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsections 5762(2) and 5762(3).

(2) Where the call option position is *out-of-the-money*, the minimum margin required is the greater of:

- (i) the sum of:
    - (a) the aggregate market value of the long call options plus
    - (b) the lesser of:
      - (I) (A) the aggregate exercise value of the long call options; minus
      - (B) the daily settlement value of the index futures contract position;
      - (II) the margin required on the short futures contract position,
  - and
  - (ii) the published tracking error margin rate for the spread between the index future contracts and the related index or the index future contracts and the related index participation units, multiplied by the market value of the underlying qualifying basket of index securities or the index participation units.
- (3) Where the call option position is *in-the-money* or *at-the-money*, the minimum margin required is the greater of:
- (i) any excess of the aggregate market value of the long call options over the aggregate *in-the-money* amount of the long call options;
  - and
  - (ii) the published tracking error margin rate for the spread between the index futures contracts and the related index or the index futures contracts and the related index participation units, multiplied by the market value of the underlying qualifying basket of index securities or the index participation units.

Rules  
100.9(h)(v)(B)  
and  
100.10(h)(v)(B)

**5763. Short futures contracts - short put option combination**

- (1) Where a Dealer Member inventory or client account contains one of the following exchange traded futures and exchange-traded option contract combinations:
- | <b>Short futures position</b>       |     | <b>Short option position</b>  |
|-------------------------------------|-----|---|
| (i) <i>index futures contracts</i>  | and | <i>index put option</i> based on the same <i>index</i>                    |
| (ii) <i>index futures contracts</i> | and | <i>index participation unit put option</i> based on the same <i>index</i> |
- and equivalent quantities of each position in the combination are held and

the options and futures contracts have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5763(2).

- (2) The minimum margin required is the greater of:
- (i) (a) the *normal margin* required on the *index futures contract* position; minus
    - (b) the *aggregate market value* of the *short put options*,
  - and;
  - (ii) the published *tracking error margin rate* for the spread between the *index futures contracts* and the related *index* or the *index futures contracts* and the related *index participation units*, multiplied by the market value of the underlying *qualifying basket of index securities* or the *index participation units*.

Rules  
100.9(h)(v)(E)  
and  
100.10(h)(v)(E)

**5764. Futures conversion or long tripo combination**

- (1) Where a Dealer Member inventory or client account contains one of the following exchange traded futures and *exchange-traded option* contract combinations:

<b>Long futures position</b>		<b>Long option position</b>		<b>Short option position</b>
(i) <i>index futures contracts</i>	and	<i>index put option</i> based on the same <i>index</i>	and	<i>index call option</i> based on the same <i>index</i>
(ii) <i>index futures contracts</i>	and	<i>index participation unit put option</i> based on the same <i>index</i>	and	<i>index participation unit call option</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the combination are held and the options contracts have the same expiry date and the options and futures contracts have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5764(2).

- (2) The minimum margin required is the greater of:
- (i) the sum of:
    - (a) the *aggregate market value* of the *long call options*;
  - minus

- (b) the aggregate market value of the short put options;
- plus
- (c) the difference, plus or minus, between the daily settlement value of the long futures contracts and the aggregate exercise value of the long put options or the short call options, whichever is lower.

and

- (ii) the published tracking error margin rate for the spread between the index futures contracts and the related index or the index futures contracts and the related index participation units, multiplied by the market value of the underlying qualifying basket of index securities or the index participation units.

Rules  
100.9(h)(v)(F)  
and  
100.10(h)(v)(F)

**5765. Reconversion or short trip combination**

- (1) Where a Dealer Member inventory or client account contains one of the following exchange traded futures and exchange-traded option contract combinations:

<b>Short futures position</b>		<b>Long option position</b>		<b>Short option position</b>
(i) <i>index futures contracts</i>	and	<i>index call option based on the same index</i>	and	<i>index put option based on the same index</i>
(ii) <i>index futures contracts</i>	and	<i>index participation unit call option based on the same index</i>	and	<i>index participation unit put option based on the same index</i>

and equivalent quantities of each position in the combination are held and the options contracts have the same expiry date and the options and futures contracts have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5765(2).

- (2) The minimum margin required is the greater of:
  - (i) the sum of:
    - (a) 100% of the market value of the long call options;
    - minus
    - (b) 100% of the market value of the short put options;
  - plus

(c) the difference, plus or minus, between the *aggregate exercise value* of the long *call options* or short *put options*, whichever is higher, and the daily settlement value of the short futures contracts.

and

(ii) the published *tracking error margin rate* for the spread between the *index futures contracts* and the related *index* or the *index futures contracts* and the related *index participation units*, multiplied by the market value of the underlying *qualifying basket of index securities* or the *index participation units*.

New

**5766. - 5769. Reserved.**

New

**EXCHANGE-TRADED OPTIONS - BASKET, PARTICIPATION UNIT AND FUTURES COMBINATIONS**

Rules

100.9(h)(iii)(A)  
and  
100.10(h)(iii)(A)  
)

**5770. Long qualifying basket of index securities - short index participation units**

(1) Where a Dealer Member inventory or client account contains the following combination:

**Long position**

**Short position**

(i) *qualifying basket of index securities* and *index participation units* based on the same *index*

and *equivalent quantities* of each position in the combination are held, the minimum margin is calculated in accordance with subsection 5770(2).

(2) The minimum margin required shall be the sum of:

(i) the published *tracking error margin rate*;

plus

(ii) the calculated *incremental basket margin rate* for the *qualifying basket of index securities*;

multiplied by the market value of the *index participation units*.

Rules

100.9(h)(iii)(B)  
and  
100.10(h)(iii)(B)  
)

**5771. Long index participation units - short qualifying basket of index securities**

(1) Where a Dealer Member inventory or client account contains the following combination:

**Long position**

**Short position**

(i) *index participation units* and *qualifying basket of index securities* of the same *index*

and *equivalent quantities* of each position in the combination are held, the

minimum margin is calculated in accordance with subsection 5771(2).

- (2) The minimum margin required shall be the sum of:
- (i) the published *tracking error margin rate*, unless the long *index participation units* position is of size sufficient to be converted into a basket of *index securities* or a multiple thereof;
- plus
- (ii) the calculated *incremental basket margin rate* for the *qualifying basket of index securities*;
- multiplied by the market value of the *index participation units*.

Rules  
100.9(h)(iv) and  
100.10(h)(iv)

**5772. Index futures contracts - qualifying baskets of index securities or index participation units**

- (1) Where a Dealer Member inventory or client account contains the following combination:

Long (short) futures position	Short (long) position
(i) <i>index futures contracts</i>	and <i>qualifying basket of index securities</i> of the same <i>index</i>
(ii) <i>index futures contracts</i>	and <i>index participation units</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the combination are held, the minimum margin is calculated in accordance with subsection 5772(2).

- (2) Subject to additional margin requirements set out in subsection 5772(3), the minimum margin required shall be the published *tracking error margin rate* for the spread between the *index futures contracts* and the related *index* or the *index futures contracts* and the related *index participation units*, multiplied by the market value of the *qualifying basket of index securities* or the *index participation units* held.
- (3) Where the combination involves a *qualifying basket of index securities* and the basket is imperfect, additional margin is required to be provided in the amount of the calculated incremental margin rate for the basket multiplied by the market value of the basket.

New

**5773. - 5774. Reserved.**

New

**EXCHANGE-TRADED OPTIONS - CROSS INDEX OFFSETS AND THE OPTIONAL USE OF TIMS AND SPAN**New for clients,  
Rules 100.9(i)  
and 100.10(i)**5775. Cross index offset combinations involving index products**

- (1) Offsets involving products based on two different indices are permitted provided:
- (i) both indices qualify as an *index* as defined in paragraph 5120(8)(xii);
  - (ii) there is significant performance correlation between the indices; and
  - (iii) the Corporation has made available a published *tracking error margin rate* for cross *index* offsets involving the two indices.

Where offsets involving products based on two different indices are permitted the margin requirements set out in sections 5730 through 5772 may be used provided that any margin requirement calculated shall be no less than the published *tracking error margin rate* for cross *index* offsets involving the two indices.

Rule 100.10(k)

**5776. Optional use of TIMS and SPAN**

- (1) For a Dealer Member inventory account constituted exclusively of positions in derivatives listed at the Bourse de Montréal, the margin required may be the one calculated, as the case may be, by the Standard Portfolio Analysis ("*SPAN*") methodology or by the Theoretical Intermarket Margin System ("*TIMS*") methodology, using the margin interval calculated (using the same approach as set out in subsection 5360(2)) and the assumptions used by the Canadian Derivatives Clearing Corporation. All changes to the assumptions used by the Canadian Derivatives Clearing Corporation shall be approved by the Bourse de Montréal prior to implementation to ensure that the continued use of the *SPAN* and *TIMS* methodologies for regulatory purposes is appropriate.

The selected methodology (either *SPAN* or *TIMS*) must be used consistently and cannot be changed without the prior consent of the Bourse de Montréal. If the Dealer Member firm selects the *SPAN* methodology or the *TIMS* methodology, the margin requirements calculated under those methodologies will supersede the requirements stipulated in this Rule 5000.

New

**5777. - 5779. Reserved.**

New

**OVER-THE-COUNTER OPTIONS****5780. Long option positions**

- |                |  |
|----------------|--|
| Rule 100.11(b) | <p>(1) The minimum <i>Dealer Member inventory margin</i> required for long <i>over-the-counter option</i> positions is:</p> <p>(i) Where the option's market price is less than \$1.00, the market value of the option;</p> <p>(ii) Where the option's market price is \$1.00 or more, and:</p> <p>(a) the option is a <i>call option</i>, the market value of the <i>call option</i> less 50% of any excess of the market value of the <i>underlying interest</i> over the <i>aggregate exercise value</i> of the <i>call option</i>; or</p> <p>(b) the option is a <i>put option</i>, the market value of the <i>put option</i> less 50% of any excess of the <i>aggregate exercise value</i> of the <i>put option</i> over the market value of the <i>underlying interest</i>.</p>  |
| Rule 100.11(a) | <p>(2) The minimum client account margin required for long <i>over-the-counter option</i> positions is the market value of the option.</p>   |
| Rule 100.11(c) | <p><b>5781. Short option positions</b></p> <p>(1) Subject to subsection 5781(2), the minimum <i>Dealer Member inventory margin</i> and <i>client account margin</i> required for short <i>over-the-counter option</i> positions is:</p> <p>(i) a percentage of the market value of the <i>underlying interest</i> determined using the following percentages:</p> <p>(a) for equity options, the margin rate used for the <i>underlying interest</i> as determined in section 5311;</p> <p>(b) For <i>index options</i> or <i>index participation unit options</i>, the published <i>floating margin rate</i> for the <i>index</i> or <i>index participation unit</i> calculated according to the formula set out in section 5360;</p> <p>(c) For debt options, the margin rate used for the <i>underlying interest</i> as determined in section 5210;</p> <p>(d) For currency options, the Corporation's published spot risk margin rate for the currency calculated according to the formula set out in section 5460(1);</p> <p>minus</p> <p>(ii) any <i>out-of-the-money</i> amount associated with the option.</p> <p>(2) Subsection 5781(1) notwithstanding, the minimum <i>client account margin</i> required for short <i>over-the-counter option</i> positions shall be no less than the amount determined by multiplying:</p> |

- (i) in the case of a short *call option* position, the market value of the *underlying interest*;
  - (ii) in the case of a short *put option* position, the *aggregate exercise value* of the option;
- by 25.00%.

Rule 100.11(g)

**5782. Hedged option positions**

- (1) No margin is required for the following *over-the-counter option* and collateral position combinations held in *equivalent quantities* in a Dealer Member inventory or client account:

<b><i>Over-the-counter option position</i></b>	<b><i>Acceptable collateral</i></b>
(i) Short <i>call option</i> with an <i>equity, index, index participation unit, debt or currency underlying interest</i>	and deposit of the <i>underlying security</i> with the Dealer Member
(ii) Short <i>call option</i> with an <i>equity, index, index participation unit, debt or currency underlying interest</i>	and <i>escrow receipt</i> evidencing the deposit of government securities

provided the conditions in subsection 5782(2) are met.

- (2) For an *escrow receipt* to be acceptable collateral in subsection 5782(1) the issuer of the *escrow receipt* must be a financial institution approved by an *acceptable clearing corporation*.
- (3) The requirements of this section apply, regardless of any otherwise available margin reduction or margin offset, in the following circumstance:
- (i) Where an *over-the-counter option* is written by a client that is not an acceptable institution, acceptable counterparty or regulated entity (as defined in Form 1),
  - (ii) Where the terms of the *over-the-counter option* require settlement by physical delivery of the *underlying interest*, and
  - (iii) Where a margin rate less than 100% for the *underlying interest* has not been established under the Rules.

Rule 100.11(i)

**5783. Option spreads and combinations**

- (1) Except as otherwise provided in this section, the same reduced margin offsets are permitted for *over-the-counter options* as are provided in sections 5730 through 5772 for exchange traded options, provided that the

	<p><i>underlying interest</i> is the same.</p> <p>(2) In the case of spreads involving European exercise <i>over-the-counter options</i>,</p> <p>(i) A margin offset is permitted where the spread consists of long and short European exercise option contracts with the same expiration date; and</p> <p>(ii) A margin offset is permitted where the spread consists of a short European exercise option and long American exercise option; however</p> <p>(iii) A margin offset is not permitted where the spread consists of a long European exercise option and a short American exercise option.</p>
Rule 100.11(1)	<p><b>5784. Confirmation, delivery and exercise</b></p> <p>(1) The Dealer Member must confirm every <i>over-the-counter option</i> transaction in writing, by mail or delivery, on trade date.</p> <p>(2) <i>Over-the-counter option</i> contract payments, settlement, exercise and delivery must be made according to the terms of the <i>over-the-counter option</i> contract.</p>
New	<b>5785. - 5789. Reserved.</b>
New	<b>COMMODITY FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS</b>
	<b>5790. Minimum margin requirements</b>
Rule 100.8(a)	<p>(1) Where a Dealer Member inventory or client account contains positions in commodity futures contracts or futures contract options, the margin required is the greatest of:</p> <p>(i) The margin required by the commodity futures exchange on which the contract is entered into;</p> <p>(ii) The margin required by the clearing house; and</p> <p>(iii) The margin required by the Dealer Member's clearing broker, where applicable.</p> <p>provided that where a Dealer Member or a client owns a commodity and such ownership is evidenced by warehouse receipts or comparable documentation and such Dealer Member or client also has a short position in commodity futures contracts in the same commodity, the two positions may be offset and the required margin shall be computed with respect to the net long or net short position only.</p>
Rule 100.8(b)	<p>(2) Where a commodity futures exchange or its clearing house prescribes margin requirements based on initial and maintenance rates, the margin required at</p>

	<p>the time the contract is entered shall be based on the prescribed initial rate. When subsequent adverse price movements in the value of the contracts reduce the margin on deposit to an amount below the maintenance level, a further amount to restore the margin on deposit to the initial rate amount shall be required. The Dealer Member may, in addition, require such further margin or deposit against liability as it may consider necessary as a result of fluctuations in market prices from time to time.</p>
Rule 100.8(c)	(3) Where client trades are executed through an omnibus account, the Dealer Member shall require margin from each of its clients as though the trades were executed in separate fully disclosed accounts.
Rule 100.8(d)	(4) Where spread margins are permitted in a client account, the Dealer Member shall note this in the margin records for this account.
Rule 100.8(e)	(5) Where a Dealer Member's inventory account holds inter-commodity spreads in Government of Canada bond futures contracts and U.S. treasury bond futures contracts traded on recognized exchanges and <i>equivalent quantities</i> of each position in the spread are held, the margin required is the greater of the margin required on either the long side or the short side only. For this purpose, the foregoing spreads shall be on the basis of \$1.00 Canadian for each \$1.00 U.S. of the contract size of the relevant futures contracts. With respect to the United States side of the above inter-commodity spreads, such positions must be maintained on a contract market as designated pursuant to the United States Commodity Exchange Act.
Rule 100.8(f)	(6) The Corporation may prescribe, in its discretion, higher or lower margin requirements for any account or person.
New	<b>5791. - 5799. Reserved.</b>

	<b>RULE 5800</b>
	<b>ACCOUNT RELATED AGREEMENTS</b>
New	<p>5801. Introduction</p> <p>(1) This Rule sets out the specific Dealer Member requirements for the following account related agreements:</p> <p>(i) Corporation standard agreements <b>Section 5810</b></p> <p>(ii) Account guarantee agreements <b>Sections 5820 to 5825</b></p> <p>(iii) Hedge agreements <b>Section 5830</b></p> <p>(iv) Cash and securities loan agreements <b>Section 5840</b></p> <p>(v) Repurchase and reverse repurchase agreements <b>Section 5850</b></p>
New	<b>5802. - 5809. - Reserved.</b>
New	<p><b>5810. Corporation standard agreements</b></p> <p>(1) The Corporation prescribes certain contents for and has developed standard forms of, agreements that a Dealer Member must use in order to obtain favourable margin treatment, or avoid capital penalties, under Rules 5200 through 5800. These agreements are described in Sections 5820 through 5850 below and, in the case of the standard form new issue letter, in Section 5530. The standard agreements posted on the Corporation's website are provided as agreement forms acceptable to the Corporation.</p>
New	<b>5811. - 5819. - Reserved.</b>
	<b>5820. General account guarantee requirements</b>
	<p>(1) Subject to the requirements in sections 5821 and 5822, a Dealer Member may permit a client (the guarantor) to guarantee the accounts of another client provided:</p>
Rule 100.15(f)	(i) the Dealer Member informs the guarantor in writing of the initial contingent liability they will be assuming by signing the guarantee agreement;
Rule 100.15(i)	(ii) the Dealer Member discloses to the guarantor in writing that the suitability of transactions in the guaranteed client's accounts will not be reviewed in relation to the guarantor.
	(iii) the guarantor signs an approved written guarantee agreement with the

	Dealer Member that:
Rule 100.15(f)	(a) identifies the guarantor by name;
Rule 100.15(f)	(b) identifies the guarantor accounts that are to be used to provide the guarantee;
Rule 100.15(f)	(c) identifies the accounts of the other client that are subject to the guarantee;
Rule 100.15(h) preamble	(d) binds the guarantor, its successors, assigns and personal legal representatives; and
Rule 100.15(h)	(e) contains the minimum terms set out in Section 5825(1).
Rule 100.15 preamble and 100.15(i)	(iv) the guaranteed client consents in writing to the Dealer Member providing the guarantor, at least quarterly, with the guaranteed client's account statements.
Rule 100.15(i)	(v) where the guarantor does not object, the guarantor is sent, at least quarterly, the guaranteed client's account statements.
New, based on Rule 100.15(i)	(2) Where the guaranteed client does not consent to providing account statements, the Dealer Member must notify the guarantor in writing of the guaranteed client's refusal and that the guarantee agreement will not be accepted for margin reduction purposes.
	<b>5821. Requirements for account guarantees by shareholders, Registered Representatives or employees</b>
Rule 100.15(a)	(1) Section 5820 notwithstanding, a Dealer Member may only permit clients that are shareholders, Registered Representatives or employees of the Dealer to guarantee the accounts of another client:
	(i) if:
Rule 100.15(b)(i)	(a) the Corporation expressly approves the guarantee arrangement in writing;
Rule 100.15(b)(i)	(b) the guarantee agreement can only be cancelled with the Corporation's written approval;
Rule 100.15(b)(ii)	(c) the guarantor is not permitted to transfer cash, securities or any other property from the accounts of the guarantor without written approval from the Corporation;
Rule 100.15(b)(iii)	(d) the provisions of Schedule 4 of Form 1 continue to apply to the

	<p>guaranteed client accounts regardless of the guarantee. Specifically, if the account has been restricted and subsequently fully margined, the broker will not conduct any trading in the account without the Corporation approving the release of the guarantee.</p>
Rule 100.15(a)	<p>or</p> <p>(ii) if, in the case of a shareholder guarantee:</p> <ul style="list-style-type: none"> <li>(a) there is public ownership of the Dealer Member or holding company securities held by the shareholder;</li> <li>(b) the shareholder is not an employee, Registered Representative or Executive of the Dealer Member; and</li> <li>(c) the shareholder is not a significant shareholder of the Dealer Member or its holding company.</li> </ul>
Rule 100.15(c)	<p><b>5822. Prohibited account guarantee arrangements</b></p> <p>(1) A Dealer Member will not permit relief for guarantees in respect of accounts of Executives, Directors, shareholders, Registered Representatives or employees, by clients of the Dealer Member.</p>
Rule 100.15(d)	<p><b>5823. Exception for immediate family</b></p> <p>(1) Sections 5821 and 5822 do not apply to guarantees by members of the immediate family of the guaranteed account holder(s).</p>
Rule 100.15 preamble	<p><b>5824. Margin relief for guarantee agreements</b></p> <p>(1) For account guarantee agreements entered into in compliance with the requirements of subsections 5820 and 5821, the margin required for a client account that is guaranteed by another client may be reduced by any aggregate excess margin in the account(s) of the guarantor.</p>
Rule 100.15(g)	<p>(2) Subsection 5824(1) notwithstanding, a Dealer Member may only use a client guarantee for margin relief with respect to client accounts directly guaranteed by the guarantor.</p>
Rule 100.15(e)	<p>(3) Subsection 5824(1) notwithstanding, margin relief is not permitted where a guarantee agreement is not confirmed by the guarantor in response to an annual audit confirmation request in accordance with the requirements set out in subsection 4189(1).</p>

**5825. Account guarantee agreement minimum terms**

Rule 100.15(h)  
preamble

(1) An approved written agreement must contain the following minimum terms:

Rule  
100.15(h)(i)

(i) The guarantor is jointly and severally liable for the client's obligations in the identified accounts and unconditionally guarantees, on an absolute and continuing basis, the prompt payment on demand of all the client's present and future liabilities in those accounts to the Dealer Member;

Rule  
100.15(h)(ii)

(ii) The guarantee's termination requires written notice to the Dealer Member and the termination does not affect the guarantee of any obligations incurred prior to it;

Rule  
100.15(h)(iii)

(iii) The Dealer Member is not required to demand from, or proceed or exhaust its remedies against, a client or any other person, or any security held to secure payment of the obligations, before making demand or proceeding under the guarantee;

Rule  
100.15(h)(iv)

(iv) The guarantor's liability shall not be released, discharged, reduced, limited or otherwise affected by:

(a) any right of set-off, counterclaim, appropriation, application or other demand or right the client or guarantor may have;

(b) any irregularity, defect, or informality in any obligation, document or transaction relating to the client or its accounts;

(c) any acts done, omitted, suffered or permitted by the Dealer Member in connection with the client, its accounts, the guaranteed obligations or any other guarantees or security held including any renewals, extensions, waivers, releases, amendments, compromises or indulgences agreed to by the Dealer Member and including the Dealer Member providing the client's account statements to the guarantor as permitted in Form 1, Schedule 4, Lines 18(1)(ii)(b) and (c); or

(d) the death, incapacity, bankruptcy or other fundamental change of or affecting the client;

Rule  
100.15 (h) (v)

but if the guarantor is released from the guarantee, it must remain liable as principal debtor of the guaranteed obligations.

- (v) The guarantor must:
- (a) waive in favour of the Dealer Member any notices of terms and conditions applicable to the client's accounts or agreements, or dealings between the Dealer Member and the client, or relating to the status, condition, transactions, or changes in the client's accounts,
  - (b) agree that the accounts as settled or stated between the Dealer Member and the client are conclusive as to the amounts owing, and
  - (c) waive any rights of subrogation until all guaranteed obligations are paid in full;

Rule  
100.15 (h) (vi)

- (vi) All securities, monies, commodity futures contracts and options, foreign exchange contracts and other property held or carried by the Dealer Member for the guarantor must be pledged or a security interest granted in them to secure payment of the guaranteed obligations. The Dealer Member must be able to deal with those assets at any time, before or after demand under the guarantee, to satisfy payment.

New

**5826. - 5829. - Reserved.**

Rules  
100.15A(c) (i)  
through (iii)

**5830. Hedge agreements**

- (1) A Dealer Member must not accept a client account hedge for the purposes of Form 1, Schedule 4, Line 18(2), unless it obtains a written hedge agreement from the guarantor, in a form acceptable to the Corporation, that:
- (i) authorizes the Dealer Member to use any and all securities, other than options, commodity futures contracts or foreign exchange contracts, held in long positions in the guarantor's account to hedge any and all short positions in the guaranteed client account to eliminate the margin required on those securities in the client account;
  - (ii) provides that if a security position that hedges a short position is sold and

	creates a margin deficiency in the guaranteed account, the guarantor agrees that the Dealer Member may restrict the guarantor's ability to withdraw cash or securities from its account or otherwise restrict the guarantor's ability to enter into transactions in that account until the deficiency has been rectified; and
	(iii) provides that the guarantor agrees that the terms of the hedge agreement must remain in effect as long as any hedge positions between the two accounts remain in effect.
New	<b>5831. - 5839. - Reserved.</b>
	<b>5840. Cash and securities loan agreements</b>
Rules 2200.1 and 2200.2	(1) A <i>cash and securities loan</i> is the lending of securities for cash collateral or vice versa, other an <i>overnight cash loan</i> .
Form 1, Schedules 1 and 7, Notes and Instructions 5	(2) To avoid the margin penalties in Form 1 for <i>cash and securities loan</i> transactions, a Dealer Member must be party to a written agreement that contains the minimum terms set out in subsection 5803(3).
Rule 2200.2(a); Form 1, Schedules 1 and 7, Notes and Instructions 5(i)	(3) This <i>written cash and securities loan agreement</i> must:
	(i) set out the rights of each party to retain and realize on the securities delivered to it by the other party under the agreement if the other party defaults. These rights are in addition to other remedies in the agreement or available at law;
Rule 2200.2(b); Form 1, Schedules 1 and 7, Notes and Instructions 5(ii)	(ii) set out events of default;
Rule 2200.2(c); Form 1, Schedules 1 and 7, Notes and Instructions 5(iii)	(iii) provide for treatment of the securities or collateral value held by the non-defaulting party that is over the amount owed by the defaulting party; and
	(iv) either:
Rule 2200.2(d)(i); Form 1, Schedules 1 and 7, Notes and Instructions 5(iv)	(a) give the parties the right to set off their mutual debts; or
Rule	(b) enable the parties to effect a

2200.2(d)(ii)(A); Form 1, Schedules 1 and 7, Notes and Instructions 5(iv)	secured loan and provide that the lender must continuously segregate agreement collateral securities.
Rule 2200.2(d)(ii)(B); Form 1, Schedules 1 and 7, Notes and Instructions 5(iv)	(4) If the parties agree to a secured loan as provided in subparagraph 5803(3)(iv)(b), and there is more than one method for the lender to perfect its security interest in the collateral, the lender must choose the method to achieve the highest priority in a default situation.
Rule 2200.2(e); Form 1, Schedules 1 and 7, Notes and Instructions 5(v)	(5) Whether the parties rely on set off or agree to a secured loan as provided in paragraph 5803(3)(iv), the <i>written cash and securities loan agreement</i> must provide for the securities borrowed and loaned to be free and clear of any trading restrictions under applicable law, and signed for transfer.
New	<b>5841. - 5849. - Reserved.</b>
Form 1, Schedules 1 and 7, Notes and Instructions	<b>5850. Repurchase and reverse repurchase agreements</b>
Form 1, Schedules 1 and 7, Notes and Instructions 5(i)	(1) To avoid the margin penalties in Form 1 for repurchase agreement and reverse repurchase agreement transactions, a Dealer Member must be party to a written agreement that contains the minimum terms set out in subsection 5808(2).
Form 1, Schedules 1 and 7, Notes and Instructions 5(ii)	(2) A <i>written repurchase/reverse repurchase agreement</i> must: <ul style="list-style-type: none"> <li>(i) set out the rights of each party to retain and realize on the securities delivered to it by the other party under the agreement if the other party defaults. These rights are in addition to other remedies in the agreement or available at law;</li> <li>(ii) set out events of default;</li> </ul>
Form 1, Schedules 1 and 7, Notes and Instructions 5(iii)	(iii) provide for treatment of the securities or collateral value held by the non-defaulting party that is over the amount owed by the defaulting party; and
Form 1, Schedules 1 and 7, Notes and Instructions 5(iv)	(iv) either: <ul style="list-style-type: none"> <li>(a) give the parties the right to set off their mutual debts; or</li> </ul>

Form 1, Schedules 1 and 7, Notes and Instructions 5(iv)	(b) enable the parties to effect a secured loan and provide that the lender must continuously segregate agreement collateral securities.
Form 1, Schedules 1 and 7, Notes and Instructions 5(iv)	(3) If the parties agree to the agreement as provided in subparagraph 5808(2)(iv)(b), and there is more than one method for the lender to perfect its security interest in the collateral, the lender must choose the method to achieve the highest priority in a default situation.
Form 1, Schedules 1 and 7, Notes and Instructions 5(v)	(4) Whether the parties rely on set off or agree to a secured loan as provided in paragraph 5808(2)(iv), the <i>written repurchase/reverse repurchase agreement</i> must provide for the sold or purchased securities to be free and clear of any trading restrictions under applicable law, and signed for transfer.
New	<b>5851. - 5999. - Reserved.</b>

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

TEXT OF THE CURRENT RELEVANT PROVISIONS OF  
DEALER MEMBER RULES 1, 17, 27, 100 AND 2200

RULE 1  
INTERPRETATION AND EFFECT

1.1. In these Rules unless the context otherwise requires, the expression:

.

"Callable Debt Security" means a security described in Rule 100.2A(a), which allows the issuer to redeem the security at a fixed price (the call price), subject to the call protection period;

"Call Protection Period" means the period of time during which the issuer cannot redeem a callable debt security;

.

"Extendible Debt Security" means a security described in Rule 100.2A(b), which allows the holder, during a fixed time period, to extend the maturity date of the security to the extension maturity date, and to change the principal amount of the security to a fixed percentage (the extension factor) of the original principal amount;

"Extension Election Period" means the period of time during which the holder may elect to extend the maturity date and change the principal amount of, an extendible debt security;

"Extension Factor" means, if any, the fixed percentage that should be used to change the original principal amount of the extendible debt security when the maturity date is deemed to be equal to the extension maturity date;

.

"Retractable Debt Security" means a security described in Rule 100.2A(c), which allows the holder of the security, during a fixed time period to retract the maturity date of the security to the retraction maturity date, and to change the principal amount of the security to a fixed percentage (the retraction factor), of the original principal amount;

"Retraction Election Period" means the period of time during which the holder may elect to retract the maturity date, and change the principal amount of, a retractable debt security;

"Retraction Factor" means, if any, the fixed percentage that should be used to change the original principal amount of the retractable debt security when the maturity date is deemed to be equal to the retraction maturity date;

.

.

RULE 17

DEALER MEMBER MINIMUM CAPITAL, CONDUCT OF BUSINESS AND INSURANCE

17.11. Every Dealer Member shall obtain from clients and maintain in respect of its own account such minimum margin in such amount and in accordance with such requirements as the Board of Directors may from

time to time by Rule prescribe. Such minimum margin shall be used for calculations pursuant to Form 1.

**RULE 27  
DEALER MEMBERS' RIGHTS RESPECTING CLIENTS' INDEBTEDNESS**

- 27.1 Whenever a client is indebted to a Dealer Member all securities held by such Dealer Member for or on account of such client shall (subject to the provisions of Form 1, Schedule 4, Note 8 and to the provisions of any agreement between the Dealer Member and the client) be, to an amount reasonably sufficient to secure said indebtedness, collateral security for the payment of such indebtedness as may exist from time to time and such Dealer Member shall have the right from time to time, in its discretion, to raise money on such securities and to carry such securities in its general loans, and to pledge and repledge such securities in such manner and to such reasonable amount and for such purpose as it may deem advisable; and if such Dealer Member shall deem it necessary for its protection it shall have the right, in its discretion, to buy any or all securities of which such client's account may be short or sell any or all securities held for or on account of such client and, without in any way restricting the foregoing, shall have the right to recover from such client the amount of the indebtedness or any part thereof remaining unpaid, either with or without realization of the whole or any part of the securities.

**RULE 100  
MARGIN REQUIREMENTS**

- 100.1. In this Rule 100 and, unless the contrary is specified, in each Rule, Ruling or Form of the Corporation, each term used which is not defined herein or therein, but is defined or used in Form 1 shall have the meaning as defined or used in Form 1.
- 100.2. For the purpose of Rule 17.13 and this Rule 100 the following margin requirements are hereby prescribed:
- (a) Bonds, Debentures, Treasury Bills and Notes**
- (i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided such foreign government securities are currently rated Aaa or AAA by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively), maturing (or called for redemption):
- |                          |  |
|--------------------------|--|
| within 1 year            | 1% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year to 3 years   | 1 % of market value  |
| over 3 years to 7 years  | 2% of market value   |
| over 7 years to 11 years | 4% of market value   |
| over 11 years            | 4% of market value   |
- (ii) Bonds, debentures, treasury bills and other securities of or guaranteed by any province of Canada and obligations of the

**ATTACHMENT B**

International Bank for Reconstruction and Development, maturing (or called for redemption):

within 1 year	2% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years	3% of market value
over 3 years to 7 years	4% of market value
over 7 years to 11 years	5% of market value
over 11 years	5% of market value

(iii) Bonds, debentures or notes (not in default) of or guaranteed by any municipal corporation in Canada or the United Kingdom maturing:

within 1 year	3% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365
over 1 year to 3 years	5% of market value
over 3 years to 7 years	5% of market value
over 7 years to 11 years	5% of market value
over 11 years	5% of market value

(iv) Other non-commercial bonds and debentures, (not in default):  
10% of market value

(v) Commercial and corporate bonds, debentures and notes (not in default) and non-negotiable and non-transferable trust company and mortgage loan company obligations registered in the Dealer Member's name maturing:

within 1 year	3% of market value (*)
over 1 year to 3 years	6% of market value (*)
over 3 years to 7 years	7% of market value (*)
over 7 years to 11 years	10% of market value (*)
over 11 years	10% of market value(*)

(1) If convertible and selling over par, the margin required shall be the lesser of:

(a) the sum of:

- (i) the above rates multiplied by par value; and
- (ii) the excess of market value over par value;

and

(b) the maximum margin requirement for a convertible security calculated pursuant to Rule 100.21.

(2) If convertible and selling at or below par, the margin required shall be the above rates multiplied by market value.

(3) If selling at 50% of par value or less and if rated "B" or lower by either Canadian Bond Rating Service or Dominion Bond Rating Service, the margin requirement shall be 50% of market value.

(4) In the case of U.S. pay securities if selling at 50% of par value or less and if rated "B" or lower by either Moody's or Standard & Poor's, the margin requirement shall be 50% of market value.

(5) If convertible and a residual debt instrument (zero coupon), the margin requirement shall be the lesser of:

(a) the greater of:

- (i) the margin requirement for a convertible debt instrument calculated pursuant to this Rule 100.2(a)(v); and
  - (ii) the margin requirement for a residual debt instrument (zero coupon) instrument calculated pursuant to Rule 100.2(a)(xi);
- and;
- (b) the maximum margin requirement for a convertible security calculated pursuant to Rule 100.2.
- (6) Where such commercial and corporate bonds, debentures and notes are obligations of companies whose notes are acceptable notes as defined in Rule 100.2(a)(vi) then the margin requirements in such Rule shall apply.
- (vi) Acceptable commercial, corporate and finance company notes, and trust company and mortgage loan company obligations readily negotiable and transferable and maturing:
- |               |  |
|---------------|--|
| within 1 year | 3% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year   | apply rates for commercial and corporate bonds, debentures and notes                                       |

"Acceptable Commercial, Corporate and Finance Company Notes" means notes issued by a company incorporated in Canada or in any province of Canada and (a) having a net worth of not less than \$10,000,000, (b) guaranteed by a company having a net worth of not less than \$10,000,000, or (c) a binding agreement exists whereby a company having a net worth of not less than \$25,000,000 is obliged, so long as the notes are outstanding, to pay to the issuing company or to a trustee for the note-holders, amounts sufficient to cover all indebtedness under the notes where the borrower, either:

- (A) Files annually under the applicable provincial legislation a prospectus relating to its notes which have a term to maturity of one year or less and provides to Dealer Members acting as authorized agent(s) the following information in written form:
  - (1) Disclosure of limitation, if any, on the maximum principal amount of notes authorized to be outstanding at any one time; and
  - (2) A reference to the bank lines of credit of the borrower or of its guarantor if a guarantee is required; or
- (B) Provides to Dealer Members acting as authorized agent(s) an information circular or memorandum which includes or is accompanied by the following:
  - (1) Recent audited financial statements of the borrower or of its guarantor if a guarantee is required;
  - (2) An extract from the borrower's general borrowing by-law dealing with the borrower's corporate authorization to borrow;
  - (3) A true copy of a resolution of directors of the borrower certified by the borrower's Secretary and stating in substance:
    - (i) The limitation, if any, on the maximum amount authorized to be borrowed by way of issue of notes, and

**ATTACHMENT B**

- (ii) Those officers of the borrower company who may legally sign the notes by hand or by facsimile;
  - (4) Where notes are guaranteed, a certified copy of a resolution of directors of the guarantor company, authorizing the guarantee of such notes;
  - (5) A certificate of incumbency and facsimile signatures of the authorized signing officers of the borrower and its guarantor, if any;
  - (6) Specimen copies of the note or notes;
  - (7) A favourable opinion of counsel for the borrower regarding the incorporation, organization and corporate status of the borrower, its corporate capacity to issue the notes and the due authorization by it of the issuance of the notes;
  - (8) Where notes are guaranteed, a favourable opinion of counsel for the guarantor regarding the incorporation, organization and corporate status of the guarantor, its capacity to guarantee the notes and the due authorization, validity and effectiveness of its guarantee; and
  - (9) A summary setting forth the following:
    - A. A brief historical synopsis of the borrowing company and of its guarantor, if any;
    - B. Purpose of the issue;
    - C. A reference to the bank lines of credit of the borrowing company or of its guarantor, if a guarantee is required;
    - D. The denominations in which notes may be issued.
- (vii) Acceptable foreign commercial, corporate and finance company notes
- Acceptable foreign commercial, corporate and finance company notes readily negotiable and maturing:
- |               |  |
|---------------|--|
| within 1 year | 3% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365 |
| over 1 year   | apply rates for commercial and corporate bonds, debentures and notes                                       |
- "Acceptable Foreign Commercial, Corporate and Finance Company Notes" means promissory notes issued by a company, or guaranteed by a company incorporated in a country other than Canada, with a net worth of not less than \$25,000,000 where information equivalent to that required by Rule 100.2(a)(vi) is provided by the borrower.
- (viii) Bonds in default: 50% of market value;
  - (ix) Income bonds which have paid in full interest at the stated rate for the two preceding years as required by the related trust indenture which must specify that such interest be paid if earned:
    - Currently paying interest at the stated rate:
      - 10% of market value
    - Not paying interest, or paying at less than the stated rate:
      - 50% of market value

- (x) British Columbia Government Guaranteed Parity Bonds:  
 Long Positions: One-quarter of 1% of par value or rates prescribed under Rule 100.2(a)(ii) above;  
 Short Positions: Rates prescribed under Rule 100.2(a)(ii) above.
- (xi) Stripped coupons and the residual debt instruments:  
 The percentage of market value which is  
 (A) for instruments with a term to maturity of less than 20 years, 1.5 times  
 (B) for instruments with a term to maturity of 20 years or more, 3 times  
 the margin rate applicable to the debt instrument which has been stripped or to which the detached coupon or other evidence of interest relates, provided that in determining the term to maturity of a coupon or other evidence of interest the payment date for such interest shall be considered the maturity date. Margin in respect of residual debt instruments which are convertible into other securities shall be determined in accordance with paragraph (5) of Rule 100.2(a)(v).

