

# IIROC NOTICE

## Rules Notice Technical

Dealer Member Rules

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**20-0043**  
**March 4, 2020**

## List of Securities Eligible for Reduced Margin (LSERM) and Operational Update

### LSERM quarter ended December 31, 2019

Enclosed as [Attachment #1](#), is a copy of the LSERM, which has been prepared using data available for the quarter ended December 31, 2019. This list must be used to identify securities eligible for reduced margin as set out in Dealer Member Rules 100.2(f)(vi) and 100.12(a)(i) of the IIROC Rule Book [IIROC Rule subsection 5310(1)].<sup>1</sup>

A separate section of this list details those Canada/United States inter-listed securities that have qualified for inclusion on the LSERM solely because they have options issued by the Options Clearing Corporation (“OCC”) traded against them. IIROC compiles this section of the LSERM on a best efforts basis. Consequently, Dealer Members are reminded that separate from this list, securities against

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<sup>1</sup> To assist readers, we reference applicable IIROC Rules provision (see Notice [19-0144](#) – IIROC Dealer Member Plain Language Rule Book Implementation). Since the plain language rule book is not yet effective, we shaded this reference in grey. The shading will be removed when the plain language rule book is effective.



which options issued by the OCC are traded, are eligible for reduced margin as set out in Dealer Member Rules 100.2(f)(vi) and 100.12(a)(ii).

Dealer Members are reminded that for securities that are convertible or exchangeable into securities on the LSERM, margin should be calculated according to Dealer Member Rule 100.21 Maximum margin required for Convertible Securities [IIROC Rule subsection 5330(1)], which simply adds the conversion loss, if any, to the reduced margin rate.

**This list supersedes the most recently issued LSERM, effective March 25, 2020** [which is fifteen business days following the issuance date of this Notice].

### **LSERM Modernization project update**

As indicated in IIROC Notice [19-0207](#), the LSERM modernization project is ongoing, which has objectives to:

- automate functions used to compile the list, where possible
- leverage our in-house data, including the use of consolidated volume data feeds
- update the current liquidity measure thresholds used to determine eligibility for the list.

For the purposes of the current list, we have not made changes to either our existing data feeds or eligibility criteria. For reference, we provide a summary of the current eligibility criteria on the last page of [Attachment #1](#)