

# IIROC NOTICE

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**Technical**  
Dealer Member Rules

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Contact:  
Bruce Grossman  
Senior Information Analyst, Member Regulation  
Policy  
416-943-5782  
[bgrossman@iiroc.ca](mailto:bgrossman@iiroc.ca)

Mindy Sequeira  
Senior Information Analyst, Member Regulation  
Policy  
416-943-6979  
[msequeira@iiroc.ca](mailto:msequeira@iiroc.ca)

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## List of foreign exchange (FX) spot risk margin rates for Canadian and U.S. base currency accounts

### OVERVIEW:

This list is published when a Group 1, 2, or 3 currency's spot risk margin rate is increased, because the volatility of the currency exceeds the volatility threshold that is set out in Dealer Member Rule 100.2(d)(v)(B)(a)<sup>1</sup> [Subsection 5462(2) of the IIROC Rules]. In addition, the list is also published when the increased spot risk margin rate for the currency is reduced, because a minimum of 30 trading days

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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.



has passed since the currency's spot risk margin rate increase and the currency's volatility no longer exceeds the volatility threshold.

Excess volatility in a currency is measured and tracked as an "offside day". An offside day is triggered when the percentage change in the exchange rate of the currency over five-day intervals, through a period of 60 trading days, exceeds the margin rate for the currency group. When the number of offside base days during the period reaches 4, a margin surcharge is applied.

A Dealer Member must use the spot risk margin rates provided in the attached list, and Dealer Member Rule 100.2(d) [Sections 5461 to 5469 of the IIROC Rules] in margining unhedged foreign exchange customer and Dealer Member (inventory) positions and any other customer and Dealer Member transactions that result in an exposure to foreign exchange risk.

#### **FOREIGN EXCHANGE (FX) SPOT RISK MARGIN UPDATE:**

Enclosed as [Attachment #1](#) is a copy of the list of foreign exchange spot risk margin rates for Canadian and U.S. dollar base currency accounts, which has been prepared as at September 16, 2020 listing all currencies presently in Groups 1-3.

Based on the volatility of the Canadian dollar exchange rates, effective September 28, 2020, the following spot risk margin rate(s) apply until further notice:

- **Israeli new shekel versus Canadian dollar from 4.30% to 3.00%**
- **Japanese yen versus Canadian dollar from 3.70% to 3.00%**
- **Mexican new peso versus Canadian dollar from 5.90% to 3.50%**
- **Norwegian krone versus Canadian dollar from 5.90% to 3.00%**
- **U.S. dollar versus Canadian dollar from 3.50% to 1.50%.**

Based on the volatility of the U.S. dollar exchange rates, effective September 28, 2020, the following spot risk margin rate(s) apply until further notice:

- **Australian dollar versus U.S. dollar from 5.00% to 3.00%**
- **Canadian dollar versus U.S. dollar from 3.50% to 1.50%**
- **Israeli new shekel versus U.S. dollar from 5.60% to 3.00%**
- **Japanese yen versus U.S. dollar from 4.60% to 3.00%**
- **Mexican new peso versus U.S. dollar from 8.9% to 3.50%**



- **New Zealand dollar versus U.S. dollar from 5.80% to 3.00%**
- **Norwegian krone versus U.S. dollar from 5.20% to 3.00%**
- **Pound sterling U.S. dollar from 5.30% to 3.00%**
- **Swedish krona versus U.S. dollar from 5.00% to 3.00%.**

This list of foreign exchange spot risk margin rates replaces the previous list provided in IIROC Rules Notice 20-0107, issued on May 27, 2020.