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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 September 29, 2016 listing all currencies presently in Groups 1-3.

Based on the volatility of the Canadian dollar exchange rates, effective October 7, 2016, the following spot risk margin rate(s) apply until further notice:

- **Euro versus Canadian Dollar from 3.90% to 3.00%**
- **Mexican New Peso versus Canadian Dollar from 3.90% to 3.50%**
- **Switzerland Franc versus Canadian Dollar from 3.90% to 3.00%**
- **United Kingdom Pound versus Canadian Dollar from 4.00% to 3.00%**
- **U.S. Dollar versus Canadian Dollar from 2.90% to 2.40%**

Based on the volatility of the U.S. dollar exchange rates, effective October 7, 2016, the following spot risk margin rate(s) apply until further notice:

- **Canadian Dollar versus U.S. Dollar from 2.90% to 2.40%**
- **Mexican New Peso versus U.S. Dollar from 3.90% to 3.50%**
- **United Kingdom Pound versus U.S. Dollar from 4.00% to 3.00%**

This list of foreign exchange spot risk margin rates replaces the previous list provided in IIROC Rules Notice 16-0186, issued on August 15, 2016.