**(b) Bank Paper**

Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:

- within 1 year 2% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365  
 over 1 year apply rates for commercial and corporate bonds, debentures and notes

**(c) Acceptable foreign bank paper**

Deposit certificates or promissory notes issued by a foreign bank, readily negotiable and transferable and maturing:

- within 1 year 2% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365  
 over 1 year apply rates for commercial and corporate bonds, debentures and notes

"Acceptable Foreign Bank Paper" consists of deposit certificates or promissory notes issued by a bank other than a Canadian chartered bank with a net worth (i.e. capital plus reserves) of not less than \$200,000,000.

**(d) Unhedged Foreign Exchange**

Unhedged foreign exchange positions of a Dealer Member or customer of a Dealer Member shall be margined in accordance with this Rule 100.2(d). Foreign exchange positions are monetary assets and liabilities (as defined) and shall include currency spot transactions, futures and forward contracts, swaps and any other transaction which results in exposure to foreign exchange rate risk.

**(i) General Principles**

- (A) Each unhedged foreign exchange position shall be margined in the manner provided in this Rule on a currency by currency basis according to the four currency groups defined in Rule 100.2(d)(v) at the following margin rates, subject to an adjustment to the margin rate of a Group 1, 2 or 3 currency pursuant to Rule 100.2(d)(v)(C):

**ATTACHMENT B**

	<b>Currency Group</b>			
	1	2	3	4
Spot Risk Margin Rate	1.0%	3.0%	10.0%	25.0%
Term Risk Margin Rate	1.0%	3.0%	5.0%	12.5%

(B) All calculations in respect of unhedged positions shall be made on a trade date basis.

(C) Dealer Members shall be permitted at their option to margin certain inventory positions in accordance with Rule 100.2(d)(iii) instead of the other applicable provisions of this Rule 100.2(d).

(D) References to conversion to Canadian dollars at the spot exchange rate shall be to the rate quoted by a recognized quote vendor for contracts with a term to maturity of one day.

(E) Monetary assets and liabilities are assets and liabilities, respectively, of a Dealer Member in respect of money and claims to money whether denominated in foreign or domestic currency, which are fixed by contract or otherwise.

(F) Inventory long or short currency futures contracts listed on a recognized exchange which are included in the unhedged foreign exchange calculations hereunder are not required to be margined pursuant to Rule 100.8.

(G) Dealer Members shall be permitted at their option to exclude non-allowable monetary assets from monetary assets for the purpose of calculating the margin requirement under this Rule 100.2(d).

(H) For the purpose of this Rule 100.2(d) the futures exchanges on which currency futures contracts are traded and that are listed on the most recently published list of recognized exchanges and associations, used for the purposes of determining "regulated entities", are deemed to be recognized exchanges.

**(ii) Foreign Exchange Margin Requirement**

The foreign exchange margin requirement for foreign exchange positions shall be the aggregate of the spot risk margin requirement and the term risk margin requirement calculated based on the spot risk margin rate and the term risk margin rate, respectively, specified in Rule 100.2(d)(i)(A).

**(A) Spot Risk Margin Requirement**

- (1) The spot risk margin requirement shall apply to all monetary assets and liabilities regardless of term to maturity.
- (2) The spot risk margin requirement shall be calculated as the product of the net monetary position and the spot risk margin rate.
- (3) Monetary assets and liabilities will be considered to be spot positions unless they have a term to maturity of more than 3 days.
- (4) The spot risk margin requirement shall be converted to Canadian dollars at the then current spot exchange rate.

**(B) Term Risk Margin Requirement**

- (1) The term risk margin requirement shall apply to all monetary assets and liabilities which have a term to maturity of more than 3 days, where the term to maturity is defined as the amount of time to when the

claim to the monetary asset or the obligation to satisfy monetary liability expires.

- (2) The term risk margin requirement is calculated as the product of the market value of the monetary asset or liability, the weighting factor and the term risk margin rate. The weighting factor of a monetary asset or liability with a term to maturity of 2 years or less shall be the number of days to maturity of the monetary asset or liability divided by 365 days, provided that if the term to maturity is 3 calendar days or less the weighting factor shall be zero.
- (3) The term risk margin rate for an unhedged foreign exchange position shall not exceed the following rates:

Group	Currency			
	1	2	3	4
Maximum Term Risk Margin Rate	4.0%	7.0%	10.0%	25.0%

- (4) Where the Dealer Member has both monetary assets and monetary liabilities the term risk margin requirement may be netted as follows:

- (i) 2 Years or Less to Maturity

The term risk margin requirements in respect of monetary assets or liabilities denominated in the same currency which both have a term to maturity of 2 years or less shall be the net of the term risk margin requirements of the monetary assets and liabilities.

- (ii) Over 2 Years to Maturity

The term risk margin requirements in respect of monetary assets or liabilities denominated in the same currency which both have a term to maturity of greater than 2 years shall be the greater of the term risk margin requirements of the monetary assets and liabilities.

- (iii) Provisos

- (a) The term risk margin requirements in respect of monetary assets or liabilities denominated in the same currency one having a term to maturity of 2 years or less and one having a term to maturity of more than 2 years which have a difference in their respective terms to maturity of 180 days or less shall be the net of the term risk margin requirements of the monetary assets and liabilities.

- (b) Where a Dealer Member has offsetting positions, one having a term to maturity of 2 years or less and one having a term to maturity of more than 2 years, the sum of the term risk margin requirement of the offsetting positions shall not exceed the product of the market value which is offset and the following rates:

	Currency Group			
	1	2	3	4
	5.0%	10.0%	20.0%	50.0%

- (5) The term risk margin requirement shall be converted to Canadian dollars at the then current spot exchange rate.
- (6) The sum of the security margin requirement and the foreign exchange margin requirement shall not exceed 100%.

**(iii) Alternative Futures and Forward Contract Inventory Margin**

As an alternative to the foreign exchange margin requirement determined under this Rule 100.2(d) for futures and forward contract inventory positions denominated in a currency which has a currency futures contract which trades on a recognized exchange the foreign exchange margin requirement may be calculated as follows.

**(A) Futures Contracts**

Foreign exchange positions consisting of futures contracts may be margined at the margin rates prescribed by the exchange on which such futures are listed.

**(B) Forward Contracts Offsets**

Forward contract positions which are not denominated in Canadian dollars may be margined as follows:

- (i) Margin shall be the greater of the margin as prescribed in Rule 100.2(d) (i) and (ii) on each of the two positions;
- (ii) Two forward contracts held by a Dealer Member which have one currency common to both contracts, are for the same value date, and the amount of the common currency positions are equal and offsetting, may be treated as a single contract for the purposes of this paragraph (B).

**(C) Futures and Forward Contract Offsets**

Futures and forward contract positions which are not denominated in Canadian dollars may be margined as follows:

- (i)
  - (a) Margin shall be the greater of the margin as prescribed in Rule 100.2(d) (i) and (ii) on each of the two positions;
  - (b) Margin rates applicable to unhedged positions under this paragraph (C) shall be the rates established by this Rule and not the rates prescribed by the exchange on which the futures contracts are listed;
- (ii) Two forward contracts held by a Dealer Member which have one currency common to both contracts, are for the same value date, and the amount of the common currency positions are equal and offsetting, may be treated as a single contract for the purposes of this paragraph (C).

**(iv) Customer Margin**

Unhedged foreign exchange positions of customers shall be margined in accordance with Rules 100.2(d) (i), (ii), and (v), provided that:

- (A) No margin shall be required in respect of the accounts of customers who are acceptable institutions as defined in Form 1.
- (B) The margin required in respect of acceptable counterparties and regulated entities as defined in Form 1 shall be calculated on a mark-to-market basis.

- (C) The margin required in respect of foreign exchange positions (excluding cash balances) held in the accounts of customers who are classified as other counterparties, as defined in Form 1, which are denominated in a currency other than the currency of the account, shall be the aggregate of the security margin requirement and the foreign exchange margin requirement, provided that where the margin rate applicable to the security is greater than the spot risk margin rate specified in Rule 100.2(d)(i)(A) the foreign exchange margin requirement shall be nil. The sum of the security margin requirement and the foreign exchange margin requirement shall not exceed 100%.
- (D) Listed futures contracts shall be margined in the same manner as prescribed in Rule 100.8.

**(v) Currency Groups**

(A) Currency Group Criteria

The qualitative and quantitative criteria for each currency group are as follows:

Group 1

- volatility of the currency must be below the volatility threshold specified in paragraph (B)(a), and;
- is the primary intervention currency of the Canadian dollar.

Group 2

- volatility of the currency must be below the volatility threshold specified in paragraph (B)(a), and;
- there must be a daily quoted spot rate by a Canadian Schedule I chartered bank, and one of the following:
  - a daily quoted spot rate by a member of the European Monetary System and a participant in the Exchange Rate Mechanism, or;
- there is a listed future for the currency exists on a recognized exchange.

Group 3

- volatility of the currency must be below the volatility threshold specified in paragraph (B)(a), and;
- there must be a daily quoted spot rate by a Canadian Schedule I chartered bank, and;
- the currency must be of a member country of International Monetary Fund with Article VIII status, and no capital payment restrictions as they relate to security transactions.

Group 4

- none.

(B) Monitoring Adherence to Currency Group Criteria

The Corporation shall be responsible for monitoring the adherence of each Group 1, 2 or 3 currency to the quantitative and qualitative criteria of the currency group described in paragraph (A).

(a) Currency Volatility

The volatility of each Group 1, 2 or 3 currency shall be monitored as follows. The Canadian dollar equivalent closing price on each of the four trading days succeeding the "base day" shall be compared to the base day closing price. The first of four succeeding trading days on which the percentage change in price (negative or positive) between the closing price on the succeeding day and the closing price on

the base day is greater than the unhedged margin rate prescribed for the particular currency in paragraph 100.2(d)(i)(A) shall be designated an "offside base day". If an offside base day has been designated, the offside base day shall be designated the base day for the purpose of making further base day closing price comparisons as aforesaid. If the number of offside base days during any 60 trading day period is greater than 3, the currency shall be deemed to have exceeded the volatility threshold of the currency group.

(b) Qualitative Criteria

On at least an annual basis, the Corporation shall assess the adherence of each currency in a group to the qualitative criteria of the particular currency group to determine whether the currency continues to satisfy the qualitative criteria of the currency group.

(C) Foreign Exchange Margin Surcharge

If the volatility of a Group 1, 2 or 3 currency exceeds the volatility threshold defined in paragraph (B)(a) then the margin rate shall be increased by increments of 10% until the application of the increased margin rate would result in no more than two offside days during the preceding 60 trading days. The increased margin rate shall apply for a minimum of 30 trading days and shall be automatically decreased to the margin rate otherwise applicable when after such 30 trading day period the volatility of the currency is less than the volatility threshold defined in paragraph (B)(a).

The Corporation shall be responsible for determining the required increase or decrease in foreign exchange margin rates under this paragraph (C).

(D) Currency Group Downgrades and Upgrades

Where

- (a) The Corporation determines that a particular currency no longer satisfies the criteria of the particular currency group as defined in paragraph 100.2(d)(v)(A), or;
- (b) A Dealer Member has provided to the Corporation information demonstrating that a currency satisfies the criteria specified in paragraph 100.2(d)(v)(A) for a currency group other than the currency group for which the currency is then designated, and the Corporation has verified such information to its satisfaction,

The Corporation shall recommend to the Financial Administrators Section that the currency be moved to the currency group with the lower or higher margin rate, as the case may be. If the Financial Administrators Section approves the recommendation, the Corporation shall notify Dealer Members of the change in the designated currency group of the particular currency.

(E) Foreign Exchange Concentration Charge

When in respect of any Group 2, Group 3 or Group 4 currency, the aggregate of the foreign exchange margin provided under this Rule 100.2(d) on a Dealer Member's monetary assets and monetary liabilities and the foreign exchange margin on customer accounts exceeds 25% of the firm's net allowable assets net of minimum capital (as determined for the purposes of Form 1), a concentration

charge in addition to the foreign exchange margin already provided under this Rule 100.2(d) shall apply.

The concentration charge shall be equal to the amount of the foreign exchange margin provided under this Rule 100.2(d) which is in excess of 25% of the member's net allowable assets net of minimum capital.

**(e) National Housing Act (N.H.A.)**

Insured Mortgages	6% of market value
Conventional Mortgages	
Conventional first mortgages	12% of market value or the rates set
held in Dealer Member's inventory	by chartered banks, whichever is greater

**(f) Stocks**

(i) Listed on an exchange in Canada or the United States

For positions in securities listed (other than bonds and debentures but including rights and warrants other than Canadian bank warrants) on any recognized stock exchange in Canada or the United States:

Long Positions - Margin Required

Securities selling at \$2.00 or more - 50% of market value

Securities selling at \$1.75 to \$1.99 - 60% of market value

Securities selling at \$1.50 to \$1.74 - 80% of market value

Securities selling under \$1.50 may not be carried on margin

Positions in securities listed on markets or market tiers with initial or ongoing financial listing requirements that do not include adequate minimum pre-tax profit, net tangible asset and working capital requirements, as determined by the Corporation from time to time, may not be carried on margin.

Short Positions - Credit Required

Securities selling at \$2.00 or more - 150% of market value

Securities selling at \$1.50 to \$1.99 - \$3.00 per share

Securities selling at \$0.25 to \$1.49 - 200% of market value

Securities selling at less than \$0.25 - market value plus \$0.25 per share

(ii) Index constituent securities listed on certain other exchanges

For positions in securities (other than bonds and debentures but including warrants and rights), 50% of the market value provided:

(A) the exchange on which the security is listed is included on the list of exchanges and associations that qualify as "recognized exchanges and associations" for the purposes of determining "regulated entities"; and

(B) the security is a constituent security on the exchange's major broadly based index.

(iii) Warrants issued by a Canadian chartered bank

For positions in warrants issued by a Canadian chartered bank which entitle the holder to purchase securities issued by the Government of Canada or any province (other than firm positions to which Rule 100.12(e) applies) the margin shall be the greater of:

(A) the margin otherwise required by this Rule according to the market value of the warrant; or

(B) 100% of the margin required in respect of the security to which the holder of the warrant is entitled upon exercise of the warrant; provided that in the case of a long

position the amount of margin need not exceed the market value of the warrant.

(iv) Unlisted securities eligible for margin

Subject to the existence of an ascertainable market among brokers or dealers the following unlisted securities shall be accepted for margin purposes on the same basis as listed stocks:

- (A) Securities of insurance companies licensed to do business in Canada;
- (B) Securities of Canadian banks;
- (C) Securities of Canadian trust companies;
- (D) Other senior securities of listed companies;
- (E) Securities which qualify as legal for investment by Canadian life insurance companies, without recourse to the basket clause;
- (F) Unlisted securities in respect of which application has been made to list on a recognized stock exchange in Canada and approval has been given subject to the filing of documents and production of evidence of satisfactory distribution may be carried on margin for a period not exceeding 90 days from the date of such approval;
- (G) All securities listed on The Nasdaq Stock Market<sup>SM</sup> (Nasdaq National Market<sup>®</sup> and The Nasdaq SmallCap Market<sup>SM</sup>).

(v) Other unlisted stocks

For positions in all other unlisted stocks not mentioned above:

Long Positions - margin required:

100% of market value

Short Positions - credit required:

Securities selling at \$0.50 or more - 200% of market value

Securities selling at less than \$0.50 - market value plus  
\$.0.50 per share

(vi) Securities eligible for reduced margin

On securities which are described in clauses (i), (ii), (iii) and (iv) of Rule 100.12(a) (securities eligible for reduced margin), margin shall be 30% of market value.

(vii) Index participation units and qualifying baskets of index securities

(A) For index participation units:

- (I) In the case of a long position, the floating margin rate percentage (calculated for the index participation unit based on its regulatory margin interval) multiplied by the market value of the index participation units;
- (II) In the case of a short position, 100% plus the floating margin rate percentage (calculated for the index participation unit based on its regulatory margin interval) multiplied by the market value of the index participation units;

(B) For a qualifying basket of index securities:

- (I) In the case of a long position, the floating margin rate percentage (calculated for a perfect basket of index securities based on its regulatory margin interval), plus the calculated incremental basket margin rate for the qualifying basket of index securities, multiplied by the market value of the qualifying basket of index securities;

(II) In the case of a short position, 100% plus the floating margin rate percentage (calculated for a perfect basket of index securities based on its regulatory margin interval), plus the calculated incremental basket margin rate for the qualifying basket of index securities, multiplied by the market value of the qualifying basket of index securities;

For the purposes of this subparagraph, the definitions in Rule 100.9(c)(x), Rule 100.9(c)(xii), Rule 100.9(c)(xx) and Rule 100.9(c)(xxiv) apply.

**(g) Units**

According to components

**(h) Mortgage-backed Securities**

On instruments which are based upon mortgages and are guaranteed as to timely payment of principal and interest by an issuer or its agent, the rate specified in Rule 100.2(a), (b), or (c) applicable to securities of such guarantor according to the relevant maturity, plus additional margin of 25% of such specified rate. Mortgage-backed security instruments shall not be eligible for margin offset under Rules 100.4A, 100.4B or 100.4E.

**(i) Precious Metal Certificates and Bullion**

(i) Precious Metal Certificates

On negotiable certificates issued by Canadian chartered banks and trust companies authorized to do business in Canada evidencing an interest in precious metals:

Gold:	20% of market value
Platinum:	20% of market value
Silver:	20% of market value

(ii) On bullion purchased by a Dealer Member, for its inventory or on behalf of the client, from the Royal Canadian Mint or a Canadian chartered bank that is a market making member or ordinary member of the London Bullion Market Association (LBMA) for which a written representation is provided to the Dealer Member from the Royal Canadian Mint or the Canadian chartered bank stating that the bullion purchased are LBMA good delivery bars:

Gold:	20% of market value
Silver:	20% of market value

**(j) Interest Rate Swaps**

For the purposes of this regulation, a "fixed interest rate" is an interest rate, which is not reset at least every 90 days and a "floating interest rate" is an interest rate, which is not a fixed interest rate. On interest rate swap agreements where payments are calculated with reference to a notional amount, the obligation to pay and the entitlement to receive shall each be margined as separate components as follows:

- (i) Where a component is a payment calculated according to a fixed interest rate, the margin required shall be the margin rate specified in Rule 100.2(a)(i) for a security with the same term to maturity as the outstanding term of the swap, multiplied by 125% and in turn multiplied by the notional amount of the swap;
- (ii) Where a component is a payment calculated according to a floating interest rate, the margin required shall be the margin rate specified in Rule 100.2(a)(i) for a security with the same term to maturity as the remaining term to the swap reset date, multiplied by the notional amount of the swap.

The counterparty to the interest rate swap agreement shall be considered the Dealer Member's customer. No margin is required for an interest rate swap entered into with a customer, which is an acceptable institution. The margin requirement for customers, which are acceptable counterparties, shall be any market value deficiency calculated relating to the interest rate swap agreement. The margin requirement for customers which are other counterparties shall be any loan value deficiency calculated relating to the interest rate swap agreement, determined by using the same margin requirements for each swap component as calculated in clauses (i) and (ii) above.

**(k) Total Performance Swaps**

On total performance swap agreements, the obligation to pay and the entitlement to receive shall each be margined as separate components as follows:

- (i) Where a component is a payment calculated based on the performance of a stipulated underlying security or basket of securities, with reference to a notional amount, the margin requirement shall be the normal margin required for the underlying security or basket of securities relating to this component, based on the market value of the underlying security or basket of securities;
- (ii) Where a component is a payment calculated according to a floating interest rate, the margin required shall be the margin rate specified in Rule 100.2(a)(i) for a security with the same term to maturity as the remaining term to the swap reset date, multiplied by the notional amount of the swap.

The counterparty to the total performance swap agreement shall be considered the Dealer Member's customer. No margin is required for a total performance swap entered into with a customer, which is an acceptable institution. The margin requirement for customers, which are acceptable counterparties, shall be any market value deficiency calculated relating to the total performance swap agreement. The margin requirement for customers which are other counterparties shall be any loan value deficiency calculated relating to total performance rate swap agreement, determined by using the same margin requirements for each swap component as calculated in clauses (i) and (ii) above.

**(l) Mutual Funds**

Where securities of mutual funds qualified by prospectus for sale in any province of Canada are carried in a customer or firm account, the margin required shall be:

- (i) 5% of the market value of the fund, where the fund is a money market mutual fund as defined in National Instrument 81-102; or
- (ii) the margin rate determined on the same basis as for listed stocks multiplied by the market value of the fund.

100.2A. For purposes of the Rule 100 and Rule 17.13,

- (a) a callable debt security may, at the Dealer Member's election, be deemed to have a maturity date equal to
  - (i) the original maturity date, if the market price of the callable debt security is trading at or below 101% of the call price; or
  - (ii) the first business day after the call protection period, if the market price of the callable debt security is trading above 101% of the call price.
- (b) an extendible debt security may, at the Dealer Member's election, be deemed to have a maturity date equal to

- (i) the original maturity date, if the extension election period has not expired and the market value of the extendible debt security is trading at or below the extension factor times the current principal amount;
  - (ii) the extension maturity date, if the extension election period has not expired and the market value of the extendible debt security is trading above the extension factor times the current principal amount; or
  - (iii) the original maturity date, if the extension election period has expired.
- (c) a retractable debt security may, at the Dealer Member's election, be deemed to have a maturity date equal to
- (i) the original maturity date, if the retraction election period has not expired and the market value of the retractable debt security is trading at or above the retraction factor multiplied by the current principal amount;
  - (ii) the retraction maturity date, if the retraction election period has not expired and the market value of the retractable debt security is trading below the retraction factor times the current principal amount; and
  - (iii) the original maturity date, if the retraction period has expired.

**100.3. Bond Margin and Surcharge**

For the purposes of Rule 17.13 and this Rule 100, margin shall be required in addition to the margin requirements prescribed elsewhere in the Rules, in respect of all securities evidencing a debt obligation of an issuer on the following basis:

- (a) A debt security issued by the Government of Canada maturing in each of the three periods below shall be monitored for price volatility in the primary markets in which Dealer Members trade such securities:
  - (i) Over 1 year to 3 years;
  - (ii) Over 3 years to 7 years; and
  - (iii) Over 7 years.
- (b) The closing price of the relevant security on each trading day in the markets being monitored (a "base day") shall be compared to the closing price of such security on the next four trading days succeeding such base day. The first day of such four succeeding days on which the difference (negative or positive) between (i) the closing price on the day and (ii) the base day closing price, expressed as a percentage of the base day closing price, is greater than the margin rate prescribed for the relevant security under the Rules shall be designated as an "offside base day." If an offside base day has been designated, that day shall be the new base day for the purpose of making further base day closing price comparisons as aforesaid.
 

For any 90 calendar day period, the percentage that the number of offside base days is to the total number of trading days in such period shall be determined. If such percentage exceeds 5% for any two of the three classes of debt securities being monitored, additional margin will be required for all debt securities in accordance with Rule 100.3.
- (c) The amount of additional margin that may be required in respect of any securities shall be 50% of the margin otherwise required under Rule 100.2.
- (d) The period of time during which additional margin shall be required shall not be less than 30 days.

- (e) The Corporation shall be responsible for monitoring the price volatility of debt securities traded by Dealer Members and determining when additional margin is required in accordance with clause (b) and when the requirement for additional margin shall be revoked in accordance with clause (f).
- (f) If at any time after additional margin has been required for at least 30 days in accordance with clause (b), the percentage that the number of offside base days is to the total number of trading days for the immediately preceding 90 day period does not exceed 5%, the requirement for additional margin shall be revoked.
- (g) The Corporation shall notify Dealer Members of the imposition or revocation of the requirement for additional margin. Any such notification shall be communicated in writing to all Dealer Members immediately upon the determination that such additional margin is to be imposed or revoked and such notice shall be effective not less than five business days after giving the notice.

**Offsets**

**100.4A. Governments, Maturity Over One Year**

Where a Dealer Member or a customer:

- (a) Owns securities described in clause (i) or (ii) of Rule 100.2(a) of one maturity maturing over one year, and
- (b) Has a short position in securities
  - (i) Issued or guaranteed by the same issuer of the securities referred to in (a) (provided that for these purposes each of the provinces of Canada shall be regarded as the same issuer as any other province),
  - (ii) Maturing over one year,
  - (iii) Maturing within the same periods for the purpose of determining margin rates as the securities referred to in (a), and
  - (iv) With a market value equal to the securities referred to in (a) (with the intent that no offset shall be permitted in respect of the market value of a long (or short) position which is in excess of the market value of the short (or long) position.

The two positions may be offset and the required margin computed with respect to the net long or net short position only. This Rule 100.4A also applies to future purchase and sales commitments.

**100.4B. Governments, Maturity within One Year**

Where a Dealer Member or a customer:

- (a) Owns securities described in clause (i) or (ii) of Rule 100.2(a) maturing within one year, and
- (b) Has a short position in securities
  - (i) Issued or guaranteed by the same issuer of the securities referred to in (a) (provided that for these purposes each of the provinces of Canada shall be regarded as the same issuer as any other province),
  - (ii) Maturing within one year, and
  - (iii) With a market value equal to the securities referred to in (a) (with the intent that no offset shall be permitted in respect of the market value of a long (or short) position which is in excess of the market value of the short (or long) position

The margin required shall be the excess of the margin on the long (or short) position over the margin required on the short (or long)

position. This Rule 100.4B also applies to future purchase and sale commitments.

#### 100.4C. Debt Securities

Where a Dealer Member or a customer has a short and long position in the following groups of securities (identified by reference to the paragraphs and clauses of Rule 100.2) the total margin required in respect of both positions shall be the greater of the margin required on the long or short positions:

<i>Long (Short)</i>	<i>Short (Long)</i>
(a) 100.2(a)(i) (U.S. Treasury only)	and 100.2(a)(ii) (Province of Canada only)
(b) 100.2(a)(i) (Canada and U.S. Treasury only)	and 100.2(a)(iii) (Canada municipal only)
(c) 100.2(a)(i) (Canada only)	and 100.2(a)(i) (U.S. Treasury only)
(d) 100.2(a)(i) (Canada and U.S. Treasury only)	and 100.2(a)(v) (corporate)
(e) 100.2(a)(ii) (Province of Canada only)	and 100.2(a)(iii) (Canada municipal only)
(f) 100.2(a)(ii) (Province of Canada only)	and 100.2(a)(v) (corporate)
(g) 100.2(a)(v) (corporate)	and 100.2(a)(v) (corporate) of the same issuer
(h) 100.2(b) (Canadian chartered bank acceptances only)	and BAX futures contract

Where a Dealer Member or a customer has a short and long position in the following groups of securities (identified by reference to the paragraphs and clauses of Rule 100.2) the total margin required in respect of both positions shall be 50% of the greater of the margin required on the long or short position:

<i>Long (Short)</i>	<i>Short (Long)</i>
(i) 100.2(a)(i) (Canada only)	and 100.2(a)(i) (Canada of different maturity bands)
(j) 100.2(a)(i) (Canada only)	and 100.2(a)(ii) (Province of Canada of same or different maturity bands)
(k) 100.2(a)(ii) (Province of Canada only)	and 100.2(a)(ii) (Province of Canada only of same or different maturity bands)
(l) 100.2(a)(i) (Canada only)	and 100.2(a)(iii) (Canada municipal only)
(m) 100.2(a)(ii) (Province of Canada only)	and 100.2(a)(iii) (Canada municipal only) "

provided the foregoing offset may only be determined on the basis that:

- (i) securities described in Rules 100.2(a)(v) (corporate) and 100.2(b) (bank paper) will only be eligible for offset if they are not convertible and have a single A or higher rating by any of Canadian Bond Rating Service, Dominion Bond Rating Service, Moody's Investors Service or Standard & Poor's Bond Record;
- (ii) securities in offsetting positions must be denominated in the same currency;

- (iii) securities offsets described in items (i) to (k) can be of different maturity bands, all other offsetting positions must mature within the same periods referred to in Rule 100.2 for the purpose of determining margin rates; and
- (iv) the market value of the offsetting positions is equal and no offset shall be permitted in respect of the market value of the short (or long) position which is in excess of the market value of the long (or short) position; and
- (v) securities offsets described in items (l) and (m), Canada Municipal will only be eligible for offset if they have a long-term issuer credit rating of a single A or higher by any of Canadian Bond Rating Service, Dominion Bond Rating Service, Moody's Investors Service or Standard & Poor's Bond Record.

For the purposes of this Rule 100.4C, securities described in Rule 100.2(b) (bank paper) are eligible for the same offsets set out above as securities described in Rule 100.2(a) (v) (corporate).

For the purposes of this Rule 100.4C, the term "BAX futures contracts" shall mean the three-month Canadian bankers acceptance futures contracts that trade on the Bourse de Montreal under the "BAX" trading symbol.

#### **100.4D. Mortgage-Backed Securities**

Where a Dealer Member or a customer holds a short (or long) position in bonds or debentures issued or guaranteed by the Government of Canada and also holds a long (or short) position in an instrument described in Rule 100.2(h) guaranteed by the Government of Canada (a "mortgage-backed security"), the margin required shall be the excess of the margin required on the long (or short) position over the margin required on the short (or long) position, provided that the net margin may only be determined as aforesaid on the basis that:

- (a) Margin required in respect of a short (or long) position in bonds or debentures may only be netted against margin required in respect of a long (or short) position in mortgage-backed securities to the extent that the market value of the two positions is equal, and no such netting or offset shall be permitted in respect of the market value of a short (or long) position which is in excess of the market value of the long (or short) position;
- (b) Margin required in respect of bonds or debentures may only be netted against the margin required for mortgage-backed securities which mature within the same period referred to in Rule 100.2(a) for the purpose of determining margin rates;
- (c) Notwithstanding the foregoing, if the market value of a long (or short) position in mortgage-backed securities equals or exceeds the remaining principal amount of such position and the mortgages underlying such mortgage-backed securities position are subject to being repaid with or without penalty in full at the option of the mortgagee prior to maturity, the margin required shall be the greater of the margin as determined otherwise under Rule 100.2 for (i) the long (or short) position in mortgage-backed securities or (ii) the short (or long) position in bonds or debentures.

#### **100.4E. Strip coupon and / or residual debt positions**

##### **Government Debt**

Where a Dealer Member or a customer holds the following offset positions and:

- (i) the offset positions mature within the same period;
- (ii) the time periods are the time periods referred to in Rule 100.2(a);
- (iii) the offset positions are denominated in Canadian dollars; and

(iv) the market value of the short position is equal to the market value of the long position;

the margin requires is as follows:

**(a) Bond or debenture and strip coupon or residual debt positions**

(i) for a short (or long) position in bonds or debentures issued or guaranteed by the Government of Canada and a long or (short) position in the strip coupon or residual portion of such debt instruments; or

(ii) for a short (or long) position in bonds or debentures issued or guaranteed by a province of Canada and a long (or short) position in the strip coupon or residual portion of such debt instruments;

the margin required shall be the excess of the margin required on the long (or short) position over the margin required on the short (or long position), respectively.

(iii) for a short (or long) position in bonds or debentures issued or guaranteed by the Government of Canada and a long or (short) position in a strip coupon or residual portion of a debt instrument issued or guaranteed by a province of Canada; or

(iv) for a short (or long) position in bonds or debentures issued or guaranteed by a province of Canada and a long (or short) position in a strip coupon or residual portion of a debt instrument issued or guaranteed by the Government of Canada;

the margin required shall be 50% of the total margin required for both positions otherwise determined in the Rules.

**(b) Strip coupon positions**

(i) for a short (or long) position in a strip coupon and a long (or short) position in a strip coupon, and the strip coupons are from bonds or debentures issued or guaranteed by the Government of Canada; or

(ii) for a short (or long) position in a strip coupon and a long (or short) position in a strip coupon, and the strip coupons are from bonds or debentures issued or guaranteed by any province of Canada;

the margin required shall be the excess of the margin required on the long (or short) position over the margin required on the short (or long) position respectively.

(iii) for a short (or long) position in a strip coupon of a bond or debenture issued or guaranteed by the Government of Canada and a long (or short) position in a strip coupon of a bond or debenture issued or guaranteed by a province of Canada;

the margin required shall be 50% of the total margin required for both positions otherwise determined in the Rules.

**(c) Residual debt positions**

(i) for a short (or long) position in a residual and a long (or short) position in a residual, and the residual portions are from bonds or debentures issued or guaranteed by the Government of Canada; or

(ii) for a short (or long) position in a residual and a long (or short) position in a residual, and the residual portions are from bonds or debentures issued or guaranteed by any province of Canada;

the margin required shall be the excess of the margin required on the long (or short) position over the margin required on the short (or long) position, respectively.

(iii) for a short (or long) position in a residual portion of a bond or debenture issued or guaranteed by the Government of Canada and a long (or short) position of a residual portion of

a bond or debenture issued or guaranteed by a province of Canada;

the margin required shall be 50% of the total margin required for both positions otherwise determined in the Rules.

**(d) Strip coupon and residual debt positions**

- (i) for a short (or long) position in a strip coupon and a long (or short) position in a residual, and the residual portions are from bonds or debentures issued or guaranteed by the Government of Canada; or
- (ii) for a short (or long) position in a strip coupon and a long (or short) position in a residual, and the residual portions are from bonds or debentures issued or guaranteed by any province of Canada;

the margin required shall be the excess of the margin required on the long (or short) position over the margin required on the short (or long) position, respectively.

- (iii) for a short (or long) position in a strip coupon of a bond or debenture issued or guaranteed by the Government of Canada and a long (or short) position of a residual portion of a bond or debenture issued or guaranteed by a province of Canada; or
- (iv) for a short (or long) position in a residual portion of a bond or debenture issued or guaranteed by the Government of Canada and a long (or short) position of a strip coupon of a bond or debenture issued or guaranteed by a province of Canada;

the margin required shall be 50% of the total margin required for both positions otherwise determined in the Rules.

**Foreign currency debt**

**(e) Bond or debenture and strip coupon or residual debt positions**

Where a Dealer Member or a customer holds a short (or long) position in bonds or debentures referred to in Rule 100.2(a) (i) denominated in a currency other than Canadian dollars, and also holds a long (or short) position in the stripped or residual portion of such debt instruments denominated in the same currency, the margin shall be the excess of the margin required on the short (or long) position, over the margin required on the short (or long) position provided that the net margin may only be determined as aforesaid on the basis that:

- (i) Margin required in respect of a short (or long) position in bonds or debentures may only be netted against margin required in respect of a long (or short) position in stripped coupons or residuals to the extent that the market value of the two positions is equal, and no such netting or offset shall be permitted in respect of the market value of a short (or long) position which is in excess of the market value of the long (or short) position; and
- (ii) Margin in respect of bonds or debentures issued or guaranteed by a particular government may only be netted against the margin required for the stripped coupon or residual portion of debt instruments of the same government, which mature within the same periods referred to in Rule 100.2(a) (i) for the purpose of determining margin rates.

**Corporate debt**

**(f) Bond or debenture and strip coupon or residual debt positions**

Where a Dealer Member holds a short (or long) position in bonds or debentures issued by a corporation with a single A or higher rating by any of Canadian Bond Rating Service, Dominion Bond Rating Service, Moody's Investors Service or Standard and Poor's Bond Record, and also holds a long (or short) position in the stripped

coupon or residual portion of such debt instruments, the margin required shall be the greater of the margin required on the long (or short) position and the margin required on the short (or long) position, to a maximum 20% margin rate, provided that the margin may only be determined as aforesaid on the basis that:

- (i) The offset is permitted only to the extent that the market value of the two positions is equal, and no offset shall be permitted in respect of the market value of a short (or long) position which is in excess of the market value of the long (or short) position; and
- (ii) Margin required in respect of bonds or debentures issued by a corporation may only be offset against the margin required for the stripped coupon or residual portion of debt instruments of the same issuer, which mature within the same periods referred to in Rule 100.2(a)(xi) for the purpose of determining margin rates.

#### **100.4F. Swap Positions Offset**

For the purposes of this regulation, a "fixed interest rate" is an interest rate, which is not reset at least every 90 days, a "floating interest rate" is an interest rate, which is not a fixed interest rate and "realization clause" is an optional clause within a total performance swap agreement which allows the Dealer Member to close out the swap agreement at the realization price (either the buy-in or sell-out price) of the security position involved in the offset.

##### **(a) Interest Rate Swap versus Interest Rate Swap Offset**

Where a Dealer Member

- (i) is a party to an interest rate swap agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar fixed (or floating) interest rate amounts calculated with reference to a notional amount;

and

- (ii) is a party to another offsetting interest rate swap agreement entitling it to receive (or requiring it to pay) a fixed (or floating) interest rate amount calculated with reference to the same notional amount, denominated in the same currency and is within the same maturity band for margin purposes as the interest rate swap referred to in (i);

the margin required in respect of the positions in (i) and (ii) may be netted, provided that margin on fixed interest rate component payment (or receipt) positions may only be offset against margin on fixed interest rate component receipt (or payment) positions, and margin on floating interest rate component payment (or receipt) positions may only be offset against margin on other floating interest rate component receipt (or payment) positions.

##### **(b) Fixed Interest Rate Swap Component and Securities Position Offset**

Where a Dealer Member

- (i) is a party to an interest rate swap agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar fixed interest rate amounts calculated with reference to a notional amount;

and

- (ii) holds a long (or short) position in securities described in Rule 100.2(a)(i) with a principal amount equal to and denominated in the same currency as the notional amount of the interest rate swap and with a term to maturity that is within the same maturity band for margin purposes as the interest rate swap;

the margin required in respect of the positions in (i) and (ii) may be netted, provided that margin on fixed interest rate payment (or receipt) positions may only be offset against margin on fixed interest rate receipt (or payment) positions, and margin on floating interest rate payment (or receipt) positions may only be offset against margin on other floating interest rate receipt (or payment) positions

**(c) Floating Interest Rate Swap Component and Securities Position Offset**

Where a Dealer Member

(i) is a party to an interest rate swap agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar floating interest rate amounts calculated with reference to a notional amount;

and

(ii) holds a long (or short) position in securities described in Rules 100.2(a) (i) or 100.2(b), maturing within one year with a principal amount equal to and denominated in the same currency as the notional amount of the swap;

the margin required in respect of the positions in (i) and (ii) may be netted.

**(d) Total Performance Swap versus Total Performance Swap Offset**

Where a Dealer Member:

(i) is a party to a total performance swap agreement requiring it to pay (or entitling it to receive) Canadian dollar or United States dollar amounts calculated based on the performance of a stipulated underlying security or basket of securities, with reference to a notional amount;

and

(ii) is a party to another total performance swap agreement entitling it to receive (or requiring it to pay) amounts calculated based on the performance of the same underlying security or basket of securities, with reference to the same notional amount and denominated in the same currency;

the margin required in respect of the positions in (i) and (ii) may be netted, provided that margin on performance component payment (or receipt) positions may only be offset against margin on performance component receipt (or payment) positions, and margin on floating interest rate component payment (or receipt) positions may only be offset against margin on other floating interest rate component receipt (or payment) positions.

