

List of new IDA Regulations (Sorted by IDA Regulation Reference)

IDA Regulation Reference	Existing TSE/TFE By-law Reference	Description of IDA Regulation	Amendment Attachment Number
Top 20 Report			
By-law 16.4(i)	16.16A	filing monthly reports - Top 20 Report	Attachment #6, paragraph 1, page 1
Margin requirements for TIPs and HIPs			
Reg 100.2(f)(v)	16.15.A(v)	margin requirements for TIPs 35 and TIPs 100	Attachment #1, paragraph 1, page 1
Capital requirements for silver certificates			
Reg 100.2(i)	16.15.I(d)	capital requirements for silver certificates	Attachment #1, paragraph 2, page 1
Capital requirements for bonds, debentures and treasury bills			
Reg 100.4B	16.15.B	margin requirements for bonds, debentures and treasury bills	Attachment #2, paragraph 1, page 1
Capital requirements for Toronto Futures Exchange futures contracts			
Reg 100.8(e)(iv)	TFE 7.16(1)	contract requirements	Attachment #9, paragraph 1, page 1
Reg 100.8(e)(v)	TFE 7.16(1)	allowable hedging	Attachment #9, paragraph 1, page 1
Capital requirements for Toronto Futures Exchange futures options			
Reg 100.8(e)(vi)	TFE 7.17(1)	requirements for specialists	Attachment #9, paragraph 1, page 1
Reg 100.8(e)(vii)(A)	TFE 7.17(2)(a)	no minimum capital requirement	Attachment #9, paragraph 1, page 2
Reg 100.8(e)(vii)(B)	TFE 7.17(2)(b)	treatment of spreads	Attachment #9, paragraph 1, page 2
Reg 100.8(e)(vii)(C)1.	TFE 7.17(2)(c)(i)	long silver call	Attachment #9, paragraph 1, page 2
Reg 100.8(e)(vii)(C)2.	TFE 7.17(2)(c)(ii)	long silver put	Attachment #9, paragraph 1, page 2
Reg 100.8(e)(vii)(D)	TFE 7.17(2)(d)	long silver call, short silver	Attachment #9, paragraph 1, page 2
Reg 100.8(e)(vii)(E)	TFE 7.17(2)(e)	long silver put, long silver	Attachment #9, paragraph 1, page 2
Reg 100.8(e)(vii)(F)	TFE 7.17(2)(f)	short silver call, long silver	Attachment #9, paragraph 1, page 3
Reg 100.8(e)(vii)(G)	TFE 7.17(2)(g)	short silver put, short silver	Attachment #9, paragraph 1, page 3
Reg 100.8(e)(vii)(H)	TFE 7.17(2)(h)	long silver call, short silver put, short silver	Attachment #9, paragraph 1, page 3
Reg 100.8(e)(vii)(I)	TFE 7.17(2)(i)	short silver call, long silver put, long silver	Attachment #9, paragraph 1, page 3
Margin requirements for Toronto Futures Exchange futures contracts			
Reg 100.8(g)	TFE 7.20(1)	initial and maintenance contract requirements	Attachment #9, paragraph 2, page 3

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Margin requirements for Toronto Futures Exchange futures options			
Reg 100.8(h)	TFE 7.21(1)	open option transactions to be carried in margin account	Attachment #9, paragraph 2, page 4
Reg 100.8(h)(A)	TFE 7.21(1)(a)	requirement that equity options are to be margined separately	Attachment #9, paragraph 2, page 4
Reg 100.8(h)(B)	TFE 7.21(1)(b)	short silver call	Attachment #9, paragraph 2, page 4
Reg 100.8(h)(C)	TFE 7.21(1)(c)	short silver put	Attachment #9, paragraph 2, page 4
Reg 100.8(h)(D)	TFE 7.21(1)(d)	minimum margin requirements for short silver options	Attachment #9, paragraph 2, page 4
Reg 100.8(h)(E)	TFE 7.21(1)(e)	long silver call, short silver call	Attachment #9, paragraph 2, page 5
Reg 100.8(h)(F)	TFE 7.21(1)(f)	long silver put, short silver put	Attachment #9, paragraph 2, page 5
Reg 100.8(h)(G)	TFE 7.21(1)(g)	short silver call, long silver	Attachment #9, paragraph 2, page 5
Reg 100.8(h)(H)	TFE 7.21(1)(h)	short silver put, short silver	Attachment #9, paragraph 2, page 5
Reg 100.8(h)(I)	TFE 7.21(1)(i)	short silver call, escrow receipt	Attachment #9, paragraph 2, page 5
Reg 100.8(h)(J)	TFE 7.21(1)(j)	short silver call, deposit certificate	Attachment #9, paragraph 2, page 6
Reg 100.8(h)(K)	TFE 7.21(1)(k)	short silver put, escrow receipt	Attachment #9, paragraph 2, page 6
Reg 100.8(h)(L)	TFE 7.21(1)(l)	short silver put, guarantee letter	Attachment #9, paragraph 2, page 6
Reg 100.8(h)(M)	TFE 7.21(1)(m)	short silver call, short silver put	Attachment #9, paragraph 2, page 7
Reg 100.8(i)	TFE 7.21(2)	short silver call, long silver put	Attachment #9, paragraph 2, page 7
Reg 100.8(j)	TFE 7.21(3)	long silver call, short silver put, short silver	Attachment #9, paragraph 2, page 7
Reg 100.8(k)	TFE 7.21(4)	long silver call, short silver	Attachment #9, paragraph 2, page 7
Reg 100.8(l)	TFE 7.21(5)	long silver put, long silver	Attachment #9, paragraph 2, page 7
Reg 100.8(m)	TFE 7.23	day trading	Attachment #9, paragraph 2, page 8
Margin requirements for Toronto Stock Exchange equity derivatives			
Reg 100.9	21.01	definitions	Attachment #8, pages 1-4
Reg 100.9	22.01	definitions	Attachment #8, pages 1-4
Reg 100.9	24.01	definitions	Attachment #8, pages 1-4
Reg 100.9	25.01	definitions	Attachment #8, pages 1-4
Reg 100.9	27.01	definitions	Attachment #8, pages 1-4
Reg 100.9(a)	22.25(01)	margin requirements for long options	Attachment #8, page 5
Reg 100.9(b)(i)	22.25(02)	all short option positions must be in a margin account	Attachment #8, page 5
Reg 100.9(b)(ii)(A)	22.25(02)(a)(i)(A)	short equity call options	Attachment #8, page 5
Reg 100.9(b)(ii)(A)	22.25(02)(a)(i)(A)	short TIPs 35 call options	Attachment #8, page 5

