

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

Contact:

Mindy Kwok
Information Analyst, Member Regulation Policy
416 943-6979
mkwok@iiroc.ca

Bruce Grossman
Senior Information Analyst, Member Regulation Policy
416 943-5782
bgrossman@iiroc.ca

15-0007
January 12, 2015

List of Foreign Exchange (FX) Spot Risk Margin Rates for Canadian and U.S. Base Currency Accounts

OVERVIEW:

This list is published when a Group 1, 2, or 3 currency's spot risk margin rate is increased, because the volatility of the currency exceeds the volatility threshold that is set out in Dealer Member Rule 100.2(d)(v)(B)(a). In addition, the list is also published when the increased spot risk margin rate for the currency is reduced, because a minimum of 30 trading days has passed since the currency's spot risk margin rate increase and the currency's volatility no longer exceeds the volatility threshold.

Excess volatility in a currency is measured and tracked as an "offside day". An offside day is triggered when the percentage change in the exchange rate of the currency over five-day intervals, through a period of 60 trading days, exceeds the margin rate for the currency



group. When the number of offside base days during the period reaches 4, a margin surcharge is applied.

A Dealer Member must use the spot risk margin rates provided in the attached 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 EXCHANGE (FX) SPOT RISK MARGIN UPDATE:

Enclosed as [Attachment #1](#) is a copy of the list of foreign exchange spot risk margin rates for Canadian and U.S. dollar base currency accounts, which has been prepared as at January 8, 2015 listing all currencies presently in Groups 1-3.

Based on the volatility of the Canadian dollar exchange rates, effective January 15, 2015, the following spot risk margin rate(s) apply until further notice:

- **U.S. Dollar versus Canadian Dollar from 1.60% to 1.90%**

Based on the volatility of the U.S. dollar exchange rates, effective January 15, 2015, the following spot risk margin rate(s) apply until further notice:

- **Canadian Dollar versus U.S. Dollar from 1.60% to 1.90%**
- **Norwegian Krone versus U.S. Dollar from 3.00% to 3.40%**

This list of foreign exchange spot risk margin rates replaces the previous list provided in IIROC Rules Notice 14-0288, issued on December 8, 2014.