

# IIROC NOTICE

## **Rules Notice Notice of Withdrawal**

Dealer Member Rules

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**17-0144**  
**July 13, 2017**

## **Withdrawal of the new methodology for margining equity securities - Dealer Member Rule 100 and Form 1**

### **Overview**

On January 13, 2006, IIROC published for comment [proposed amendments to Dealer Member Rule 100.2 and Form 1](#) (the **Proposed Amendments**). The objectives of the Proposed Amendments were to:

- replace the existing market price per share margin methodology for listed equity securities with a new margin methodology, which is also known as the Equity Margin Project's new margin methodology (the **new margin methodology**)
- accommodate the elimination of the market price per share margin methodology and the list of securities eligible for reduced margin
- make the margin requirements for convertible debentures and convertible preferred shares more consistent with those for related debt and equity securities of the same issuer.



On September 12, 2007, we published Bulletin [#3669](#), which set out a two-phased implementation plan for the Proposed Amendments. In Phase 1, amendments that were unrelated to the new margin methodology were implemented as a part of Bulletin [#3669](#). In Phase 2, the Proposed Amendments that relate to the new margin methodology would be implemented at a later date (the **Phase 2 Proposed Amendments**).

Commenters expressed concern with proceeding with the Phase 2 Proposed Amendments in light of potential industry impact. In light of these concerns, the passage of time, changes to the investment industry and other IIROC regulatory priorities, we have decided to withdraw the Phase 2 Proposed Amendments.

We believe that the withdrawal of the Phase 2 Proposed Amendments will not have a material impact on Dealer Members and their service providers at this time as the systems development costs incurred to date by Dealer Members and their service providers have been relatively immaterial, in order for them to use the new IIROC equity margin rate file.

### **Withdrawal**

We have informed the Canadian Securities Administrators (the **CSA**) that we have withdrawn the Phase 2 Proposed Amendments. In addition, we have also informed the CSA that we have withdrawn the related proposed amendments to simplify the Equity Margin Project<sup>1</sup>.

Questions may be referred to:

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<sup>1</sup> IIROC Rules Notice [17-0145](#) - *Withdrawal of proposed amendments to simplify the Equity Margin Project*.