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Reg 100.9(b)(ii)(A)	22.25(02)(a)(i)(A)	short TIPs 100 call options	Attachment #8, page 5
Reg 100.9(b)(ii)(B)	22.25(02)(a)(i)(B)	short Toronto 35 Index call option	Attachment #8, page 5
Reg 100.9(b)(ii)(B)	22.25(02)(a)(i)(B)	short TSE 100 Index call option	Attachment #8, page 5
Reg 100.9(b)(iii)(A)	22.25(02)(a)(ii)(A)	short equity put options	Attachment #8, page 6
Reg 100.9(b)(iii)(A)	22.25(02)(a)(ii)(A)	short TIPs 35 put options	Attachment #8, page 6
Reg 100.9(b)(iii)(A)	22.25(02)(a)(ii)(A)	short TIPs 100 put options	Attachment #8, page 6
Reg 100.9(b)(iii)(B)	22.25(02)(a)(ii)(B)	short Toronto 35 Index put option	Attachment #8, page 6
Reg 100.9(b)(iii)(B)	22.25(02)(a)(ii)(B)	short TSE 100 Index put option	Attachment #8, page 6
Reg 100.9(b)(iv)(A)	22.25(02)(a)(iii)(A)	minimum margin requirements for short equity options	Attachment #8, page 6
Reg 100.9(b)(iv)(A)	22.25(02)(a)(iii)(A)	minimum margin requirements for short IPU options	Attachment #8, page 6
Reg 100.9(b)(iv)(B)	22.25(02)(a)(iii)(B)	minimum margin requirements for short index options	Attachment #8, page 6
Reg 100.9(b)(v)(A)	22.25(02)(a)(iv)(A)	requirement that equity options are to be margined separately	Attachment #8, page 7
Reg 100.9(b)(v)(A)	22.25(02)(a)(iv)(A)	requirement that IPU options are to be margined separately	Attachment #8, page 7
Reg 100.9(b)(v)(B)	22.25(02)(a)(iv)(B)	requirement that index options are to be margined separately	Attachment #8, page 7
Reg 100.9(b)(vi)	22.25(02)(a)(v)	long equity call, short equity call	Attachment #8, page 7
Reg 100.9(b)(vi)	22.25(02)(a)(v)	long TIPs 35 call, short TIPs 35 call	Attachment #8, page 7
Reg 100.9(b)(vi)	22.25(02)(a)(v)	long Toronto 35 Index call, short Toronto 35 Index call	Attachment #8, page 7
Reg 100.9(b)(vi)	22.25(02)(a)(v)	long TIPs 100 call, short TIPs 100 call	Attachment #8, page 7
Reg 100.9(b)(vi)	22.25(02)(a)(v)	long TSE 100 Index call, short TSE 100 Index call	Attachment #8, page 7
Reg 100.9(b)(vii)	22.25(02)(a)(vi)	long equity put, short equity put	Attachment #8, page 7
Reg 100.9(b)(vii)	22.25(02)(a)(vi)	long TIPs 35 put, short TIPs 35 put	Attachment #8, page 7
Reg 100.9(b)(vii)	22.25(02)(a)(vi)	long Toronto 35 Index put, short Toronto 35 Index put	Attachment #8, page 7
Reg 100.9(b)(vii)	22.25(02)(a)(vi)	long TIPs 100 put, short TIPs 100 put	Attachment #8, page 7
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Reg 100.9(b)(viii)	22.25(02)(a)(vii)	short TIPs 35 call, short TIPs 35 put	Attachment #8, page 7
Reg 100.9(b)(viii)	22.25(02)(a)(vii)	short Toronto 35 Index call, short Toronto 35 Index put	Attachment #8, page 7
Reg 100.9(b)(viii)	22.25(02)(a)(vii)	short TIPs 100 call, short TIPs 100 put	Attachment #8, page 7
Reg 100.9(b)(viii)	22.25(02)(a)(vii)	short TSE 100 Index call, short TSE 100 Index put	Attachment #8, page 7
Reg 100.9(b)(ix)	22.25(02)(b)(i)	short equity call, long underlying	Attachment #8, page 7

