

IIROC NOTICE

Rules Notice

Technical

Dealer Member Rules

Please distribute internally to:

Credit
Internal Audit
Legal and Compliance
Operations
Regulatory Accounting
Retail
Senior Management
Trading Desk

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Foreign Currency Group

This is a new list that identifies the group that each foreign currency is in. Previously, changes to the group had been communicated through “FX Currency Group Upgrades” or “FX Currency Group Downgrades” notices, but without listing all the foreign currencies in each group. Going forward, foreign currency upgrades and downgrades will be communicated through this Foreign Currency Group list, which will list all the foreign currencies in each group. There is no change to any of the groups and therefore, this list is effective immediately.

For margin and capital purposes, IIROC groups foreign currencies into 4 groups based on quantitative and qualitative criteria, which are detailed in Dealer Member Rule 100.2(d) and summarized in the Notes and Instructions to Schedules 11 and 11A of Form 1 (the Joint Regulatory Financial Questionnaire and Report). Each group is assigned a base spot risk margin rate and a term risk margin rate. IIROC monitors the spot risk of each currency in groups 1, 2, and 3, and increases the spot risk margin rate of a currency when its volatility



exceeds a certain threshold. This increase is communicated through the Foreign Exchange (FX) Margin Surcharge list.

A Dealer Member must use this Foreign Currency Group list, the Foreign Exchange (FX) Margin Surcharge list, and Dealer Member Rule 100.2(d) in margining unhedged foreign exchange customer and Dealer Member (inventory) positions and any other customer and Dealer Member transactions that result in an exposure to foreign exchange risk.



Foreign Currency Group

[Updated March 19, 2010]

Group 1

1. U.S. - Dollar

Group 2

1. Australia - Dollar
2. Euro
3. Japan - Yen
4. Norway - Krone
5. Mexico - New Peso
6. New Zealand - Dollar
7. Switzerland - Franc
8. Sweden - Krona
9. United Kingdom - Pound

Group 3

1. Czeck - Koruna
2. Denmark - Krone
3. Hong Kong - Dollar
4. Hungary - Forint
5. Malaysia - Ringgit
6. Poland - Zloty
7. Saudi Arabia - Riyal
8. Singapore - Dollar

Group 4

All other foreign currencies not included in Groups 1 through 3.