**(e) Total Performance Swap Component and Securities Position Offset**

**(i) Short Performance Swap Component and Long Underlying Security or Basket of Securities**

Where a Dealer Member:

(A) is a party to a total performance swap agreement requiring it to pay amounts calculated based on the performance of a stipulated underlying security or basket of securities, with reference to a notional amount;

and

(B) holds long an equivalent quantity of the same underlying security or basket of securities;

the capital required in respect of the positions described in (A) and (B) shall be either:

(C) nil, where it can be demonstrated that sell-out risk relating to the offset has been mitigated:

- (I) through the inclusion of a realization clause in the total performance swap agreement, which allows the Dealer Member to close out the swap agreement using the sell-out price(s) for the long position in the underlying security or basket of securities; or
- (II) since, due to the features inherent in the long position in the underlying security or basket of securities or the market on which the security or basket of securities trades, the realization value of the long position in the underlying security or basket of securities is determinable at the time the total performance swap agreement is to expire and this value will be used as the closeout price for the swap.

or;

- (D) 20% of the normal capital required on the long position in the underlying security or basket of securities where sell-out risk relating to the offset has not been mitigated.

**(ii) Long Performance Swap Component and Short Underlying Security or Basket of Securities**

Where a Dealer Member:

- (A) is a party to a total performance swap agreement entitling it to receive amounts calculated based on the performance of a stipulated underlying security or basket of securities, with reference to a notional amount;

and

- (B) holds short an equivalent quantity of the same underlying security or basket of securities;

the capital required in respect of the positions described in

- (A) and (B) shall be:

- (C) nil, where it can be demonstrated that buy-in risk relating to the offset has been mitigated:

- (I) through the inclusion of a realization clause in the total performance swap agreement, which allows the Dealer Member to close out the swap agreement using the buy-in price(s) for the short position in the underlying security or basket of securities; or
- (II) since, due to the features inherent in the short position in the underlying security or basket of securities or the market on which the security or basket of securities trades, the realization value of the short position in the underlying security or basket of securities is determinable at the time the total performance swap agreement is to expire and this value will be used as the closeout price for the swap.

or;

- (D) 20% of the normal capital required on the short position in the underlying security or basket of securities where buy-in risk relating to the offset has not been mitigated.

**100.4G.Margin Offset for Capital Shares**

- (a) For the purposes of this Rule 100.4G:
  - (i) the term "capital share" means a share issued by a split share company which represents all or the substantial portion of the capital appreciation portion of the underlying common share(s);

**ATTACHMENT B**

- (ii) the term "capital share conversion loss" means any excess of the market value of the capital shares over the retraction value of the capital shares;
- (iii) the term "combined conversion loss" means any excess of the combined market value of the capital and preferred shares over the combined retraction value of the capital and preferred shares;
- (iv) the term "preferred share" means a share issued by a split share company which represents all or the substantial portion of the dividend portion of the underlying common share(s), and includes equity dividend shares of split share companies;
- (v) the term "retraction value" means:
  - (A) for capital shares:
    - (I) where the capital shares can be tendered to the split share company for retraction directly for the underlying common shares, at the option of the holder, the excess of the market value of the underlying common shares received over the retraction cash payment to be made when retraction of the capital shares takes place.
    - (II) where the capital shares cannot be tendered to the split share company for retraction directly for the underlying common shares at the option of the holder, the retraction cash payment to be received when retraction of the capital shares takes place.
  - (B) for capital shares and preferred shares in combination:
    - (I) where the capital shares and preferred shares can be tendered to the split share company for retraction directly for the underlying common shares, at the option of the holder, the market value of the underlying common shares received.
    - (II) where the capital shares and preferred shares cannot be tendered to the split share company for retraction directly for the underlying common shares at the option of the holder, the retraction cash payment to be received when retraction of the capital and preferred shares takes place.
- (vi) the term "split share company" means a corporation formed for the sole purpose of acquiring underlying common shares and issuing its own capital shares based on all or the substantial portion of the capital appreciation portion and its own preferred shares based on all or the substantial portion of the dividend income portion of such underlying common shares.

**(b) Long capital shares and short common shares**

Where capital shares are carried long in an account and the account is also short an equivalent number of common shares, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) the lesser of:
    - (A) the sum of:
      - (I) the capital share conversion loss, if any; and
      - (II) the normal capital required (credit required in the case of customer account positions) on the equivalent number of preferred shares;
- and;
- (B) the normal capital required (credit required in the case of customer account positions) on the underlying common shares;

and;

- (ii) where the capital shares cannot be tendered to the split share company for retraction directly for the underlying common shares at the option of the holder, 20% of the normal capital required (margin required in the case of customer account positions) on the underlying common shares.

**(c) Long capital shares, long preferred shares and short common shares**

Where both capital shares and an equivalent number of preferred shares are carried long in an account and the account is also short an equivalent number of common shares, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) the lesser of:
  - (A) combined conversion loss, if any; and
  - (B) the normal capital required (margin required in the case of customer account positions) on the underlying common shares; and;
- (ii) where the capital and preferred shares cannot be tendered to the split share company for retraction directly for the underlying common share at the option of the holder, 20% of the normal capital required (margin required in the case of customer account positions) on the underlying common shares.

**(d) Long capital shares and short call option contracts**

Where capital shares are carried long in an account and the account is also short an equivalent number of call option contracts expiring on or before the redemption date of the capital shares, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) the lesser of:
  - (A) the normal capital required (credit required in the case of customer account positions) on the capital shares less, if any, the market value of the premium credit on the short call option, but cannot reduce the capital required to less than zero; and
  - (B) any excess of the market value of the underlying common shares over the aggregate exercise value of the Call Options;

and

- (ii) the capital share conversion loss, if any; and
- (iii) where the capital shares cannot be tendered to the split share company for retraction directly for the underlying common shares at the option of the holder, 20% of the normal capital required (margin required in the case of customer account positions) on the underlying common shares.

**(e) Long common shares and short capital shares**

Where common shares are carried long in an account and the account is also short an equivalent number of capital shares, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) the lesser of:
  - (A) the sum of:
    - (I) the capital share conversion loss, if any; and
    - (II) the normal capital required (margin required in the case of customer account positions) on the equivalent number of preferred shares; and

(B) the normal capital required (margin required in the case of customer account positions) on the underlying common shares."

and;

(ii) 40% of the normal capital required (margin required in the case of customer account positions) on the underlying common shares.

**(f) Long common shares, short capital shares and short preferred shares**

Where common shares are carried long in an account and the account is also short both an equivalent number of capital shares and an equivalent number of preferred shares, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

(i) the lesser of:

(A) combined conversion loss, if any; and

(B) the normal capital required (margin required in the case of customer account positions) on the underlying common shares;

and;

(ii) where the capital and preferred shares cannot be tendered to the split share company for retraction directly for the underlying common share at the option of the holder, 40% of the normal capital required (margin required in the case of customer account positions) on the underlying common shares.

**100.4H.Convertible Securities**

**(a) For the purposes of this Rule 100.4H:**

(i) "conversion loss" means any excess of the market value of the convertible securities over the market value of the equivalent number of underlying securities.

(ii) "convertible security" means a convertible security, exchangeable security or any other security that entitles the holder to acquire another security, the underlying security, upon exercising a conversion or exchange feature.

(iii) a security that is "currently convertible" means a security that is either:

(A) convertible into another security, the underlying security, either currently or within 20 business days, provided all legal requirements have been met and all regulatory, competition bureau and court approvals to proceed with the merger, acquisition, spin-off or other security related reorganization have been received; or

(B) convertible into another security, the underlying security, after the expiry of a specific period, and the Dealer Member or customer has entered into a term securities borrowing agreement. The agreement must be a written, legally enforceable agreement enabling the Dealer Member or customer to borrow the underlying securities for the entire period from the current date until the expiry of the specific period until conversion.

(iv) "underlying security" means the security, which is received upon exercising the conversion or exchange feature of a convertible security.

**(b) Long convertible securities considered "currently convertible" and short underlying securities**

Where convertible securities are held long in an account and such securities are currently convertible and the account is also short an equivalent number of underlying securities, the

capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) the conversion loss, if any; and
- (ii) where the convertible security cannot be converted directly into the underlying security, at the option of the holder, 20% of the normal capital required (margin required in the case of customer account positions) on the underlying securities.

**(c) Long convertible securities not considered "currently convertible" and short underlying securities**

Where convertible securities are held long in an account and such securities are not currently convertible and the account is also short an equivalent number of underlying securities, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) the conversion loss, if any; and
- (ii) 20% of the normal capital required (margin required in the case of customer account positions) on the underlying securities, to cover the sell-out risk associated with holding convertible securities not considered to be "currently convertible"; and
- (iii) where the convertible security cannot be converted directly into the underlying security, at the option of the holder, 20% of the normal capital required (margin required in the case of customer account positions) on the underlying securities.

**(d) Short convertible securities and long underlying securities**

Where convertible securities are held short in an account and the account is also long an equivalent number of underlying securities, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) the conversion loss, if any; and
- (ii) 40% of the normal capital required (margin required in the case of customer account positions) on the underlying securities.

**(e) Long "Oldco securities" and short "Newco securities" relating to an amalgamation, acquisition, spin-off or any other securities related reorganization transaction**

(i) For the purposes of this paragraph 100.4H(e):

- (A) "Newco securities" means securities of a successor issuer or issuers resulting from an amalgamation, acquisition, spin-off or any other securities related reorganization transaction.
- (B) "Oldco securities" means securities of a predecessor issuer or issuers resulting from an amalgamation, acquisition, spin-off or any other securities related reorganization transaction.

(ii) Where, pursuant to a securities related reorganization involving predecessor and successor issuers, Oldco securities are held long in an account, the account is also short an equivalent number of Newco securities, and the conditions set out in paragraph 100.4H(e)(iii) are met, the capital and margin requirements for Dealer Member firm and customer accounts shall be the excess of the combined market value of the Oldco securities over the combined market value of the Newco securities, if any.

(iii) The offset described in paragraph 100.4H(e)(ii) may be taken where all legal requirements have been met and all regulatory, competition bureau and court approvals to proceed with the

merger, acquisition, spin-off or other security related reorganization have been received and where the Oldco securities will be cancelled and replaced by an equivalent number of Newco securities within 20 business days.

**100.4I. Warrants, Rights, Instalment Receipts, etc.**

- (a) For the purposes of this Rule 100.4I:
- (i) "exercise loss" means any excess of combined sum of the market value of the exercisable securities and the exercise or subscription payment, over the market value of the equivalent number of underlying securities.
  - (ii) "exercisable security" means a warrant, right, installment receipt or any other security that entitles the holder to acquire another security, the underlying security, upon making an exercise or subscription payment.
  - (iii) a security that is "currently exercisable" means a security that is either:
    - (A) exercisable into another security, the underlying security, either currently or within 20 business days, provided all legal requirements have been met and all regulatory, competition bureau and court approvals to proceed with exercising have been received; or
    - (B) exercisable into another security, the underlying security, on a future date, and the Dealer Member or customer has entered into a term securities borrowing agreement. The agreement must be a written, legally enforceable agreement enabling the Dealer Member or customer to borrow the underlying securities for the entire period from the current date until the exercise or subscription date.
  - (iv) "underlying security" means the security, which is received upon invoking the exercise feature of an exercisable security.
- (b) **Long exercisable securities considered "currently exercisable" and short underlying securities**
- Where exercisable securities are held long in an account and such securities are currently exercisable and the account is also short an equivalent number of underlying securities, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:
- (i) in the case of customer account positions, the amount of the exercise or subscription payment; and
  - (ii) the exercise loss, if any; and
  - (iii) where the exercisable security cannot be exercised directly into the underlying security, at the option of the holder, 20% of the normal capital required (margin required in the case of customer account positions) on the underlying securities.
- (c) **Long exercisable securities not considered "currently exercisable" and short underlying securities**
- Where exercisable securities are held long in an account and such securities are not currently exercisable and the account is also short an equivalent number of underlying securities, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:
- (i) in the case of customer account positions, the amount of the exercise or subscription payment; and
  - (ii) the exercise loss, if any; and

- (iii) 20% of the normal capital required (margin required in the case of customer account positions) on the underlying securities, to cover the sell-out risk associated with holding exercisable securities not considered to be "currently exercisable"; and
- (iv) where the exercisable security cannot be converted directly into the underlying security, at the option of the holder, 20% of the normal capital required (margin required in the case of customer account positions) on the underlying securities.

**(d) Short exercisable securities and long underlying securities**

Where exercisable securities are held short in an account and the account is also long an equivalent number of underlying securities, the capital and margin requirements, for Dealer Member firm and customer account positions respectively, shall be equal to the sum of:

- (i) in the case of customer account positions, the amount of the exercise or subscription payment; and
- (ii) the exercise loss, if any; and
- (iii) 40% of the normal capital required (margin required in the case of customer account positions) on the underlying securities.

**100.4J Repealed.**

**100.4K. Government of Canada Bond Futures Contracts and Security Combinations**

Where a Dealer Member or a customer holds offset positions in Government of Canada notional bond futures contracts (including future purchase and sale commitments) and securities, described in paragraphs (a) to (e), the margin requirement for both positions shall be as follows:

- (a) a long (or short) position in a Government of Canada notional bond futures contract and a short (or long) position in the securities described in Rule 100.2(a)(i) Canada only and of same maturity band, the two positions may be offset and the required margin computed in respect to the net long or net short position only.
- (b) a long (or short) position in a Government of Canada notional bond futures contract and a short (or long) position in the securities described in Rule 100.2(a)(i) Canada only of different maturity bands, the two positions may be offset and the required margin shall be the 50% of the greater of the margin required on the long or short position.
- (c) a long (or short) position in a Government of Canada notional bond futures contract and a short (or long) position in the securities described in Rule 100.2(a)(ii) or Province of Canada only maturing within the same or different maturity bands, the margin requirement in respect of both positions shall be 50% of the greater of the margin required on the long or short position.
- (d) a long (or short) position in a Government of Canada notional bond futures contract and a short (or long) position in the securities described in Rule 100.2(a)(iii) Canada Municipal only maturing within the same maturity band, the margin requirement in respect of both positions shall be 50% of the greater of the margin required on the long or short position.
- (e) a long (or short) position in a Government of Canada notional bond futures contract and a short (or long) position in the securities described in Rule 100.2(a)(v) Corporate maturing within the same maturity band, the margin requirement in respect of both positions shall be the greater of the margin required on the long or short position.

provided the foregoing offset may only be determined on the basis that:

- i) securities in offsetting positions must be denominated in the same currency;
- ii) securities described in Rule 100.2(a)(iii) Canada Municipal will only be eligible for offset if they have a long-term issuer credit rating of a single A or higher by any of Canadian Bond Rating Service, Dominion Bond Rating Service, Moody's Investors Service or Standard & Poor's Bond Record;
- iii) securities described in Rule 100.2(a)(iv) Corporate will only be eligible for offset if they are not convertible and have a single A or higher rating by any of Canadian Bond Rating Service, Dominion Bond Rating Service, Moody's Investors Service or Standard & Poor's Bond Record; and
- iv) the market value of the offsetting positions is equal and no offset is permitted in respect of the market value of the short (or long) position which is in excess of the market value of the long (or short) position.

**100.5. Underwriting**

- (a) In this Rule 100.5 the expression:
  - (i) "appropriate documentation" with respect to the portion of the underwriting commitment where expressions of interest have been received from exempt purchasers means, at a minimum:
    - (A) that the lead manager has a record of the final affirmed exempt purchaser allocation indicating for each expression of interest:
      - (I) the name of the exempt purchaser;
      - (II) the name of the employee of the exempt purchaser accepting the amount allocated; and
      - (III) the name of the representative of the lead underwriter responsible for affirming the amount allocated to the exempt purchaser, time stamped to indicate date and time of affirmation
  - and;
  - (B) that the lead manager has notified in writing all the banking group participants when the entire allotment to exempt purchasers has been affirmed pursuant to Rule 100.5(a)(i)(A) so that all banking group participants may take advantage of the reduction in the capital requirement.

Under no circumstances may the lead manager reduce its own capital requirement on an underwriting commitment due to such expressions of interest from exempt purchasers without providing notification to the rest of the banking group.

- (ii) a "commitment" pursuant to an underwriting agreement or banking group agreement to purchase a new issue of securities or a secondary issue of securities means, where all other non-pricing agreement terms have been agreed to, where two of the following three pricing terms have been agreed to:
  - (A) issue price;
  - (B) number of shares;
  - (C) commitment amount [issue price x number of shares].
- (iii) "disaster out clause" means a provision in an underwriting agreement substantially in the following form:
  - "The obligations of the Underwriter (or any of them) to purchase (the Securities) under this agreement may be terminated by the Underwriter (or any of them) at its option by written notice to that effect to the Company at

any time prior to the Closing if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which in the opinion of the Underwriter seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and its subsidiaries taken as a whole."

- (iv) "market out clause" means a provision in an underwriting agreement which permits an underwriter to terminate its commitment to purchase in the event of unsalability due to market conditions, substantially in the following form:

"If, after the date hereof and prior to the Time of Closing, the state of financial markets in Canada or elsewhere where it is planned to market the Securities is such that, in the reasonable opinion of the Underwriters (or any of them), the Securities cannot be marketed profitably, any Underwriter shall be entitled, at its option, to terminate its obligations under this agreement by notice to that effect given to the Company at or prior to the Time of Closing."

- (v) "new issue letter" means an underwriting loan facility in a form satisfactory to the Corporation. Where the provider of the new issue letter is other than an acceptable institution, the funds that can be drawn pursuant to the letter must either be fully collateralized by high grade securities or held in escrow with an acceptable institution.

Under the terms of the new issue letter, the letter issuer will:

- (A) provide an irrevocable commitment to advance funds based only on the strength of the new issue and the Dealer Member firm;
- (B) advance funds to the Dealer Member firm for any portion of the commitment not sold:
- (I) for an amount based on a stated loan value rate;
- (II) at a stated interest rate; and
- (III) for a stated period of time.

and;

- (C) under no circumstances, in the event that the Dealer Member firm is unable to repay the loan at the termination date, resulting in a loss or potential loss to the letter issuer, have or seek any right of set-off against:
- (I) collateral held by the letter issuer for any other obligations of the Dealer Member firm or the firm's customers;
- (II) cash on deposit with the letter issuer for any purpose whatsoever; or
- (III) securities or other assets held in a custodial capacity by the letter issuer for the Dealer Member firm either for the firm's own account or for the firm's customers.

in order to recover the loss or potential loss.

- (vi) "normal margin" means margin otherwise required by the Rules.

- (vii) "normal new issue margin" means:

- (A) where the market value of the security is \$2.00 per share or more and the security qualifies for a reduced margin rate pursuant to Rule 100.12(a), 60% of normal margin for the period from the date of commitment to the business day

**ATTACHMENT B**

prior to settlement date and 100% of normal margin from settlement date on;

(B) where the market value of the security is \$2.00 per share or more and the security does not qualify for a reduced margin rate pursuant to Rule 100.12(a), 80% of normal margin for the period from the date of commitment to the business day prior to settlement date and 100% of normal margin from settlement date on; or

(C) where the market value of the security is less than \$2.00 per share, 100% of normal margin.

(b) Where a Dealer Member has a commitment pursuant to an underwriting agreement or banking group agreement to purchase a new issue of securities or a secondary issue of securities, the following margin rates are hereby prescribed:

*Without New Issue Letter With new issue letter*

(1)	Normal new issue margin required from the date of commitment.	10% of normal new issue margin from the date of the letter to the business day prior to settlement date or when the new issue letter expires, whichever is earlier;
	Underwriting agreement does not include market out clause or disaster out clause	10% of normal new issue margin from settlement date to 5 business days after settlement date or when the new issue letter expires, whichever is earlier, where the new issue letter has been drawn;
		25% of normal new issue margin for the next succeeding 5 business days or when the new issue letter expires, whichever is earlier, where the new issue letter has been drawn;
		50% of normal new issue margin for the next succeeding 5 business days or when the new issue letter expires, whichever is earlier, where the new issue letter has been drawn;
		75% of normal new issue margin for the next succeeding 5 business days or when the new issue letter expires, whichever is earlier, where the new issue letter has been drawn;
		Otherwise, normal new issue margin required.

- |     |   |   |  |
|-----|---|---|--|
| (2) | Underwriting agreement includes disaster out clause                       | 50% of normal new issue margin from the date of the commitment until settlement date or the expiry of the disaster out clause, whichever is earlier; margin required as in (1) above thereafter.                | 10% of normal new issue margin from the date of the commitment until settlement date or the expiry of the disaster out clause, whichever is earlier; margin required as in (1) above thereafter.               |
| (3) | Underwriting agreement includes market out clause                         | 10% of normal new issue margin required from the date of commitment until settlement date or the expiry of the market out clause, whichever is earlier; margin required as in (1) above thereafter.             | 5% of normal new issue margin required from the date of commitment until settlement date or the expiry of the market out clause, whichever is earlier; margin required as in (1) above thereafter.             |
| (4) | Underwriting agreement includes disaster out clause and market out clause | 10% of normal new issue margin required from the date of commitment until settlement date or the expiry of the market out clause, whichever is earlier; margin required as in (1) (2) and (3) above thereafter. | 5% of normal new issue margin required from the date of commitment until settlement date or the expiry of the market out clause, whichever is earlier; margin required as in (1) (2) and (3) above thereafter. |

If the margin rates prescribed above in respect of commitments for which a new issue letter is available are less than the margin rates required by the issuer of such letter, the higher rates required by the issuer shall be applied.

- (c) Where a Dealer Member has a commitment pursuant to an underwriting agreement or banking group agreement to purchase a new issue of securities or a secondary issue of securities and the Dealer Member has determined through obtaining appropriate documentation:
- (i) that the allocation between retail and exempt purchasers has been finalized;
  - (ii) that expressions of interest received from the entire allotment to exempt purchasers have been verbally affirmed but not yet ticketed;
  - (iii) that there is unlikely to be a significant renege rate on the expressions of interest received from exempt purchasers; and
  - (iv) that the Dealer Member is not significantly leveraging its underwriting activities through the use of the capital requirement reduction provided on that portion of the underwriting commitment where expressions of interest have been received from exempt purchasers.

the following margin rates are hereby prescribed for the portion of the commitment allocated to exempt purchasers:

- |     |  |                              |
|-----|--|------------------------------|
|     | <i>Without New Issue Letter</i>  | <i>With new issue letter</i> |
| (1) | From the date that the expressions of interest received from the entire allotment to exempt purchasers have been verbally affirmed but not yet ticketed until the date the sales are contracted: | As in (b) above              |
|     | 20% of normal new issue  |                              |

margin is required, provided the current market value of the commitment is at or above 90% of new issue value (90% x issue price x number of shares); 40% of normal new issue margin is required, provided the current market value of the commitment is at or above 80% of new issue value (80% x issue price x number of shares) but less than 90% of new issue value; Otherwise normal new issue margin is required.

- (2) Underwriting agreement includes disaster out clause From the date that the expressions of interest received from the entire allotment to exempt purchasers have been verbally affirmed but not yet ticketed until the date the sales are contracted: As in (b) above
- 20% of normal new issue margin is required, provided the current market value of the commitment is at or above 90% of new issue value (90% x issue price x number of shares); 40% of normal new issue margin is required, provided the current market value of the commitment is at or above 80% of new issue value (80% x issue price x number of shares) but less than 90% of new issue value; Otherwise normal new issue margin is required.
- (3) Underwriting agreement includes market out clause As in (b) above As in (b) above
- (4) Underwriting agreement includes disaster out clause and As in (b) above As in (b) above

market out  
clause

- (d) Where:
- (i) the normal new issue margin required on any one commitment is reduced due to either:
    - (A) the use of a new issue letter in accordance with (b) above; or
    - (B) qualifying expressions of interest received from exempt purchasers that have been verbally affirmed but not yet contracted in accordance with (c) above.
- and;
- (ii) the margin required in respect of such commitment (in the case of (d)(i)(A) where a new issue letter is undrawn), determined in accordance with (b)(1), (2), (3) or (4) or (c)(1), (2), (3) or (4) as applicable and as if the margin reduction set out in (d)(i)(A) or (d)(i)(B) were not available, exceeds 40% of such Dealer Member's net allowable assets,
- such excess shall be added to total margin required pursuant to Form 1. The amount to be deducted may be reduced by the amount of margin provided for as required by (b) or (c) above on the individual underwriting position to which such excess relates.
- (e) Where:
- (i) the normal new issue margin required on some or all commitments is reduced due to either:
    - (A) the use of a new issue letter in accordance with (b) above; or
    - (B) qualifying expressions of interest received from exempt purchasers that have been verbally affirmed but not yet contracted in accordance with (c) above.
- and
- (ii) the aggregate margin required in respect of such commitments (in the case of (d)(i)(A) where a new issue letter is undrawn), determined in accordance with (b)(1), (2), (3) or (4) or (c)(1), (2), (3) or (4) as applicable and as if the margin reduction set out in (d)(i)(A) or (d)(i)(B) were not available, exceeds 100% of such Dealer Member's net allowable assets,
- such excess shall be added to total margin required pursuant to Form 1. The amount to be deducted may be reduced by the amount of margin provided for as required by (b) and (c) above on individual underwriting positions and by the amount required to be deducted from risk adjusted capital pursuant to (d) above.
- (f) In determining the amount of a Dealer Member's commitment pursuant to an underwriting agreement or banking group agreement for the purposes of clauses (b), (c), (d) and (e) above, receivables from members of the banking or selling groups in respect of firm obligations to take down a portion of a new issue of securities (i.e. not after-market trading) may be deducted from the liability of the Dealer Member to the issuer.
- (g) Margining of private placements of restricted equity securities during the distribution period
- For a private placement of a equity security subject to a four-month trading restriction (issued pursuant to National Instrument 45-102 or a similar provincial securities legislation exemption), the margin rate to be used during the distribution period shall be the greater of:
- (i) The margin rate that would be otherwise applicable to the security if the restriction were not present, subject to the margin rate reductions available in this Rule 100.5; and

(ii)

- (a) where it is five business days or less subsequent to the offering commitment date, 25%;
- (b) where it is greater than five business days subsequent to the offering commitment date, 50%.

The margin rate to be used commencing on the offering settlement date shall be 100%.

**100.6. Rights Offerings**

Where an underwriter has a standby commitment to purchase securities in connection with a rights offering such commitment shall be margined at the following rates:

- (a) If the market value of the security (the "security") which can be acquired pursuant to the exercise of the rights is below the subscription price, the underwriter's commitment shall be valued at the current market price for the security and the margin rates applicable to the security under Rule 100.2;
- (b) If the market value of the security is equal to or greater than the subscription price the commitment shall be margined at rates calculated on the subscription price, equal to the following percentages of the margin rate applicable to the security under Rule 100.2:

50% where market value is 100% to 105% of the subscription price;

30% where market value is more than 105% but not more than 110% of the subscription price;

10% where market value is more than 110% but not more than 125% of the subscription price; and

no margin required where market value is more than 125% of the subscription price.

**100.7. Control Blocks**

Any security which is part of a control block shall not be acceptable for margin purposes except to the extent that Rule 100.5 is applicable in which case the margin rates therein shall apply. Under this Rule 100.7, a control block means the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of an issuer to affect materially the control of that issuer, but any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of an issuer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that issuer.

**100.8. Commodity Futures Contracts and Futures Contract Options**

"Commodity" and "Futures Contract" have the meanings given to such terms under Rule 1800.1 and "Commodity Contract" means a contract as defined under that Rule.

Commodity futures contracts and futures contract options (other than purchases of futures contract options which shall be for cash) shall be margined as follows:

- (a) Positions of Dealer Members and customers shall be marked to market and margined daily at the greatest of:

- (i) The rate required by the commodity futures exchange on which the contract is entered into or its clearing house; or

- (ii) The rate required by the Dealer Member's clearing broker;

Provided that where a Dealer Member or a customer owns a commodity and such ownership is evidenced by warehouse receipts

or comparable documentation and such Dealer Member or customer also has a short position in commodity futures contracts in the same commodity, the two positions may be offset and the required margin shall be computed with respect to the net long or net short position only.

- (b) In the case of a commodity futures exchange or its clearing house that prescribes margin requirements based on initial and maintenance rates, initial margin shall be required at the time the contract is entered into in an amount not less than the prescribed initial rate. When subsequent adverse price movements in the value of the contracts reduce the margin on deposit to an amount below the maintenance level, a further amount to restore the margin on deposit to the initial rate shall be required. The Dealer Member may, in addition, require such further margin or deposit against liability as it may consider necessary as a result of fluctuations in market prices from time to time.
- (c) Every Dealer Member shall require from each of its customers for whom trades are effected through an omnibus account not less than the amount of margin that would be required from such customers if their trades were effected through fully disclosed accounts.
- (d) Spread margins may be applicable to an account whenever the account is in a spread position. Every Dealer Member shall designate such spread positions on its margin records.
- (e) Where a Dealer Member's account holds inter-commodity spreads in Government of Canada bond futures contracts and U.S. treasury bond futures contracts traded on recognized exchanges, the margin requirement shall be greater of the margin required on either the long side or the short side only. For this purpose, the foregoing spreads shall be on the basis of \$1.00 Canadian for each \$1.00 U.S. of the contract size of the relevant futures contracts. With respect to the United States side of the above inter-commodity spreads, such positions must be maintained on a contract market as designated pursuant to the United States Commodity Exchange Act.
- (f) Notwithstanding any other provision of the Rules, the Corporation may prescribe with respect to any particular or kind of person or account greater or lesser margin requirements than those prescribed or referred to in this Rule 100.8.

**100.9. Customer positions in options, futures and other equity-related derivatives**

- (a) For the purposes of this Rule 100.9:
  - (i) the term "aggregate current value" means, in the case of index options, the level of the index at any given time multiplied by \$1.00 and then multiplied by the unit of trading.
  - (ii) the term "aggregate exercise value" means the exercise price of an option multiplied by the unit of trading.
  - (iii) the term "call option" means an option:
    - (A) for equity, participation unit, and bond options, which gives the holder the right to buy and the writer the obligation to sell the underlying interest at a stated exercise price either on or before the expiration date of the option;
    - (B) for index options, which gives the holder the right to receive and the writer the obligation to pay, if the current value of the index rises above the exercise price, the difference between the aggregate exercise price and the aggregate current value of the underlying interest either on or before the expiration date of the option; or

- (C) for OCC options, which gives the holder the right to buy and the writer the obligation to sell the underlying interest at a stated exercise price either on or before the expiration date of the OCC option.
- (D) for CDCC currency options, which gives the holder the right to buy and the writer the obligation to sell the underlying interest at a stated exercise price either on or before the expiration date of the CDCC option.
- (iv) the term "class of options" means all options of the same type covering the same underlying interest.
- (v) the term "clearing corporation" means, in respect of an option, the clearing corporation or other organization which is the issuer of the option.
- (vi) the term "customer account" means an account for a customer of a Dealer Member, but does not include an account in which a member of a self-regulatory organization, or an affiliate, approved person or employee of such a Dealer Member, member or affiliate, as the case may be, has a direct or indirect interest, other than an interest in a commission charged.
- (vii) the term "escrow receipt" means:
  - (A) in the case of an equity, a participation unit or a bond option, a document issued by a financial institution approved by Canadian Derivatives Clearing Corporation certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified option of a particular customer of a Dealer Member; or
  - (B) in the case of an OCC option, a document issued by a depository approved by the clearing corporation, after executing and delivering agreements required by The Options Clearing Corporation, certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified OCC option of a particular customer of a Dealer Member.
- (viii) the term "exercise price" in respect of an option means:
  - (A) in the case of an equity, a participation unit, a currency or a bond option, the specified price per unit at which the underlying interest may be received in the case of a call option, or delivered, in the case of a put option;
  - (B) in the case of index options, the specified price per unit, which may be received by the holder and paid by the writer in the case of a call option or a put option; or
  - (C) in the case of an OCC option, the specified price per unit at which the underlying interest may be received in the case of a call option, or delivered, in the case of a put option;
 upon exercise of the option.
- (ix) the term "firm account" means an account established by a Dealer Member, which is confined to positions carried by the Dealer Member on its own behalf.
- (x) the term "floating margin rate" means:
  - (A) the last calculated regulatory margin interval, effective for the regular reset period or until a violation occurs, such rate to be reset on the regular reset date, to the calculated regulatory margin interval determined at that date; or
  - (B) where a violation has occurred, the last calculated regulatory margin interval determined at the date of the violation, effective for a minimum of twenty trading days, such rate to be reset at the close of the twentieth

trading day, to the calculated regulatory margin interval determined at that date, where a reset results in a lower margin rate.

For the purposes of this definition, the term "regular reset date" is the date subsequent to the last reset date where the maximum number of trading days in the regular reset period has passed.

For the purposes of this definition, the term "regular reset period" is the normal period between margin rate resets. This period shall be determined by the Canadian self-regulatory organizations with member regulation responsibilities and shall be no longer than 60 trading days.

For the purposes of this definition, the term "regulatory margin interval", when calculated, means the product of:

- (C) the maximum standard deviation of percentage changes in daily closing prices over the most recent 20, 90 and 260 trading days; and
- (D) 3 (for a 99% confidence interval); and
- (E) the square root of 2 (for two days coverage);

rounded up to the next quarter percent.

For the purposes of this definition, the term "violation" means the circumstance where the maximum 1 or 2 day percentage change in the daily closing prices is greater than the margin rate.

- (xi) the term "incremental basket margin rate" means for a qualifying basket of index securities:
  - (A) 100% less the cumulative relative weight percentage (determined by calculating for each security the actual basket weighting in relation to the latest published relative weighting in the index and then determining an overall relative weight percentage) for the qualifying basket of index securities, multiplied by
  - (B) the weighted average margin rate for those equity securities comprising the basket for which the actual weighting is less than the latest published relative weight for the index (weighted by the percentage weighting deficiency for each security (i.e., the published relative weighting minus the actual weighting, if applicable)).
- (xii) the term "index" means an equity index where:
  - (A) the basket of equity securities underlying the index is comprised of eight or more securities;
  - (B) the single largest security position by weighting comprises no more than 35% of the overall market value of the basket;
  - (C) the average market capitalization for each security position in the basket of equity securities underlying the index is at least \$50 million; and
  - (D) in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange, as set out in the definition of "regulated entities" included in the General Notes and Definitions to Form 1.
- (xiii) the term "index option" means an option whose underlying interest is an index.
- (xiv) the term "in-the-money" means:
  - (A) in the case of an equity, a participation unit, a currency or a bond option, that the market price;
  - (B) in the case of an index option, that the current value; or

(C) in the case of an OCC option, that the market price or the current value;

of the underlying interest is above the exercise price in the case of a call option, and below the exercise price in the case of a put option.

- (xv) the term "market maker account" means a firm account of a clearing member that is confined to transactions initiated by a market maker.
- (xvi) the term "non-customer account" means an account established with an Dealer Member by another member of a self-regulatory organization, or affiliate, approved person or employee of a Dealer Member, member or affiliate, as the case may be, in which the Dealer Member does not have an interest, direct or indirect, other than an interest in fees or commissions charged.
- (xvii) the term "OCC option" means a call option or a put option issued by The Options Clearing Corporation.
- (xviii) the term "option" means a call option or put option issued by the Canadian Derivatives Clearing Corporation pursuant to its rules.
- (xix) the term "out-of-the-money" means:
  - (A) in the case of an equity, a participation unit, a currency or a bond option, that the market price;
  - (B) in the case of an index option, that the current value; or
  - (C) in the case of an OCC option, that the market price or the current value;of the underlying interest is below the exercise price in the case of a call option, and above the exercise price in the case of a put option.
- (xx) the term "participation unit" means an interest in a trust, the underlying assets of which are equities and/or other securities.
- (xxi) the term "participation unit option" means an option whose underlying interest is a participation unit.
- (xxii) the term "premium" means the aggregate price, excluding commissions and other fees, that the buyer of an option pays and the writer of an option receives for the rights conveyed by the option contract.
- (xxiii) the term "put option" means, an option:
  - (A) for an equity, a participation unit or a bond option, which gives the holder the right to sell and the writer the obligation to buy the underlying interest at a stated exercise price either on or before the expiration date of the option;
  - (B) for index options, which gives the holder the right to receive and the writer the obligation to pay, if the current value of the index falls below the exercise price, the difference between the aggregate exercise price and the aggregate current value of the underlying interest either on or before the expiration date of the option; or
  - (C) for OCC options, which gives the holder the right to sell and the writer the obligation to buy the underlying interest at a stated exercise price either on or before the expiration date of the OCC option.
  - (D) for CDCC currency options, which gives the holder the right to sell and the writer the obligation to buy the underlying interest at a stated exercise price either on or before the expiration date of the CDCC option.

(xxiv) the term "qualifying basket of index securities" means a basket of equity securities:

- (A) all of which are included in the composition of the same index;
- (B) which comprise a portfolio with a market value equal to the market value of the securities underlying the index;
- (C) where the market value of each of the equity securities comprising the portfolio proportionally equals or exceeds the market value of its relative weight in the index, based on the latest published relative weights of securities comprising the index;
- (D) where the required cumulative relative weighting percentage of all equity securities comprising the portfolio:
  - (I) equals 100% of the cumulative weighting of the corresponding index, where the basket of equity securities underlying the index is comprised of less than twenty securities;
  - (II) equals or exceeds 90% of the cumulative weighting of the corresponding index, where the basket of equity securities underlying the index is comprised of twenty or more securities but less than one hundred securities; and
  - (III) equals or exceeds 80% of the cumulative weighting of the corresponding index, where the basket of equity securities underlying the index is comprised of one hundred or more securities;

based on the latest published relative weightings of the equity securities comprising the index.

- (E) where, in the circumstance where the cumulative relative weighting of all equity securities comprising the portfolio equals or exceeds the required cumulative relative weighting percentage and is less than 100% of the cumulative weighting of the corresponding index, the deficiency in the basket is filled by other equity securities included in the composition of the index.

(xxv) the term "time value" means any excess of the market value of the option over the in-the-money value of the option.

(xxvi) the term "tracking error margin rate" means the last calculated regulatory margin interval for the tracking error resulting from a particular offset strategy. The method of calculation and the margin rate reset policy is the same as that used for the floating margin rate.

(xxvii) the term "underlying interest" means,

- (A) in the case of an equity, a participation unit or a bond option, the security;
  - (B) in the case of an index option, the index;
  - (C) in the case of an OCC option in a currency, the currency;
  - (D) in the case of an OCC option in debt, the debt;
  - (E) in the case of an OCC option in an index, the index;
  - (F) in the case of any other OCC option, the security;
  - (G) in the case of a CDCC currency option, the currency;
- which is the subject of the option.

(xxviii) the term "unit of trading" means the number of units of the underlying interest which have been designated by the exchange as the minimum number or value to be the subject of a single option in a series of options. In the absence of any such designation, for a series of options:

- (A) in which the underlying interest is an equity, the unit of trading shall be 100 shares;
- (B) in which the underlying interest is an index, the unit of trading shall be 100 units;
- (C) in which the underlying interest is a bond, the unit of trading shall be 250 units;
- (D) in which the underlying interest is a participation unit, the unit of trading shall be 100 units.

**(b) Exchange traded options - general margin requirements**

The minimum amount of margin which must be obtained in margin accounts of customers having positions in options shall be as follows:

- (i) All opening writing transactions and resulting short positions must be carried in a margin account.
- (ii) Each option shall be margined separately and:
  - (A) in the case of equity, currency or participation unit options, any difference between the market price of the underlying interest; or
  - (B) in the case of index options, any difference between the current value of the index,
 and the exercise price of the option shall be considered to be of value only in providing the amount of margin required on that particular option.
- (iii) Where a customer account holds both options and OCC options that have the same underlying interest, the OCC options may be considered to be options for the purposes of the calculation of the margin requirements for the account under this Rule 100.9.
- (iv) For CDCC currency options, the normal margin required for the underlying interest shall be a percentage of the market value of the underlying interest determined using the Corporation's published spot risk margin rate for the currency.
- (v) From time to time the Corporation may impose special margin requirements with respect to particular options or particular positions in options.