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Reg 100.9(b)(ix)	22.25(02)(b)(i)	short IPU call, long underlying	Attachment #8, page 7
Reg 100.9(b)(x)	22.25(02)(b)(ii)	short equity put, short underlying	Attachment #8, page 8
Reg 100.9(b)(x)	22.25(02)(b)(ii)	short IPU put, short underlying	Attachment #8, page 8
Reg 100.9(b)(xi)	22.25(02)(b)(iii)	short equity call, escrow receipt	Attachment #8, page 8
Reg 100.9(b)(xi)	22.25(02)(b)(iii)	short IPU call, escrow receipt	Attachment #8, page 8
Reg 100.9(b)(xii)	22.25(02)(b)(iv)	short IPU put, escrow receipt.	Attachment #8, page 8
Reg 100.9(b)(xii)	22.25(02)(b)(iv)	short equity put, escrow receipt	Attachment #8, page 8
Reg 100.9(b)(xiii)	22.25(02)(b)(v)	short IPU put, guarantee letter	Attachment #8, page 9
Reg 100.9(b)(xiii)	22.25(02)(b)(v)	short equity put, guarantee letter	Attachment #8, page 9
Reg 100.9(c)(i)	22.25(03)(a)	short stock, long equity call	Attachment #8, page 9
Reg 100.9(c)(i)	22.25(03)(a)	short IPU, long IPU call	Attachment #8, page 9
Reg 100.9(c)(ii)	22.25(03)(b)	long stock, long equity put	Attachment #8, page 9
Reg 100.9(c)(ii)	22.25(03)(b)	long stock, long IPU put	Attachment #8, page 9
Reg 100.9(c)(iii)(A)	22.25(12)(a)	Toronto 35 Index box spread	Attachment #8, page 10
Reg 100.9(c)(iii)(B)	22.25(12)(b)	long Toronto 35 Index butterfly spread	Attachment #8, page 10
Reg 100.9(c)(iii)(C)	22.25(12)(c)	short Toronto 35 Index butterfly spread	Attachment #8, page 10
Reg 100.9(c)(iv)(A)	22.25(12)(d)	long TIPs 35 butterfly spread	Attachment #8, page 10
Reg 100.9(c)(iv)(B)	22.25(12)(e)	short TIPs 35 butterfly spread	Attachment #8, page 11
Reg 100.9(c)(v)	16.15.I(g)(iii)	definition of basket of Toronto 35 Index securities	Attachment #8, page 11
Reg 100.9(c)(v)	16.15.I(g)(v)	definition of basket of Toronto 35 Index securities	Attachment #8, page 11
Reg 100.9(c)(v)	22.91(08)(a)	definition of basket of Toronto 35 Index securities	Attachment #8, page 11
Reg 100.9(c)(vi)(A)	22.25(02)(d)(i)	short Toronto 35 Index call, long basket	Attachment #8, page 12
Reg 100.9(c)(vi)(B)	22.25(02)(d)(ii)	short Toronto 35 Index put, short basket	Attachment #8, page 12
Reg 100.9(c)(vii)(A)	22.25(11)(a)	long Toronto 35 Index basket, short TIPs 35 call	Attachment #8, page 12
Reg 100.9(c)(vii)(B)	22.25(11)(c)	long Toronto 35 Index basket, long TIPs 35 put	Attachment #8, page 12
Reg 100.9(c)(vii)(C)	22.25(11)(b)	short Toronto 35 Index basket, long TIPs 35 call	Attachment #8, page 12
Reg 100.9(c)(vii)(D)	22.25(11)(d)	short Toronto 35 Index basket, short TIPs 35 put	Attachment #8, page 13
Reg 100.9(c)(viii)(A)	22.25(09)	long Toronto 35 Index basket, short TIPs 35	Attachment #8, page 13
Reg 100.9(c)(viii)(B)	22.25(10)	short Toronto 35 Index basket, long TIPs 35	Attachment #8, page 13
Reg 100.9(c)(ix)(A)	22.25(11)(e)	long TIPs 35 calls, short Toronto 35 Index calls	Attachment #8, page 14
Reg 100.9(c)(ix)(B)	22.25(11)(f)	short TIPs 35 puts, short Toronto 35 Index calls	Attachment #8, page 14
Reg 100.9(c)(x)(A)	22.25(02)(c)(ii)	long Toronto 35 Index call, short TIPs 35	Attachment #8, page 14
Reg 100.9(c)(x)(B)	22.25(02)(c)(i)	short Toronto 35 Index call, long TIPs 35	Attachment #8, page 15

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Reg 100.9(c)(x)(C)	22.25(03)(c)	long Toronto 35 Index put, long TIPs 35	Attachment #8, page 15
Reg 100.9(c)(x)(D)	22.25(02)(c)(iii)	short Toronto 35 Index put, short TIPs 35	Attachment #8, page 15
Reg 100.9(c)(xi)(A)	22.25(08)	long Toronto 35 Index futures, short TIPs 35	Attachment #8, page 16
Reg 100.9(c)(xi)(B)	22.25(07)	short Toronto 35 Index futures, long TIPs 35	Attachment #8, page 16
Reg 100.9(c)(xii)(A)	22.25(14)(a)	TSE 100 Index box spread	Attachment #8, page 16
Reg 100.9(c)(xii)(B)	22.25(14)(b)	long TSE 100 Index butterfly spread	Attachment #8, page 16
Reg 100.9(c)(xii)(C)	22.25(14)(c)	short TSE 100 Index butterfly spread	Attachment #8, page 17
Reg 100.9(c)(xiii)	22.25(13)(a)	definition of basket of TSE 100 Index securities	Attachment #8, page 17
Reg 100.9(c)(xiv)(A)	22.25(13)(b)	short TSE 100 Index call, long TSE 100 Index basket	Attachment #8, page 18
Reg 100.9(c)(xiv)(B)	22.25(13)(c)	short TSE 100 Index put, short TSE 100 Index basket	Attachment #8, page 18
Reg 100.9(c)(xv)(A)	22.25(15)(b)	long TIPs 100, short TSE 100 Index basket	Attachment #8, page 18
Reg 100.9(c)(xv)(B)	22.25(15)(a)	short TIPs 100, long TSE 100 Index basket	Attachment #8, page 19
Reg 100.9(c)(xvi)(A)	22.25(15)(d)	long TSE 100 Index call, short TIPs 100	Attachment #8, page 19
Reg 100.9(c)(xvi)(B)	22.25(15)(c)	short TSE 100 Index call, long TIPs 100	Attachment #8, page 19
Reg 100.9(c)(xvi)(C)	22.25(15)(e)	long TSE 100 Index put, long TIPs 100	Attachment #8, page 19
Reg 100.9(c)(xvi)(D)	22.25(15)(f)	short TSE 100 Index put, short TIPs 100	Attachment #8, page 20
Reg 100.9(c)(xvii)(A)	22.25(15)(h)	long TSE 100 Index futures, short TIPs 100	Attachment #8, page 20
Reg 100.9(c)(xvii)(B)	22.25(15)(g)	short TSE 100 Index futures, long TIPs 100	Attachment #8, page 20
Reg 100.9(c)(xviii)	22.25(04)	margin offsets involving exchange traded and O.C.C. options	Attachment #8, page 20
Reg 100.9(d)	22.25(06)	power of the exchange to impose special margin requirements	Attachment #8, page 21
Reg 100.9(e)(01)	22.25(04)	margin offsets involving exchange traded and O.C.C. options	Attachment #8, page 21
Reg 100.9(e)(02)	22.25(05)	requirement to convert the premium and exercise price of O.C.C. options into Canadian dollars	Attachment #8, page 21
Reg 100.9(f)	21.16(a)	margin requirements for long O.C.C. equity options	Attachment #8, page 21
Reg 100.9(g)(i)	21.16(b)	all short O.C.C. option positions must be in a margin account	Attachment #8, page 21
Reg 100.9(g)(ii)	21.16(b)(i)	margin requirements for short O.C.C. equity call options	Attachment #8, page 21
Reg 100.9(g)(iii)	21.16(b)(ii)	margin requirements for short O.C.C. equity put options	Attachment #8, page 21
Reg 100.9(g)(iv)	21.16(b)(iii)	minimum margin requirements for short O.C.C. equity options	Attachment #8, page 21

