

IIROC NOTICE

Rules Notice Technical

Dealer Member Rules

Please distribute internally to:

Credit
Internal Audit
Legal and Compliance
Operations
Regulatory Accounting
Retail
Senior Management
Trading Desk

Contact:

Mindy Kwok
Information Analyst, Member Regulation Policy
416 943-6979
mkwok@iiroc.ca

Bruce Grossman
Senior Information Analyst, Member Regulation Policy
416 943-5782
bgrossman@iiroc.ca

11-0312
November 4, 2011

List of Floating and Tracking Error Margin Rates for Qualifying Canadian Index Products

This list is published monthly and provides the floating and tracking error margin rates for Canadian 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.

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 major Canadian index products, which has been prepared using data available up to the period ended October 31, 2011.

This list of floating margin rates and tracking error margin rates for Canadian index products, for the purposes of Dealer Member Rules 100.2(f)(vii), 100.9 and 100.10, is effective November 9, 2011.