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List of Floating and Tracking Error Margin Rates for Qualifying U.S. Index Products

This list is published monthly and provides the floating and tracking error margin rates for U.S. index products whose index qualifies under the definition of an "index" in Dealer Member Rule 100.9(a)(xii). By qualifying as an index, these index products are allowed to use the floating margin rate methodology for margining purposes.

Individual positions (i.e. non-offset positions) of index participation units (also known as exchange traded funds or ETFs) and qualifying baskets of index securities for customer positions and Dealer Member inventory positions are to be margined according to Dealer Member Rule 100.2(f)(vii). Individual positions of index options are to be margined according to Dealer Member Rule 100.9 for customer positions and Dealer Member Rule 100.10 for Dealer Member inventory positions.

Offset positions involving index participation units, qualifying basket of index securities, index options, and index futures are to be margined according to Dealer Member Rule 100.9 for customer positions and Dealer Member Rule 100.10 for Dealer Member inventory positions.

For U.S. index products that have not yet been included on the list and whose U.S. OCC index options are based on a security or index that qualifies as a U.S. "Broad index stock group" as per NASD Rule 2522(7), IIROC has reduced the floating margin rate from 30.00% to 15.00%. In addition, IIROC has reduced the minimum tracking error margin rates for these index products from 5.00% to 2.50%. These changes have been made based upon IIROC's review of recent market volatility.

Non-traditional ETFs, such as leveraged and inverse ETFs, whose performance may be based upon the performance of a qualifying index, are not eligible for the floating margin rate methodology for margining purposes.

Enclosed as Attachment #1, is a copy of the list of floating margin rates and tracking error margin rates for qualifying U.S. index products, which has been prepared using data available up to the period ended April 30, 2011.

This list of floating margin rates and tracking error margin rates for U.S. index products, for the purposes of Dealer Member Rules 100.2(f)(vii), 100.9 and 100.10, is effective May 18, 2011.