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Reg 100.9(g)(vi)	21.16(b)(v)	long O.C.C. equity call, short O.C.C. equity call	Attachment #8, page 22
Reg 100.9(g)(vii)	21.16(b)(vi)	long O.C.C. equity put, short O.C.C. equity put	Attachment #8, page 22
Reg 100.9(g)(viii)	21.16(b)(vii)	short O.C.C. equity call, long O.C.C. equity underlying	Attachment #8, page 22
Reg 100.9(g)(ix)	21.16(b)(viii)	short O.C.C. equity put, short underlying	Attachment #8, page 22
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Reg 100.9(g)(xi)	21.16(b)(x)	short O.C.C. equity call, short O.C.C. equity put	Attachment #8, page 23
Reg 100.9(g)(xii)	21.16(b)(xi)	short O.C.C. equity put, escrow receipt	Attachment #8, page 23
Reg 100.9(h)(i)	21.16(c)(i)	short stock, long O.C.C. equity call	Attachment #8, page 23
Reg 100.9(h)(ii)	21.16(c)(ii)	long stock, long O.C.C. equity put	Attachment #8, page 23
Reg 100.9(i)	21.16(d)	margin offsets involving O.C.C. equity and exchange traded options	Attachment #8, page 23
Reg 100.9(j)	21.16(e)	requirement to convert the premium and exercise price of O.C.C. options into Canadian dollars	Attachment #8, page 24
Reg 100.9(k)	21.16(f)	power of the exchange to impose special margin requirements	Attachment #8, page 24
Reg 100.9(l)	27.27(a)	margin requirements for long IMS equity options	Attachment #8, page 24
Reg 100.9(m)(i)	27.27(b)	all short IMS equity option positions must be in a margin account	Attachment #8, page 24
Reg 100.9(m)(ii)	27.27(b)(i)	margin requirements for short IMS equity call options	Attachment #8, page 24
Reg 100.9(m)(iii)	27.27(b)(ii)	margin requirements for short IMS equity put options	Attachment #8, page 24
Reg 100.9(m)(iv)	27.27(b)(iii)	minimum margin requirements for short IMS equity options	Attachment #8, page 24
Reg 100.9(m)(v)	27.27(b)(iv)	requirement that IMS equity options are to be margined separately	Attachment #8, page 24
Reg 100.9(m)(vi)	27.27(b)(v)	long IMS equity call, short IMS equity call	Attachment #8, page 24
Reg 100.9(m)(vii)	27.27(b)(vi)	long IMS equity put, short IMS equity put	Attachment #8, page 24
Reg 100.9(m)(viii)	27.27(b)(vii)	short IMS equity call, long underlying	Attachment #8, page 25
Reg 100.9(m)(ix)	27.27(b)(viii)	short IMS equity put, short underlying	Attachment #8, page 25
Reg 100.9(m)(x)	27.27(b)(ix)	short IMS equity call, escrow receipt	Attachment #8, page 25
Reg 100.9(m)(xi)	27.27(b)(x)	short IMS equity call, deposit certificate	Attachment #8, page 25
Reg 100.9(m)(xii)	27.27(b)(xi)	short IMS equity call, short IMS equity put	Attachment #8, page 25

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Reg 100.9(n)(ii)	27.27(c)(ii)	long stock, long IMS equity put	Attachment #8, page 25
Reg 100.9(o)	N/A	power of the exchange to impose special margin requirements	Attachment #8, page 26

Capital requirements for Toronto Stock Exchange equity derivatives

Reg 100.10(a)(i)	22.91(01)(a)	exemption from the minimum margin requirement	Attachment #8, page 26
Reg 100.10(a)(ii)	22.91(01)(b)	for spreads, long position may expire before the short	Attachment #8, page 26
Reg 100.10(a)(iii)(A)	22.91(01)(c)(i)	short equity call options	Attachment #8, page 26
Reg 100.10(a)(iii)(A)	22.91(01)(c)(i)	short equity put options	Attachment #8, page 26
Reg 100.10(a)(iii)(A)	22.91(01)(c)(i)	short TIPs 35 call options	Attachment #8, page 26
Reg 100.10(a)(iii)(A)	22.91(01)(c)(i)	short TIPs 35 put options	Attachment #8, page 26
Reg 100.10(a)(iii)(A)	22.91(01)(c)(i)	short TIPs 100 call options	Attachment #8, page 26
Reg 100.10(a)(iii)(A)	22.91(01)(c)(i)	short TIPs 100 put options	Attachment #8, page 26
Reg 100.10(a)(iii)(B)	22.91(01)(c)(ii)	short Toronto 35 Index call option	Attachment #8, page 26
Reg 100.10(a)(iii)(B)	22.91(01)(c)(ii)	short Toronto 35 Index put option	Attachment #8, page 26
Reg 100.10(a)(iii)(B)	22.91(01)(c)(ii)	short TSE 100 Index call option	Attachment #8, page 26
Reg 100.10(a)(iii)(B)	22.91(01)(c)(ii)	short TSE 100 Index put option	Attachment #8, page 26
Reg 100.10(a)(iv)	22.91(02)	requirement to provide for any client margin shortfall	Attachment #8, page 26
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Reg 100.10(b)(i)	22.91(04)(c)(i)	long TIPs 35 call option	Attachment #8, page 26
Reg 100.10(b)(i)	22.91(04)(c)(i)	long Toronto 35 Index call option	Attachment #8, page 26
Reg 100.10(b)(i)	22.91(04)(c)(i)	long TIPs 100 call option	Attachment #8, page 26
Reg 100.10(b)(i)	22.91(04)(c)(i)	long TSE 100 Index call option	Attachment #8, page 26
Reg 100.10(b)(ii)	22.91(04)(c)(ii)	long equity put option	Attachment #8, page 27
Reg 100.10(b)(ii)	22.91(04)(c)(ii)	long TIPs 35 put option	Attachment #8, page 27
Reg 100.10(b)(ii)	22.91(04)(c)(ii)	long Toronto 35 Index put option	Attachment #8, page 27
Reg 100.10(b)(ii)	22.91(04)(c)(ii)	long TIPs 100 put option	Attachment #8, page 27
Reg 100.10(b)(ii)	22.91(04)(c)(ii)	long TSE 100 Index put option	Attachment #8, page 27
Reg 100.10(c)(i)(A)	22.91(03)(a)	short equity call, long warrant	Attachment #8, page 27
Reg 100.10(c)(i)(A)	22.91(03)(a)	short IPU call, long warrant	Attachment #8, page 27
Reg 100.10(c)(i)(B)	22.91(03)(b)	capital offset involving convertible or exchangeable security	Attachment #8, page 27

