



bulletin



Contact:
Richard J. Corner
Vice President, Regulatory Policy
(416) 943-6908
rcorner@ida.ca

For distribution to relevant parties within your firm

BULLETIN #3583
November 20, 2006

By-Laws and Regulations

Regulation 100.5 - Capital requirements for certain private placements of restricted securities during the underwriting distribution period

The Board of Directors of the Association has approved amendments to Regulation 100.5 to permit the use of an alternative approach for calculating the capital requirements for certain private placements of restricted securities during the underwriting distribution period. The amendments are effective for underwriting commitments entered into on or after November 20, 2006.

The rule change introduces an alternative approach for calculating the capital requirements for underwriting requirements to properly reflect the lower risk associated with private placements of four-month restricted securities during the underwriting distribution period. This alternative approach enables Member firms to determine their underwriting capital requirement based on the margin rate that would otherwise apply to an unrestricted securities offering of the same issuer, subject to certain margin rate percentage minimums. Member firms may continue to calculate their underwriting capital requirement for private placements of restricted securities in accordance with the requirements set out in IDA Regulations 100.5(b) through 100.5(f) if they so choose.

The amendments to IDA Regulation 100.5 are attached.

Kenneth A. Nason
Association Secretary

TORONTO
CALGARY
HALIFAX
MONTRÉAL
VANCOUVER

Suite 1600, 121 King Street West, Toronto, Ontario M5H 3T9 Telephone: (416) 364-6133 Fax: (416) 364-0753
Suite 2300, 355 Fourth Avenue S.W., Calgary, Alberta T2P 0J1 Telephone: (403) 262-6393 Fax: (403) 265-4603
Suite 1620, 1791 Barrington Street, Halifax, Nova Scotia B3J 3K9 Telephone: (902) 423-8800 Fax: (902) 423-0629
Suite 2802, 1 Place Ville Marie, Montréal, Québec, H3B 4R4 Téléphone: (514) 878-2854 Télécopieur: (514) 878-3860
Suite 1325, P.O. Box 11614, 650 West Georgia Street, Vancouver, B.C. V6B 4N9 Telephone: (604) 683-6222 Fax: (604) 683-3491

INVESTMENT DEALERS ASSOCIATION OF CANADA
REGULATION 100.5 - CAPITAL REQUIREMENTS FOR CERTAIN PRIVATE PLACEMENTS
OF RESTRICTED SECURITIES DURING THE DISTRIBUTION PERIOD

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 100.5 is amended by adding the following new section 100.5(g):

“(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 Regulation 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%.”

PASSED AND ENACTED BY THE Board of Directors this 18th day of January 2006, to be effective on a date to be determined by Association staff.