**(c) Long option positions**

- (i) Subject to sub-paragraph (ii), the margin requirement for long options shall be the sum of:
  - (A) where the period to expiry is greater or equal to 9 months, 50% of the option's time value, 100% of the option's time value otherwise; and
  - (B) the lesser of:
    - (I) the normal margin required for the underlying interest; and
    - (II) the option's in-the-money amount, if any.
- (ii) Where in the case of equity options, the underlying interest in respect of a long call option is the subject of a legal and binding cash take-over bid for which all conditions have been met, the margin required on such call option shall be the market value of the call option less the amount by which the amount offered exceeds the exercise price of the call option. Where such a take-over bid is made for less than 100% of the issued and outstanding securities, the margin requirement shall be applied pro rata in the same proportion as the offer and paragraph (c)(i) shall apply to the balance.

**(d) Short option positions**

- (i) The minimum credit requirement which must be maintained in respect of an option carried short in a customer account shall be:
  - (A) 100% of the current market value of the option; plus
  - (B) a percentage of the market value of the underlying interest determined using the following percentages:
    - (I) For equity options or equity participation unit options, the margin rate used for the underlying interest;
    - (II) For index options or index participation unit options, the published floating margin rate for the index or index participation unit;
    - (III) For CDCC currency options, the Corporation's published spot risk margin rate for the currency;
 minus
  - (C) any out-of-the-money amount associated with the option.
- (ii) Paragraph (d)(i) notwithstanding, the minimum credit requirement which must be maintained and carried in a customer account trading in options shall be not less than:
  - (A) 100% of the current market value of the option; plus
  - (B) an additional requirement determined by multiplying:
    - (I) In the case of a short call option position, the market value of the underlying interest; or
    - (II) In the case of a short put option position, the aggregate exercise value of the option;
 by one of the following percentages:
  - (III) For equity options or equity participation unit options, 5.00%; or
  - (IV) For index options or index participation unit options, 2.00%; or
  - (V) For CDCC currency options, 0.75%.

**(e) Covered option positions**

- (i) No margin shall be required for a call option carried short in a customer's account which is covered by the deposit of an escrow receipt. The underlying interest deposited in respect of such options shall not be deemed to have any value for margin purposes.  
 Evidence of a deposit of the underlying interest shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Corporation. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation.
- (ii) No margin shall be required for a put option carried short in a customer's account which is covered by the deposit of an escrow receipt which certifies that acceptable government securities are being held by the issuer of the escrow receipt for the account of the client. The acceptable government securities held on deposit:
  - (A) shall be government securities:
    - (I) which are acceptable forms of margin for the clearing corporation; and
    - (II) which mature within one year of their deposit; and
  - (B) shall not be deemed to have any value for margin purposes.

The aggregate exercise value of the short put option shall not be greater than 90% of the aggregate par value of the acceptable government securities held on deposit. Evidence of the deposit of the acceptable government securities shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Corporation on request. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation.

(iii) No margin shall be required for a put option carried short in a customer's account if the customer has delivered to the Dealer Member with which such position is maintained a letter of guarantee, issued by a financial institution which has been authorized by the clearing corporation to issue escrow receipts, in a form satisfactory to the Corporation, and is:

- (A) a bank which is a Canadian chartered bank or a Quebec savings bank; or
- (B) a trust company which is licensed to do business in Canada, with a minimum paid-up capital and surplus of \$5,000,000;

provided that the letter of guarantee certifies that the bank or trust company

- (C) holds on deposit for the account of the customer cash in the full amount of the aggregate exercise value of the put option and that such amount will be paid to the clearing corporation against delivery of the underlying interest covered by the put option; or
- (D) unconditionally and irrevocably guarantees to pay to the clearing corporation the full amount of the aggregate exercise value of the put option against delivery of the underlying interest covered by the put option;

and further provided that the Dealer Member has delivered the letter of guarantee to the clearing corporation and the clearing corporation has accepted it as margin.

**(f) Option spreads and combinations**

**(i) Call spreads and put spreads**

Where a customer account contains one of the following spread pairings for an equivalent number of trading units on the same underlying interest:

- long call option and short call option; or
- long put option and short put option;

and the short option expires on or before the date of expiration of the long option, the minimum margin required for the spread pairing shall be the lesser of:

- (A) the margin required on the short option pursuant to subparagraphs 100.9(d)(i) and (ii); or
- (B) the spread loss amount, if any, that would result if both options were exercised.

**(ii) Short call - short put spreads**

Where a call option is carried short for a customer's account and the account is also short a put option on the same number of units of trading on the same underlying interest, the minimum margin required shall be the greater of:

- (A) the greater of:
  - (I) the margin required on the call option position; or

(II) the margin required on the put option position;

and

(B) the excess of the aggregate exercise value of the put option over the aggregate exercise value of the call option.

**(iii) Long call - long put**

Where a call option is carried long for a customer's account and the account is also long a put option on the same number of units of trading on the same underlying interest, the minimum margin required shall be the lesser of:

(A) the sum of:

(I) the margin required for the long call option position; and

(II) the margin required for the long put option position;

or

(B) the sum of:

(I) 100% of the market value of the long call option; and

(II) 100% of the market value of the long put option; minus

(III) the amount by which the aggregate exercise value of the put option exceeds the aggregate exercise value of the call option.

**(iv) Long call - short call - long put**

Where a call option is carried long for a customer's account and the account is also short a call option and long a put option on the same number of units of trading on the same underlying interest, the minimum margin required shall be:

(A) 100% of the market value of the long call option; plus

(B) 100% of the market value of the long put option; minus

(C) 100% of the market value of the short call option; plus

(D) the greater of:

(I) any excess of the aggregate exercise value of the long call option over the aggregate exercise value of the short call option; and

(II) any excess of the aggregate exercise value of the long call option over the aggregate exercise value of the long put option.

Where the amount calculated in (D) is negative, this amount may be applied against the margin charge.

**(v) Short call - long warrant**

Where a call option is carried short for a customer's account and the account is also long a warrant on the same number of units of trading on the same underlying interest, the minimum margin required shall be the sum of:

(A) the lesser of:

(I) the margin required for the call option pursuant to sub-paragraph 100.09(d) (i) (B); or

(II) the spread loss amount, if any, that would result if both the option and the warrant were exercised;

and

(B) the excess of the market value of the warrant over the in-the-money value of the warrant multiplied by 25%; and

(C) the in-the-money value of the warrant, multiplied by:

(I) 50%, where the expiration date of the warrant is 9 months or more away, or

(II) 100%, where the expiration date of the warrant is fewer than 9 months away.

The market value of any premium credit carried on the short call option may be used to reduce the margin required on the long warrants, but cannot reduce the margin required to less than zero.

**(vi) Box spread**

Where a customer account contains a box spread combination on the same underlying interest with all options expiring at the same time, such that a customer holds a long and short call option and a long and short put option and where the long call option and short put option, and short call option and long put option have the same strike price, the minimum margin required shall be the lesser of:

- (I) the greater of the margin requirements calculated for the component call and put spreads (Rule 100.9(f)(i)); and
- (II) the greater of the out-of-the-money amounts calculated for the component call and put spreads.

**(vii) Long butterfly spread**

Where a customer account contains a long butterfly spread combination on the same underlying interest with all options expiring at the same time, such that a customer holds a short position in two call options (or put options) and the short call options (or short put options) are at a middle strike price and are flanked on either side by a long call option (or long put option) having a lower and higher strike price respectively, and the interval between the strike prices is equal, the minimum margin required shall be the net market value of the short and long call options (or put options).

**(viii) Short butterfly spread**

Where a customer account contains a short butterfly spread combination on the same underlying interest with all options expiring at the same time, such that a customer holds a long position in two call options (or put options) and the long call options (or long put options) are at a middle strike price and are flanked on either side by a short call option (or short put option) having a lower and higher strike price respectively, and the interval between the strike prices is equal, the minimum margin required shall be the amount, if any, by which the exercise value of the long call options (or long put options) exceeds the exercise value of the short call options (or short put options). The market value of any premium credit carried on the short options may be used to reduce the margin required.

**(ix) Long Condor Spread**

Where a customer account contains a long condor spread combination on the same underlying interest with all options expiring at the same time, such that a customer holds four separate options series wherein the strike prices of the options are in ascending order and the interval between the strike prices is equal, comprising a short position in two call options (or put options) and the short call options (or short put options) are flanked on either side by a long call option (or long put option) having a lower and higher strike price respectively, the minimum margin required shall be the net market value of the short and long call options (or put options).

**(x) Short Iron Butterfly Spread**

Where a customer account contains a short iron butterfly spread combination on the same underlying interest with all options expiring at the same time, such that a customer holds four separate options series wherein the strike prices of the options are in ascending order, and the interval between the strike prices is equal, comprising short positions in a call option and a put option with the same strike price and the short options are flanked on either side by a long put option and a long call option having a lower and higher strike price respectively, the minimum margin required shall equal the strike price interval multiplied by the unit of trading. The market value of any premium credit carried on the short options may be used to reduce the minimum margin required.

**(xi) Short Iron Condor Spread**

Where a customer account contains a short iron condor spread combination on the same underlying interest with all options expiring at the same time, such that a customer holds four separate options series wherein the strike prices of the options are in ascending order, and the interval between the strike prices is equal, comprising short positions in a call option and a put option and the short options are flanked on either side by a long put option and a long call option having a lower and higher strike price respectively, the minimum margin required shall equal the strike price interval multiplied by the unit of trading. The market value of any premium credit carried on the short options may be used to reduce the minimum margin required.

**(g) Option and security combinations****(i) Short call - long underlying (or convertible) combination**

Where, in the case of equity, currency or equity participation unit options, a call option is carried short in a customer's account and the account is also long an equivalent position in the underlying interest or, in the case of equity options in a security readily convertible or exchangeable (without restrictions other than the payment of consideration and within a reasonable time provided such time shall be prior to the expiration of the call option) into the underlying interest, or in the case of equity participation unit options in securities readily exchangeable into the underlying interest, the minimum margin required shall be the sum of:

**(A) the lesser of:**

- (I) the normal margin required on the underlying interest; and
- (II) any excess of the aggregate exercise value of the call options over the normal loan value of the underlying interest;

and

- (B) where a convertible security or exchangeable security is held, the amount of the conversion loss as defined in Rule 100.4H.

In the case of exchangeable or convertible securities, the right to exchange or convert the long security shall not expire prior to the expiration date of the short call option. If the expiration of the right to exchange or convert is accelerated (whether by reason of redemption or otherwise), then such short call option shall be considered uncovered after the date on which such right to exchange or convert expires.

**(ii) Short put - short underlying combination**

Where, in the case of equity or equity participation unit options, a put option is carried short in a customer's account and the account is also short an equivalent position in the underlying interest, the minimum margin required shall be the lesser of:

- (A) the normal margin required on the underlying interest; and
- (B) any excess of the normal credit required on the underlying interest over the aggregate exercise value of the put options.

(iii) Long call - short underlying combination

Where, in the case of equity, currency or equity participation unit options, a call option is carried long in a customer's account and the account is also short an equivalent position in the underlying interest, the minimum credit required shall be the sum of:

- (A) 100% of the market value of the call option; and
- (B) the lesser of:
  - (I) the aggregate exercise value of the call option; and
  - (II) the normal credit required on the underlying interest.

(iv) Long put - long underlying combination

Where, in the case of equity, currency or equity participation unit options, a put option is carried long in a customer's account and the account is also long an equivalent position in the underlying interest, the minimum margin required shall be the lesser of:

- (A) the normal margin required on the underlying interest; and
- (B) the excess of the combined market value of the underlying interest and the put option over the aggregate exercise value of the put option.

(v) Conversion or long tripo combination

Where, in the case of equity or participation unit options, a position in an underlying interest is carried long in a customer's account and the account is also long an equivalent position in put options and short an equivalent position in call options, the minimum margin required shall be:

- (A) 100% of the market value of the long put options; minus
- (B) 100% of the market value of the short call options; plus
- (C) the difference, plus or minus, between the market value of the qualifying basket (or participation units) and the aggregate exercise value of the long put options, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the call options.

(vi) Reconversion or short tripo combination

Where, in the case of equity or participation unit options, a position in an underlying interest is carried short in a customer's account and the account is also long an equivalent position in call options and short an equivalent position in put options, the minimum margin required shall be:

- (A) 100% of the market value of the long call options; minus
- (B) 100% of the market value of the short put options; plus
- (C) the difference, plus or minus, between the aggregate exercise value of the long call options and the market value of the qualifying basket (or participation units), where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options.

**(h) Offset combinations involving index products****(i) Index option and index participation unit option spread combinations****(A) Call spread combinations and put spread combinations**

Where a customer account contains one of the following spread combinations:

- long index put option and short index participation unit put option; or
- long index call option and short index participation unit call option; or
- long index participation unit call option and short index call option; or
- long index participation unit put option and short index put option;

and the short option expires on or before the date of expiration of the long option, the minimum margin required for the spread combination shall be the lesser of:

(I) the margin required on the short option pursuant to sub-paragraphs 100.9(d)(i) and (ii); and

(II) the greater of:

- (a) the loss amount, if any, that would result if both options were exercised; and
- (b) the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

**(B) Short call - short put spread combinations**

Where a customer account contains one of the following combinations:

- short index call option and short index participation unit put option; or
- short index participation unit call option and short index put option;

the minimum margin required shall be the greatest of:

(I) the greater of:

- (a) the margin required on the short call option position; or
- (b) the margin required on the short put option position;

and

(II) the excess of the aggregate exercise value of the short put option over the aggregate exercise value of the short call option;

and

(III) the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

**(ii) Index option combinations with index baskets and index participation units****(A) Short call option combinations with long qualifying index baskets or long index participation units**

Where a customer account contains one of the following option related combinations:

**ATTACHMENT B**

- short index call options and long an equivalent number of qualifying baskets of index securities; or
- short index call options and long an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- short index participation unit call options and long an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- short index participation unit call options and long an equivalent number of index participation units;

the minimum margin required shall be the greater of:

(I) the lesser of:

- (a) the normal margin required on the qualifying basket (or participation units); and
- (b) any excess of the exercise value of the call options over the normal loan value of the qualifying basket (or participation units);

and

(II) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(B) Short put option combinations with short qualifying index baskets or short index participation units

Where a customer account contains one of the following option related combinations:

- short index put options and short an equivalent number of qualifying baskets of index securities; or
- short index put options and short an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- short index participation unit put options and short an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- short index participation unit put options and short an equivalent number of index participation units;

the minimum margin required shall be the greater of:

(I) the lesser of:

- (a) the normal margin required on the qualifying basket (or participation units); and
- (b) any excess of the normal credit required on the qualifying basket (or participation units) over the exercise value of the put options;

and

(II) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(C) Long call option combinations with short qualifying index baskets or short index participation units

Where a customer account contains one of the following option related combinations:

- long index call options and short an equivalent number of qualifying baskets of index securities; or

**ATTACHMENT B**

- long index call options and short an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- long index participation unit call options and short an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- long index participation unit call options and short an equivalent number of index participation units;

the minimum credit required shall be the sum of:

(I) 100% of the market value of the call options, and

(II) the greater of:

(a) the lesser of:

(i) the aggregate exercise value of the call options; and

(ii) the normal credit required on the qualifying basket (or participation units);

(b) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(D) Long put option combinations with long qualifying index baskets or long index participation units

Where a customer account contains one of the following option related combinations:

- long index put options and long an equivalent number of qualifying baskets of index securities; or
- long index put options and long an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- long index participation unit put options and long an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- long index participation unit put options and long an equivalent number of index participation units;

the minimum margin required shall be the greater of:

(I) the lesser of:

(a) the normal margin required on the qualifying basket (or participation units); and

(b) the excess of the combined market value of the qualifying basket (or participation units) and the put option over the aggregate exercise value of the put option;

and

(II) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(E) Conversion or long tripo combinations

Where a customer account contains one of the following option related combinations:

- long a qualifying basket of index securities, long an equivalent number of index put options and short an equivalent number of index call options (Note: Subject

to incremental margin where qualifying basket is imperfect); or

- long index participation units, long an equivalent number of index put options and short an equivalent number of index call options (Note: Subject to tracking error minimum margin); or
- long a qualifying basket of index securities, long an equivalent number of index participation unit put options and short an equivalent number of index participation unit call options (Note: Subject to incremental margin where qualifying basket is imperfect and subject to tracking error minimum margin); or
- long index participation units, long an equivalent number of index participation unit put options and short an equivalent number of index participation unit call options;

the minimum margin required shall be the sum of:

- (I) where applicable, the calculated incremental margin rate for the qualifying basket of index securities, multiplied by the market value of the qualifying basket;

and

- (II) the greater of:

- (a) the sum of:

- (i) 100% of the market value of the long put options; minus

- (ii) 100% of the market value of the short call options; plus

- (iii) the difference, plus or minus, between the market value of the qualifying basket (or participation units) and the aggregate exercise value of the long put options, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the call options;

and

- (b) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

- (F) Reconversion or short tripo combinations

Where a customer account contains one of the following option related combinations:

- short a qualifying basket of index securities, short an equivalent number of index put options and long an equivalent number of index call options (Note: Subject to incremental margin where qualifying basket is imperfect); or
- short index participation units, short an equivalent number of index put options and long an equivalent number of index call options (Note: Subject to tracking error minimum margin); or
- short a qualifying basket of index securities, short an equivalent number of index participation unit put options and long an equivalent number of index participation unit call options (Note: Subject to incremental margin where qualifying basket is imperfect and subject to tracking error minimum margin); or

- short index participation units, short an equivalent number of index participation unit put options and long an equivalent number of index participation unit call options;

the minimum margin required shall be the sum of:

- (I) where applicable, the calculated incremental margin rate for the qualifying basket of index securities, multiplied by the market value of the qualifying basket;

and

- (II) the greater of:

- (a) the sum of:

- (i) 100% of the market value of the long call options; minus

- (ii) 100% of the market value of the short put options; plus

- (iii) the difference, plus or minus, between the aggregate exercise value of the long call options and the market value of the qualifying basket (or participation units), where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options;

and

- (b) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

- (iii) Index basket combinations with index participation units

- (A) Long qualifying index basket offset with short index participation units

Where a position in a qualifying basket of index securities is carried long in a customer's account and the account is also short an equivalent number of index participation units, the margin required shall be the sum of the published tracking error margin rate plus the calculated incremental basket margin rate for the qualifying basket, multiplied by the market value of the participation units.

- (B) Short qualifying index basket offset with long index participation units

Where a position in a qualifying basket of index securities is carried short in a customer's account and the account is also long an equivalent number of index participation units, the margin required shall be the sum of:

- (I) the tracking error margin rate, unless the short basket is of size sufficient to comprise a basket of securities or multiple thereof required to obtain the participation units;

and

- (II) the calculated incremental basket margin rate for the qualifying basket;

multiplied by the market value of the participation units.

- (iv) Index futures contract combinations with index baskets and index participation units

Where a customer account contains one of the following futures related combinations:

- long (or short) a qualifying basket of index securities and short (or long) an equivalent number of index futures contracts; or
- long (or short) index participation units and short (or long) an equivalent number of index futures contracts;

the margin required shall be the published tracking error margin rate plus the calculated incremental basket margin rate for the qualifying basket (not applicable if hedging with participation units), multiplied by the market value of the qualifying basket (or participation units).

(v) Index option combinations with index futures contracts

With respect to index options, index participation units options and index futures contracts held in customer accounts, where, the option contracts and the futures contracts have the same settlement date, or can be settled in either of the two nearest contract months, the option contracts and the futures contracts may be offset as follows:

(A) Short index call options or short index participation unit call options - long index futures contracts

Where a customer account contains one of the following futures and options related combinations:

- short index call options and long index futures contracts (Note: Subject to tracking error minimum margin); or
- short index participation unit call options and long index futures contracts (Note: Subject to tracking error minimum margin);

the minimum margin required shall be the greater of:

(I)

- (a) the margin otherwise required on the futures contracts; less
- (b) the aggregate market value of the short call options;

and

- (II) the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

(B) Short index put options or short index participation unit put options - short index futures contracts

Where a customer account contains one of the following futures and options related combinations:

- short index put options and short index futures contracts (Note: Subject to tracking error minimum margin); or
- short index participation unit put options and short index futures contracts (Note: Subject to tracking error minimum margin);

the minimum margin required shall be the greater of:

(I)

- (a) the margin otherwise required on the futures contracts, less
- (b) the aggregate market value of the short put options;

and

(II) the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

(C) Long index call options or long index participation unit call options - short index futures contracts

Where a customer account contains one of the following futures and options related combinations:

- long index call options and short index futures contracts (Note: Subject to tracking error minimum margin); or
- long index participation unit call options and short index futures contracts (Note: Subject to tracking error minimum margin);

the minimum margin required shall be:

(I) Out-of-the-money position

The aggregate exercise value of the long call options less the daily settlement value of the short futures contracts, to a maximum of the margin required on unhedged futures contracts, plus the aggregate market value of the call options;

(II) In-the-money or at-the-money position

The amount by which the aggregate market value of the call options exceeds the aggregate in-the-money amount of the call options;

but in no case may the margin required be less than the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

(D) Long index put options or long index participation unit put options - long index futures contracts

Where a customer account contains one of the following futures and options related combinations:

- long index put options and long index futures contracts (Note: Subject to tracking error minimum margin); or
- long index participation unit put options and long index futures contracts (Note: Subject to tracking error minimum margin);

the minimum margin required shall be:

(I) Out-of-the-money position

The daily settlement value of the long futures contracts less the aggregate exercise value of the long put options, to a maximum of the margin required on unhedged futures contracts, plus the aggregate market value of the put options;

(II) In-the-money or at-the-money option position

The amount by which the aggregate market value of the put options exceeds the aggregate in-the-money amount of the put options;

but in no case may the margin required be less than the published tracking error margin\_rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (E) Conversion or long tripo combination involving index options or index participation unit options and index futures contracts

Where a customer account contains one of the following tripo combinations:

- long index futures contracts and long index put options and short index call options with the same expiry date (Note: Subject to tracking error minimum margin); or
- long index futures contracts and long index participation unit put options and short index participation unit call options with the same expiry date (Note: Subject to tracking error minimum margin);

the minimum margin required shall be:

- (I) the greater of the difference, plus or minus, between the daily settlement value of the long futures contracts and the aggregate exercise value of the long put options or the short call options, plus
- (II) the aggregate net market value of the put and call options;

but in no case may the margin required be less than the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (F) Reconversion or short tripo combination involving index options or index participation unit options and index futures contracts

Where a customer account contains one of the following tripo combinations:

- short index futures contracts and long index call options and short index put options with the same expiry date (Note: Subject to tracking error minimum margin); or
- short index futures contracts and long index participation unit call options and short index participation unit put options with the same expiry date (Note: Subject to tracking error minimum margin);

the minimum margin required shall be:

- (I) the greater of the difference, plus or minus, between the aggregate exercise value of the long call options or short put options and the daily settlement value of the short futures contracts, plus
- (II) the aggregate net market value of the call and put options;

but in no case may the margin required be less than the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (G) With respect to the offsets enumerated in clauses (A) to (F), partial offsets are not permitted.

**(i) Cross index offset combinations involving index products**

Offsets are currently not available for offset positions in customer accounts involving products based on two different indices.

**(j) Margin requirements for positions in and offsets involving OCC options**

The margin requirements for OCC options shall be the same as set out in Rule 100.9.

**100.10. Dealer Members' positions in options, futures and other equity-related derivatives**

- (a) For the purposes of this Rule 100.10:
- (i) the terms "aggregate current value", "aggregate exercise value", "call option", "class of options", "clearing corporation", "customer account", "escrow receipt", "exercise price", "firm account", "floating margin rate", "incremental basket margin rate", "index", "index option", "in-the-money", "market maker account", "non-customer account", "OCC option", "option", "out-of-the-money", "participation unit", "participation unit option", "premium", "put option", "qualifying basket of index securities", "tracking error margin rate", "underlying interest" and "unit of trading" mean the same as set out in Rule 100.9(a).
  - (ii) the term "Dealer Member account" means all non-customer accounts including firm accounts, market maker accounts and specialist accounts.
- (b) **Exchange traded options - general capital requirements**
- The capital requirements with respect to options and options-related positions in securities held in Dealer Member accounts shall be as follows:
- (i) in the treatment of spreads, the long position may expire before the short position;
  - (ii) for any short position carried for a customer or non-customer account where the account has not provided required margin, any shortfall will be charged against the Dealer Member's capital;
  - (iii) where a Dealer Member account holds both options and OCC options that have the same underlying interest, the OCC options may be considered to be options for the purposes of the calculation of the capital requirements for the account under this Rule 100.10; and
  - (iv) for CDCC currency options, the normal margin required for the underlying interest shall be a percentage of the market value of the underlying interest determined in using the Corporation's published spot risk margin rate for the currency.
  - (v) from time to time the Corporation may impose special capital requirements with respect to particular options or particular positions in options.
- (c) **Long option positions**
- (i) For Dealer Member accounts, subject to sub-paragraph (ii), the capital requirement for long options shall be the sum of:
    - (A) where the period to expiry is greater or equal to 9 months, 50% of the option's time value, 100% of the option's time value otherwise; and
    - (B) the lesser of:
      - (I) the normal capital required for the underlying interest; and
      - (II) the option's in-the-money amount, if any.
  - (ii) Where in the case of equity options, the underlying interest in respect of a long call is the subject of a legal and binding cash take-over bid for which all conditions have been met, the capital required on such call shall be the market value of the call less the amount by which the amount offered exceeds the exercise price of the call. Where such a take-over bid is made

for less than 100% of the issued and outstanding securities, the capital requirement shall be applied pro rata in the same proportion as the offer and paragraph (c) (i) shall apply to the balance.

**(d) Short option positions**

The capital requirement which must be maintained in respect of an option carried short in a Dealer Member account shall be:

- (i)
  - (A) in the case of equity or equity participation unit options, the market value of the equivalent number of equity securities or participation units, multiplied by the underlying interest margin rate; or
  - (B) in the case of index participation unit options, the market value of the equivalent number of index participation units, multiplied by the floating margin rate; or
  - (C) in the case of index options, the aggregate current value of the index, multiplied by the floating margin rate;
  - (D) in case of CDCC currency options, a percentage of the market value of the underlying currency determined by using the Corporation's published spot risk margin rate for the currency;

minus

- (ii) any out-of-the-money amount associated with the option.

**(e) Covered option positions**

- (i) No capital shall be required for a call option carried short in a Dealer Member account, which is covered by the deposit of an escrow receipt. The underlying interest deposited in respect of such options shall not be deemed to have any value for capital purposes.

Evidence of a deposit of the underlying interest shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Corporation. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation.

- (ii) No capital shall be required for a put option carried short in a Dealer Member account which is covered by the deposit of an escrow receipt which certifies that acceptable government securities are being held by the issuer of the escrow receipt for the account of the Dealer Member. The acceptable government securities held on deposit:

- (A) shall be government securities:
  - (I) which are acceptable forms of margin for the clearing corporation; and
  - (II) which mature within one year of their deposit; and
- (B) shall not be deemed to have any value for margin purposes.

The aggregate exercise value of the short put options shall not be greater than 90% of the aggregate par value of the acceptable government securities held on deposit. Evidence of the deposit of the acceptable government securities shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Corporation on request. The issuer of the escrow receipt covering the escrow

deposit must be a financial institution approved by the clearing corporation.

(iii) No capital shall be required for a put option carried short in a Dealer Member account if the Dealer Member has obtained a letter of guarantee, issued by a financial institution which has been authorized by the clearing corporation to issue escrow receipts, in a form satisfactory to the Corporation, and is:

- (A) a bank which is a Canadian chartered bank or a Quebec savings bank; or
- (B) a trust company which is licensed to do business in Canada, with a minimum paid-up capital and surplus of \$5,000,000;

provided that the letter of guarantee certifies that the bank or trust company:

- (C) holds on deposit for the account of the Dealer Member cash in the full amount of the aggregate exercise value of the put and that such amount will be paid to the clearing corporation against delivery of the underlying interest covered by the put; or
- (D) unconditionally and irrevocably guarantees to pay to the clearing corporation the full amount of the aggregate exercise value of the put against delivery of the underlying interest covered by the put;

and further provided that the Dealer Member has delivered the letter of guarantee to the clearing corporation and the clearing corporation has accepted it as margin.

**(f) Option spreads and combinations**

**(i) Call spreads and put spreads**

Where a Dealer Member account contains one of the following spread pairings for an equivalent number of trading units on the same underlying interest:

- long call option and short call option; or
- long put option and short put option;

the minimum capital required for the spread pairing shall be the lesser of:

- (A) the capital required on the short option pursuant to subparagraph 100.10(d)(i); or
- (B) the spread loss amount, if any, that would result if both options were exercised.

**(ii) Short call - short put spreads**

Where a call option is carried short for a Dealer Member's account and the account is also short a put option on the same number of units of trading on the same underlying interest, the minimum capital required shall be the greater of:

- (A) the greater of:
  - (I) the capital required on the call option position; or
  - (II) the capital required on the put option position;

and

- (B) the excess of the aggregate exercise value of the put option over the aggregate exercise value of the call option.

**(iii) Long call - long put**

Where a call option is carried long for a Dealer Member's account and the account is also long a put option on the same number of units of trading on the same underlying interest, the minimum capital required shall be the lesser of:

- (A) the sum of:
  - (I) the capital required for the long call option position; and
  - (II) the capital required for the long put option position;

or

- (B) the sum of:
  - (I) 100% of the market value of the long call option; and
  - (II) 100% of the market value of the long put option; minus
  - (III) the amount by which the aggregate exercise value of the put option exceeds the aggregate exercise value of the call option.

**(iv) Long call - short call - long put**

Where a call option is carried long for a Dealer Member's account and the account is also short a call option and long a put option on the same number of units of trading on the same underlying interest, the minimum capital required shall be:

- (A) 100% of the market value of the long call option; plus
- (B) 100% of the market value of the long put option; minus
- (C) 100% of the market value of the short call option; plus
- (D) the greater of:
  - (I) any excess of the aggregate exercise value of the long call option over the aggregate exercise value of the short call option; and
  - (II) any excess of the aggregate exercise value of the long call option over the aggregate exercise value of the long put option.

Where the amount calculated in (D) is negative, this amount may be applied against the capital charge.

**(v) Short call - long warrant**

Where a call option is carried short for a Dealer Member's account and the account is also long a warrant on the same number of units of trading on the same underlying interest, the minimum capital required shall be the sum of:

- (A) the lesser of:
  - (I) the capital required for the call option pursuant to sub-paragraph 100.10(d)(i); or
  - (II) the spread loss amount, if any, that would result if both the option and the warrant were exercised;

and

- (B) the excess of the market value of the warrant over the in-the-money value of the warrant multiplied by 25%; and
- (C) the in-the-money value of the warrant, multiplied by:
  - (I) 50%, where the expiration date of the warrant is 9 months or more away, or
  - (II) 100%, where the expiration date of the warrant is fewer than 9 months away.

The market value of any premium credit carried on the short call option may be used to reduce the capital required on the long warrants, but cannot reduce the capital required to less than zero.

**(vi) Box spread**

Where a Dealer Member account contains a box spread combination on the same underlying interest with all options expiring at the same time, such that a Dealer Member holds a long and short

call option and a long and short put option and where the long call option and short put option, and short call option and long put option have the same strike price, the minimum capital required shall be the lesser of:

- (I) the difference, plus or minus, between the aggregate exercise value of the long call options and the aggregate exercise value of the long put options; and
- (II) the net market value of the options.

**(vii) Long butterfly spread**

Where a Dealer Member account contains a long butterfly spread combination on the same underlying interest with all options expiring at the same time, such that a Dealer Member holds a short position in two call options (or put options) and the short call options (or short put options) are at a middle strike price and are flanked on either side by a long call option (or long put option) having a lower and higher strike price respectively, and the interval between the strike prices is equal, the minimum capital required shall be the net market value of the short and long call options (or put options).

**(viii) Short butterfly spread**

Where a Dealer Member account contains a short butterfly spread combination on the same underlying interest with all options expiring at the same time, such that a Dealer Member holds a long position in two call options (or put options) and the long call options (or long put options) are at a middle strike price and are flanked on either side by a short call option (or short put option) having a lower and higher strike price respectively, and the interval between the strike prices is equal, the minimum capital required shall be the amount, if any, by which the exercise value of the long call options (or long put options) exceeds the exercise value of the short call options (or short put options). The market value of any premium credit carried on the short options may be used to reduce the capital required.

**(ix) Long Condor Spread**

Where a Dealer Member account contains a long condor spread combination on the same underlying interest with all options expiring at the same time, such that a Dealer Member holds four separate options series wherein the strike prices of the options are in ascending order and the interval between the strike prices is equal, comprising a short position in two call options (or put options) and the short call options (or short put options) are flanked on either side by a long call option (or long put option) having a lower and higher strike price respectively, the minimum capital required shall be the net market value of the short and long call options (or put options).

**(x) Short Iron Butterfly Spread**

Where a Dealer Member account contains a short iron butterfly spread combination on the same underlying interest with all options expiring at the same time, such that a Dealer Member holds four separate options series wherein the strike prices of the options are in ascending order, and the interval between the strike prices is equal, comprising short positions in a call option and a put option with the same strike price and the short options are flanked on either side by a long put option and a long call option having a lower and higher strike price respectively, the minimum capital required shall equal the strike price interval multiplied by the unit of trading. The market value of any premium credit carried on the short options may be used to reduce the minimum capital required.

**(xi) Short Iron Condor Spread**

Where a Dealer Member account contains a short iron condor spread combination on the same underlying interest with all options expiring at the same time, such that a Dealer Member holds four separate options series wherein the strike prices of the options are in ascending order, and the interval between the strike prices is equal, comprising short positions in a call option and a put option and the short options are flanked on either side by a long put option and a long call option having a lower and higher strike price respectively, the minimum capital required shall equal the strike price interval multiplied by the unit of trading. The market value of any premium credit carried on the short options may be used to reduce the minimum margin required.

**(g) Option and security combinations****(i) Short call - long underlying (or convertible) combination**

Where, in the case of equity, currency or equity participation unit options, a call option is carried short in a Dealer Member's account and the account is also long an equivalent position in the underlying interest or, in the case of equity options in a security readily convertible or exchangeable (without restrictions other than the payment of consideration and within a reasonable time provided such time shall be prior to the expiration of the call option) into the underlying interest, or in the case of equity participation unit options in securities readily exchangeable into the underlying interest, the minimum capital required shall be the sum of:

(A) the lesser of:

- (I) the normal capital required on the underlying interest; and
- (II) any excess of the aggregate exercise value of the call options over the normal loan value of the underlying interest;

and

(B) where a convertible security or exchangeable security is held, the amount of the conversion loss as defined in Rule 100.4H.

The market value of any premium credit carried on the short call may be used to reduce the capital required on the long security, but cannot reduce the capital required to less than zero.

**(ii) Short put - short underlying combination**

Where, in the case of equity, currency or equity participation unit options, a put option is carried short in a Dealer Member's account and the account is also short an equivalent position in the underlying interest, the minimum capital required shall be the lesser of:

- (A) the normal capital required on the underlying interest; and
- (B) any excess of the normal capital required on the underlying interest over the in-the-money value, if any, of the put options.

The market value on any premium credit carried on the short put may be used to reduce the capital required on the short security, but cannot reduce the capital required to less than zero.

**(iii) Long call - short underlying combination**

Where, in the case of equity, currency or equity participation unit options, a call option is carried long in a Dealer Member's account and the account is also short an equivalent position in the underlying interest, the minimum capital required shall be the sum of:

- (A) 100% of the market value of the long call option; plus
- (B) the lesser of:
  - (I) any out-of-the-money value associated with the call option; or
  - (II) the normal capital required on the underlying interest.

Where the call option is in-the-money, this in-the-money value may be applied against the capital required, but cannot reduce the capital required to less than zero.

**(iv) Long put - long underlying combination**

Where, in the case of equity, currency or equity participation unit options, a put option is carried long in a Dealer Member's account and the account is also long an equivalent position in the underlying interest, the minimum capital required shall be the lesser of:

- (A) the normal capital required on the underlying interest; and
- (B) the excess of the combined market value of the underlying interest and the put option over the aggregate exercise value of the put option.

Where the put option is in-the-money, this in-the-money value may be applied against the capital required, but cannot reduce the capital required to less than zero.

**(v) Conversion or long tripo combination**

Where, in the case of equity or participation unit options, a position in an underlying interest is carried long in a Dealer Member's account and the account is also long an equivalent position in put options and short an equivalent position in call options, the minimum capital required shall be:

- (A) 100% of the market value of the long put options; minus
- (B) 100% of the market value of the short call options; plus
- (C) the difference, plus or minus, between the market value of the qualifying basket (or participation units) and the aggregate exercise value of the long put options, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the call options.

**(vi) Reconversion or short tripo combination**

Where, in the case of equity or participation unit options, a position in an underlying interest is carried short in a Dealer Member's account and the account is also long an equivalent position in call options and short an equivalent position in put options, the minimum capital required shall be:

- (A) 100% of the market value of the long call options; minus
- (B) 100% of the market value of the short put options; plus
- (C) the difference, plus or minus, between the aggregate exercise value of the long call options and the market value of the qualifying basket (or participation units), where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options.

**(h) Offset combinations involving index products****(i) Index option and index participation unit option spread combinations****(A) Call spread combinations and put spread combinations**

Where a Dealer Member account contains one of the following spread combinations:

- long index participation unit call option and short index call option; or
- long index call option and short index participation unit call option; or
- long index participation unit put option and short index put option; or
- long index put option and short index participation unit put option;

and the short option expires on or before the date of expiration of the long option, the minimum capital required for the spread combination shall be the lesser of:

- (I) the capital required on the short option pursuant to sub-paragraph 100.10(d)(i); and
- (II) the greater of:
  - (a) spread loss amount, if any, that would result if both options were exercised; and
  - (b) the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

**(B) Short call - short put spread combinations**

Where a Dealer Member account contains one of the following spread combinations:

- short index participation unit call option and short index put option; or
- short index call option and short index participation unit put option;

the minimum capital required shall be the greatest of:

- (I) the greater of:
  - (a) the capital required on the short call option position; or
  - (b) the capital required on the short put option position;

and

- (II) the excess of the aggregate exercise value of the short put option over the aggregate exercise value of the short call option;

and

- (III) the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

**(ii) Index option combinations with index baskets and index participation units****(A) Short call option combinations with long qualifying index baskets or long index participation units**

Where a Dealer Member account contains one of the following option related combinations:

**ATTACHMENT B**

- short index call options and long an equivalent number of qualifying baskets of index securities; or
- short index call options and long an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- short index participation unit call options and long an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- short index participation unit call options and long an equivalent number of index participation units;

the minimum capital required shall be the greater of:

(I) the lesser of:

- (a) the normal capital required on the qualifying basket (or participation units); and
- (b) any excess of the exercise value of the call options over the normal loan value of the qualifying basket (or participation units);

and

(II) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(B) Short put option combinations with short qualifying index baskets or short index participation units

Where a Dealer Member account contains one of the following option related combinations:

- short index put options and short an equivalent number of qualifying baskets of index securities; or
- short index put options and short an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- short index participation unit put options and short an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- short index participation unit put options and short an equivalent number of index participation units;

the minimum capital required shall be the greater of:

(I) the lesser of:

- (a) the normal capital required on the qualifying basket (or participation units); and
- (b) any excess of the normal credit required on the underlying interest over the exercise value of the put options.