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Reg 100.10(c)(ii)(A)	22.91(04)(a)	short underlying, long equity call	Attachment #8, page 27
Reg 100.10(c)(ii)(A)	22.91(04)(a)	short underlying, long TIPs 35 call	Attachment #8, page 27
Reg 100.10(c)(ii)(A)	22.91(04)(a)	short underlying, long TIPs 100 call	Attachment #8, page 27
Reg 100.10(c)(ii)(B)	22.91(04)(b)	long underlying, long equity put	Attachment #8, page 28
Reg 100.10(c)(ii)(B)	22.91(04)(b)	long underlying, long TIPs 35 put	Attachment #8, page 28
Reg 100.10(c)(ii)(B)	22.91(04)(b)	long underlying, long TIPs 100 put	Attachment #8, page 28
Reg 100.10(c)(ii)(C)	22.91(04)(c)(iii)	long equity call, long equity put	Attachment #8, page 28
Reg 100.10(c)(ii)(C)	22.91(04)(c)(iii)	long TIPs 35 call, long TIPs 35 put	Attachment #8, page 28
Reg 100.10(c)(ii)(C)	22.91(04)(c)(iii)	long Toronto 35 Index call, long Toronto 35 Index put	Attachment #8, page 28
Reg 100.10(c)(ii)(C)	22.91(04)(c)(iii)	long TIPs 100 call, long TIPs 100 put	Attachment #8, page 28
Reg 100.10(c)(ii)(C)	22.91(04)(c)(iii)	long TSE 100 Index call, long TSE 100 Index put	Attachment #8, page 28
Reg 100.10(c)(ii)(D)	22.91(04)(d)	short equity call, long underlying	Attachment #8, page 28
Reg 100.10(c)(ii)(D)	22.91(04)(d)	short TIPs 35 call, long underlying	Attachment #8, page 28
Reg 100.10(c)(ii)(D)	22.91(04)(d)	short TIPs 100 call, long underlying	Attachment #8, page 28
Reg 100.10(c)(ii)(E)	22.91(04)(e)	short equity put, short underlying	Attachment #8, page 29
Reg 100.10(c)(ii)(E)	22.91(04)(e)	short TIPs 35 put, short underlying	Attachment #8, page 29
Reg 100.10(c)(ii)(E)	22.91(04)(e)	short TIPs 100 put, short underlying	Attachment #8, page 29
Reg 100.10(c)(ii)(F)	22.91(04)(f)	short underlying, long equity call, short equity put	Attachment #8, page 29
Reg 100.10(c)(ii)(F)	22.91(04)(f)	short underlying, long TIPs 35 call, short TIPs 35 put	Attachment #8, page 29
Reg 100.10(c)(ii)(F)	22.91(04)(f)	short underlying, long TIPs 100 call, short TIPs 100 put	Attachment #8, page 29
Reg 100.10(c)(ii)(G)	22.91(04)(g)	long underlying, long equity put, short equity call	Attachment #8, page 29
Reg 100.10(c)(ii)(G)	22.91(04)(g)	long underlying, long TIPs 35 put, short TIPs 35 call	Attachment #8, page 29
Reg 100.10(c)(ii)(G)	22.91(04)(g)	long underlying, long TIPs 100 put, short TIPs 100 call	Attachment #8, page 29
Reg 100.10(c)(ii)(H)	22.91(04)(h)	long equity call, short equity call, long equity put	Attachment #8, page 29
Reg 100.10(c)(ii)(H)	22.91(04)(h)	long TIPs 35 call, short TIPs 35 call, long TIPs 35 put	Attachment #8, page 29
Reg 100.10(c)(ii)(H)	22.91(04)(h)	long TIPs 100 call, short TIPs 100 call, long TIPs 100	Attachment #8, page 29
Reg 100.10(c)(iii)	16.15.I(g)(i)	definition of basket of TSE 300 Composite Index securities	Attachment #8, page 30
Reg 100.10(c)(iv)	16.15.I(g)(ii)	offset involving TSE 300 future and basket of TSE 300 securities	Attachment #8, page 30
Reg 100.10(c)(v)(A)	22.91(05)(a)	long TSE 300 Index future, short TSE 300 Index call	Attachment #8, page 31
Reg 100.10(c)(v)(B)	22.91(05)(d)	long TSE 300 Index future, long TSE 300 Index put	Attachment #8, page 31
Reg 100.10(c)(v)(C)	22.91(05)(c)	short TSE 300 Index future, long TSE 300 Index call	Attachment #8, page 32

