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BULLETIN NO. 2458, APRIL 6, 1998

Revised Strip Bond Information Statement Pursuant To OSC Rule 91-501

The Ontario Securities Commission announced last January that, in connection with the reformulation of Policy 1.6 and new Rule related to strip bonds, the required content of a strip bond information statement and procedures for delivering this statement to the clients of IDA Member firms have been revised. The new Rule comes into effect 1 May 1998.

The significant revision mandated for the information statement is a description of the impact of dealer commissions or mark-ups on the annual yield to maturity of a strip bond. The new Rule also stipulates the mandated procedures for the delivery of the information statement to Member firm clients. Before entering into an agreement of purchase or sale relating to the sale of a strip bond with a 'specified purchaser', IDA member firms and their investment advisors are required by the new Rule to provide to the specified purchaser a strip bond information statement that satisfies the requirements of the new Rule. A 'specified purchaser' is defined in the new Rule to include a purchaser 'to whom the then-current version of the strip bond information statement has not been delivered.' The strip bond information statement required by the new Rule must:-

- (a) contain information specified in the Rule; and also
- (b) be accepted by the Director of the OSC for the purposes of the Rule.

Member firms seeking further details on the strip bond information statement and delivery obligations to clients pursuant to the new Rule should consult the 2 January 1998 issue of the OSC Bulletin.

The IDA believes that the attached revised strip bond information statement satisfies the information requirements of the new Rule. The IDA has also submitted this revised statement for its acceptance by the Director under the new Rule and also under the existing Rule in Ontario. The Director of the OSC has advised that she intends to 'accept' this Statement for the purposes of the new Rule on 1 May, 1998, the effective date of the new Rule. The Director of the OSC has also advised that the revised statement is satisfactory to the Director for its use pursuant to the existing Rule and related Policy 1.6.

The attached statement includes a table that illustrates, for representative commissions, the after-commission yields for strip bonds with differing yields and differing terms to maturity. As well, the text in various sections of the current statement has been updated and clarified where appropriate.

Member firms may want to furnish their existing clients with the revised information statement in anticipation of the OSC Director accepting the Statement under the new Rule. Firms may also want to implement procedures so new clients can obtain the Statement before entering into a strip bond trade.

IDA Member firms can obtain from the Association, at cost, whatever quantities of the revised strip bond information statement they require for distribution to their clients. In this regard, Members should contact Diane Anderson (telephone 416-943-6938. fax 416-943-6764) in the Corporate Secretary's Department at the Association (see attached order form).

For questions related to the new format of the revised strip bond information statement and related policy issues, Members should contact Ian C.W. Russell, Senior Vice-President, Capital Markets, at 416-865-3036.

Joseph J. Oliver
President and Chief Executive Officer

PLEASE DISTRIBUTE TO ALL INTERESTED PARTIES IN YOUR FIRM