(II) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(C) Long call option combinations with short qualifying index baskets or short index participation units

Where a Dealer Member account contains one of the following option related combinations:

- long index call options and short an equivalent number of qualifying baskets of index securities; or

**ATTACHMENT B**

- long index call options and short an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- long index participation unit call options and short an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- long index participation unit call options and short an equivalent number of index participation units;

the minimum capital required shall be the sum of:

(I) 100% of the market value of the call options, and

(II) the greater of:

(a) the lesser of:

(i) the aggregate exercise value of the call options less the market value of the qualifying basket (or participation units); and

(ii) the normal capital required on the qualifying basket (or participation units);

(b) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(D) Long put option combinations with long qualifying index baskets or long index participation units

Where a Dealer Member account contains one of the following option related combinations:

- long index put options and long an equivalent number of qualifying baskets of index securities; or
- long index put options and long an equivalent number of index participation units (Note: Subject to tracking error minimum margin); or
- long index participation unit put options and long an equivalent number of qualifying baskets of index securities (Note: Subject to tracking error minimum margin); or
- long index participation unit put options and long an equivalent number of index participation units;

the minimum capital required shall be the greater of:

(I) the lesser of:

(a) the normal capital required on the qualifying basket (or participation units); and

(b) the excess of the combined market value of the qualifying basket (or participation units) and the put option over the aggregate exercise value of the put option;

and

(II) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

(E) Conversion or long trip combinations

Where a Dealer Member account contains one of the following option related combinations:

- long a qualifying basket of index securities, long an equivalent number of index put options and short an

equivalent number of index call options (Note: Subject to incremental margin where qualifying basket is imperfect); or

- long index participation units, long an equivalent number of index put options and short an equivalent number of index call options (Note: Subject to tracking error minimum margin); or
- long a qualifying basket of index securities, long an equivalent number of index participation unit put options and short an equivalent number of index participation unit call options (Note: Subject to incremental margin where qualifying basket is imperfect and subject to tracking error minimum margin); or
- long index participation units, long an equivalent number of index participation unit put options and short an equivalent number of index participation unit call options;

the minimum capital required shall be the sum of:

- (I) where applicable, the calculated incremental margin rate for the qualifying basket of index securities, multiplied by the market value of the qualifying basket.

and

- (II) the greater of:

- (a) the sum of:

- (i) 100% of the market value of the long put options; minus

- (ii) 100% of the market value of the short call options; plus

- (iii) the difference, plus or minus, between the market value of the qualifying basket (or participation units) and the aggregate exercise value of the long put options, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the call options;

and

- (b) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

- (F) Reconversion or short trip combinations

Where a Dealer Member account contains one of the following option related combinations:

- short a qualifying basket of index securities, short an equivalent number of index put options and long an equivalent number of index call options (Note: Subject to incremental margin where qualifying basket is imperfect); or
- short index participation units, short an equivalent number of index put options and long an equivalent number of index call options (Note: Subject to tracking error minimum margin); or
- short a qualifying basket of index securities, short an equivalent number of index participation unit put options and long an equivalent number of index participation unit call options (Note: Subject to

incremental margin where qualifying basket is imperfect and subject to tracking error minimum margin); or

- short index participation units, short an equivalent number of index participation unit put options and long an equivalent number of index participation unit call options;

the minimum capital required shall be the sum of:

- (I) where applicable, the calculated incremental margin rate for the qualifying basket of index securities, multiplied by the market value of the qualifying basket;

and

- (II) the greater of:

- (a) the sum of:

- (i) 100% of the market value of the long call options; minus

- (ii) 100% of the market value of the short put options; plus

- (iii) the difference, plus or minus, between the aggregate exercise value of the long call options and the market value of the qualifying basket (or participation units), where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options.

and

- (b) where applicable, the published tracking error margin rate for a spread between the index and the related participation units, multiplied by the market value of the underlying participation units.

- (G) Offsets involving options relating to a commitment to purchase index participation units

- (I) Short index participation unit call options - long qualifying index basket - commitment to purchase index participation units

Where a Dealer Member holds a long position in a qualifying basket of index securities offset by an equivalent number of short index participation unit call options, and has a commitment to purchase a new issue of index participation units pursuant to an underwriting agreement and the underwriting period expires after the expiry date of the short call options, provided the size of the long qualifying basket does not exceed the size of the Dealer Member's underwriting commitment to purchase index participation units, the capital required shall be the normal capital required on the long qualifying basket less the market value of the short call options, but in no event shall the capital required be less than zero.

- (II) Long index participation unit put options - long qualifying index basket - commitment to purchase index participation units

Where a Dealer Member holds a long position in a qualifying basket of index securities offset by an equivalent number of long index participation unit put options, and has a commitment to purchase a new issue of index participation units pursuant to an

underwriting agreement and the underwriting period expires after the expiry date of the long put options, provided the size of the long qualifying basket does not exceed the size of the Dealer Member's underwriting commitment to purchase index participation units, the capital required shall be:

- (a) 100% of the market value of the long put options; plus
- (b) the lesser of:
  - (i) the normal capital required on the long qualifying basket, or
  - (ii) the market value of the qualifying basket less the aggregate exercise value of the put options.

A negative value calculated under (b)(ii) may reduce the capital required on the put options, but in no event shall the capital required be less than zero.

**(iii) Index basket combinations with index participation units**

- (A) Long qualifying index basket offset with short index participation units

Where a position in a qualifying basket of index securities is carried long in a Dealer Member's account and the account is also short an equivalent number of index participation units, the capital required shall be the sum of the published tracking error margin rate plus the calculated incremental basket margin rate for the qualifying basket, multiplied by the market value of the participation units.

- (B) Short qualifying index basket offset with long index participation units

Where a position in a qualifying basket of index securities is carried short in a Dealer Member's account and the account is also long an equivalent number of index participation units, the capital required shall be the sum of:

- (I) the tracking error margin rate, unless the short basket is of size sufficient to comprise a basket of securities or multiple thereof required to obtain the participation units;

and

- (II) the calculated incremental basket margin rate for the qualifying basket;

multiplied by the market value of the participation units.

- (C) Offsets involving index participation units relating to a commitment to purchase index participation units

Short index participation units - long qualifying index basket - commitment to purchase index participation units

Where a Dealer Member has a commitment pursuant to an underwriting agreement to purchase a new issue of index participation units, and holds an equivalent long position in a qualifying basket of index securities and also holds an equivalent number of short index participation units, no capital is required, provided the long basket:

- (a) is of size sufficient to comprise a basket of securities or multiple thereof required to obtain the participation units; and
- (b) does not exceed the Dealer Member's underwriting commitment to purchase the participation units.

**(iv) Index futures contract combinations with index baskets and index participation units**

Where a Dealer Member account contains one of the following futures related combinations:

- long (or short) a qualifying basket of index securities and short (or long) an equivalent number of index futures contracts; or
- long (or short) index participation units and short (or long) an equivalent number of index futures contracts;

the capital required shall be the published tracking error margin rate plus the calculated incremental basket margin rate for the qualifying basket (not applicable if hedging with participation units), multiplied by the market value of the qualifying basket (or participation units).

**(v) Index option combinations with index futures contracts**

With respect to index options, index participation units options and index futures contracts held in Dealer Member accounts, where, the option contracts and the futures contracts have the same settlement date, or can be settled in either of the two nearest contract months, the option contracts and the futures contracts may be offset as follows:

- (A) Short index call options or short index participation unit call options - long index futures contracts

Where a Dealer Member account contains one of the following futures and options related combinations:

- short index call options and long index futures contracts (Note: Subject to tracking error minimum margin); or
- short index participation unit call options and long index futures contracts (Note: Subject to tracking error minimum margin);

the minimum capital required shall be the greater of:

(I)

- (a) the capital otherwise required on the futures contracts; less
- (b) the aggregate market value of the short call options;

and

- (II) the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (B) Short index put options or short index participation unit put options - short index futures contracts

Where a Dealer Member account contains one of the following futures and options related combinations:

- short index put options and short index futures contracts (Note: Subject to tracking error minimum margin); or
- short index participation unit put options and short index futures contracts (Note: Subject to tracking error minimum margin);

the minimum capital required shall be the greater of:

(I)

- (a) the capital otherwise required on the futures contracts, less
- (b) the aggregate market value of the short put options;

and

(II) the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (C) Long index call options or long index participation unit call options - short index futures contracts

Where a Dealer Member account contains one of the following futures and options related combinations:

- long index call options and short index futures contracts (Note: Subject to tracking error minimum margin); or
- long index participation unit call options and short index futures contracts (Note: Subject to tracking error minimum margin);

the minimum capital required shall be:

- (I) Out-of-the-money position

The aggregate exercise value of the long call options less the daily settlement value of the short futures contracts, to a maximum of the capital required on un-hedged futures contracts, plus the aggregate market value of the call options;

- (II) In-the-money or at-the-money position

The amount by which the aggregate market value of the call options exceeds the aggregate in-the-money amount of the call options;

but in no case may the capital required be less than the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (D) Long index put options or long index participation unit put options - long index futures contracts

Where a Dealer Member account contains one of the following futures and options related combinations:

- long index put options and long index futures contracts (Note: Subject to tracking error minimum margin); or
- long index participation unit put options and long index futures contracts (Note: Subject to tracking error minimum margin);

the minimum capital required shall be:

- (I) Out-of-the-money position

The daily settlement value of the long futures contracts less the aggregate exercise value of the long put options, to a maximum of the capital required on un-hedged futures contracts, plus the aggregate market value of the put options;

- (II) In-the-money or at-the-money option position

The amount by which the aggregate market value of the put options exceeds the aggregate in-the-money amount of the put options;

but in no case may the capital required be less than the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (E) Conversion or long trip combination involving index options or index participation unit options and index futures contracts

Where a Dealer Member account contains one of the following trip combinations:

- long index futures contracts and long index put options and short index call options with the same expiry date (Note: Subject to tracking error minimum margin); or
- long index futures contracts and long index participation unit put options and short index participation unit call options with the same expiry date (Note: Subject to tracking error minimum margin);

the minimum capital required shall be:

- (I) the greater of the difference, plus or minus, between the daily settlement value of the long futures contracts and the aggregate exercise value of the long put options or the short call options, plus
- (II) the aggregate net market value of the put and call options;

but in no case may the capital required be less than the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (F) Reconversion or short trip combination involving index options or index participation unit options and index futures contracts

Where a Dealer Member account contains one of the following trip combinations:

- short index futures contracts and long index call options and short index put options with the same expiry date (Note: Subject to tracking error minimum margin); or
- short index futures contracts and long index participation unit call options and short index participation unit put options with the same expiry date (Note: Subject to tracking error minimum margin);

the minimum capital required shall be:

- (I) the greater of the difference, plus or minus, between the aggregate exercise value of the long call options or short put options and the daily settlement value of the short futures contracts, plus
- (II) the aggregate net market value of the call and put options;

but in no case may the capital required be less than the published tracking error margin rate for a spread between the future and the related index or participation units, multiplied by the market value of the underlying qualifying basket or participation units.

- (G) With respect to the offsets enumerated in clauses (A) to (F), partial offsets are not permitted.

**(i) Cross index offset combinations involving index products**

Offsets involving products based on two different indices may be permitted provided:

- (i) both indices qualify as an index as defined in Rule 100.9(a)(xii);
- (ii) there is significant performance correlation between the indices; and
- (iii) the Corporation has made available a published tracking error margin rate for cross index offsets involving the two indices.

Where offsets involving products based on two different indices are permitted the capital requirements set out in Rule 100.10(h) may be used provided that any capital requirement calculated shall be no less than the published tracking error margin rate for cross index offsets involving the two indices.

**(j) Capital requirements for positions in and offsets involving OCC options**

For Dealer Member inventory and other firm accounts, the capital charge for positions in and offsets involving OCC options shall be the same as set out in the remainder of Rule 100.10.

**(k) Optional use of TIMS or SPAN**

With respect to a Dealer Member firm account constituted exclusively of positions in derivatives listed at the Bourse de Montréal, the capital required may be the one calculated, as the case may be, by the Standard Portfolio Analysis ("SPAN") methodology or by the Theoretical Intermarket Margin System ("TIMS") methodology, using the margin interval calculated and the assumptions used by the Canadian Derivatives Clearing Corporation. All changes to the assumptions used by the Canadian Derivatives Clearing Corporation shall be approved by the Bourse de Montréal prior to implementation to ensure that the continued use of the SPAN and TIMS methodologies for regulatory purposes is appropriate.

The selected methodology (either SPAN or TIMS) must be used consistently and cannot be changed without the prior consent of the Bourse de Montréal. If the Dealer Member firm selects the SPAN methodology or the TIMS methodology, the capital requirements calculated under those methodologies will supersede the requirements stipulated in Rule 100.

For the purpose of the present article, "margin interval" means the product of the three following elements:

- (i) the maximum standard deviation of percentage fluctuations in daily settlement values over the most recent 20, 90 and 260 business days; multiplied by
- (ii) three (for a 99% confidence interval); and multiplied by
- (iii) the square root of 2 (for two days coverage).

**Over-the-Counter Options**

100.11.

"Over-the-counter Option" means an option, other than an option described in Rule 1900.1;<sup>1</sup>

"Underlying Interest" means

---

<sup>1</sup> Note: Writing over-the-counter options constitutes distribution of securities for which a prospectus may be required or for which specific or blanket exemptive relief may be necessary under the applicable securities legislation. The writer of over-the-counter options may, in effect, be an issuer distributing securities and so should accordingly ensure that such distribution is in compliance with applicable securities legislation

- (i) In the case of an equity, participation unit or bond option, the security, or
- (ii) In the case of an index option, the index that is the subject of the option.

**(a) Client Accounts**

All purchases of over-the-counter options for client accounts shall be for cash. For the purposes of this Rule 100.11, a client account is an account in which the Dealer Member, a related company of the Dealer Member or any partner, director, officer or employee of the Dealer Member does not have an interest, direct or indirect, other than an interest in the commission charged.

**(b) Firm Accounts**

- (i) The charge to capital for a long call and for a long put where the over-the-counter option's premium is less than \$1.00 shall be the market value of the option.
- (ii) The charge to capital for a long call where the over-the-counter option's premium is \$1.00 or more, and which is not used to offset capital required on any other position, shall be the market value of the call, less 50% of the excess of the market value of the underlying interest over the exercise price of the call.
- (iii) The charge to capital for a long put where the over-the-counter option's premium is \$1.00 or more, and which is not used to offset capital required on any other position, shall be the market value of the put, less 50% of the excess of the exercise price of the put over the market value of the underlying interest.

**(c) Short Positions**

Subject to sub-sections (g) and (h), the minimum margin for short positions in over-the-counter options shall be as follows:

- (i) In the case of a short over-the-counter option position, other than a futures contract option position, the minimum margin shall be
  - (A) 100% of the current premium of the short over-the-counter option,
  - (B) Plus the product of multiplying the margin rate of the underlying interest by the market value of the underlying interest;
  - (C) Less any out-of-the-money amount.
- (ii) Notwithstanding paragraph (i), in the case of a short over-the-counter option position in a client account the minimum margin shall not be less than
  - (A) 100% of the current premium of the option,
  - (B) Plus 25% of the product of multiplying the margin rate of the underlying interest by the market value of the underlying interest.
- (d) Over-the-counter option positions in inventory or in a client account shall be marked to the market daily by calculating the value on a basis consistent with the valuation benchmark or mathematical model used in determining the premium at the time the contract was initially entered.
- (e) Where the Dealer Member is a party to an over-the-counter option, the counter-party to the option shall be considered a client of the Dealer Member.

- (f) All opening short transactions in over-the-counter options must be carried in a margin account.
- (g)
  - (i) The following constitute adequate margin for over-the-counter options:
    - (A) A specific deposit of the underlying interest in negotiable form in the client's margin account with the Dealer Member, or
    - (B) The deposit with the Dealer Member in an escrow receipt, as defined in subsection (ii), in respect of the underlying interest.
  - (ii) Evidence of a deposit of an over-the-counter option's underlying interest shall be deemed an escrow receipt for the purposes hereof if the underlying interest is held pursuant to an escrow agreement by a custodian that is a depository, both of which are acceptable to the Corporation.
  - (iii) The requirements of this subsection apply, regardless of any otherwise available margin reduction or margin offset, in the following circumstance:
    - (A) Where an over-the-counter option is written by a client that is not an Acceptable Institution, Acceptable Counter-party or Regulated Entity (as defined in Form 1),
    - (B) Where the terms of the over-the-counter option require settlement by physical delivery of the underlying interest, and
    - (C) Where a margin rate less than 100% for the underlying interest has not been established under the Rules.
- (h) Financial Institutions**
  - (i) No margin is required for over-the-counter options entered into by a client that is an Acceptable Institution (as defined in Form 1).
  - (ii) Where the client is an Acceptable Counter-party or Regulated Entity (as defined in Form 1), the required margin shall be the market value deficiency calculated in respect of the option position on an item-by-item basis.
- (i) Margin Offsets**
  - (i) Except as otherwise provided in this subsection, clients, as defined in subsection (e), and Dealer Members are permitted margin offsets for the purpose of hedging over-the-counter options in the same manner as set out in Rules 100.9 and 100.10, provided that the underlying interest is the same.
  - (ii) In the case of spreads involving European exercise over-the-counter options,
    - (A) A margin offset is permitted where the spread consists of a long and short European exercise option and the contracts have the same expiration date; and
    - (B) A margin offset is permitted where the spread consists of a short European exercise option and long American exercise option; however
    - (C) A margin offset is not permitted where the spread consists of a long European exercise option and a short American exercise option.
- (j) Consistent with listed options, Dealer Members are permitted to apply the premium credit generated on over-the-counter options against the margin required pursuant to this Rule.
- (k) Margin Agreements**

Dealer Members writing and issuing or guaranteeing over-the-counter options on behalf of a customer shall have and maintain with each customer a margin agreement in writing defining the rights and obligations between them in regard to over-the-counter options or have and maintain supplementary over-the-counter option agreements with customers selling such options.

**(1) Confirmation, Delivery and Exercise**

- (i) Every over-the-counter option shall be confirmed in writing as between the parties, such confirmation to be mailed or delivered on the day of the transaction.
- (ii) Payment for an over-the-counter option, settlement, exercise and delivery shall be made in accordance with the terms of the over-the-counter contract.

**Inventory**

100.12. Notwithstanding Rule 100.2, margin on securities owned or sold short by a Dealer Member shall be provided at the following rates:

**(a) Securities eligible for reduced margin**

25% of the market value if such securities are:

- (i) On the list of securities eligible for reduced margin as approved by a recognized self-regulatory organization ("securities eligible for reduced margin") and such securities continue to sell at \$2.00 or more;
- (ii) Securities against which options issued by The Options Clearing Corporation are traded;
- (iii) Convertible into securities that qualify under item (i);
- (iv) Non-convertible preferred and senior shares of an issuer any of whose securities qualify under item (i); or
- (v) securities whose original issuance generated Tier 1 capital for a financial institution any of whose securities qualify under item (i) and the financial institution is under the regulatory oversight of the Office of the Superintendent of Financial Institutions of Canada.

For the purpose of this Rule 100.12(a), the Board of Directors hereby designates, as recognized self-regulatory organizations, the Canadian Venture Exchange, the Montreal Exchange and the Investment Industry Regulatory Organization of Canada.

**(b) Government-guaranteed securities**

25% of the market value of shares in respect of which the payment of all dividends and the redemption amount or other return of capital to the holder is unconditionally guaranteed by the Government of Canada or of a province of Canada.

**(c) Floating rate preferred shares**

- (i) 50% of the margin rate that applies to the related junior security of the issuer multiplied by the market value of the floating rate preferred shares;
- (ii) If the floating rate preferred shares are selling over par and are convertible into other securities of the issuer, the margin required shall be the lesser of:
  - (A) the sum of:
    - (I) the effective rate determined in Rule 100.12(c) (i) multiplied by par value; and
    - (II) the excess of market value over par value;
 and
  - (B) the maximum margin requirement for a convertible security calculated pursuant to Rule 100.21.

(iii) 50%, if the issuer of the shares is in default of the payment of any dividend on the shares, in which case the foregoing clauses shall not apply.

For the purposes of this Rule 100.12(c), the term "floating rate preferred share" means a special or preferred share described in paragraphs (i), (ii) and (iii) of Rule 100.2(f), by the terms of which the rate of dividend fluctuates at least quarterly in tandem with a prescribed short term interest rate.

**(d) Floating rate debt obligations**

50% of the percentage rates of margin otherwise required, except, if margin is otherwise required in respect of excess market value over par, 100% of the rates of margin otherwise required shall apply to the excess market value.

For the purposes of this Rule 100.12(d), the term "floating rate debt obligation" means a debt instrument described in Rule 100.2(a)(i), (ii), (iii), or (vi) or in Rule 100.2(b) by the terms of which the rate of interest is adjusted at least quarterly by reference to interest rate for periods of 90 days or less.

**(e) Bank warrants for government securities**

100% of the margin required in respect of the securities to which the holder of the warrant is entitled upon exercise of the warrant provided that, in the case of a long position, margin need not exceed the market value of the warrant.

For the purposes of this Rule 100.12(e), bank warrants for government securities means warrants issued by a Canadian chartered bank which are listed on any recognized stock exchange or other listing organization referred to in Rule 100.2(f)(i) and which entitle the holder to purchase securities issued by the Government of Canada or any province thereof.

**(f) Securities Held in Registered Trader's Account**

25% of the market value if such securities:

- (i) Are not securities eligible for reduced margin for which the registered trader has responsibility or has "on-post" trading privileges;
- (ii) Have traded for a value of not less than \$2.00 per share for the previous calendar quarter.

The reduced margin rate is applicable only to a maximum total in all registered trader accounts of a Dealer Member of:

- (i) \$100,000 of market value per security if 90,000 shares or more of the security were traded in the previous calendar quarter on a stock exchange recognized by the Corporation for margin purposes and the National Association of Securities Dealers Automated Quotations System; and
- (ii) \$50,000 of market value per security if less than 90,000 shares of the security were traded in the previous calendar quarter on a stock exchange recognized by the Corporation for margin purposes and the National Association of Securities Dealers Automated Quotations System.

Margin for the excess position of market value on amounts over \$100,000 and \$50,000, respectively, shall be provided at the rate of 50% of market value for such securities. The total reduction in margin which is permitted by this Rule 100.12(f) shall not exceed 50% of the Dealer Member's net allowable assets.

**(g) Debt and equity security offsets with futures and forwards**

A Dealer Member's long or short position (including forward commitments) in bonds, debentures or treasury bills issued or guaranteed by the Government of Canada or in securities (other than bonds and debentures) posted for trading on the Toronto Stock Exchange which is covered by a position on a commodity futures exchange shall be exempt from the capital charges otherwise provided herein. Capital charges based on the applicable rates shall be on the net long or short position (including forward commitments).

**Securities Subject to Redemption Call or Offer**

100.13. Notwithstanding Rule 100.2, no margin is required in respect of:

(i) Securities which have been called for cash redemption pursuant to the terms and conditions attaching thereto, or

(ii) Securities for which a legal and binding cash offer to purchase has been made and in respect of which any conditions have been met, provided that such securities are not carried for an amount in excess of the price offered, and all legal requirements have been met and all regulatory, competition bureau and court approvals to proceed with the redemption call or offer have been received and verified.

In the event that a cash offer is made for a fraction of the issued and outstanding class of securities, the reduced margin requirements above shall only apply to the same fraction of the position held in a particular account for that class of securities.

**Guarantees**

100.14. No Dealer Member shall provide, directly or indirectly, any guarantee, indemnity or similar form of financial assistance to any person unless the amount of the guarantee, indemnity or other assistance is limited to a fixed or determinable amount (except a guarantee provided in accordance with Rule 16.2(iv)) and margin is provided for by the Dealer Member pursuant to this Rule 100.14 or the amount is otherwise provided for in computing the risk adjusted capital of the Dealer Member. The margin required in respect of any such guarantee, indemnity or financial assistance shall be the amount thereof, less the loan value (calculated in accordance with the Rules) of any collateral available to the Dealer Member in respect of the guarantee, indemnity or assistance and, in the case of guarantees provided in accordance with Rule 16.2(iv), no margin shall be required.

100.15. The margin required in respect of the account of a customer of a Dealer Member which is guaranteed in accordance with this Rule 100.15 may be reduced to the extent that there is excess margin in the accounts of the guarantor held by the Dealer Member calculated on an aggregated or consolidated basis and provided the Dealer Member has received the written consent of the customer to provide the guarantor with the customer's account statement, at least quarterly. Where the customer objects to provide such written consent, the Dealer Member shall notify the guarantor in writing of the customer's objection.

In calculating margin reductions for guaranteed accounts, the following rules shall apply:

(a) Guarantees in respect of customers' accounts by shareholders, registered representatives or employees of the Dealer Member shall not be accepted, unless paragraph (b) is applicable and has been complied with, or in the case of guarantees by shareholders, there is public ownership of the securities held by the shareholder and the shareholder is not an employee, registered representative, partner, director or officer of the Dealer Member or the holder of a significant equity interest in respect of the Dealer Member or its holding company within the meaning of Rule 5.4;

- (b) Guarantees in respect of customers' accounts by partners, directors or officers of the Dealer Member shall only be accepted on the following basis:
  - (i) The self-regulatory organization having prime audit jurisdiction in Canada over the Dealer Member shall expressly approve the guarantee in writing by providing separate written approval and the release of the guarantee shall only be effective upon receipt of the express approval of the self-regulatory organization given in the same manner;
  - (ii) The guarantor shall not be permitted to transfer cash, securities, contracts or any other property from the accounts of the guarantor in respect of which the margin reduction is based without the prior written approval of the self-regulatory organization referred to in clause (b) (i);
  - (iii) The provisions of Form 1, Schedule 4, shall apply to the customer's account regardless of the guarantee and, if the account has been restricted and subsequently fully margined, no trading shall occur in the account until the guarantee is released in accordance with clause (b) (i) above;
- (c) Guarantees in respect of accounts of partners, directors, officers, shareholders, registered representatives or employees by customers of the Dealer Member shall not be accepted;
- (d) Paragraphs (a), (b) and (c) do not apply to guarantees by any of the persons referred to therein in respect of accounts of members of the immediate families of such persons nor to guarantees in respect of the accounts of any of the persons referred to therein by members of their immediate families;
- (e) In determining the margin deficiency of the account of any client, a guarantee in respect of the account may be accepted for margin purposes unless and until in connection with the annual audit, the confirmation requirements shall not have been satisfied in accordance with Rule 300.2(a) (vi). If the audit confirmation requirements for an account have not been satisfied, the margin reduction shall not be allowed until a confirmation is received or a new guarantee agreement is signed by the customer;
- (f) A general guarantee in respect of the accounts of a customer, and a guarantee or guarantees from one or more customers in respect of more than one account, will not be accepted unless supported by proper documentation sufficient to establish the identity and liability of each guarantor and the accounts and customers in respect of which each guarantee is given;
- (g) A guarantee in respect of an account of a customer shall only be accepted for margin if it directly guarantees the customer's obligations under such account, and a guarantee in respect of an account of a customer who in turn, directly or indirectly, provides a guarantee in respect of another account shall not be accepted for margin purposes in the latter account;
- (h) No guarantee shall be accepted unless it is by enforceable written agreement, binding upon the guarantor, its successors and assigns and personal legal representatives and containing the following minimum terms:
  - (i) The prompt payment on demand of all present and future liabilities of the customer to the Dealer Member in respect of the identified accounts shall be unconditionally guaranteed on an absolute and continuing basis with the guarantor being jointly and severally liable for the obligations of the customer;

**ATTACHMENT B**

- (ii) The guarantee may only be terminated upon written notice to the Dealer Member, provided that such termination shall not affect the guarantee of any obligations incurred prior thereto;
  - (iii) The Dealer Member shall not be bound to demand from or to proceed or exhaust its remedies against the customer or any other person, or any security held to secure payment of the obligations, before making demand or proceeding under the guarantee;
  - (iv) The liability of the guarantor shall not be released, discharged, reduced, limited or otherwise affected by (A) any right of set-off, counterclaim, appropriation, application or other demand or right the customer or guarantor may have, (B) any irregularity, defect or informality in any obligation, document or transaction relating to the customer or its accounts, (C) any acts done, omitted, suffered or permitted by the Dealer Member in connection with the customer, its accounts, the guaranteed obligations or any other guarantees or security held in respect thereof including any renewals, extensions, waivers, releases, amendments, compromises or indulgences agreed to by the Dealer Member and including the provision of information by the Dealer Member to the guarantor as permitted in clause (i) of this Rule 100.15, or (D) the death, incapacity, bankruptcy or other fundamental change of or affecting the customer; provided that in the event the guarantor shall be released for any reason from the guarantee it shall remain liable as principal debtor in respect of the guaranteed obligations;
  - (v) The guarantor waives in favour of the Dealer Member any notices as to the terms and conditions applicable to the customer's accounts or agreements or dealings between the Dealer Member and the customer, or relating in any way to the status or condition or transactions or changes in the customers' accounts, agrees that the accounts as settled or stated between the Dealer Member and the customer shall be conclusive as to the amounts owing, and waives any rights of subrogation until all guaranteed obligations are paid in full;
  - (vi) All securities, monies, commodity futures contracts and options, foreign exchange contracts and other property held or carried by the Dealer Member for the guarantor shall be pledged or a security interest granted therein to secure the payment of the guaranteed obligations, with the full ability of the Dealer Member to deal with such assets at any time, before or after demand under the guarantee, to satisfy such payment;
- (i) The guarantor shall receive from the Dealer Member, at least quarterly, the customer's account statement or statements, in respect of the accounts to which the guarantee relates, provided the guarantor does not object in writing to receiving such information. The Dealer Member shall disclose to the guarantor in writing that the suitability of transactions in the customer's account will not be reviewed in relation to the guarantor.

100.15A. Notwithstanding Rule 100.15, prior to reducing margin as permitted under such Rule, a Dealer Member may hedge:

- (a) Any long securities positions, other than options, commodity futures contracts or foreign exchange contracts, in the account of a guarantor that guarantees an account of a customer of a Dealer Member in accordance with Rule 100.15 against any short securities positions, other than options, commodity futures contracts and foreign exchange contract positions, in that customer account;
- (b) Any long convertible security, including warrants, rights, shares, instalment receipts or other securities pursuant to the terms of which the holder is entitled to currently acquire underlying

securities, held in the account of a guarantor that guarantees a customer account against any short positions in the underlying securities held in that customer account; provided that the convertible securities held in the guarantor's account are readily convertible into the related underlying securities held in that customer's account and the number of underlying securities available on conversion shall be equal to or greater than the number of securities sold short;

- (c) No hedge shall be accepted for the purposes of this Rule 100.15A unless the Dealer Member obtains from the guarantor a written hedge agreement in a form acceptable to the Corporation that:
- (i) Authorizes the Dealer Member to use any and all securities, other than options, commodity futures contracts or foreign exchange contracts, held in long positions in the guarantor's account to hedge any and all short positions in the guaranteed customer account for the purposes of eliminating the margin required on such securities in the customer account;
  - (ii) Upon the sale of any securities positions that hedges a short position and that creates a margin deficiency in the guaranteed account, the guarantor agrees that the Dealer Member may restrict the guarantor's ability to withdraw any cash or securities from the guarantor's account or otherwise restrict the guarantor's ability to enter into transactions in that account until such deficiency is rectified; and
  - (iii) The guarantor agrees that the terms of the hedge agreement shall remain in effect as long as any hedge positions between the two accounts remain in effect.

100.16. In determining the margin deficiency of the account of any client for the purposes of the Rules, a guarantee in respect of the account shall not be accepted for margin purposes unless and until, in connection with the annual audit of the Dealer Member conducted in accordance with Rule 300, a satisfactory response to a positive confirmation request, if any, shall have been received or any alternative verification procedures have confirmed the guarantee to the satisfaction of the Dealer Member or its auditor.

100.17.

- (a) For the purposes of this Rule 100.17 "repo" means an agreement to sell and repurchase securities, "reverse repo" means an agreement to purchase and resell securities and "securities loan" means a cash and securities loan agreement where cash is to be paid by or delivered to the Dealer Member as part of the transaction.
- (b) Notwithstanding the requirements of Form 1 to make any provision out of a Dealer Member's capital in respect of a repo, reverse repo or securities loan, where (i) the date of repurchase, resale or termination of the loan, as the case may be, is determined at the time of entering into the transaction, and (ii) the amount of any compensation, price differential, fee, commission or other financing charge to be paid in connection with the repurchase, resale or loan is calculated according to a fixed rate (whether expressed as a price, a decimal or percentage per annum or any other manner that does not vary until termination), the margin in respect of the obligation of the Dealer Member thereunder shall be determined in accordance with Rule 100.2(a)(i), provided that this paragraph (b) shall not apply in the case of an overnight repo, reverse repo or securities loan which for the purposes of this Rule shall be an obligation to repurchase, resell or terminate the loan within five business days of the date the obligation is assumed. All calculations must be performed daily and shall make full provision for any principal and return of capital then

payable, all accrued interest, dividends or other distributions on securities used as collateral.

- (c) Where a Dealer Member (i) has entered into a repo, reverse repo or securities loan described in paragraph (b) and in respect of which the time to the date of repurchase, resale or termination of the loan, as the case may be, is over one year, and (ii) has an offsetting reverse repo, repo or securities loan denominated in the same currency and within the same margin category based on maturity, the two positions may be offset and the required margin computed with respect to the net position only.
- (d) Where a Dealer Member (i) has entered into a repo, reverse repo or securities loan described in paragraph (b) in respect of which the time to the date of repurchase, resale or termination of the loan is within one year, and (ii) has an offsetting reverse repo, repo or securities loan, as the case may be, denominated in the same currency and maturing within one year, the margin required shall be the difference between the margin on the two positions.

#### 100.18. Instalment Receipts

- (a) For the purposes of this Rule 100.18
  - (i) "Instalment Receipts" means a security issued by or on behalf of an issuer or selling security holder that evidences partial payment for an underlying security and that requires one or more subsequent payments by instalment in order to entitle the holder of the instalment receipt to delivery of the underlying security;
  - (ii) "Underlying Security" means the security of an issuer purchased pursuant to an instalment receipt; and
  - (iii) "Future Payments" means the unpaid payment or payments of the purchase price of an underlying security pursuant to an instalment receipt.
- (b) No Dealer Member shall purchase or hold an instalment receipt which requires the Dealer Member, or any nominee or holder for the Dealer Member including The Canadian Depository for Securities Limited or other depository (collectively a "nominee"), to make any payment pursuant to an instalment receipt (other than a payment made for the Dealer Member's own account as beneficial owner of the instalment receipt) unless the agreement pursuant to which the instalment receipts are created and issued permits the Dealer Member or its nominee to be released from the requirement to make any such payment either by (A) transfer of such instalment receipt to a person other than the Dealer Member if there is a failure to pay in full any instalment when due, and such transfer can take place at any time prior to the close of business (Toronto time) on the second business day after default in payment of any instalment and prior to the time the issuer's or selling security holder's rights with respect to non-payment of such instalment can be enforced; or (B) such other mechanism as may from time to time be approved by the Executive Committee of the Corporation.
- (c) If there has been a failure to pay any instalment in full when due under an instalment receipt and such instalment receipt is registered in the name of the Dealer Member or its nominee, for the account of the client, such Dealer Member shall forthwith, and in any event, within the time permitted by the relevant agreement pursuant to which the instalment receipts were created and issued take such steps as are necessary for the Dealer Member to be released from the requirement to make any payment thereunder including, if relevant, causing such instalment receipt to be transferred to a person other than the Dealer Member.

- (d) Subject to sub-sections (e) and (f) below, the margin required for an instalment receipt held in inventory or a client account shall be the margin applicable to the underlying security.
- (e) The margin required for instalment receipts in a client account shall not exceed the market value of the instalment receipt.
- (f) Where the future payments exceed the market value of the underlying security the margin required for an instalment receipt held in inventory shall be the margin applicable for the underlying security plus (except in the case of a short position) the amount by which the future payments exceed the market value of the underlying security.

**100.19. When Issued Trading of New and Additional Issues**

**(a) Margin for Sales**

**(i) Short positions**

Margin for short positions resulting from short sales of a security traded on a when issued basis shall be calculated on the market value of the securities sold as required by the relevant provisions of Rule 100.2(f)(i) relating to short positions. Margin shall be posted on the third settlement day after the trade of the short sale.

**(ii) Hedged Positions Resulting From the Sale on a When Issued Basis of a Security Previously Purchased on a When Issued Basis**

When a person who has purchased a security to be issued pursuant to prospectus subsequently sells such security on a when issued basis, margin shall be calculated on the market value of the security purchased as required by the relevant provisions for long positions in Rule 100.2(f)(i) and shall be posted on the third settlement day after the sale.

**(iii) Sales on a When Issued Basis for Settlement in the Regular Market**

If a person who is deemed to own a security posted for trading on a when issued basis subsequently sells such security in the regular market and the trade occurs prior to the issuance or distribution of such security, margin shall be calculated on the market value of the securities sold as required by the relevant provisions in Rule 100.2(f)(i) relating to margin for short positions. Margin shall be posted three settlement days after the trade date.

**(b) Purchases of When Issued Securities**

Margin for purchases of securities on a when issued basis that have not been sold subsequently on a when issued basis shall be calculated as required by the relevant provisions in Rule 100.2(f)(i) relating to long positions. Margin shall be posted on the later of three settlement days after the trade date or the date of the issuance or distribution of the security.

**(c) Margin for Dealer Member Sales or Purchases on a When Issued Basis**

Notwithstanding the foregoing, margin for Dealer Member purchases or sales on a when issued basis shall be calculated and posted on a trade date basis.

**(d) For the purposes of the Rules, "trading on a when issued basis" or "when issued trades" means purchases or sales of a security to be issued pursuant to:**

- (i) A prospectus offering where a receipt for a (final) prospectus for the security has been issued but the offering has not closed and settled;

- (ii) A proposed plan of arrangement, an amalgamation or a take-over bid prior to the date of issuance of the security pursuant to the amalgamation, arrangement or take-over bid; or
- (iii) Any other transaction that is subject to the satisfaction of certain conditions where trading of the security on a when issued basis would not contravene the *Securities Act* (Ontario).