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Reg 100.10(c)(v)(D)	22.91(05)(b)	short TSE 300 Index future, short TSE 300 Index put	Attachment #8, page 32
Reg 100.10(c)(v)(E)	22.91(05)(f)	long TSE 300 Index future, short TSE 300 Index call, long TSE 300 Index put	Attachment #8, page 32
Reg 100.10(c)(v)(F)	22.91(05)(e)	short TSE 300 Index future, long TSE 300 Index call, short TSE 300 Index put	Attachment #8, page 33
Reg 100.10(c)(v)(G)	22.91(05)(g)	partial offsets not permitted	Attachment #8, page 33
Reg 100.10(c)(vi)(A)	22.91(12)(a)	Toronto 35 Index box spread	Attachment #8, page 33
Reg 100.10(c)(vi)(B)	22.91(12)(d)	long Toronto 35 Index butterfly spread	Attachment #8, page 33
Reg 100.10(c)(vi)(C)	22.91(12)(e)	short Toronto 35 Index butterfly spread	Attachment #8, page 34
Reg 100.10(c)(vii)(A)	22.91(11)(c)	long TIPs 35 butterfly spread	Attachment #8, page 34
Reg 100.10(c)(vii)(B)	22.91(11)(d)	short TIPs 35 butterfly spread	Attachment #8, page 34
Reg 100.10(c)(viii)(A)	22.91(08)(c)	long Toronto 35 Index call, short Toronto 35 Index basket	Attachment #8, page 34
Reg 100.10(c)(viii)(B)	22.91(08)(d)	short Toronto 35 Index call, long Toronto 35 Index basket	Attachment #8, page 35
Reg 100.10(c)(viii)(C)	22.91(08)(b)	long Toronto 35 Index put, long Toronto 35 Index basket	Attachment #8, page 35
Reg 100.10(c)(viii)(D)	22.91(08)(e)	short Toronto 35 Index put, short Toronto 35 Index basket	Attachment #8, page 35
Reg 100.10(c)(viii)(E)	22.91(12)(c)	long Toronto 35 Index call, short Toronto 35 Index put, short Toronto 35 Index basket	Attachment #8, page 35
Reg 100.10(c)(viii)(F)	22.91(12)(b)	short Toronto 35 Index call, long Toronto 35 Index put, long Toronto 35 Index basket	Attachment #8, page 36
Reg 100.10(c)(ix)(A)	22.91(09)(c)	long TIPs 35 call, short Toronto 35 Index basket	Attachment #8, page 36
Reg 100.10(c)(ix)(B)	22.91(09)(a)	short TIPs 35 call, long Toronto 35 Index basket, TIPs 35 underwriting commitment	Attachment #8, page 36
Reg 100.10(c)(ix)(C)	22.91(09)(b)	short TIPs 35 call, long Toronto 35 Index basket	Attachment #8, page 37
Reg 100.10(c)(ix)(D)	22.91(09)(d)	long TIPs 35 put, long Toronto 35 Index basket, TIPs 35 underwriting commitment	Attachment #8, page 37
Reg 100.10(c)(ix)(E)	22.91(09)(e)	long TIPs 35 put, long Toronto 35 Index basket	Attachment #8, page 38
Reg 100.10(c)(ix)(F)	22.91(09)(f)	short TIPs 35 put, short Toronto 35 Index basket	Attachment #8, page 38
Reg 100.10(c)(ix)(G)	22.91(11)(b)	long TIPs 35 call, short TIPs 35 put, short Toronto 35 Index basket	Attachment #8, page 38

List of new IDA Regulations (Sorted by IDA Regulation Reference)

IDA Regulation Reference	Existing TSE/TFE By-law Reference	Description of IDA Regulation	Amendment Attachment Number
Reg 100.10(c)(ix)(H)	22.91(11)(a)	short TIPs 35 call, long TIPs 35 put, long Toronto 35 Index basket	Attachment #8, page 38
Reg 100.10(c)(x)	16.15.I(g)(iv)	Toronto 35 Index baskets versus Toronto 35 Index futures	Attachment #8, page 39
Reg 100.10(c)(xi)(A)	16.15.I(g)(vi)	long TIPs 35, short Toronto 35 Index baskets	Attachment #8, page 39
Reg 100.10(c)(xi)(B)	16.15.I(g)(vii)	short TIPs 35, long Toronto 35 Index baskets	Attachment #8, page 40
Reg 100.10(c)(xi)(C)	16.15.I(g)(viii)	short TIPs 35, long Toronto 35 Index baskets, TIPs 35 underwriting commitment	Attachment #8, page 40
Reg 100.10(c)(xii)(A)	22.91(09)(g)	long TIPs 35 call, short Toronto 35 Index call	Attachment #8, page 40
Reg 100.10(c)(xii)(B)	22.91(09)(h)	short TIPs 35 put, short Toronto 35 Index call	Attachment #8, page 41
Reg 100.10(c)(xiii)(A)	22.91(07)(c)	long Toronto 35 Index call, short TIPs 35	Attachment #8, page 41
Reg 100.10(c)(xiii)(B)	22.91(07)(a)	short Toronto 35 Index call, long TIPs 35	Attachment #8, page 41
Reg 100.10(c)(xiii)(C)	22.91(07)(b)	long Toronto 35 Index put, long TIPs 35	Attachment #8, page 42
Reg 100.10(c)(xiii)(D)	22.91(07)(d)	short Toronto 35 Index put, short TIPs 35	Attachment #8, page 42
Reg 100.10(c)(xiv)(A)	22.91(07)(f)	long Toronto 35 Index future, short TIPs 35	Attachment #8, page 42
Reg 100.10(c)(xiv)(B)	22.91(07)(e)	short Toronto 35 Index future, long TIPs 35	Attachment #8, page 43
Reg 100.10(c)(xv)(A)	22.91(06)(a)	long Toronto 35 Index future, short Toronto 35 Index call	Attachment #8, page 43
Reg 100.10(c)(xv)(B)	22.91(06)(d)	long Toronto 35 Index future, long Toronto 35 Index put	Attachment #8, page 43
Reg 100.10(c)(xv)(C)	22.91(06)(c)	short Toronto 35 Index future, long Toronto 35 Index call	Attachment #8, page 43
Reg 100.10(c)(xv)(D)	22.91(06)(b)	short Toronto 35 Index future, short Toronto 35 Index put	Attachment #8, page 44
Reg 100.10(c)(xv)(E)	22.91(06)(f)	long Toronto 35 Index future, short Toronto 35 Index call, long Toronto 35 Index put	Attachment #8, page 44
Reg 100.10(c)(xv)(F)	22.91(06)(e)	short Toronto 35 Index future, long Toronto 35 Index call, short Toronto 35 Index put	Attachment #8, page 44
Reg 100.10(c)(xv)(G)	22.91(06)(g)	partial offsets not permitted	Attachment #8, page 45
Reg 100.10(c)(xvi)(A)	22.91(10)(c)	long TIPs 35 call, short Toronto 35 Index future	Attachment #8, page 45
Reg 100.10(c)(xvi)(B)	22.91(10)(a)	short TIPs 35 call, long Toronto 35 Index future	Attachment #8, page 45
Reg 100.10(c)(xvi)(C)	22.91(10)(d)	long TIPs 35 put, long Toronto 35 Index future	Attachment #8, page 46
Reg 100.10(c)(xvi)(D)	22.91(10)(b)	short TIPs 35 put, short Toronto 35 Index future	Attachment #8, page 46

List of new IDA Regulations (Sorted by IDA Regulation Reference)

