

## **RULE 1700**

### **MUNICIPAL DEBENTURES - COST OF BORROWING**

1700.1. Unless a provincial authority has designated a different method, if a Dealer Member is required to state the cost of borrowing to a municipality of a serial debenture issue with one or more coupon rates, the method used to determine this cost shall be as follows:

The issue shall be priced in its entirety at two yields giving two prices close to the price under consideration, one above and one below such price. The two yields and two prices so found shall then be used to determine, by interpolation, the cost of borrowing.

The intent of this Rule is that the cost of borrowing should be calculated and stated on the same basis and by the same method as would the yield to an [investor](#) in the same securities.