**100.20. Concentration of Securities**

- (a) For the purposes of this paragraph:
  - (i) "Amount Loaned" includes:
    - (A) In respect of long positions:
      1. The loan value of long securities and precious metals in margin accounts on settlement date;
      2. The loan value of long securities and precious metals in a regular settlement cash account when any portion of the account is outstanding after settlement date;
      3. The loan value of long securities and precious metals in a delivery against payment cash account when such securities and precious metals are outstanding after settlement date;
      4. The loan value of long inventory positions on trade date; and
      5. The loan value of new issues carried in inventory 20 business days after new issue settlement date.
    - (B) In respect of short positions:
      1. The market value of short positions in margin accounts on settlement date;
      2. The market value of short positions in a regular settlement cash account when any portion of the account is outstanding after settlement date;
      3. The market value of short positions in a delivery against payment cash account when such securities are outstanding after settlement date; and
      4. The market value of short inventory securities on trade date.
  - (ii) "Security" includes:
    - (A) all long and short positions in equity and convertible securities of an issuer; and
    - (B) all long and short positions in debt or other securities, other than debt securities with a margin requirement of 10% or less.
  - (iii) "Precious metal" includes:
    - (A) long positions in certificates evidencing an interest in gold, platinum or silver that are acceptable for margin purposes as defined in Dealer Member Rule 100.2(i)(i); and
    - (B) long positions in London Bullion Market Association (LBMA) gold or silver good delivery bars that are acceptable for margin purposes as defined in Dealer Member Rule 100.2(i)(ii).
  - (iv) "Risk Adjusted Capital" means a Dealer Member's risk adjusted capital as calculated before the securities concentration charge (Statement B, Line 25 on Form 1) plus minimum capital (Statement B, Line 6 of Form 1).
- (b) For the purposes of calculating the amount loaned:
  - (i) Security positions that qualify for margin offsets pursuant to Rule 100, as applicable, may be netted;

**ATTACHMENT B**

- (ii) Separate calculations must be made for long security positions and short security positions. The greater of the long or short position must be used in the calculations below;
  - (iii) In calculating the total amount loaned for each customer on long (or short) positions on any one security, there may be deducted from the loan value (market value) of the long (or short) position:
    - (A) Any excess margin in the customer's account; and
    - (B) 25% of the market value of long positions in any non-marginable securities in the account provided such securities are carried in readily saleable quantities only.
  - (iv) In calculating the amount loaned on long positions for a customer, where such customer (the "guarantor" has guaranteed another customer account (the "guaranteed account"), any securities and precious metal in the guarantor's account which are used to reduce margin required in the guaranteed account in accordance with Rule 100.14, shall be included in calculating the amount loaned on each security and precious metal for the purposes of the guarantor's account;
  - (v) The values of trades made with acceptable institutions, acceptable counterparties and regulated entities that are outstanding 10 business days past settlement date and are:
    - (A) Not confirmed for clearing through a recognized clearing corporation; or
    - (B) Not confirmed by the acceptable institution, acceptable counterparty or a regulated entity,Must be included in the calculation below in the same manner as delivery against payment cash accounts; and
  - (vi) The value of trades made with a financial institution that is not an acceptable institution, acceptable counterparty or regulated entity, outstanding less than 10 business days past settlement date, may be excluded from the calculation below if each such trade was confirmed on or before settlement date with a settlement agent that is an acceptable institution or acceptable counterparty.
- (c)
- (i) Subject to subclause (ii) below, where the total amount loaned by a Dealer Member on any one security or precious metal for all customers and/or inventory accounts, as calculated hereunder, exceeds an amount equal to two-thirds of the sum of the Dealer Member's risk adjusted capital, before securities concentration charge and minimum capital, as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over two-thirds of the sum of the Dealer Member's risk adjusted capital, before securities concentration charge and minimum capital (Statement B, Line 6 of Form 1), shall be deducted from the risk adjusted capital of the Dealer Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security or precious metal for which the charge is incurred.
  - (ii) Notwithstanding subclause (i) above, where the loaned security issued by
    - (A) The Dealer Member, or
    - (B) A company, where the accounts of a Dealer Member are included in the consolidated financial statements and where the assets and revenues of the Dealer Member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, the

company, based on the amounts shown in the audited consolidated financial statements of the company and the Dealer Member for the preceding fiscal year,

And the total amount loaned by the Dealer Member on any one such security, as calculated hereunder, exceeds an amount equal to one third of the Dealer Member's risk adjusted capital before securities concentration charge plus minimum capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over one-third of the sum of the Dealer Member's risk adjusted capital before securities concentration charge and minimum capital shall be deducted from the risk adjusted capital of the Dealer Member.

- (d) Where the total amount loaned by a Dealer Member on any one security or precious metal for all customers and/or inventory accounts as calculated hereunder exceeds an amount equal to one half of the sum of the Dealer Member's risk adjusted capital before securities concentration charge and minimum capital as most recently calculated, and the amount loaned on any other security or precious metal which is being carried by a Dealer Member for all customers and/or inventory accounts as calculated hereunder, exceeds an amount equal to one-half of the sum of the Dealer Member's risk adjusted capital before securities concentration charge and minimum capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned on the other security or precious metal over one-half of the Dealer Member's risk adjusted capital shall be deducted from the risk adjusted capital of the Dealer Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security or precious metal for which the charge is incurred.
- (e) For the purposes of calculating the concentration charges as required by paragraphs (c) and (d) above, such calculations shall be performed for the first five securities and precious metals in which there is a concentration.
- (f) Where the capital charges described in subsections (c) and (d) would result in a capital deficiency or a violation of the rule permitting designation in early warning pursuant to Rule 30, the Dealer Member must report the over-concentration situation to the appropriate Joint Regulatory Bodies on the date the over-concentration first occurs.

**100.21. Maximum margin required for Convertible Securities**

The margin required for a security that is currently convertible or exchangeable into another security (the "underlying security") need not exceed the sum of:

- (a) the margin required under this Rule for the underlying security; and
- (b) any excess of the market value of the convertible/exchangeable security over the market value of the underlying security.

**RULE 2200  
CASH AND SECURITIES LOAN TRANSACTIONS**

2200.1. For the purposes of this Rule 2200:

"Overnight Cash Loan Agreements" means oral or written agreements whereby a Dealer Member deposits cash with another Dealer Member for a period not exceeding two (2) business days.

"Schedule I Bank" means a Schedule I bank pursuant to the Bank Act (Canada) that has a capital and reserves position of one billion (\$1,000,000,000) or more at the time of the securities loan transaction."

2200.2. Any cash and securities loan agreement, other than an overnight cash loan agreement, shall be in writing and, at minimum, shall provide:

- (a) For the rights of either party, in addition to any other remedies provided in the agreement or which a party may have under any applicable law, to retain and realize on the securities delivered to it by the other party in respect of the loan on the occurrence of an event of default in respect of the other party;
- (b) For events of default;
- (c) For the treatment of the value of securities or collateral held by the non-defaulting party that is in excess of the amount owed by the defaulting party;
- (d) Either:
  - (i) For provisions enabling the parties to set off their debts; or
  - (ii)
    - (A) For provisions enabling the parties to effect a secured loan and, in particular, for the continuous segregation by the lender of securities held by it as collateral for the loan; and
    - (B) If the parties intend to effect a secured loan, where there is available to the lender more than one method of perfecting its security interest in the collateral, the lender must perfect such interest in a manner that provides it with the higher priority in a default situation; and
- (e) If the parties intend to rely on set off or effect a secured loan, for the securities borrowed and the securities loaned to be, pursuant to applicable legislation, free and clear of any trading restrictions and duly endorsed for transfer.

2200.3. Failure to fulfil the conditions of Rule 2200.2 will result in:

- (a) The cash or market value of the collateral given by the borrower to the lender being deducted from net allowable assets of the borrower; and
- (b) The cash or market value of the loan given by the lender to the borrower being deducted from the net allowable assets of the lender.

Except where the counter-party is an acceptable institution in which case no margin need be provided.

2200.4. Buy-ins (liquidating transactions) must be commenced within two (2) business days of the date notice for the buy-in is given.

2200.5. All cash and securities loan transactions shall be properly recorded in the books and records of the Dealer Member in compliance with Rule 200.

2200.6. Where a cash and securities loan transaction is between regulated entities, the following rules apply:

- (a) The written agreement required by Rule 2200.2 shall also contain an acknowledgement by the parties that either has the right, upon notice, to call for any shortfall in the difference between the collateral and the borrowed securities at any time;
- (b) Letters of credit issued by Schedule I Banks may be used as collateral; and

**ATTACHMENT B**

- (c) Except where the cash and securities loan transaction is processed through an acceptable clearing corporation, confirmations and month-end statements shall be issued.

2200.7. Where the cash or securities loan transaction is between a Dealer Member and an acceptable institution or an acceptable counter-party, the following rules apply:

- (a) Confirmations and month-end statements shall be issued; and
- (b) Letters of credit issued by Schedule I Banks may be used as collateral.

2200.8. Where a Dealer Member enters into a cash and securities loan transaction with a party other than one to which Rule 2200.6 or 2200.7, the following rules apply:

- (a) Marking to Market. Borrowed securities and collateral must be marked to market daily on a one-for-one basis.
- (b) Loan Accounts. Loan accounts must be maintained separate from the securities trading accounts maintained by the Dealer Member.
- (c) Collateral
  - (A) Securities pledged as collateral must be held by the Dealer Member on a fully segregated basis or must be held by an acceptable depository or a bank or trust company qualifying as either an acceptable institution or an acceptable counter-party pursuant to an escrow agreement, acceptable to the Corporation between the Dealer Member and the depository, institution or counter-party;
  - (B) Subject to clause (C), securities pledged as collateral must have a margin rate of 5 percent or less; and
  - (C) Preferred shares or debt securities convertible (in either case) into the common shares of the class which have been borrowed may be pledged against common stock of the issuer.
- (d) Non-Compliance. Failure to fulfill the conditions of Rules 2200.8(b) or (c)(A) will result in a charge to net allowable assets of the Dealer Member as provided in Rule 100 for short securities balances in the accounts of customers.
- (e) Confirmations and Month-end Statements. Confirmations and month-end statements shall be issued and, where the other party to a transaction is a retail client of the Dealer Member, such loan of securities shall be recorded in an account separate from the retail client's trading accounts.

2200.9. In a cash or securities loan transaction between an acceptable institution, acceptable counter-party, or a regulated entity, where a letter of credit issued by a Schedule I Bank is used as collateral for the cash or securities loan transaction pursuant to Rules 2200.6(b) or 2200.7(b), there shall be no charge to the Dealer Members capital for any excess of the value of the letter of credit pledged as collateral over the market value of the securities borrowed.

## INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

## DEALER MEMBER MARGIN RULES

## PLAIN LANGUAGE RULES 5100 THROUGH 5800

## TABLE OF CONCORDANCE

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5100	R. 5101. Application and definitions - Introduction	{1}	[New - Non-substantive - Introduction section]
New Provision			Rule 5100	R. 5102. - 5109. - Reserved		[New - Non-substantive - Reserved sections]
New Provision			Rule 5100	R. 5110. Application - margin requirements - purposes	{1} through {3}	[New - Non-substantive - Basic explanation of the purposes of margin requirements]
New Provision			Rule 5100	R. 5111. Application - margin requirements - when to extend margin to clients	{1}	[New - Substantive - A new provision has been added to specifically set out the steps a Dealer Member must take in deciding whether to allow a client to trade on margin.]
Rule 17: Dealer Member Minimum Capital, Conduct of Business & Insurance	17.11		Rule 5100	R. 5112. Application - margin requirements - general application	{1}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Form 1, Schedule 4	Note 1	Rule 5100	R. 5112. Application - margin requirements - general application	{1}	
Rule 17: Dealer Member Minimum Capital, Conduct of Business & Insurance	17.11		Rule 5100	R. 5112. Application - margin requirements - general application	{2}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Form 1, Schedule 4	Note 1	Rule 5100	R. 5112. Application - margin requirements - general application	{2}	
Rule 17: Dealer Member Minimum Capital, Conduct of Business & Insurance	17.11		Rule 5100	R. 5112. Application - margin requirements - general application	{3}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Form 1, Schedule 4	Note 1	Rule 5100	R. 5112. Application - margin requirements - general application	{3}	

## ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5100	R. 5112. Application - margin requirements - general application	{4}	[New - Non-substantive - Reflects current practice.]
New Provision			Rule 5100	R. 5113. Application - margin requirements - Dealer Member inventory positions	{1}	[New - Non-substantive - Reflects current practice.]
New Provision			Rule 5100	R. 5113. Application - margin requirements - Dealer Member inventory positions	{2}	[New - Non-substantive - Reflects current practice.]
New Provision			Rule 5100	R. 5113. Application - margin requirements - Dealer Member inventory positions	{3}	[New - Non-substantive - Reflects current practice.]
New Provision			Rule 5100	R. 5114. Application - margin requirements - client account positions	{1}	[New - Non-substantive - Reflects current practice.]
New Provision			Rule 5100	R. 5114. Application - margin requirements - client account positions	{2}	[New - Non-substantive - Reflects current practice.]
New Provision			Rule 5100	R. 5114. Application - margin requirements - client account positions	{3}	[New - Non-substantive - Reflects current practice.]
Rule 27: Dealer Member's rights respecting clients' indebtedness	27.1		Rule 5100	R. 5115. Application - client securities that are collateral for margin debt	{1}	
Rule 27: Dealer Member's rights respecting clients' indebtedness	27.1		Rule 5100	R. 5115. Application - client securities that are collateral for margin debt	{2}	
Rule 27: Dealer Member's rights respecting clients' indebtedness	27.1		Rule 5100	R. 5116. Application - Dealer Member's rights in securities of indebted clients	{1}	
Rule 27: Dealer Member's rights respecting clients' indebtedness	27.1		Rule 5100	R. 5117. Application - Dealer Member may buy or sell client securities	{1}	
Rule 27: Dealer Member's rights respecting clients' indebtedness	27.1		Rule 5100	R. 5118. Application - Dealer Member's right to recover from indebted client	{1}	

## ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5100	R. 5119. - Reserved		[New - Non-substantive - Reserved sections]
New Provision			Rule 5100	R. 5120. Application - margin requirements - when a rate is not specified	{1}	[New - Substantive - A new provision has been added to require that a Dealer Member obtain a margin ruling from IIROC staff when the margin treatment for a particular investment product is not specified within the IIROC rules. This is a codification of previous guidance issued in IIROC Rules Notice 08-0074]
New Provision			Rule 5100	R. 5121. - 5129. - Reserved		[New - Non-substantive - Reserved sections]
New Provision			Rule 5100	R. 5130. Definitions - "client account margin"	{1}{i}	[New - Non-substantive - Adoption of terms "client account margin" and "Dealer Member inventory margin" facilitates the elimination of separate capital and margin requirements contained within the existing rules.]
New Provision			Rule 5100	R. 5130. Definitions - "Dealer Member inventory margin"	{1}{ii}	[New - Non-substantive - Adoption of terms "client account margin" and "Dealer Member inventory margin" facilitates the elimination of separate capital and margin requirements contained within the existing rules.]
New Provision			Rule 5100	R. 5130. Definitions - "equivalent number" or "equivalent quantity" or "equivalent quantities"	{1}{iii}	[New - Non-substantive - Allows for common and consistent usage of terms throughout the margin rules.]

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
New Provision		Rule 5100	R. 5130. Definitions - "loan value"	{1}{iv}	[New - Non-substantive - Definition codifies this commonly used industry term. Term is currently used throughout existing Dealer Member Rule 100 and Form 1.]
Rule 100: Margin Requirements	100.5 {a}{vi}	Rule 5100	R. 5130. Definitions - "normal margin" or "normal margin required"	{1}{v}	[Amended - Non-substantive - The term "normal margin" that appears in current Rule 100.5{a} has been made more general so that it applies to all margin requirements in Rules 5300 through 5800.]
Rule 100: Margin Requirements	100.4 H{a}{iv}	Rule 5100	R. 5130. Definitions - "underlying interest" or "underlying security"	{1}{vi}{a}	[Amended - Non-substantive - An amalgamated version of the term "underlying interest" has been created by bringing together numerous existing definitions [Rules 100.4H, 100.4I, 100.9, 100.10, 100.11 and 100.18] of the terms "underlying interest" and "underlying security" into one definition.]
Rule 100: Margin Requirements	100.9 {a}{xxvii}	Rule 5100	R. 5130. Definitions - "underlying interest" or "underlying security"	{1}{vi}{b}, {c} and {e}	[Amended - Non-substantive - An amalgamated version of the term "underlying interest" has been created by bringing together numerous existing definitions [Rules 100.4H, 100.4I, 100.9, 100.10, 100.11 and 100.18] of the terms "underlying interest" and "underlying security" into one definition.]

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
Rule 100: Margin Requirements	100.10	{a}{i}	Rule 5100	R. 5130. Definitions - "underlying interest" or "underlying security"	{1}{vi}{b}, {c} and {e}	[Amended - Non-substantive - An amalgamated version of the term "underlying interest" has been created by bringing together numerous existing definitions [Rules 100.4H, 100.4I, 100.9, 100.10, 100.11 and 100.18] of the terms "underlying interest" and "underlying security" into one definition.]
Rule 100: Margin Requirements	100.11	"underlying interest"	Rule 5100	R. 5130. Definitions - "underlying interest" or "underlying security"	{1}{vi}{c} and {e}	[Amended - Non-substantive - An amalgamated version of the term "underlying interest" has been created by bringing together numerous existing definitions [Rules 100.4H, 100.4I, 100.9, 100.10, 100.11 and 100.18] of the terms "underlying interest" and "underlying security" into one definition.]
Rule 100: Margin Requirements	100.4	I{a}{iv}	Rule 5100	R. 5130. Definitions - "underlying interest" or "underlying security"	{1}{vi}{d}	[Amended - Non-substantive - An amalgamated version of the term "underlying interest" has been created by bringing together numerous existing definitions [Rules 100.4H, 100.4I, 100.9, 100.10, 100.11 and 100.18] of the terms "underlying interest" and "underlying security" into one definition.]

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.18 {a}{ii}	Rule 5100	R. 5130. Definitions - "underlying interest" or "underlying security"	{1}{vi}{f}	[Amended - Non-substantive - An amalgamated version of the term "underlying interest" has been created by bringing together numerous existing definitions [Rules 100.4H, 100.4I, 100.9, 100.10, 100.11 and 100.18] of the terms "underlying interest" and "underlying security" into one definition.]
Rule 100: Margin Requirements	100.2 {a}{vi}	Rule 5100	R. 5130. Definitions - "acceptable commercial, corporate and finance company notes"	{2}{i}	
Rule 100: Margin Requirements	100.2 {a}{vii}	Rule 5100	R. 5130. Definitions - "acceptable commercial, corporate and finance company notes"	{2}{i}	
Rule 1: Interpretation & Effect	1.1 "Call Protection Period"	Rule 5100	R. 5130. Definitions - "call protection period"	{2}{ii}	
Rule 1: Interpretation & Effect	1.1 "Callable Debt Security"	Rule 5100	R. 5130. Definitions - "callable debt security"	{2}{iii}	

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5100	R. 5130. Definitions - "Canada debt securities"	{2}{iv}	[New - Non-substantive - This new defined term has been added solely to simplify the application of the debt security margin rates.]
New Provision			Rule 5100	R. 5130. Definitions - "Canada Municipal debt securities"	{2}{v}	[New - Non-substantive - This new defined term has been added solely to simplify the application of the debt security margin rates.]
New Provision			Rule 5100	R. 5130. Definitions - "Canada Provincial debt securities"	{2}{vi}	[New - Non-substantive - This new defined term has been added solely to simplify the application of the debt security margin rates.]
Rule 100: Margin Requirements	100.4	E{a}{iii}	Rule 5100	R. 5130. Definitions - "Canada Provincial residuals"	{2}{vii}	
Rule 100: Margin Requirements	100.4	E{a}{iii}	Rule 5100	R. 5130. Definitions - "Canada Provincial strips"	{2}{viii}	
Rule 100: Margin Requirements	100.4	E{a}{iv}	Rule 5100	R. 5130. Definitions - "Canada residuals"	{2}{ix}	
Rule 100: Margin Requirements	100.4	E{a}{iv}	Rule 5100	R. 5130. Definitions - "Canada strips"	{2}{x}	
Rule 100: Margin Requirements	100.4	C "BAX futures contracts"	Rule 5100	R. 5130. Definitions - "Canadian bankers acceptance futures contract"	{2}{xi}	
Rule 1: Interpretation & Effect	1.1	"Extendible Debt Security"	Rule 5100	R. 5130. Definitions - "extendible debt security"	{2}{xii}	
Rule 1: Interpretation & Effect	1.1	"Extension Election Period"	Rule 5100	R. 5130. Definitions - "extension election period"	{2}{xiii}	
Rule 1: Interpretation & Effect	1.1	"Extension Factor"	Rule 5100	R. 5130. Definitions - "extension factor"	{2}{xiv}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments		
Rule 100: Margin Requirements	100.12	{d}	"floating rate debt obligation"	Rule 5100	R. 5130. Definitions - "floating rate debt obligation"	{2}{xv}	
Rule 100: Margin Requirements	100.2	{a}{v}{3} and {4}		Rule 5100	R. 5130. Definitions - "low current credit rating"	{2}{xvi}	
New Provision				Rule 5100	R. 5130. Definitions - "maturity band"	{2}{xvii}	[New - Non-substantive - This new defined term has been added solely to simplify the application of the debt security margin rates.]
Rule 1: Interpretation & Effect	1.1	"Retractable Debt Security"		Rule 5100	R. 5130. Definitions - "retractable debt security"	{2}{xviii}	
Rule 1: Interpretation & Effect	1.1	"Retraction Election Period"		Rule 5100	R. 5130. Definitions - "retraction election period"	{2}{xix}	
Rule 1: Interpretation & Effect	1.1	"Retraction Factor"		Rule 5100	R. 5130. Definitions - "retraction factor"	{2}{xx}	
New Provision				Rule 5100	R. 5130. Definitions - "United States debt securities"	{2}{xxi}	[New - Non-substantive - This new defined term has been added solely to simplify the application of the debt security margin rates.]
New Provision				Rule 5100	R. 5130. Definitions - "basic margin rate"	{3}{i}	[New - Non-substantive - Based on margin approach described in Rule 100.2(f)(i). This new defined term has been added solely to simplify the application of the equity security margin rates.]

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
New Provision		Rule 5100	R. 5130. Definitions - "Canada and United States listed equity securities eligible for margin"	{3}{ii}	[New - Non-substantive - Based on Rule 100.2(f)(i), 1st paragraph and on, by implication, paragraph following "Long Positions". This new defined term has been added solely to simplify the application of the equity security margin rates.]	
Rule 100: Margin Requirements	100.2	{f}{iv}{A} through {G} and {l}	Rule 5100	R. 5130. Definitions - "Canada and United States unlisted equity securities eligible for margin"	{3}{iii}	
Rule 100: Margin Requirements	100.7	"control block"	Rule 5100	R. 5130. Definitions - "control block"	{3}{iv}	
Rule 100: Margin Requirements	100.12	{c} "floating rate preferred share"	Rule 5100	R. 5130. Definitions - "floating rate preferred share"	{3}{v}	
Rule 100: Margin Requirements	100.2	{f}{ii}	Rule 5100	R. 5130. Definitions - "foreign listed equity securities eligible for margin"	{3}{vi}	
Rule 100: Margin Requirements	100.18	{a}{iii}	Rule 5100	R. 5130. Definitions - "future payments"	{3}{vii}	
Rule 100: Margin Requirements	100.12	{b} "Government guaranteed securities"	Rule 5100	R. 5130. Definitions - "government guaranteed equity securities"	{3}{viii}	
Rule 100: Margin Requirements	100.18	{a}{i}	Rule 5100	R. 5130. Definitions - "installment receipt"	{3}{ix}	
Rule 100: Margin Requirements	100.5	{a}{i} "appropriate documentation"	Rule 5100	R. 5130. Definitions - "appropriate documentation"	{4}{i}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.5	{a}{ii} "commitment"	Rule 5100 R. 5130. Definitions - "commitment"	{4}{ii}	
Rule 100: Margin Requirements	100.5	{a}{iii} "disaster out clause"	Rule 5100 R. 5130. Definitions - "disaster out clause"	{4}{iii}	
New Provision			Rule 5100 R. 5130. Definitions - "exempt purchaser"	{4}{iv}	[New - Substantive - This new defined term has been added solely to codify the existing application of the "exempt purchaser" term.]
Rule 100: Margin Requirements	100.5	{a}{iv} "market out clause"	Rule 5100 R. 5130. Definitions - "market out clause"	{4}{v}	
Rule 100: Margin Requirements	100.5	{a}{v} "new issue letter"	Rule 5100 R. 5130. Definitions - "new issue letter"	{4}{vi}	
Rule 100: Margin Requirements	100.5	{a}{vii} "normal new issue margin"	Rule 5100 R. 5130. Definitions - "normal new issue margin"	{4}{vii}	
Rule 100: Margin Requirements	100.19	{d} "trading on a when issued basis"	Rule 5100 R. 5130. Definitions - "trading on a when issued basis"	{4}{viii}	
Rule 100: Margin Requirements	100.4	G{a}{i} "capital share"	Rule 5100 R. 5130. Definitions - "capital share"	{5}{i}	
Rule 100: Margin Requirements	100.4	G{a}{ii} "capital share conversion loss"	Rule 5100 R. 5130. Definitions - "capital share conversion loss"	{5}{ii}	
Rule 100: Margin Requirements	100.4	G{a}{iii} "combined conversion loss"	Rule 5100 R. 5130. Definitions - "combined conversion loss"	{5}{iii}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 H{a}{i} "conversion loss"	Rule 5100	R. 5130. Definitions - "conversion loss"	{5}{iv}	
Rule 100: Margin Requirements	100.4 H{a}{ii} "convertible security"	Rule 5100	R. 5130. Definitions - "convertible security"	{5}{v}	
Rule 100: Margin Requirements	100.4 H{a}{iii} "currently convertible"	Rule 5100	R. 5130. Definitions - "currently convertible"	{5}{vi}	
Rule 100: Margin Requirements	100.4 I{a}{iii} "currently exercisable"	Rule 5100	R. 5130. Definitions - "currently exercisable"	{5}{vii}	
Rule 100: Margin Requirements	100.4 I{a}{ii} "exercisable security"	Rule 5100	R. 5130. Definitions - "exercisable security"	{5}{viii}	
Rule 100: Margin Requirements	100.4 I{a}{i} "exercise loss"	Rule 5100	R. 5130. Definitions - "exercise loss"	{5}{ix}	
Rule 100: Margin Requirements	100.4 H{e}{i}{A} "Newco securities"	Rule 5100	R. 5130. Definitions - "Newco securities"	{5}{x}	
Rule 100: Margin Requirements	100.4 H{e}{i}{B} "Oldco securities"	Rule 5100	R. 5130. Definitions - "Oldco securities"	{5}{xi}	
Rule 100: Margin Requirements	100.4 G{a}{v} "retraction value"	Rule 5100	R. 5130. Definitions - "retraction value"	{5}{xii}	
Rule 100: Margin Requirements	100.4 G{a}{vi} "split share company"	Rule 5100	R. 5130. Definitions - "split share company"	{5}{xiii}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 G{a}{iv}	Rule 5100	R. 5130. Definitions - "split share preferred share"	{5}{xiv}	
Rule 100: Margin Requirements	100.2 {j}	Rule 5100	R. 5130. Definitions - "fixed interest rate"	{6}{i}	
Rule 100: Margin Requirements	100.4 F	Rule 5100	R. 5130. Definitions - "fixed interest rate"	{6}{i}	
Rule 100: Margin Requirements	100.2 {j}	Rule 5100	R. 5130. Definitions - "floating interest rate"	{6}{ii}	
Rule 100: Margin Requirements	100.4 F	Rule 5100	R. 5130. Definitions - "floating interest rate"	{6}{ii}	
New Provision		Rule 5100	R. 5130. Definitions - "interest rate swap"	{6}{iii}	[New - Non-substantive - Definition codifies this commonly used industry term. Term is used in existing Dealer Member Rules 100.2{j} and 100.4F.]
Rule 100: Margin Requirements	100.4 F	Rule 5100	R. 5130. Definitions - "realization clause"	{6}{iv}	
New Provision		Rule 5100	R. 5130. Definitions - "total performance swap"	{6}{v}	[New - Non-substantive - Definition codifies this commonly used industry term. Term is used in existing Dealer Member Rules 100.2{j} and 100.4F.]
Rule 100: Margin Requirements	100.2 {d}	Rule 5100	R. 5130. Definitions - "foreign exchange position"	{7}{i}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
Rule 100: Margin Requirements	100.2	{d}{i}{E}	Rule 5100	R. 5130. Definitions - "monetary asset or liability", "monetary asset", "monetary liability"	{7}{ii}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 11 and 11A	Note 3	Rule 5100	R. 5130. Definitions - "monetary asset or liability", "monetary asset", "monetary liability"	{7}{ii}	
New Provision			Rule 5100	R. 5130. Definitions - "net long {short} foreign exchange position"	{7}{iii}	[New - Non-substantive - Definition codifies this commonly used industry term. Term is used in existing Dealer Member Rule 100.2{d}.]
Rule 100: Margin Requirements	100.2	{d}{i}{H} "recognized exchange"	Rule 5100	R. 5130. Definitions - "recognized exchange"	{7}{iv}	
Rule 100: Margin Requirements	100.2	{d}{i}{D}	Rule 5100	R. 5130. Definitions - "spot exchange rate"	{7}{v}	
Rule 100: Margin Requirements	100.2	{d}{ii}{B}{1}, last 2 lines	Rule 5100	R. 5130. Definitions - "term to maturity"	{7}{vi}	
Rule 100: Margin Requirements	100.9	{a}{i} "aggregate current value"	Rule 5100	R. 5130. Definitions - "aggregate current value"	{8}{i}	
Rule 100: Margin Requirements	100.10	{a}{i} "aggregate current value"	Rule 5100	R. 5130. Definitions - "aggregate current value"	{8}{i}	
Rule 100: Margin Requirements	100.9	{a}{ii} "aggregate exercise value"	Rule 5100	R. 5130. Definitions - "aggregate exercise value"	{8}{ii}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments		
Rule 100: Margin Requirements	100.10	{a}{i}	"aggregate exercise value"	Rule 5100	R. 5130. Definitions - "aggregate exercise value"	{8}{ii}	
New Provision				Rule 5100	R. 5130. Definitions - "at-the-money"	{8}{iii}	[New - Non-substantive - Definition codifies this commonly used industry term. Term is used in existing Dealer Member Rules 100.9 and 100.10. Related terms "in-the-money" and "out-of-the-money" are already defined in the current rules.]
Rule 100: Margin Requirements	100.9	{a}{iii}	"call option"	Rule 5100	R. 5130. Definitions - "call option"	{8}{iv}	
Rule 100: Margin Requirements	100.10	{a}{i}	"call option"	Rule 5100	R. 5130. Definitions - "call option"	{8}{iv}	
Rule 100: Margin Requirements	100.9	{a}{iv}	"class of options"	Rule 5100			[Repealed - Non-substantive - Defined term "class of options" not used within existing Dealer Member Rules 100.9 and 100.10.]
Rule 100: Margin Requirements	100.10	{a}{i}	"class of options"	Rule 5100			[Repealed - Non-substantive - Defined term "class of options" not used within existing Dealer Member Rules 100.9 and 100.10.]
Rule 100: Margin Requirements	100.9	{a}{v}	"clearing corporation"	Rule 5100	R. 5130. Definitions - "clearing corporation"	{8}{v}	
Rule 100: Margin Requirements	100.10	{a}{i}	"clearing corporation"	Rule 5100	R. 5130. Definitions - "clearing corporation"	{8}{v}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.8	"commodity"	Rule 5100		[Repealed - Non-substantive - Defining "commodity" is unnecessary as it is already adequately defined in the applicable legislations.]
Rule 100: Margin Requirements	100.8	"commodity contract"	Rule 5100		[Repealed - Non-substantive - Defining "commodity contract" is unnecessary as it is already adequately defined in the applicable legislations.]
Rule 100: Margin Requirements	100.9	{a}{xi} "incremental basket margin rate"	Rule 5100	R. 5130. Definitions - "cumulative relative weight percentage"	{8}{vi}
Rule 100: Margin Requirements	100.10	{a}{i} "incremental basket margin rate"	Rule 5100	R. 5130. Definitions - "cumulative relative weight percentage"	{8}{vi}
Rule 100: Margin Requirements	100.9	{a}{vi} "customer account"	Rule 5100		[Repealed - Non-substantive - Defined term "customer account" no longer necessary as a result of introduction of the term "client account margin".]
Rule 100: Margin Requirements	100.10	{a}{i} "customer account"	Rule 5100		[Repealed - Non-substantive - Defined term "customer account" no longer necessary as a result of introduction of the term "client account margin".]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10	{a}{ii} "Dealer Member account"	Rule 5100		[Repealed - Non-substantive - Defined term "Dealer Member account" no longer necessary as a result of introduction of the term "Dealer Member inventory margin" .]
Rule 100: Margin Requirements	100.9	{a}{vii} "escrow receipt"	Rule 5100	R. 5130. Definitions - "escrow receipt"	{8}{vii}
Rule 100: Margin Requirements	100.10	{a}{i} "escrow receipt"	Rule 5100	R. 5130. Definitions - "escrow receipt"	{8}{vii}
Rule 100: Margin Requirements	100.11	{g}{ii} "escrow receipt"	Rule 5100	R. 5130. Definitions - "escrow receipt"	{8}{vii}
Rule 100: Margin Requirements	100.9	{a}{xvii} "OCC option" and {xviii} "option"	Rule 5100	R. 5130. Definitions - "exchange-traded option"	{8}{viii}
Rule 100: Margin Requirements	100.10	{a}{i} "OCC option" and "option"	Rule 5100	R. 5130. Definitions - "exchange-traded option"	{8}{viii}
Rule 100: Margin Requirements	100.9	{a}{viii} "exercise price"	Rule 5100	R. 5130. Definitions - "exercise price"	{8}{ix}
Rule 100: Margin Requirements	100.10	{a}{i} "exercise price"	Rule 5100	R. 5130. Definitions - "exercise price"	{8}{ix}
Rule 100: Margin Requirements	100.9	{a}{ix} "firm account"	Rule 5100		[Repealed - Non-substantive - Defined term "firm account" no longer necessary as a result of introduction of the term "Dealer Member inventory margin" .]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10	{a}{i} "firm account"	Rule 5100		[Repealed - Non-substantive - Defined term "firm account" no longer necessary as a result of introduction of the term "Dealer Member inventory margin".]
Rule 100: Margin Requirements	100.9	{a}{x} "floating margin rate"	Rule 5100	R. 5130. Definitions - "floating margin rate"	{8}{x}
Rule 100: Margin Requirements	100.10	{a}{i} "floating margin rate"	Rule 5100	R. 5130. Definitions - "floating margin rate"	{8}{x}
Rule 100: Margin Requirements	100.8	"futures contract"	Rule 5100		[Repealed - Non-substantive - Defining "futures contract" is unnecessary as it is already adequately defined in the applicable legislations.]
Rule 100: Margin Requirements	100.9	{a}{xi} "incremental basket margin rate"	Rule 5100	R. 5130. Definitions - "incremental basket margin rate"	{8}{xi}
Rule 100: Margin Requirements	100.10	{a}{i} "incremental basket margin rate"	Rule 5100	R. 5130. Definitions - "incremental basket margin rate"	{8}{xi}
Rule 100: Margin Requirements	100.9	{a}{xii} "index"	Rule 5100	R. 5130. Definitions - "index"	{8}{xii}
Rule 100: Margin Requirements	100.10	{a}{i} "index"	Rule 5100	R. 5130. Definitions - "index"	{8}{xii}
New Provision			Rule 5100	R. 5130. Definitions - "index futures contract"	{8}{xiii} [New - Non-substantive - Definition codifies this commonly used industry term.]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {a}{xiii} "index option"	Rule 5100	R. 5130. Definitions - "index option"	{8}{xiv}	
Rule 100: Margin Requirements	100.10 {a}{i} "index option"	Rule 5100	R. 5130. Definitions - "index option"	{8}{xiv}	
Rule 100: Margin Requirements	100.9 {a}{xx} "participation unit"	Rule 5100	R. 5130. Definitions - "index participation unit"	{8}{xv}	
Rule 100: Margin Requirements	100.10 {a}{i} "participation unit"	Rule 5100	R. 5130. Definitions - "index participation unit"	{8}{xv}	
Rule 100: Margin Requirements	100.9 {a}{xxi} "participation unit option"	Rule 5100	R. 5130. Definitions - "index participation unit option"	{8}{xvi}	
Rule 100: Margin Requirements	100.10 {a}{i} "participation unit option"	Rule 5100	R. 5130. Definitions - "index participation unit option"	{8}{xvi}	
Rule 100: Margin Requirements	100.9 {a}{xiv} "in-the-money"	Rule 5100	R. 5130. Definitions - "in-the-money"	{8}{xvii}	
Rule 100: Margin Requirements	100.10 {a}{i} "in-the-money"	Rule 5100	R. 5130. Definitions - "in-the-money"	{8}{xvii}	
Rule 100: Margin Requirements	100.9 {a}{xv} "market maker account"	Rule 5100			[Repealed - Non-substantive - Defined term "market maker account" no longer necessary as a result of introduction of the term "Dealer Member inventory margin" .]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10	{a}{i}	"market maker account "	Rule 5100	[Repealed - Non-substantive - Defined term "market maker account " no longer necessary as a result of introduction of the term "Dealer Member inventory margin" .]
Rule 100: Margin Requirements	100.9	{a}{xvi}	"non-customer account "	Rule 5100	[Repealed - Non-substantive - Defined term "non-customer account " no longer necessary as a result of introduction of the term "Dealer Member inventory margin" .]
Rule 100: Margin Requirements	100.10	{a}{i}	"non-customer account "	Rule 5100	[Repealed - Non-substantive - Defined term "non-customer account " no longer necessary as a result of introduction of the term "Dealer Member inventory margin" .]
Rule 100: Margin Requirements	100.9	{a}{xvii}	"OCC option "	Rule 5100	[Repealed - Non-substantive - Defined term "OCC option " no longer necessary as a result of introduction of the term "exchange traded option" .]
Rule 100: Margin Requirements	100.10	{a}{i}	"OCC option "	Rule 5100	[Repealed - Non-substantive - Defined term "OCC option " no longer necessary as a result of introduction of the term "exchange traded option" .]
Rule 100: Margin Requirements	100.9	{a}{xviii}	"option "	Rule 5100	[Repealed - Non-substantive - Defined term "option " no longer necessary as a result of introduction of the term "exchange traded option" .]