IDA Regulation Reference	Existing TSE/TFE By-law Reference	Description of IDA Regulation	Amendment Attachment Number
Reg 100.10(c)(xvi)(E)	22.91(10)(e)	long TIPs 35 call, short TIPs 35 put, short Toronto 35 Index future	Attachment #8, page 46
Reg 100.10(c)(xvi)(F)	22.91(10)(f)	short TIPs 35 call, long TIPs 35 put, long Toronto 35 Index future	Attachment #8, page 47
Reg 100.10(c)(xvi)(G)	22.91(10)(g)	partial offsets not permitted	Attachment #8, page 47
Reg 100.10(c)(xvii)(A)	22.91(13)(e)	TSE 100 Index box spread	Attachment #8, page 47
Reg 100.10(c)(xvii)(B)	22.91(13)(h)	long TSE 100 Index butterfly spread	Attachment #8, page 47
Reg 100.10(c)(xvii)(C)	22.91(13)(i)	short TSE 100 Index butterfly spread	Attachment #8, page 48
Reg 100.10(c)(xviii)(A)	22.91(13)(b)	long TSE 100 Index call, short TSE 100 Index basket	Attachment #8, page 48
Reg 100.10(c)(xviii)(B)	22.91(13)(c)	short TSE 100 Index call, long TSE 100 Index basket	Attachment #8, page 48
Reg 100.10(c)(xviii)(C)	22.91(13)(a)	long TSE 100 Index put, long TSE 100 Index basket	Attachment #8, page 48
Reg 100.10(c)(xviii)(D)	22.91(13)(d)	short TSE 100 Index put, short TSE 100 Index basket	Attachment #8, page 49
Reg 100.10(c)(xviii)(E)	22.91(13)(g)	long TSE 100 Index call, short TSE 100 Index put, short TSE 100 Index basket	Attachment #8, page 49
Reg 100.10(c)(xviii)(F)	22.91(13)(f)	short TSE 100 Index call, long TSE 100 Index put, long TSE 100 Index basket	Attachment #8, page 49
Reg 100.10(c)(xix)	22.91(14)	long/short TSE 100 Index future, short/long TSE 100 Index basket	Attachment #8, page 49
Reg 100.10(c)(xx)(A)	22.91(16)(a)	long TSE 100 Index basket, short TIPs 100	Attachment #8, page 50
Reg 100.10(c)(xx)(B)	22.91(16)(b)	TIPs 100 underwriting commitment, long TSE 100 Index basket, short TIPs 100	Attachment #8, page 50
Reg 100.10(c)(xx)(C)	22.91(16)(c)	short TSE 100 Index basket, long TIPs 100	Attachment #8, page 50
Reg 100.10(c)(xxi)(A)	22.91(16)(e)	long TSE 100 Index call, short TIPs 100	Attachment #8, page 51
Reg 100.10(c)(xxi)(B)	22.91(16)(d)	short TSE 100 Index call, long TIPs 100	Attachment #8, page 51
Reg 100.10(c)(xxi)(C)	22.91(16)(f)	long TSE 100 Index put, long TIPs 100	Attachment #8, page 52
Reg 100.10(c)(xxi)(D)	22.91(16)(g)	short TSE 100 Index put, short TIPs 100	Attachment #8, page 52
Reg 100.10(c)(xxii)(A)	22.91(16)(i)	long TSE 100 Index future, short TIPs 100	Attachment #8, page 52
Reg 100.10(c)(xxii)(B)	22.91(16)(h)	short TSE 100 Index future, long TIPs 100	Attachment #8, page 52
Reg 100.10(c)(xxiii)(A)	22.91(15)(c)	long TSE 100 Index call, short TSE 100 Index future	Attachment #8, page 53
Reg 100.10(c)(xxiii)(B)	22.91(15)(a)	short TSE 100 Index call, long TSE 100 Index future	Attachment #8, page 53
Reg 100.10(c)(xxiii)(C)	22.91(15)(d)	long TSE 100 Index put, long TSE 100 Index future	Attachment #8, page 53
Reg 100.10(c)(xxiii)(D)	22.91(15)(b)	short TSE 100 Index put, short TSE 100 Index future	Attachment #8, page 54

List of new IDA Regulations (Sorted by IDA Regulation Reference)

IDA Regulation Reference	Existing TSE/TFE By-law Reference	Description of IDA Regulation	Amendment Attachment Number
Reg 100.10(c)(xxiii)(E)	22.91(15)(f)	long TSE 100 Index future, short TSE 100 Index call, long TSE 100 Index put	Attachment #8, page 54
Reg 100.10(c)(xxiii)(F)	22.91(15)(e)	short TSE 100 Index future, long TSE 100 Index call, short TSE 100 Index put	Attachment #8, page 54
Reg 100.10(c)(xxiii)(G)	22.91(15)(g)	partial offsets not permitted	Attachment #8, page 55
Reg 100.10(c)(xxiv)(A)	22.91(17)(c)	long Toronto 35 Index basket, short TSE 100 Index call	Attachment #8, page 55
Reg 100.10(c)(xxiv)(B)	22.91(17)(a)	long Toronto 35 Index basket, long TSE 100 Index put	Attachment #8, page 55
Reg 100.10(c)(xxiv)(C)	22.91(17)(b)	short Toronto 35 Index basket, long TSE 100 Index call	Attachment #8, page 55
Reg 100.10(c)(xxiv)(D)	22.91(17)(d)	short Toronto 35 Index basket, short TSE 100 Index put	Attachment #8, page 56
Reg 100.10(c)(xxv)	22.91(17)(k)	long Toronto 35 Index basket, short TSE 100 Index future	Attachment #8, page 56
Reg 100.10(c)(xxv)	22.91(17)(k)	short Toronto 35 Index basket, long TSE 100 Index future	Attachment #8, page 56
Reg 100.10(c)(xxvi)(A)	22.91(17)(h)	long Toronto 35 Index call, short TSE 100 Index call	Attachment #8, page 57
Reg 100.10(c)(xxvi)(B)	22.91(17)(e)	short Toronto 35 Index call, long TSE 100 Index call	Attachment #8, page 57
Reg 100.10(c)(xxvi)(C)	22.91(17)(j)	short Toronto 35 Index call, short TSE 100 Index put	Attachment #8, page 57
Reg 100.10(c)(xxvi)(D)	22.91(17)(i)	long Toronto 35 Index put, short TSE 100 Index put	Attachment #8, page 57
Reg 100.10(c)(xxvi)(E)	22.91(17)(g)	short Toronto 35 Index put, short TSE 100 Index call	Attachment #8, page 57
Reg 100.10(c)(xxvi)(F)	22.91(17)(f)	short Toronto 35 Index put, long TSE 100 Index put	Attachment #8, page 57
Reg 100.10(c)(xxvii)(A)	22.91(18)(d)	long Toronto 35 Index call, short TSE 100 Index future	Attachment #8, page 58
Reg 100.10(c)(xxvii)(B)	22.91(18)(a)	short Toronto 35 Index call, long TSE 100 Index future	Attachment #8, page 58
Reg 100.10(c)(xxvii)(C)	22.91(18)(e)	long Toronto 35 Index put, long TSE 100 Index future	Attachment #8, page 58
Reg 100.10(c)(xxvii)(D)	22.91(18)(c)	short Toronto 35 Index put, short TSE 100 Index future	Attachment #8, page 59
Reg 100.10(c)(xxvii)(E)	22.91(18)(f)	long Toronto 35 Index future, short TSE 100 Index call	Attachment #8, page 59
Reg 100.10(c)(xxvii)(F)	22.91(18)(i)	long Toronto 35 Index future, long TSE 100 Index put	Attachment #8, page 59
Reg 100.10(c)(xxvii)(G)	22.91(18)(h)	short Toronto 35 Index future, long TSE 100 Index call	Attachment #8, page 60
Reg 100.10(c)(xxvii)(H)	22.91(18)(g)	short Toronto 35 Index future, short TSE 100 Index put	Attachment #8, page 60
Reg 100.10(d)	21.17	requirements and offsets for O.C.C. options	Attachment #8, page 60
Reg 100.12(f)	16.15.I(e)	positions held in a registered trader's account	Attachment #3, paragraph 1, page 1
Reg 100.12(g)	16.15.I(m)	TIPs 35, TIPs 100, baskets of Toronto 35 Index and TSE 100 Index securities	Attachment #3, paragraph 1, page 1