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10	{a}{i} "option"	Rule 5100		[Repealed - Non-substantive - Defined term "option" no longer necessary as a result of introduction of the term "exchange traded option" .]
Rule 100: Margin Requirements	100.9	{a}{xix} "out-of-the-money"	Rule 5100	R. 5130. Definitions - "out-of-the-money"	{8}{xviii}
Rule 100: Margin Requirements	100.10	{a}{i} "out-of-the-money"	Rule 5100	R. 5130. Definitions - "out-of-the-money"	{8}{xviii}
Rule 100: Margin Requirements	100.11	"over-the-counter option"	Rule 5100	R. 5130. Definitions - "over-the-counter option"	{8}{xix}
Rule 100: Margin Requirements	100.9	{a}{xxii} "premium"	Rule 5100	R. 5130. Definitions - "premium"	{8}{xx}
Rule 100: Margin Requirements	100.10	{a}{i} "premium"	Rule 5100	R. 5130. Definitions - "premium"	{8}{xx}
Rule 100: Margin Requirements	100.9	{a}{xxiii} "put option"	Rule 5100	R. 5130. Definitions - "put option"	{8}{xxi}
Rule 100: Margin Requirements	100.10	{a}{i} "put option"	Rule 5100	R. 5130. Definitions - "put option"	{8}{xxi}
Rule 100: Margin Requirements	100.9	{a}{xxiv} "qualifying basket of index securities"	Rule 5100	R. 5130. Definitions - "qualifying basket of index securities"	{8}{xxii}

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10 {a}{i} "qualifying basket of index securities"	Rule 5100	R. 5130. Definitions - "qualifying basket of index securities"	{8}{xxii}	
Rule 100: Margin Requirements	100.9 {a}{x} "regular reset date"	Rule 5100	R. 5130. Definitions - "regular reset date"	{8}{xxiii}	
Rule 100: Margin Requirements	100.9 {a}{x} "regular reset period"	Rule 5100	R. 5130. Definitions - "regular reset period"	{8}{xxiv}	
Rule 100: Margin Requirements	100.9 {a}{x} "regulatory margin interval"	Rule 5100	R. 5130. Definitions - "regulatory margin interval"	{8}{xxv}	
Rule 100: Margin Requirements	100.10 {k} "SPAN"	Rule 5100	R. 5130. Definitions - "SPAN"	{8}{xxvi}	
Rule 100: Margin Requirements	100.9 {a}{xxv} "time value"	Rule 5100	R. 5130. Definitions - "time value"	{8}{xxvii}	
Rule 100: Margin Requirements	100.10 {k} "TIMS"	Rule 5100	R. 5130. Definitions - "TIMS"	{8}{xxviii}	
Rule 100: Margin Requirements	100.9 {a}{xxvi} "tracking error margin rate"	Rule 5100	R. 5130. Definitions - "tracking error margin rate"	{8}{xxix}	
Rule 100: Margin Requirements	100.10 {a}{i} "tracking error margin rate"	Rule 5100	R. 5130. Definitions - "tracking error margin rate"	{8}{xxix}	
Rule 100: Margin Requirements	100.9 {a}{xxvii} "unit of trading"	Rule 5100	R. 5130. Definitions - "unit of trading"	{8}{xxx}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments		
Rule 100: Margin Requirements	100.10	{a}{i}	"unit of trading"	Rule 5100	R. 5130. Definitions - "unit of trading"	{8}{xxx}	
Rule 100: Margin Requirements	100.9	{a}{x}	"floating margin rate"	Rule 5100	R. 5130. Definitions - "violation"	{8}{xxxi}	
Rule 100: Margin Requirements	100.10	{a}{i}	"floating margin rate"	Rule 5100	R. 5130. Definitions - "violation"	{8}{xxxi}	
Rule 100: Margin Requirements	100.1			Rule 5100	R. 5130. Definitions - reference to terms used in Form 1	{9}{i}	
New Provision				Rule 5100	R. 5131. - 5199. - Reserved		[New - Non-substantive - Reserved sections]
New Provision				Rule 5200	R. 5201. Debt securities and mortgages - Introduction	{1} through {4}	[New - Non-substantive - Introduction section]
New Provision				Rule 5200	R. 5202. - 5209. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2	{a}{i}		Rule 5200	R. 5210. Government debt securities - Federal governments of Canada, United Kingdom and United States	{1}	
Rule 100: Margin Requirements	100.2	{a}{ii}		Rule 5200	R. 5210. Government debt securities - Provincial governments of Canada and International Bank for Reconstruction and Development	{1}	
Rule 100: Margin Requirements	100.2	{a}{iii}		Rule 5200	R. 5210. Government debt securities - Municipal governments of Canada and the United Kingdom	{1}	
Rule 100: Margin Requirements	100.2	{a}{i}		Rule 5200	R. 5210. Government debt securities - Definition - "high current credit rating"	{2}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {a}{x}	Rule 5200	R. 5210. Government debt securities - British Columbia government guaranteed parity bonds	{3}	
New Provision		Rule 5200	R. 5210. Government debt securities - Debt called for redemption	{4}	[New - Substantive - Reflects current practice in the margining of debt securities called for redemption.]
Rule 100: Margin Requirements	100.2 {a}{i} and {a}{xi}	Rule 5200	R. 5211. Government debt securities - Stripped coupons and residual debt instruments of federal governments of Canada, United Kingdom and United States	{1}	
Rule 100: Margin Requirements	100.2 {a}{ii} and {a}{xi}	Rule 5200	R. 5211. Government debt securities - Stripped coupons and residual debt instruments of provincial governments of Canada and International Bank for Reconstruction and Development	{1}	
Rule 100: Margin Requirements	100.2 {a}{iii} and {a}{xi}	Rule 5200	R. 5211. Government debt securities - Stripped coupons and residual debt instruments of municipal governments of Canada and the United Kingdom	{1}	
Rule 100: Margin Requirements	100.2 {a}{xi}	Rule 5200	R. 5211. Government debt securities - Maturity date of a coupon	{2}	
Rule 100: Margin Requirements	100.12 {d}	Rule 5200	R. 5212. Government debt securities - Government floating rate debt obligations	{1}	
Rule 100: Margin Requirements	100.2 {h}	Rule 5200	R. 5213. Government debt securities - Government mortgage-backed securities	{1}	
Rule 100: Margin Requirements	100.2 {a}{iv}	Rule 5200	R. 5214. Government debt securities - Other non-commercial debt	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {a}{xi}	Rule 5200	R. 5214. Government debt securities - Other non-commercial stripped coupons and residual debt instruments	{1}	
New Provision		Rule 5200	R. 5214. Government debt securities - Other non-commercial debt called for redemption	{2}	[New - Substantive - Reflects current practice in the margining of debt securities called for redemption.]
Rule 100: Margin Requirements	100.2 {a}{xi}	Rule 5200	R. 5214. Government debt securities - Maturity date of a coupon	{3}	
New Provision		Rule 5200	R. 5215. - 5219. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {a}{v} and {a}{vi}	Rule 5200	R. 5220. Corporate debt securities - general	{1}	[Amended - Substantive - Adoption of one set of rates for the margining of commercial debt; two are currently set out in Rules 100.2{a}{v} and 100.2{a}{vi}.]
Rule 100: Margin Requirements	100.2 {a}{v}{3}	Rule 5200	R. 5220. Corporate debt securities - selling at 50% of par or less	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{4}	Rule 5200	R. 5220. Corporate debt securities - U.S. pay selling at 50% of par or less	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{6}	Rule 5200	R. 5220. Corporate debt securities - companies qualifying under 100.2{a}{vi}	{1}	
Rule 100: Margin Requirements	100.2 {a}{vi}	Rule 5200	R. 5220. Corporate debt securities - acceptable notes of a domestic issuer	{1}	
Rule 100: Margin Requirements	100.2 {a}{vii}	Rule 5200	R. 5220. Corporate debt securities - acceptable notes of a foreign issuer	{1}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {a}{vi}	Rule 5200	R. 5220. Corporate debt securities - Definition - "acceptable commercial, corporate and finance company notes" of a domestic issuer	{2}	
Rule 100: Margin Requirements	100.2 {a}{vii}	Rule 5200	R. 5220. Corporate debt securities - Definition - "acceptable commercial, corporate and finance company notes" of a foreign issuer	{3}	
Rule 100: Margin Requirements	100.2 {a}{v} and {a}{vi}	Rule 5200	R. 5221. Corporate debt securities - convertible general	{1}	[Amended - Substantive - Adoption of one set of rates for the margining of commercial debt; two are currently set out in Rules 100.2{a}{v} and 100.2{a}{vi}.]
Rule 100: Margin Requirements	100.2 {a}{v}{1}	Rule 5200	R. 5221. Corporate debt securities - convertible and selling above par	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{2}	Rule 5200	R. 5221. Corporate debt securities - convertible and selling at or below par	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{3}	Rule 5200	R. 5221. Corporate debt securities - convertible and selling at 50% of par or less	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{4}	Rule 5200	R. 5221. Corporate debt securities - convertible and U.S. pay selling at 50% of par or less	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{6}	Rule 5200	R. 5221. Corporate debt securities - convertible and obligations of companies qualifying under 100.2{a}{vi}	{1}	
Rule 100: Margin Requirements	100.21	Rule 5200	R. 5221. Corporate debt securities - maximum margin requirement for convertible securities	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {b}	Rule 5200	R. 5222. Corporate debt securities - bank paper issued by a Canadian chartered bank	{1}	
Rule 100: Margin Requirements	100.2 {c}	Rule 5200	R. 5222. Corporate debt securities - bank paper issued by a foreign bank	{1}	
New Provision		Rule 5200	R. 5222. Corporate debt securities - bank paper selling at 50% of par or less with a low current credit rating	{1}	[New - Substantive - Establishes new 50% margin rate requirement for bank paper valued at 50% or less of par with a low current credit rating. Based on current requirements for other corporate debt set out in Dealer Member Rules 100.2{a}{v}{5} and 100.2{a}{v}{6}.
Rule 100: Margin Requirements	100.2 {a}{v} and {a}{vi}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments general	{1}	[Amended - Substantive - Adoption of one set of rates for the margining of commercial debt; two are currently set out in Rules 100.2{a}{v} and 100.2{a}{vi}.
Rule 100: Margin Requirements	100.2 {a}{v}{1}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments selling above par	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{2}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments selling at or below par	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{3}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments selling at 50% of par or less	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {a}{v}{4}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments selling at 50% of par or less	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{5}	Rule 5200	R. 5223. Corporate debt securities - commercial residual debt instruments	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{6}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons, residual debt instruments and obligations of companies qualifying under 100.2{a}{vi}	{1}	
Rule 100: Margin Requirements	100.2 {a}{xi}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments	{1}	
New Provision		Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments - selling at 50% of par or less with a low current credit rating	{1}	[New - Substantive - Establishes new 50% margin rate requirement for commercial strips and residuals where the underlying debt security is valued at 50% or less of par and has a low current credit rating. Based on current requirements for other corporate debt set out in Dealer Member Rule 100.2{a}{v}{5} and 100.2{a}{v}{6}.]
Rule 100: Margin Requirements	100.2 {a}{xi}	Rule 5200	R. 5223. Corporate debt securities - commercial stripped coupons and residual debt instruments - maturity date of a coupon	{2}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {a}{v} and {a}{vi}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments	{1}	[Amended - Substantive - Adoption of one set of rates for the margining of commercial debt; two are currently set out in Rules 100.2{a}{v} and 100.2{a}{vi}.]
Rule 100: Margin Requirements	100.2 {a}{v}{1}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments - selling above par	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{2}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments - selling at or below par	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{3}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments - selling at 50% of par or less	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{4}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments - U.S. pay selling at 50% of par or less	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{5}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments	{1}	
Rule 100: Margin Requirements	100.2 {a}{v}{6}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments - obligations of companies qualifying under 100.2{a}{vi}	{1}	
Rule 100: Margin Requirements	100.2 {a}{xi}	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.21	Rule 5200	R. 5224. Corporate debt securities - commercial convertible residual debt instruments - maximum margin requirement	{1}	
Rule 100: Margin Requirements	100.12 {d}	Rule 5200	R. 5225. Corporate debt securities - floating rate debt obligations	{1}	
Rule 100: Margin Requirements	100.2 {a}{ix}	Rule 5200	R. 5226. Corporate debt securities - Income bonds	{1}	
Rule 100: Margin Requirements	100.2 {h}	Rule 5200	R. 5227. Corporate debt securities - mortgage-backed securities	{1}	
New Provision		Rule 5200	R. 5228. - 5229. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {a}{viii}	Rule 5200	R. 5230. Debt securities - bonds in default	{1}	
New Provision		Rule 5200	R. 5231. - 5239. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.3 opening paragraph	Rule 5200	R. 5240. Debt securities - debt margin surcharge - when imposed	{1}	
Rule 100: Margin Requirements	100.3 {e}	Rule 5200	R. 5240. Debt securities - debt margin surcharge - when imposed	{2}	
Rule 100: Margin Requirements	100.3 {c} and {d}	Rule 5200	R. 5240. Debt securities - debt margin surcharge - when imposed	{3}	
Rule 100: Margin Requirements	100.3 {g}	Rule 5200	R. 5240. Debt securities - debt margin surcharge - when imposed	{4}	
Rule 100: Margin Requirements	100.3 opening paragraph	Rule 5200	R. 5241. Debt securities - debt margin surcharge - calculation	{1}	
Rule 100: Margin Requirements	100.3 {a}	Rule 5200	R. 5241. Debt securities - debt margin surcharge - calculation	{2}	
Rule 100: Margin Requirements	100.3 {b}	Rule 5200	R. 5241. Debt securities - debt margin surcharge - calculation	{3}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.3 {f}	Rule 5200	R. 5241. Debt securities - debt margin surcharge - calculation	{4}	
New Provision		Rule 5200	R. 5242. - 5249. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {e}	Rule 5200	R. 5250. Mortgages - insured and conventional mortgages held in inventory	{1}	
Rule 100: Margin Requirements	100.2 {e}	Rule 5200	R. 5250. Mortgages - insured and conventional mortgages held in inventory	{2}	
New Provision		Rule 5200	R. 5251. - 5299. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5300	R. 5301. Equity securities and index products - Introduction	{1} through {4}	[New - Non-substantive - Introduction section]
New Provision		Rule 5300	R. 5302. - 5309. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {f}{i}	Rule 5300	R. 5310. Equity securities - determining the basic margin rate	{1}	
Rule 100: Margin Requirements	100.2 {f}{vi}	Rule 5300	R. 5310. Equity securities - determining the basic margin rate	{1}	
Rule 100: Margin Requirements	100.12 {a}	Rule 5300	R. 5310. Equity securities - determining the basic margin rate	{1}	
Rule 100: Margin Requirements	100.2 {f}{i}	Rule 5300	R. 5311. Equity securities - Canada and United States listed equity securities eligible for margin	{1}	
Rule 100: Margin Requirements	100.2 {f}{iv}	Rule 5300	R. 5311. Equity securities - Canada and United States unlisted equity securities eligible for margin	{2}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {f}{ii}	Rule 5300	R. 5312. Equity securities - foreign listed equity securities eligible for margin	{1}	
Rule 100: Margin Requirements	100.12 {b}	Rule 5300	R. 5313. Equity securities - government guaranteed equity securities	{1}	[Amended - Substantive - The current requirements have been extended to client account positions.]
Rule 100: Margin Requirements	100.12 {c}	Rule 5300	R. 5314. Equity securities - floating rate preferred shares	{1}	[Amended - Substantive - The current requirements have been extended to client account positions.]
Rule 100: Margin Requirements	100.21	Rule 5300	R. 5314. Equity securities - maximum margin requirement for convertible floating rate preferred shares	{1}	
Rule 100: Margin Requirements	100.2 {f}{v}	Rule 5300	R. 5315. Equity securities - other equity securities	{1}	
New Provision		Rule 5300	R. 5316. - 5319. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.18 {d}, {e} and {f}	Rule 5300	R. 5320. Equity securities - Installment receipts	{1}	
Rule 100: Margin Requirements	100.18 {b}	Rule 5300	R. 5320. Equity securities - Installment receipts	{2}	
Rule 100: Margin Requirements	100.18 {c}	Rule 5300	R. 5320. Equity securities - Installment receipts	{3}	
Rule 100: Margin Requirements	100.18 {b}	Rule 5300	R. 5320. Equity securities - Installment receipts	{4}	
Rule 100: Margin Requirements	100.18 {b}	Rule 5300	R. 5320. Equity securities - Installment receipts	{5}	
Rule 100: Margin Requirements	100.18 {c}	Rule 5300	R. 5320. Equity securities - Installment receipts	{6}	

## ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5300	R. 5321. - 5329. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.21		Rule 5300	R. 5330. Equity securities - Convertible and exchangeable securities	{1}	
New Provision			Rule 5300	R. 5331. - 5339. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.7		Rule 5300	R. 5340. Equity securities - Control blocks	{1}	
New Provision			Rule 5300	R. 5341. - 5349. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2	{f}{iii}	Rule 5300	R. 5350. Equity securities - Canada and United States rights and warrants eligible for margin	{1}	
Rule 100: Margin Requirements	100.12	{e}	Rule 5300	R. 5350. Equity securities - Canada and United States rights and warrants eligible for margin	{1}	
New Provision			Rule 5300	R. 5351. - 5359. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2	{f}{vii}	Rule 5300	R. 5360. Index products - IPUs and baskets of index securities	{1}	
Rule 100: Margin Requirements	100.9	{a}{x} "floating margin rate"	Rule 5300	R. 5360. Index products - calculation of "regulatory margin interval"	{2}	
Rule 100: Margin Requirements	100.9	{a}{x} "floating margin rate"	Rule 5300	R. 5360. Index products - calculation of "floating margin rate"	{3}	
Rule 100: Margin Requirements	100.10	{a}{i} "floating margin rate"	Rule 5300	R. 5360. Index products - calculation of "floating margin rate"	{3}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {a}{xxiv} "qualifying basket of index securities"	Rule 5300	R. 5360. Index products - calculation of "qualifying basket of index securities"	{4}	
Rule 100: Margin Requirements	100.10 {a}{i} "qualifying basket of index securities"	Rule 5300	R. 5360. Index products - calculation of "qualifying basket of index securities"	{4}	
Rule 100: Margin Requirements	100.9 {a}{xi} "incremental basket margin rate"	Rule 5300	R. 5360. Index products - calculation of "cumulative relative weight percentage"	{5}	
Rule 100: Margin Requirements	100.9 {a}{xi} "incremental basket margin rate"	Rule 5300	R. 5360. Index products - calculation of "incremental basket margin rate"	{6}	
Rule 100: Margin Requirements	100.10 {a}{i} "incremental basket margin rate"	Rule 5300	R. 5360. Index products - calculation of "incremental basket margin rate"	{6}	
New Provision		Rule 5300	R. 5361. - 5399. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5400	R. 5401. Other investment products - Introduction	{1}	[New - Non-substantive - Introduction section]
New Provision		Rule 5400	R. 5402. - 5409. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.13	Rule 5400	R. 5410. Other investment products - Securities subject to redemption call or offer	{1}	
New Provision		Rule 5400	R. 5411. - 5419. - Reserved		[New - Non-substantive - Reserved sections]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {g}	Rule 5400	R. 5420. Other investment products - Units	{1}	
New Provision		Rule 5400	R. 5421. - 5429. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {i}	Rule 5400	R. 5430. Other investment products - Precious metal certificates and bullion	{1}	
Rule 100: Margin Requirements	100.2 {i}	Rule 5400	R. 5430. Other investment products - Precious metal certificates and bullion	{2}	
New Provision		Rule 5400	R. 5431. - 5439. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {j}	Rule 5400	R. 5440. Other investment products - Interest rate swaps	{1}	
Rule 100: Margin Requirements	100.2 {k}	Rule 5400	R. 5441. Other investment products - Total performance swaps	{1}	
Rule 100: Margin Requirements	100.2 {j}	Rule 5400	R. 5442. Other investment products - Swap counterparty margin requirements	{1}	
Rule 100: Margin Requirements	100.2 {k}	Rule 5400	R. 5442. Other investment products - Swap counterparty margin requirements	{1}	
New Provision		Rule 5400	R. 5443. - 5449. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {l}	Rule 5400	R. 5450. Other investment products - Mutual funds	{1}	
New Provision		Rule 5400	R. 5451. - 5459. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 {d}{i}{A}	Rule 5400	R. 5460. Other investment products - Foreign exchange - general principles	{1}	

## ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2	{d}{i}{B}	Rule 5400			[Repealed - Non-Substantive - Requirement to calculate positions and margin requirements on a trade date basis is duplicative of Form 1 requirements.]
Rule 100: Margin Requirements	100.2	{d}{ii}{B}{2}	Rule 5400	R. 5460. Other investment products - Foreign exchange - term risk margin requirement	{1}	
Rule 100: Margin Requirements	100.2	{d}{ii}{B}{3}	Rule 5400	R. 5460. Other investment products - Foreign exchange - term risk margin requirement	{1}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 11 and 11A	Note 8	Rule 5400	R. 5460. Other investment products - Foreign exchange - general principles	{1}	
New Provision			Rule 5400	R. 5460. Other investment products - Foreign exchange - foreign currency group	{2}	[New - Non-substantive - New provision added to clarify how the currency group a particular country qualifies for is determined.]
New Provision			Rule 5400	R. 5460. Other investment products - Foreign exchange - spot risk margin surcharge rate	{3}	[New - Non-substantive - New provision added to clarify how the spot risk margin surcharge is determined.]
Rule 100: Margin Requirements	100.2	{d}{i}{C}	Rule 5400	R. 5460. Other investment products - Foreign exchange - alternative inventory margining	{4}	
Rule 100: Margin Requirements	100.2	{d}{i}{D}	Rule 5400	R. 5460. Other investment products - Foreign exchange - one day term assumption	{5}	
Rule 100: Margin Requirements	100.2	{d}{i}{E}	Rule 5400	R. 5460. Other investment products - Foreign exchange - monetary assets and liabilities	{6}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {d}{i}{F}	Rule 5400	R. 5460. Other investment products - Foreign exchange - currency futures contracts	{7}	
Rule 100: Margin Requirements	100.2 {d}{i}{G}	Rule 5400	R. 5460. Other investment products - Foreign exchange - non allowable asset exclusion	{8}	
Rule 100: Margin Requirements	100.2 {d}{i}{H}	Rule 5400	R. 5460. Other investment products - Foreign exchange - recognized exchanges	{9}	
New Provision		Rule 5400	R. 5460. Other investment products - Foreign exchange - term to maturity	{10}	[New - Non-substantive - Defines the meaning of the term "term to maturity" for foreign exchange positions.]
Rule 100: Margin Requirements	100.2 {d}{v}{A}	Rule 5400	R. 5461. Other investment products - Foreign exchange - currency group criteria	{1}	
Rule 100: Margin Requirements	100.2 {d}{i}{A}	Rule 5400	R. 5461. Other investment products - Foreign exchange - general principles	{2}{i}	
Rule 100: Margin Requirements	100.2 {d}{v}{B}{a}	Rule 5400	R. 5461. Other investment products - Foreign exchange - currency group monitoring	{2}{i}	
Rule 100: Margin Requirements	100.2 {d}{v}{B}{b}	Rule 5400	R. 5461. Other investment products - Foreign exchange - currency group monitoring	{2}{ii}	
Rule 100: Margin Requirements	100.2 {d}{v}{D}	Rule 5400	R. 5461. Other investment products - Foreign exchange - currency group upgrades and downgrades	{3}	
Rule 100: Margin Requirements	100.2 {d}{i}{A}	Rule 5400	R. 5462. Other investment products - Foreign exchange - general principles	{1}	

ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2	{d}{v}{C}	Rule 5400	R. 5462. Other investment products - Foreign exchange - spot risk surcharge rate	{1}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 11 and 11A	Notes 1 to 8 and Note 11	Rule 5400	R. 5462. Other investment products - Foreign exchange - spot risk surcharge rate	{1}	
Rule 100: Margin Requirements	100.2	{d}{ii}{A}	Rule 5400	R. 5463. Other investment products - Foreign exchange - spot risk margin requirement	{1}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 11 and 11A	Note 8	Rule 5400	R. 5463. Other investment products - Foreign exchange - spot risk margin requirement	{1}	
Rule 100: Margin Requirements	100.2	{d}{ii}{A}	Rule 5400	R. 5463. Other investment products - Foreign exchange - spot risk margin requirement	{2}	
Rule 100: Margin Requirements	100.2	{d}{ii}{B}{1}	Rule 5400	R. 5464. Other investment products - Foreign exchange - term risk margin requirement	{1}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 11 and 11A	Note 8	Rule 5400	R. 5464. Other investment products - Foreign exchange - term risk margin requirement	{1}	
Rule 100: Margin Requirements	100.2	{d}{ii}{B}{5}	Rule 5400	R. 5464. Other investment products - Foreign exchange - term risk margin requirement	{2}	
Rule 100: Margin Requirements	100.2	{d}{ii}{B}{6}	Rule 5400	R. 5465. Other investment products - Foreign exchange - maximum margin requirement	{1}	
New Provision			Rule 5400	R. 5466. Other investment products - Foreign exchange - foreign exchange position offsets for Dealer Members	{1}	[New - Non-substantive - New provision added to clarify which margin rates are to be used in margin a Dealer Member foreign exchange offset position.]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.2 {d}{ii}{B}{4}	Rule 5400	R. 5466. Other investment products - Foreign exchange - foreign exchange position offsets for Dealer Members	{2}	
Rule 100: Margin Requirements	100.2 {d}{ii}{B}{4}	Rule 5400	R. 5466. Other investment products - Foreign exchange - foreign exchange position offsets for Dealer Members	{3}	
Rule 100: Margin Requirements	100.2 {d}{iii}	Rule 5400	R. 5467. Other investment products - Foreign exchange - alternative futures and forward contract inventory margin	{1}	
Rule 100: Margin Requirements	100.2 {d}{iv}	Rule 5400	R. 5468. Other investment products - Foreign exchange - customer margin	{1}	
Rule 100: Margin Requirements	100.2 {d}{v}{E}	Rule 5400	R. 5469. Other investment products - Foreign exchange - currency groups	{1} and {2}	
New Provision		Rule 5400	R. 5470. - 5499. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5500	R. 5501. Underwriting commitments and when issued trading - introduction	{1}	[New - Non-substantive - Introduction section]
New Provision		Rule 5500	R. 5502. - 5509. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.5 {f}	Rule 5500	R. 5510. Underwriting commitments - treatment of take down portion	{1}	
New Provision		Rule 5500	R. 5511. - 5519. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.5 {b}	Rule 5500	R. 5520. Underwriting commitments - margin requirements without new issue letter in place	{1} through {5}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.5 {b}	Rule 5500	R. 5521. Underwriting commitments - margin requirements with new issue letter in place	{1} through {6}	
Rule 100: Margin Requirements	100.5 {c}	Rule 5500	R. 5522. Underwriting commitments - margin requirements with expressions of interest from exempt purchasers	{1} through {6}	
Rule 100: Margin Requirements	100.5 {g}	Rule 5500	R. 5523. Underwriting commitments - margin requirements for restricted security offerings	{1} and {2}	
Rule 100: Margin Requirements	100.6	Rule 5500	R. 5524. Underwriting commitments - rights offerings	{1} and {2}	
New Provision		Rule 5500	R. 5525. - 5529. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5500	R. 5530. Underwriting related agreements - requirement for written agreement	{1}	[New - Non-substantive - Clarification of existing requirements.]
Rule 100: Margin Requirements	100.5 {a}{v}	Rule 5500	R. 5530. Underwriting related agreements - minimum agreement terms	{2}	
Rule 100: Margin Requirements	100.5 {a}{v}	Rule 5500	R. 5530. Underwriting related agreements - additional requirements if issuer not an acceptable institution	{3}	
New Provision		Rule 5500	R. 5531. - 5539. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.5 {d}	Rule 5500	R. 5540. Underwriting commitments - individual underwriting concentration	{1}	
Rule 100: Margin Requirements	100.5 {e}	Rule 5500	R. 5541. Underwriting commitments - overall underwriting concentration	{1}	
New Provision		Rule 5500	R. 5542. - 5549. - Reserved		[New - Non-substantive - Reserved sections]

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10 {h}{iii}{C}	Rule 5500	R. 5550. Underwriting commitments - offsets - long index basket, short IPU, long IPU commitment	{1} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{G}{I}	Rule 5500	R. 5551. Underwriting commitments - offsets - long index basket, short IPU call, long IPU commitment	{1} through {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{G}{II}	Rule 5500	R. 5552. Underwriting commitments - offsets - long index basket, long IPU put, long IPU commitment	{1} through {3}	
New Provision		Rule 5500	R. 5553. - 5559. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.19 {a}{i}	Rule 5500	R. 5560. When issued trading - margin for short positions	{1}	
Rule 100: Margin Requirements	100.19 {a}{i}	Rule 5500	R. 5560. When issued trading - margin for short positions	{2}	
Rule 100: Margin Requirements	100.19 {c}	Rule 5500	R. 5560. When issued trading - margin for short positions	{2}	
Rule 100: Margin Requirements	100.19 {a}{i}	Rule 5500	R. 5560. When issued trading - margin for short positions	{3}	
Rule 100: Margin Requirements	100.19 {a}{ii}	Rule 5500	R. 5561. When issued trading - margin for hedged positions	{1}	
Rule 100: Margin Requirements	100.19 {a}{iii}	Rule 5500	R. 5561. When issued trading - margin for hedged positions	{2}	
Rule 100: Margin Requirements	100.19 {a}{iii} and {iii}	Rule 5500	R. 5561. When issued trading - margin for hedged positions	{3}	
Rule 100: Margin Requirements	100.19 {c}	Rule 5500	R. 5561. When issued trading - margin for hedged positions	{3}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.19 {a}{ii} and {iii}	Rule 5500	R. 5561. When issued trading - margin for hedged positions	{4}	
Rule 100: Margin Requirements	100.19 {b}	Rule 5500	R. 5562. When issued trading - margin for long positions	{1}	
Rule 100: Margin Requirements	100.19 {b} and {c}	Rule 5500	R. 5562. When issued trading - margin for long positions	{2}	
Rule 100: Margin Requirements	100.19 {b}	Rule 5500	R. 5562. When issued trading - margin for long positions	{3}	
New Provision		Rule 5500	R. 5563. - 5599. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5600	R. 5601. Debt and equity security offsets - introduction	{1} and {2}	[New - Non-substantive - Introduction section]
New Provision		Rule 5600	R. 5602. - 5609. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5600	R. 5610. Debt and equity security offsets - government debt - summary reference tables	{1} through {4}	[New - Non-substantive - Table to assist in finding relevant debt and/or equity offset rule.]
Rule 100: Margin Requirements	100.4 B	Rule 5600	R. 5611. Debt and equity security offsets - government debt - maturity within one year	{1}	
Rule 100: Margin Requirements	100.4 A	Rule 5600	R. 5612. Debt and equity security offsets - government debt - maturity over one year	{1}	
Rule 100: Margin Requirements	100.4 C{i}	Rule 5600	R. 5613. Debt and equity security offsets - government debt - Canada Government versus Canada Government {different maturity band}	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 C{j}	Rule 5600	R. 5613. Debt and equity security offsets - government debt - Canada Government versus Canada provincial {different maturity band}	{1}	
Rule 100: Margin Requirements	100.4 C{k}	Rule 5600	R. 5613. Debt and equity security offsets - government debt - Canada provincial versus Canada provincial {different maturity band}	{1}	
Rule 100: Margin Requirements	100.4 C - Note {ii}	Rule 5600	R. 5613. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{1}	
Rule 100: Margin Requirements	100.4 C - Note {iv}	Rule 5600	R. 5613. Debt and equity security offsets - government debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4 C{j}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - Canada Government versus Canada provincial {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 C{l}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - Canada Government versus Canada municipal {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 C{m}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - Canada provincial versus Canada municipal {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 C - Note {ii}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{1}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
Rule 100: Margin Requirements	100.4	C - Note {iii}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - requirement for positions to be in same maturity bands	{1}	
Rule 100: Margin Requirements	100.4	C - Note {iv}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4	C - Note {v}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - Definition - "highly rated Canada Municipal debt securities"	{2}	
Rule 100: Margin Requirements	100.4	C{a}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - U.S. government versus Canada provincial {same maturity band}	{3}	
Rule 100: Margin Requirements	100.4	C{b}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - Canada and U.S. government versus Canada municipal {same maturity band}	{3}	
Rule 100: Margin Requirements	100.4	C{c}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - Canada Government versus U.S. government {same maturity band}	{3}	
Rule 100: Margin Requirements	100.4	C{e}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - Canada provincial versus Canada municipal {same maturity band}	{3}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 C - Note {iii}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - requirement for positions to be in same maturity bands	{3}	
Rule 100: Margin Requirements	100.4 C - Note {iv}	Rule 5600	R. 5614. Debt and equity security offsets - government debt - requirement for equal market value	{3}	
Rule 100: Margin Requirements	100.4 E preamble {i} and {ii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same maturity bands	{1}	
Rule 100: Margin Requirements	100.4 E preamble {iii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{1}	[Amended - Non-substantive - Existing requirement is that both positions be in Canadian dollars. Have amended this requirement to require that both positions be in the same currency, which is consistent with other debt offsets.]
Rule 100: Margin Requirements	100.4 E preamble {iv}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4 E{a}{i}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{1}	
Rule 100: Margin Requirements	100.4 E{a}{ii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 E{e}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{1}	
Rule 100: Margin Requirements	100.4 E preamble {i} and {ii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same maturity bands	{2}	
Rule 100: Margin Requirements	100.4 E preamble {iii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{2}	[Amended - Non-substantive - Existing requirement is that both positions be in Canadian dollars. Have amended this requirement to require that both positions be in the same currency, which is consistent with other debt offsets.]
Rule 100: Margin Requirements	100.4 E preamble {iv}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for equal market value	{2}	
Rule 100: Margin Requirements	100.4 E{a}{iii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{2}	
Rule 100: Margin Requirements	100.4 E{a}{iv}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{2}	
Rule 100: Margin Requirements	100.4 E{e}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{2}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 E preamble {i} and {ii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same maturity bands	{3}	
Rule 100: Margin Requirements	100.4 E preamble {iii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{3}	[Amended - Non-substantive - Existing requirement is that both positions be in Canadian dollars. Have amended this requirement to require that both positions be in the same currency, which is consistent with other debt offsets.]
Rule 100: Margin Requirements	100.4 E preamble {iv}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for equal market value	{3}	
Rule 100: Margin Requirements	100.4 E{b}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{3}	
Rule 100: Margin Requirements	100.4 E{c}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{3}	
Rule 100: Margin Requirements	100.4 E{d}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{3}	
Rule 100: Margin Requirements	100.4 E{e}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{3}	
Rule 100: Margin Requirements	100.4 E preamble {i} and {ii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same maturity bands	{4}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 E preamble {iii}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{4}	[Amended - Non-substantive - Existing requirement is that both positions be in Canadian dollars. Have amended this requirement to require that both positions be in the same currency, which is consistent with other debt offsets.]
Rule 100: Margin Requirements	100.4 E preamble {iv}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - requirement for equal market value	{4}	
Rule 100: Margin Requirements	100.4 E{b}	Rule 5600	R. 5615. Debt and equity security offsets - government debt -stripped coupons or residuals	{4}	
Rule 100: Margin Requirements	100.4 E{c}	Rule 5600	R. 5615. Debt and equity security offsets - government debt -stripped coupons or residuals	{4}	
Rule 100: Margin Requirements	100.4 E{d}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{4}	
Rule 100: Margin Requirements	100.4 E{e}	Rule 5600	R. 5615. Debt and equity security offsets - government debt - stripped coupons or residuals	{4}	
Rule 100: Margin Requirements	100.4 D	Rule 5600	R. 5616. Debt and equity security offsets - government debt - mortgage-backed securities	{1}	
Rule 100: Margin Requirements	100.4 D{a}	Rule 5600	R. 5616. Debt and equity security offsets - government debt - requirement for equal market value	{1}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 D{b}	Rule 5600	R. 5616. Debt and equity security offsets - government debt - requirement for positions to be in same maturity bands	{1}	
Rule 100: Margin Requirements	100.4 D{c}	Rule 5600	R. 5616. Debt and equity security offsets - government debt - mortgage-backed securities special circumstance	{1}	
Rule 100: Margin Requirements	100.4 K{a}	Rule 5600	R. 5617. Debt and equity security offsets - government debt - long Canada Government notional bond futures contract versus short Canada Government bond {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 K{a}	Rule 5600	R. 5617. Debt and equity security offsets - government debt - short Canada Government notional bond futures contract versus long Canada Government bond {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 K - Note {i}	Rule 5600	R. 5617. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{1}	
Rule 100: Margin Requirements	100.4 K - Note {iv}	Rule 5600	R. 5617. Debt and equity security offsets - government debt - requirement for equal market value	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 K{b}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - long Canada Government notional bond futures contract versus short Canada Government bond {different maturity bands}	{1}	
Rule 100: Margin Requirements	100.4 K{b}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - short Canada Government notional bond futures contract versus long Canada Government bond {different maturity bands}	{1}	
Rule 100: Margin Requirements	100.4 K{c}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - long Canada Government notional bond futures contract versus short Canada provincial bond {same or different maturity bands}	{1}	
Rule 100: Margin Requirements	100.4 K{c}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - short Canada Government notional bond futures contract versus long Canada provincial bond {same or different maturity bands}	{1}	
Rule 100: Margin Requirements	100.4 K{d}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - long Canada Government notional bond futures contract versus short Canada municipal bond {same maturity band}	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 K{d}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - short Canada Government notional bond futures contract versus long Canada municipal bond {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 K - Note {i}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - requirement for positions to be in same currency	{1}	
Rule 100: Margin Requirements	100.4 K - Note {iv}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4 K - Note {ii}	Rule 5600	R. 5618. Debt and equity security offsets - government debt - Definition - "highly rated Canada Municipal debt securities"	{2}	
New Provision		Rule 5600	R. 5619. Debt and equity security offsets - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5600	R. 5620. Debt and equity security offsets - commercial and corporate debt - summary reference tables	{1} through {3}	[New - Non-substantive - Table to assist in finding relevant debt and/or equity offset rule.]
Rule 100: Margin Requirements	100.4 C{g}	Rule 5600	R. 5621. Debt and equity security offsets - commercial and corporate debt - Canadian bank paper versus same issuer Canadian bank paper	{1}	
Rule 100: Margin Requirements	100.4 C{g}	Rule 5600	R. 5621. Debt and equity security offsets - commercial and corporate debt - corporate versus same issuer corporate	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
Rule 100: Margin Requirements	100.4	C - Note {ii}	Rule 5600	R. 5621. Debt and equity security offsets - commercial and corporate debt - requirement for positions to be in same currency	{1}	
Rule 100: Margin Requirements	100.4	C - Note {iii}	Rule 5600	R. 5621. Debt and equity security offsets - commercial and corporate debt - requirement for positions to be in same maturity bands	{1}	
Rule 100: Margin Requirements	100.4	C - Note {iv}	Rule 5600	R. 5621. Debt and equity security offsets - commercial and corporate debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4	C - Note {i}	Rule 5600	R. 5621. Debt and equity security offsets - commercial and corporate debt - Definition - "highly rated non convertible commercial and corporate debt securities"	{2}	
Rule 100: Margin Requirements	100.4	C{h}	Rule 5600	R. 5622. Debt and equity security offsets - commercial and corporate debt - Canadian bank paper versus BAX futures contract	{1}	
Rule 100: Margin Requirements	100.4	C - Note {ii}	Rule 5600	R. 5622. Debt and equity security offsets - commercial and corporate debt - requirement for positions to be in same currency	{1}	
Rule 100: Margin Requirements	100.4	C - Note {iii}	Rule 5600	R. 5622. Debt and equity security offsets - commercial and corporate debt - requirement for positions to be in same maturity bands	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
Rule 100: Margin Requirements	100.4	C - Note {iv}	Rule 5600	R. 5622. Debt and equity security offsets - commercial and corporate debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4	C - Note {i}	Rule 5600	R. 5622. Debt and equity security offsets - commercial and corporate debt - Definition - "highly rated Canadian chartered bank acceptances"	{2}	
Rule 100: Margin Requirements	100.4	E preamble {i} and {ii}	Rule 5600	R. 5623. Debt and equity security offsets - commercial and corporate debt - requirement for positions to be in same maturity bands	{1}	
Rule 100: Margin Requirements	100.4	E preamble {iii}	Rule 5600	R. 5623. Debt and equity security offsets - commercial and corporate debt - requirement for positions to be in same currency	{1}	[Amended - Non-substantive - Existing requirement is that both positions be in Canadian dollars. Have amended this requirement to require that both positions be in the same currency, which is consistent with other debt offsets.]
Rule 100: Margin Requirements	100.4	E preamble {iv}	Rule 5600	R. 5623. Debt and equity security offsets - commercial and corporate debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4	E{e}	Rule 5600	R. 5623. Debt and equity security offsets - commercial and corporate debt - stripped coupons or residuals	{1}	
Rule 100: Margin Requirements	100.4	E{f}	Rule 5600	R. 5623. Debt and equity security offsets - commercial and corporate debt - stripped coupons or residuals	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 E{f}	Rule 5600	R. 5623. Debt and equity security offsets - commercial and corporate debt - Definition - "highly rated non convertible commercial and corporate debt securities"	{2}	
Rule 100: Margin Requirements	100.4 K{e}	Rule 5600	R. 5624. Debt and equity security offsets - commercial and corporate debt - long Canada Government notional bond futures contract versus short corporate bond {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 K{e}	Rule 5600	R. 5624. Debt and equity security offsets - commercial and corporate debt - short Canada Government notional bond futures contract versus long corporate bond {same maturity band}	{1}	
Rule 100: Margin Requirements	100.4 K - Note {i}	Rule 5600	R. 5624. Debt and equity security offsets - commercial and corporate debt - requirement for positions to be in same currency	{1}	
Rule 100: Margin Requirements	100.4 K - Note {iv}	Rule 5600	R. 5624. Debt and equity security offsets - commercial and corporate debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4 K - Note {iii}	Rule 5600	R. 5624. Debt and equity security offsets - commercial and corporate debt - Definition - "highly rated non convertible commercial and corporate debt securities"	{2}	
New Provision		Rule 5600	R. 5625. - 5629. - Reserved		[New - Non-substantive - Reserved sections]

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5600	R. 5630. Debt and equity security offsets - government debt and commercial and corporate debt - summary reference tables	{1}	[New - Non-substantive - Table to assist in finding relevant debt and/or equity offset rule.]
Rule 100: Margin Requirements	100.4	C{d}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - Canada and U.S. government versus Canadian bank paper	{1}	
Rule 100: Margin Requirements	100.4	C{d}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - Canada and U.S. government versus corporate	{1}	
Rule 100: Margin Requirements	100.4	C{f}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - Canada provincial versus Canadian bank paper	{1}	
Rule 100: Margin Requirements	100.4	C{f}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - Canada provincial versus corporate	{1}	
Rule 100: Margin Requirements	100.4	C - Note {ii}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - requirement for positions to be in same currency	{1}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
Rule 100: Margin Requirements	100.4	C - Note {iii}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - requirement for positions to be in same maturity bands	{1}	
Rule 100: Margin Requirements	100.4	C - Note {iv}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - requirement for equal market value	{1}	
Rule 100: Margin Requirements	100.4	C - Note {i}	Rule 5600	R. 5631. Debt and equity security offsets - government debt and commercial and corporate debt - Definition - "highly rated non convertible commercial and corporate debt securities"	{2}	
New Provision			Rule 5600	R. 5632. - 5639. - Reserved		[New - Non-substantive - Reserved sections]
New Provision			Rule 5600	R. 5640. Debt and equity security offsets - convertibles - summary reference tables	{1} and {2}	[New - Non-substantive - Table to assist in finding relevant debt and/or equity offset rule.]
Rule 100: Margin Requirements	100.4	H{b}	Rule 5600	R. 5641. Debt and equity security offsets - convertibles - long convertible [currently convertible into underlier] versus short underlying	{1}{i}	
Rule 100: Margin Requirements	100.4	H{b}	Rule 5600	R. 5641. Debt and equity security offsets - convertibles - long convertible [currently convertible into cash equivalent] versus short underlying	{1}{i} and {ii}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 H{c}	Rule 5600	R. 5642. Debt and equity security offsets - convertibles - long convertible [not currently convertible] versus short underlying	{1}	
Rule 100: Margin Requirements	100.4 H{d}	Rule 5600	R. 5643. Debt and equity security offsets - convertibles - short convertible versus long underlying	{1}	
Rule 100: Margin Requirements	100.4 H{e}	Rule 5600	R. 5644. Debt and equity security offsets - convertibles - long "Oldco" securities versus short "Newco" securities	{1} and {2}	
New Provision		Rule 5600	R. 5645. - 5649. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5600	R. 5650. Debt and equity security offsets - capital shares - summary reference tables	{1} and {2}	[New - Non-substantive - Table to assist in finding relevant debt and/or equity offset rule.]
Rule 100: Margin Requirements	100.4 G{b}	Rule 5600	R. 5651. Debt and equity security offsets - capital shares - long capital shares [currently convertible into underlier] versus short common shares	{1}{i}	
Rule 100: Margin Requirements	100.4 G{b}	Rule 5600	R. 5651. Debt and equity security offsets - capital shares - long capital shares [currently convertible into cash equivalent] versus short common shares	{1}{i} and {ii}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 G{c}	Rule 5600	R. 5652. Debt and equity security offsets - capital shares - long capital shares and long preferred shares [both combined convertible into underlier] versus short common shares	{1}{i}	
Rule 100: Margin Requirements	100.4 G{c}	Rule 5600	R. 5652. Debt and equity security offsets - capital shares - long capital shares and long preferred shares [both combined convertible into cash equivalent] versus short common shares	{1}{i} and {ii}	
Rule 100: Margin Requirements	100.4 G{e}	Rule 5600	R. 5653. Debt and equity security offsets - capital shares - long common shares versus short capital shares	{1}	
Rule 100: Margin Requirements	100.4 G{f}	Rule 5600	R. 5654. Debt and equity security offsets - capital shares - long common shares versus short capital shares and short preferred shares	{1}	
Rule 100: Margin Requirements	100.4 G{d}	Rule 5600	R. 5655. Debt and equity security offsets - capital shares - long capital shares versus short call options	{1}	
New Provision		Rule 5600	R. 5656. - 5659. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5600	R. 5660. Debt and equity security offsets - exercisables - summary reference tables	{1}	[New - Non-substantive - Table to assist in finding relevant debt and/or equity offset rule.]

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.4 I{b}	Rule 5600	R. 5661. Debt and equity security offsets - exercisables - long exercisable [currently exercisable into underlier] versus short underlying	{1}{i} and {ii}	
Rule 100: Margin Requirements	100.4 I{b}	Rule 5600	R. 5661. Debt and equity security offsets - exercisables - long exercisable [currently exercisable into cash equivalent] versus short underlying	{1}{i} through {iii}	
Rule 100: Margin Requirements	100.4 I{c}	Rule 5600	R. 5662. Debt and equity security offsets - exercisables - long exercisable [not currently exercisable] versus short underlying	{1}	
Rule 100: Margin Requirements	100.4 I{d}	Rule 5600	R. 5663. Debt and equity security offsets - exercisables - short exercisable versus long underlying	{1}	
New Provision		Rule 5600	R. 5664. - 5669. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.2 A{a}	Rule 5600	R. 5670. Debt and equity security offsets - other debt - callable debt	{1}	
Rule 100: Margin Requirements	100.2 A{b}	Rule 5600	R. 5670. Debt and equity security offsets - other debt - extendible debt	{1}	
Rule 100: Margin Requirements	100.2 A{c}	Rule 5600	R. 5670. Debt and equity security offsets - other debt - retractable debt	{1}	
Rule 100: Margin Requirements	100.12 {g}	Rule 5600	R. 5671. Debt and equity security offsets - other debt - Government of Canada debt covered by forwards and futures	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.12 {g}	Rule 5600	R. 5671. Debt and equity security offsets - other debt - listed securities covered by forwards and futures	{1}	
New Provision		Rule 5600	R. 5672. - 5679. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.4 F{a}	Rule 5600	R. 5680. Debt and equity security offsets - swaps - interest rate swap versus interest rate swap	{1}	
Rule 100: Margin Requirements	100.4 F{b}	Rule 5600	R. 5681. Debt and equity security offsets - swaps - fixed rate swap component versus securities position	{1}	
Rule 100: Margin Requirements	100.4 F{c}	Rule 5600	R. 5681. Debt and equity security offsets - swaps - floating rate swap component versus securities position	{2}	
Rule 100: Margin Requirements	100.4 F{d}	Rule 5600	R. 5682. Debt and equity security offsets - swaps - total performance swap versus total performance swap	{1}	
Rule 100: Margin Requirements	100.4 F{e}{i}	Rule 5600	R. 5682. Debt and equity security offsets - swaps - short total performance swap component versus long securities position	{2}	
Rule 100: Margin Requirements	100.4 F{e}{ii}	Rule 5600	R. 5682. Debt and equity security offsets - swaps - long total performance swap component versus short securities position	{3}	
New Provision		Rule 5600	R. 5683. - 5699. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5700	R. 5701. Derivative product offsets - introduction	{1} and {2}	[New - Non-substantive - Introduction section]
New Provision		Rule 5700	R. 5702. - 5709. - Reserved		[New - Non-substantive - Reserved sections]

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5700	R. 5710. Derivative product offsets - general requirements - written exchange-traded options must be in a margin account	{1}	[New - Substantive - A new requirement to write exchange traded options for a client in a margin account has been added. This is already a requirement for over-the-counter options and reflects current practice.]
Rule 100: Margin Requirements	100.11	{f}	Rule 5700	R. 5710. Derivative product offsets - general requirements - written over-the-counter options must be in a margin account	{2}	
Rule 100: Margin Requirements	100.11	{k}	Rule 5700	R. 5710. Derivative product offsets - general requirements - margin agreements	{3}	
Rule 100: Margin Requirements	100.9	{b}{i}	Rule 5700	R. 5711. Derivative product offsets - general requirements - written options must be in a margin account	{1}	
Rule 100: Margin Requirements	100.9	{b}{ii}	Rule 5700	R. 5711. Derivative product offsets - general requirements - each option to be margined separately	{1}	
New Provision			Rule 5700	R. 5712. Derivative product offsets - general requirements - short option must expire before the long option	{1}	[New - Substantive - A new requirement for customers with offset strategies involving long and short options, that the short option must expire on or before the long option, has been added - This is a current requirement for specific offset strategies, but not all.]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10 {b}{i}	Rule 5700	R. 5712. Derivative product offsets - general requirements - long option may expire before short option	{1}	
Rule 100: Margin Requirements	100.10 {b}{ii}	Rule 5700			[Repealed - Non-substantive - Schedule 4 of Form 1 requires that the Dealer Member provide for undermargined accounts. This provision is therefore redundant.]
Rule 100: Margin Requirements	100.9 {b}{v}	Rule 5700	R. 5713. Derivative product offsets - general requirements - Corporation may impose special requirements	{1}	
Rule 100: Margin Requirements	100.10 {b}{v}	Rule 5700	R. 5713. Derivative product offsets - general requirements - Corporation may impose special requirements	{1}	
Rule 100: Margin Requirements	100.9 {b}{iii}	Rule 5700	R. 5714. Derivative product offsets - general requirements - offsets with OCC options	{1}	
Rule 100: Margin Requirements	100.10 {b}{iii}	Rule 5700	R. 5714. Derivative product offsets - general requirements - offsets with OCC options	{1}	
Rule 100: Margin Requirements	100.9 {j}	Rule 5700	R. 5714. Derivative product offsets - general requirements - margin requirements for OCC options are the same	{1}	
Rule 100: Margin Requirements	100.10 {j}	Rule 5700	R. 5714. Derivative product offsets - general requirements - margin requirements for OCC options are the same	{1}	

## ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5700	R. 5715. Derivative product offsets - strategies available involving exchange-traded options - summary reference tables	{1} through {4}	[New - Non-substantive - Table to assist in finding relevant derivative product offset rule.]
New Provision			Rule 5700	R. 5716. - 5719. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.9	{c}{i}	Rule 5700	R. 5720. Derivative product offsets - long option general requirement	{1}	
Rule 100: Margin Requirements	100.10	{c}{i}	Rule 5700	R. 5720. Derivative product offsets - long option general requirement	{1}	
Rule 100: Margin Requirements	100.9	{b}{iv}	Rule 5700	R. 5720. Derivative product offsets - long currency option margin rate requirement	{1}{i}{a}{IV}	
Rule 100: Margin Requirements	100.10	{b}{iv}	Rule 5700	R. 5720. Derivative product offsets - long currency option margin rate requirement	{1}{i}{a}{IV}	
Rule 100: Margin Requirements	100.9	{c}{ii}	Rule 5700	R. 5720. Derivative product offsets - long options whose underlying has been taken over	{2}	
Rule 100: Margin Requirements	100.10	{c}{ii}	Rule 5700	R. 5720. Derivative product offsets - long options whose underlying has been taken over	{2}	
Rule 100: Margin Requirements	100.9	{d}{i}	Rule 5700	R. 5721. Derivative product offsets - short call option general requirement	{1}	
Rule 100: Margin Requirements	100.10	{d}	Rule 5700	R. 5721. Derivative product offsets - short call option general requirement	{1}	

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9	{d}{i}	Rule 5700	R. 5721. Derivative product offsets - short put option general requirement	{1}	
Rule 100: Margin Requirements	100.10	{d}	Rule 5700	R. 5721. Derivative product offsets - short put option general requirement	{1}	
Rule 100: Margin Requirements	100.9	{b}{iv}	Rule 5700	R. 5721. Derivative product offsets - short currency option margin rate requirement	{1}{i}{d}	
Rule 100: Margin Requirements	100.10	{b}{iv}	Rule 5700	R. 5721. Derivative product offsets - short currency option margin rate requirement	{1}{i}{d}	
Rule 100: Margin Requirements	100.9	{d}{ii}	Rule 5700	R. 5721. Derivative product offsets - minimum requirement	{2}	
Rule 100: Margin Requirements	100.10	{d}	Rule 5700	R. 5721. Derivative product offsets - no minimum requirement for short options	{2}	
New Provision			Rule 5700	R. 5722. - 5724. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.9	{e}{i}	Rule 5700	R. 5725. Derivative product offsets - short call covered by escrow receipt	{1}{i}	
Rule 100: Margin Requirements	100.10	{e}{i}	Rule 5700	R. 5725. Derivative product offsets - short call covered by escrow receipt	{1}{i}	
Rule 100: Margin Requirements	100.9	{e}{ii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by escrow receipt	{1}{ii}	
Rule 100: Margin Requirements	100.10	{e}{ii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by escrow receipt	{1}{ii}	

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {e}{iii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by letter of guarantee	{1}{iii}	
Rule 100: Margin Requirements	100.10 {e}{iii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by letter of guarantee	{1}{iii}	
Rule 100: Margin Requirements	100.9 {e}{i}	Rule 5700	R. 5725. Derivative product offsets - short call covered by escrow receipt	{2}	
Rule 100: Margin Requirements	100.10 {e}{i}	Rule 5700	R. 5725. Derivative product offsets - short call covered by escrow receipt	{2}	
Rule 100: Margin Requirements	100.9 {e}{ii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by escrow receipt	{2}	
Rule 100: Margin Requirements	100.10 {e}{ii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by escrow receipt	{2}	
Rule 100: Margin Requirements	100.9 {e}{iii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by letter of guarantee	{3}	
Rule 100: Margin Requirements	100.10 {e}{iii}	Rule 5700	R. 5725. Derivative product offsets - short put covered by letter of guarantee	{3}	
New Provision		Rule 5700	R. 5726. - 5729. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.9 {f}{i}	Rule 5700	R. 5730. Derivative product offsets - call spread	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {f}{i}	Rule 5700	R. 5730. Derivative product offsets - call spread	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9 {f}{i}	Rule 5700	R. 5730. Derivative product offsets - put spread	{1}{ii} and {2}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10 {f}{i}	Rule 5700	R. 5730. Derivative product offsets - put spread	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.9 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - call spread - long index calls, short IPU calls	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.9 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - call spread - long IPU calls, short index calls	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.10 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - call spread - long index calls, short IPU calls	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.10 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - call spread - long IPU calls, short index calls	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.9 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - put spread - long index puts, short IPU puts	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.9 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - put spread - long IPU puts, short index puts	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.10 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - put spread - long index puts, short IPU puts	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.10 {h}{i}{A}	Rule 5700	R. 5730. Derivative product offsets - put spread - long IPU puts, short index puts	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.9 {f}{ii}	Rule 5700	R. 5731. Derivative product offsets - call-put spread	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {f}{ii}	Rule 5700	R. 5731. Derivative product offsets - call-put spread	{1}{i} and {2}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {h}{i}{B}	Rule 5700	R. 5731. Derivative product offsets - call-put spread - short index calls, short IPU puts	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.10 {h}{i}{B}	Rule 5700	R. 5731. Derivative product offsets - call-put spread - short index calls, short IPU puts	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.9 {h}{i}{B}	Rule 5700	R. 5731. Derivative product offsets - call-put spread - short IPU calls, short index puts	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.10 {h}{i}{B}	Rule 5700	R. 5731. Derivative product offsets - call-put spread - short IPU calls, short index puts	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.9 {f}{iii}	Rule 5700	R. 5732. Derivative product offsets - long call, long put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {f}{iii}	Rule 5700	R. 5732. Derivative product offsets - long call, long put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9 {f}{iii}	Rule 5700	R. 5732. Derivative product offsets - long call, long put - long index call, long IPU put	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.10 {f}{iii}	Rule 5700	R. 5732. Derivative product offsets - long call, long put - long index call, long IPU put	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.9 {f}{iii}	Rule 5700	R. 5732. Derivative product offsets - long call, long put - long IPU call, long index put	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.10 {f}{iii}	Rule 5700	R. 5732. Derivative product offsets - long call, long put - long IPU call, long index put	{1}{iii} and {2}	
Rule 100: Margin Requirements	100.9 {f}{iv}	Rule 5700	R. 5733. Derivative product offsets - long call, short call, long put	{1}	

## ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10	{f}{iv}	Rule 5700	R. 5733. Derivative product offsets - long call, short call, long put	{1}	
Rule 100: Margin Requirements	100.9	{f}{iv}	Rule 5700	R. 5733. Derivative product offsets - long index call, short index call, long index put	{1}	
Rule 100: Margin Requirements	100.10	{f}{iv}	Rule 5700	R. 5733. Derivative product offsets - long index call, short index call, long index put	{1}	
Rule 100: Margin Requirements	100.9	{f}{iv}	Rule 5700	R. 5733. Derivative product offsets - long IPU call, short IPU call, long IPU put	{1}	
Rule 100: Margin Requirements	100.10	{f}{iv}	Rule 5700	R. 5733. Derivative product offsets - long IPU call, short IPU call, long IPU put	{1}	
Rule 100: Margin Requirements	100.9	{f}{v}	Rule 5700	R. 5734. Derivative product offsets - short call, long warrant	{1}	
Rule 100: Margin Requirements	100.10	{f}{v}	Rule 5700	R. 5734. Derivative product offsets - short call, long warrant	{1}	
Rule 100: Margin Requirements	100.9	{f}{vi}	Rule 5700	R. 5735. Derivative product offsets - box spread	{1}	
Rule 100: Margin Requirements	100.10	{f}{vi}	Rule 5700	R. 5735. Derivative product offsets - box spread	{2}	
Rule 100: Margin Requirements	100.9	{f}{vii}	Rule 5700	R. 5736. Derivative product offsets - long butterfly spread	{1}	
Rule 100: Margin Requirements	100.10	{f}{vii}	Rule 5700	R. 5736. Derivative product offsets - long butterfly spread	{1}	
Rule 100: Margin Requirements	100.9	{f}{viii}	Rule 5700	R. 5737. Derivative product offsets - short butterfly spread	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10 {f}{viii}	Rule 5700	R. 5737. Derivative product offsets - short butterfly spread	{1}	
Rule 100: Margin Requirements	100.9 {f}{ix}	Rule 5700	R. 5738. Derivative product offsets - long condor spread	{1}	
Rule 100: Margin Requirements	100.10 {f}{ix}	Rule 5700	R. 5738. Derivative product offsets - long condor spread	{1}	
Rule 100: Margin Requirements	100.9 {f}{x}	Rule 5700	R. 5739. Derivative product offsets - short iron butterfly spread	{1}	
Rule 100: Margin Requirements	100.10 {f}{x}	Rule 5700	R. 5739. Derivative product offsets - short iron butterfly spread	{1}	
Rule 100: Margin Requirements	100.9 {f}{xi}	Rule 5700	R. 5740. Derivative product offsets - short iron condor spread	{1}	
Rule 100: Margin Requirements	100.10 {f}{xi}	Rule 5700	R. 5740. Derivative product offsets - short iron condor spread	{1}	
New Provision		Rule 5700	R. 5741. - 5749. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.9 {g}{i}	Rule 5700	R. 5750. Derivative product offsets - long underlying {or convertible}, short call	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {g}{i}	Rule 5700	R. 5750. Derivative product offsets - long underlying {or convertible}, short call	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long index basket, short index call	{1}{ii}, {2} and {4} and {5}	
Rule 100: Margin Requirements	100.10 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long index basket, short index call	{1}{ii}, {2} and {4} and {5}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long index basket, short IPU call	{1}{iii}, {2} and {4} and {5}	
Rule 100: Margin Requirements	100.10 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long index basket, short IPU call	{1}{iii}, {2} and {4} and {5}	
Rule 100: Margin Requirements	100.9 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long IPUs, short IPU call	{1}{iv}, {2} and {5}	
Rule 100: Margin Requirements	100.10 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long IPUs, short IPU call	{1}{iv}, {2} and {5}	
Rule 100: Margin Requirements	100.9 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long IPUs, short index call	{1}{v}, {2} and {5}	
Rule 100: Margin Requirements	100.10 {h}{ii}{A}	Rule 5700	R. 5750. Derivative product offsets - long IPUs, short index call	{1}{v}, {2} and {5}	
Rule 100: Margin Requirements	100.9 {g}{iv}	Rule 5700	R. 5751. Derivative product offsets - long underlying, long put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {g}{iv}	Rule 5700	R. 5751. Derivative product offsets - long underlying, long put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long index basket, long index put	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long index basket, long index put	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long index basket, long IPU put	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long index basket, long IPU put	{1}{iii}, {2} and {3}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long IPUs, long IPU put	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long IPUs, long IPU put	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.9 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long IPUs, long index put	{1}{v} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{D}	Rule 5700	R. 5751. Derivative product offsets - long IPUs, long index put	{1}{v} and {2}	
Rule 100: Margin Requirements	100.9 {g}{iii}	Rule 5700	R. 5752. Derivative product offsets - short underlying, long call	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {g}{iii}	Rule 5700	R. 5752. Derivative product offsets - short underlying, long call	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short index basket, long index call	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short index basket, long index call	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short index basket, long IPU call	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short index basket, long IPU call	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short IPUs, long IPU call	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short IPUs, long IPU call	{1}{iv} and {2}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short IPU, long index call	{1}{v} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{C}	Rule 5700	R. 5752. Derivative product offsets - short IPU, long index call	{1}{v} and {2}	
Rule 100: Margin Requirements	100.9 {g}{ii}	Rule 5700	R. 5753. Derivative product offsets - short underlying, short put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {g}{ii}	Rule 5700	R. 5753. Derivative product offsets - short underlying, short put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short index basket, short index put	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short index basket, short index put	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short index basket, short IPU put	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short index basket, short IPU put	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short IPU, short index put	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short IPU, short index put	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.9 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short IPU, short IPU put	{1}{v} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{B}	Rule 5700	R. 5753. Derivative product offsets - short IPU, short IPU put	{1}{v} and {2}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9 {g}{v}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long underlying, long put, short call	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {g}{v}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long underlying, long put, short call	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9 {h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long index basket, long index put, short index call	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long index basket, long index put, short index call	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long index basket, long IPU put, short IPU call	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long index basket, long IPU put, short IPU call	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long IPUs, long IPU put, short IPU call	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.10 {h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long IPUs, long IPU put, short IPU call	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.9 {h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long IPUs, long index put, short index call	{1}{v} and {2}	

ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10	{h}{ii}{E}	Rule 5700	R. 5754. Derivative product offsets - long tripo - long IPUs, long index put, short index call	{1}{v} and {2}	
Rule 100: Margin Requirements	100.9	{g}{vi}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short underlying, long call, short put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10	{g}{vi}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short underlying, long call, short put	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short index basket, long index call, short index put	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.10	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short index basket, long index call, short index put	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.9	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short index basket, long IPU call, short IPU put	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.10	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short index basket, long IPU call, short IPU put	{1}{iii}, {2} and {3}	
Rule 100: Margin Requirements	100.9	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short IPUs, long IPU call, short IPU put	{1}{iv} and {2}	
Rule 100: Margin Requirements	100.10	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short IPUs, long IPU call, short IPU put	{1}{iv} and {2}	

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.9	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short IPUs, long index call, short index put	{1}{v} and {2}	
Rule 100: Margin Requirements	100.10	{h}{ii}{F}	Rule 5700	R. 5755. Derivative product offsets - short tripo - short IPUs, long index call, short index put	{1}{v} and {2}	
New Provision			Rule 5700	R. 5756. - 5759. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.9	{h}{v}{A}	Rule 5700	R. 5760. Derivative product offsets - long index futures, short index calls	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10	{h}{v}{A}	Rule 5700	R. 5760. Derivative product offsets - long index futures, short index calls	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9	{h}{v}{A}	Rule 5700	R. 5760. Derivative product offsets - long index futures, short IPU calls	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.10	{h}{v}{A}	Rule 5700	R. 5760. Derivative product offsets - long index futures, short IPU calls	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.9	{h}{v}{D}	Rule 5700	R. 5761. Derivative product offsets - long index futures, long index puts	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.10	{h}{v}{D}	Rule 5700	R. 5761. Derivative product offsets - long index futures, long index puts	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.9	{h}{v}{D}	Rule 5700	R. 5761. Derivative product offsets - long index futures, long IPU puts	{1}{ii}, {2} and {3}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10 {h}{v}{D}	Rule 5700	R. 5761. Derivative product offsets - long index futures, long IPU puts	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{v}{C}	Rule 5700	R. 5762. Derivative product offsets - short index futures, long index calls	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{v}{C}	Rule 5700	R. 5762. Derivative product offsets - short index futures, long index calls	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{v}{C}	Rule 5700	R. 5762. Derivative product offsets - short index futures, long IPU calls	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{v}{C}	Rule 5700	R. 5762. Derivative product offsets - short index futures, long IPU calls	{1}{ii}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{v}{B}	Rule 5700	R. 5763. Derivative product offsets - short index futures, short index puts	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10 {h}{v}{B}	Rule 5700	R. 5763. Derivative product offsets - short index futures, short index puts	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9 {h}{v}{B}	Rule 5700	R. 5763. Derivative product offsets - short index futures, short IPU puts	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.10 {h}{v}{B}	Rule 5700	R. 5763. Derivative product offsets - short index futures, short IPU puts	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.9 {h}{v}{E}	Rule 5700	R. 5764. Derivative product offsets - long futures tripo - long index futures, long index puts, short index calls	{1}{i} and {2}	

ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.10	{h}{v}{E}	Rule 5700	R. 5764. Derivative product offsets - long futures tripo - long index futures, long index puts, short index calls	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9	{h}{v}{E}	Rule 5700	R. 5764. Derivative product offsets - long futures tripo - long index futures, long IPU puts, short IPU calls	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.10	{h}{v}{E}	Rule 5700	R. 5764. Derivative product offsets - long futures tripo - long index futures, long IPU puts, short IPU calls	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.9	{h}{v}{F}	Rule 5700	R. 5765. Derivative product offsets - short futures tripo - short index futures, long index calls, short index puts	{1}{i} and {2}	
Rule 100: Margin Requirements	100.10	{h}{v}{F}	Rule 5700	R. 5765. Derivative product offsets - short futures tripo - short index futures, long index calls, short index puts	{1}{i} and {2}	
Rule 100: Margin Requirements	100.9	{h}{v}{F}	Rule 5700	R. 5765. Derivative product offsets - short futures tripo - short index futures, long IPU calls, short IPU puts	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.10	{h}{v}{F}	Rule 5700	R. 5765. Derivative product offsets - short futures tripo - short index futures, long IPU calls, short IPU puts	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.9	{h}{v}{G}	Rule 5700			[Repealed - Non-substantive - Derivative product offsets - Redundant provision]
Rule 100: Margin Requirements	100.10	{h}{v}{G}	Rule 5700			[Repealed - Non-substantive - Derivative product offsets - Redundant provision]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
New Provision		Rule 5700	R. 5766. - 5769. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.9 {h}{iii}{A}	Rule 5700	R. 5770. Derivative product offsets - long index basket, short IPUs	{1} and {2}	
Rule 100: Margin Requirements	100.10 {h}{iii}{A}	Rule 5700	R. 5770. Derivative product offsets - long index basket, short IPUs	{1} and {2}	
Rule 100: Margin Requirements	100.9 {h}{iii}{B}	Rule 5700	R. 5771. Derivative product offsets - long IPUs, short index basket	{1} and {2}	
Rule 100: Margin Requirements	100.10 {h}{iii}{B}	Rule 5700	R. 5771. Derivative product offsets - long IPUs, short index basket	{1} and {2}	
Rule 100: Margin Requirements	100.9 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - long index futures, short index basket	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - long index futures, short index basket	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - short index futures, long index basket	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.10 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - short index futures, long index basket	{1}{i}, {2} and {3}	
Rule 100: Margin Requirements	100.9 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - long index futures, short IPUs	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.10 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - long index futures, short IPUs	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.9 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - short index futures, long IPUs	{1}{ii} and {2}	
Rule 100: Margin Requirements	100.10 {h}{iv}	Rule 5700	R. 5772. Derivative product offsets - short index futures, long IPUs	{1}{ii} and {2}	

ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
New Provision			Rule 5700	R. 5773. - 5774. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.9	{i}	Rule 5700	R. 5775. Derivative product offsets - cross index offsets	{1}	[Amended - Substantive - Cross index offsets now available for clients]
Rule 100: Margin Requirements	100.10	{i}	Rule 5700	R. 5775. Derivative product offsets - cross index offsets	{1}	
Rule 100: Margin Requirements	100.10	{k}	Rule 5700	R. 5776. Derivative product offsets - optional use of TIMS or SPAN	{1}	
New Provision			Rule 5700	R. 5777. - 5779. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.11	{b}	Rule 5700	R. 5780. Derivative product offsets - long option positions - firm	{1}	
Rule 100: Margin Requirements	100.11	{a}	Rule 5700	R. 5780. Derivative product offsets - long option positions - customer	{2}	
Rule 100: Margin Requirements	100.11	{c}{i}	Rule 5700	R. 5781. Derivative product offsets - short option positions - firm	{1}	
Rule 100: Margin Requirements	100.11	{c}{i}	Rule 5700	R. 5781. Derivative product offsets - short option positions - customer	{1}	
Rule 100: Margin Requirements	100.11	{c}{ii}	Rule 5700	R. 5781. Derivative product offsets - short option positions - customer minimum requirement	{2}	
Rule 100: Margin Requirements	100.11	{d}	Rule 5700			[Repealed - Non-substantive - Redundant provision]
Rule 100: Margin Requirements	100.11	{e}	Rule 5700			[Repealed - Non-substantive - Redundant provision]

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.11 {g}{i} and {ii}	Rule 5700	R. 5782. Derivative product offsets - items considered to be adequate margin	{1} and {2}	
Rule 100: Margin Requirements	100.11 {g}{iii}	Rule 5700	R. 5782. Derivative product offsets - the requirements of this section apply	{3}	
Rule 100: Margin Requirements	100.11 {h}	Rule 5700			[Repealed - Non-substantive - Redundant provision]
Rule 100: Margin Requirements	100.11 {i}	Rule 5700	R. 5783. Derivative product offsets - margin offsets	{1} and {2}	
Rule 100: Margin Requirements	100.11 {j}	Rule 5700			[Repealed - Non-substantive - Redundant provision]
Rule 100: Margin Requirements	100.11 {l}	Rule 5700	R. 5784. Derivative product offsets - confirmation, delivery and exercise	{1} and {2}	
New Provision		Rule 5700	R. 5785. - 5789. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.8 {a}	Rule 5700	R. 5790. Derivative product offsets - requirement to margin positions using the greatest of exchange, clearing house and clearing Member requirements	{1}	
Rule 100: Margin Requirements	100.8 {b}	Rule 5700	R. 5790. Derivative product offsets - initial and maintenance requirements	{2}	
Rule 100: Margin Requirements	100.8 {c}	Rule 5700	R. 5790. Derivative product offsets - omnibus accounts	{3}	
Rule 100: Margin Requirements	100.8 {d}	Rule 5700	R. 5790. Derivative product offsets - spread margins	{4}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.8 {e}	Rule 5700	R. 5790. Derivative product offsets - inter-commodity spread between Government of Canada bond futures contract and U.S. treasury bond futures contract	{5}	
Rule 100: Margin Requirements	100.8 {f}	Rule 5700	R. 5790. Derivative product offsets - Corporation discretion to impose higher or lower requirements	{6}	
New Provision		Rule 5700	R. 5791. - 5799. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5800	R. 5801. Agreements - Introduction	{1}	[New - Non-substantive - Introduction section]
New Provision		Rule 5800	R. 5802. - 5809. - Reserved		[New - Non-substantive - Reserved sections]
New Provision		Rule 5800	R. 5810. Corporation standard agreements	{1}	[New - Non-substantive - General rule describing IIROC approach to prescribing agreement terms and referring to standard agreements posted on IIROC website.]
New Provision		Rule 5800	R. 5811. - 5819. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.15 {f}	Rule 5800	R. 5820. General account guarantee requirements	{1}{i}	
Rule 100: Margin Requirements	100.15 {i}	Rule 5800	R. 5820. General account guarantee requirements	{1}{ii}	
Rule 100: Margin Requirements	100.15 {f}	Rule 5800	R. 5820. General account guarantee requirements	{1}{iii}{a}	
Rule 100: Margin Requirements	100.15 {f}	Rule 5800	R. 5820. General account guarantee requirements	{1}{iii}{b}	
Rule 100: Margin Requirements	100.15 {f}	Rule 5800	R. 5820. General account guarantee requirements	{1}{iii}{c}	
Rule 100: Margin Requirements	100.15 {h}	Rule 5800	R. 5820. General account guarantee requirements	{1}{iii}{d}	
Rule 100: Margin Requirements	100.15 {h}	Rule 5800	R. 5820. General account guarantee requirements	{1}{iii}{e}	

## ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments	
Rule 100: Margin Requirements	100.15	preamble	Rule 5800	R. 5820. General account guarantee requirements	{1}{iv}	
Rule 100: Margin Requirements	100.15	{i}	Rule 5800	R. 5820. General account guarantee requirements	{1}{iv}	
Rule 100: Margin Requirements	100.15	{i}	Rule 5800	R. 5820. General account guarantee requirements	{1}{v}	
New Provision			Rule 5800	R. 5820. General account guarantee requirements	{2}	[New - Substantive - Details margin impact when guaranteed account holder refuses to allow account statements to be sent to guarantor. An extension of the existing requirements in Rule 100.15(i)]
Rule 100: Margin Requirements	100.15	{a}	Rule 5800	R. 5821. Requirements for account guarantees by shareholders, Registered Representatives or employees	{1} preamble	
Rule 100: Margin Requirements	100.15	{b}{i}	Rule 5800	R. 5821. Requirements for account guarantees by shareholders, Registered Representatives or employees	{1}{i}{a} and {b}	
Rule 100: Margin Requirements	100.15	{b}{ii}	Rule 5800	R. 5821. Requirements for account guarantees by shareholders, Registered Representatives or employees	{1}{i}{c}	
Rule 100: Margin Requirements	100.15	{b}{iii}	Rule 5800	R. 5821. Requirements for account guarantees by shareholders, Registered Representatives or employees	{1}{i}{d}	
Rule 100: Margin Requirements	100.15	{a}	Rule 5800	R. 5821. Requirements for account guarantees by shareholders, Registered Representatives or employees	{1}{ii}	
Rule 100: Margin Requirements	100.15	{c}	Rule 5800	R. 5822. Prohibited account guarantee arrangements	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Rule 100: Margin Requirements	100.15 {d}	Rule 5800	R. 5823. Exception for immediate family	{1}	
Rule 100: Margin Requirements	100.15 Preamble	Rule 5800	R. 5824. Margin relief for guarantee requirements	{1}	
Rule 100: Margin Requirements	100.15 {g}	Rule 5800	R. 5824. Margin relief for guarantee requirements	{2}	
Rule 100: Margin Requirements	100.15 {e}	Rule 5800	R. 5824. Margin relief for guarantee requirements	{3}	
Rule 100: Margin Requirements	100.15 {h}{i}	Rule 5800	R. 5825. Account guarantee agreement minimum terms	{1}{i}	
Rule 100: Margin Requirements	100.15 {h}{ii}	Rule 5800	R. 5825. Account guarantee agreement minimum terms	{1}{ii}	
Rule 100: Margin Requirements	100.15 {h}{iii}	Rule 5800	R. 5825. Account guarantee agreement minimum terms	{1}{iii}	
Rule 100: Margin Requirements	100.15 {h}{iv}	Rule 5800	R. 5825. Account guarantee agreement minimum terms	{1}{iv}	
Rule 100: Margin Requirements	100.15 {h}{v}	Rule 5800	R. 5825. Account guarantee agreement minimum terms	{1}{v}	
Rule 100: Margin Requirements	100.15 {h}{vi}	Rule 5800	R. 5825. Account guarantee agreement minimum terms	{1}{vi}	
New Provision		Rule 5800	R. 5826. - 5829. - Reserved		[New - Non-substantive - Reserved sections]
Rule 100: Margin Requirements	100.15 A{c}	Rule 5800	R. 5830. Hedge agreements	{1}	
New Provision		Rule 5800	R. 5831. - 5839. - Reserved		[New - Non-substantive - Reserved sections]
Rule 2200: Cash & Securities Loan Transactions	2200.1	Rule 5800	R. 5840. Cash and securities loan agreements - defined	{1}	
Rule 2200: Cash & Securities Loan Transactions	2200.2 First sentence	Rule 5800	R. 5840. Cash and securities loan agreements - defined	{1}	

ATTACHMENT C

Current rule number and title	Sub-section	New rule number	New section and description	Sub-section	Comments
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5	Rule 5800	R. 5840. Cash and securities loan agreements - requirement for written agreement	{2}
Rule 2200: Cash & Securities Loan Transactions	2200.2	{a}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{i}
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{i}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{i}
Rule 2200: Cash & Securities Loan Transactions	2200.2	{b}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{ii}
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{ii}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{ii}
Rule 2200: Cash & Securities Loan Transactions	2200.2	{c}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{iii}
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{iii}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{iii}
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{iv}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{iv}
Rule 2200: Cash & Securities Loan Transactions	2200.2	{d}{i}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{iv}{a}
Rule 2200: Cash & Securities Loan Transactions	2200.2	{d}{ii}{A}	Rule 5800	R. 5840. Cash and securities loan agreements - minimum agreement terms	{3}{iv}{b}

ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Rule 2200: Cash & Securities Loan Transactions	2200.2	{d}{ii}{B}	Rule 5800	R. 5840. Cash and securities loan agreements - default terms	{4}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{iv}	Rule 5800	R. 5840. Cash and securities loan agreements - default terms	{4}	
Rule 2200: Cash & Securities Loan Transactions	2200.2	{e}	Rule 5800	R. 5840. Cash and securities loan agreements - collateral free of trading restrictions	{5}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{v}	Rule 5800	R. 5840. Cash and securities loan agreements - collateral free of trading restrictions	{5}	
New Provision			Rule 5800	R. 5841. - 5849. - Reserved		[New - Non-substantive - Reserved sections]
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7		Rule 5800	R. 5850. Repurchase and reverse repurchase agreements - requirement for written agreement	{1}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{i}	Rule 5800	R. 5850. Repurchase and reverse repurchase agreements - minimum agreement terms	{2}{i}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{ii}	Rule 5800	R. 5850. Repurchase and reverse repurchase agreements - minimum agreement terms	{2}{ii}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{iii}	Rule 5800	R. 5850. Repurchase and reverse repurchase agreements - minimum agreement terms	{2}{iii}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{iv}	Rule 5800	R. 5850. Repurchase and reverse repurchase agreements - minimum agreement terms	{2}{iv}	

ATTACHMENT C

Current rule number and title	Sub-section		New rule number	New section and description	Sub-section	Comments
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{iv}	Rule 5800	R. 5850. Repurchase and reverse repurchase agreements - default terms	{3}	
Form 1 - Joint Regulatory Financial Questionnaire and Report	Schedules 1 and 7	Note 5{v}	Rule 5800	R. 5850. Repurchase and reverse repurchase agreements - collateral free of trading restrictions	{4}	
New Provision			Rule 5800	R. 5851. - 5999. - Reserved		[New - Non-substantive - Reserved sections]