INVESTMENT DEALERS ASSOCIATION OF CANADA

Margin Requirements

1. Amend Regulation 100.2(f) by adding the following:

“(v) On Toronto 35 Index Participation Units and TSE 100 Index Participation Units:

Long Positions: 30% of market value

Short Positions: minimum credit balance of 130% of market value”

2. Amend Regulation 100.2(i) as follows (changes are marked):

“(i) **Precious Metal Certificates**

On negotiable certificates issued by Canadian chartered banks and trust companies authorized to do business in Canada evidencing an interest in precious metals:

Gold: 10% of market value

Platinum and Silver: 15% of market value

On silver certificates approved by Intermarket Services Inc. held by a Member, margin shall be 25% of market value.”

INVESTMENT DEALERS ASSOCIATION OF CANADA
Margin Requirements

1. Amend Regulation 100.4B and make new Regulation 100.4B as follows (changes are marked):

“100.4B Governments, Maturity Within One Year

Where a Member

- (a) owns securities described in clause (i) or (ii) of Regulation 100.2(a) maturing within one year, and
- (b) has a short position in securities
 - (i) issued or guaranteed by the same issuer of the securities referred to in (a) (provided that for these purposes each of the provinces of Canada shall be regarded as the same issuer as any other province),
 - (ii) maturing within one year, and
 - (iii) with a market value equal to the securities referred to in (a) (with the intent that no offset shall be permitted in respect of the market value of a long (or short) position which is in excess of the market value of the short (or long) position

the margin required shall be the excess of the margin on the long (or short) position over the margin required on the short (or long) position. This Regulation 100.4B also applies to future purchase and sale commitments.”

INVESTMENT DEALERS ASSOCIATION OF CANADA
Margin Requirements

1. Amend Regulation 100.12 by adding the following:

“(f) Securities Held in Registered Trader’s Account

25% of the market value if such securities:

- (i) are non-option eligible securities for which the registered trader has responsibility or has “on-post” trading privileges;
- (ii) have traded for a value of not less than \$2.00 per share for the previous calendar quarter.

The reduced margin rate is applicable only to a maximum total in all registered trader accounts of a Member of.

- (i) \$100,000 of market value per security if 90,000 shares or more of the security were traded in the previous calendar quarter on a stock exchange recognized by the Association for margin purposes and the National Association of Securities Dealers Automated Quotations System; and
- (ii) \$50,000 of market value per security if less than 90,000 shares of the security were traded in the previous calendar quarter on a stock exchange recognized by the Association for margin purposes and the National Association of Securities Dealers Automated Quotations System.

Margin for the excess portion of market value on amounts over \$100,000 and \$50,000, respectively, shall be provided at the rate of 50% of market value for such securities. The total reduction in margin which is permitted by this Regulation 100.12(f) shall not exceed 50% of the Member’s net allowable assets

(g) Toronto 35 Index Participation Units, TSE 100 Index Participation Units and baskets of Toronto 35 Index and TSE 100 Index securities:

- (i) 15% of the market value, in the case of a long position, and
- (ii) 115% of the market value, in the case of a short position.

For the purposes of this Regulation 100.12(g), the definitions in Regulation 100.9(c)(v) (Toronto 35 Index basket of securities) and Regulation 100.9(c)(xiii) (TSE 100 Index basket of securities) shall apply.

(h) **Government of Canada debt covered by futures**

A Member's long or short position (including forward commitments) in bonds, debentures or treasury bills issued or guaranteed by the Government of Canada or in securities (other than bonds and debentures) posted for trading on the TSE which is covered by a position on a commodity futures exchange shall be exempt from the capital charges otherwise provided herein. Capital charges based on the applicable rates shall be on the net long or short position (including forward commitments)."

INVESTMENT DEALERS ASSOCIATION OF CANADA
Concentration Rules

1. Make new Regulation 100.20 as follows:

100.20 Concentration of Securities

- (a) For the purposes of this paragraph:

- (i) “amount loaned” includes:

- (A) In respect of long positions:

1. the loan value of long securities in margin accounts on settlement date;
2. the loan value of long securities in a regular settlement cash account when any portion of the account is outstanding after settlement date;
3. the loan value of long securities in a delivery against payment cash account when such securities are outstanding after settlement date;
4. the loan value of long inventory positions on trade date; and
5. the loan value of new issues carried in inventory 20 business days after new issue settlement date.

- (B) In respect of short positions:

1. the market value of short positions in margin accounts on settlement date;
2. the market value of short positions in a regular settlement cash account when any portion of the account is outstanding after settlement date;
3. the market value of short positions in a delivery against payment cash account when such securities are outstanding after settlement date; and
4. the market value of short inventory securities on trade date.

- (ii) “security” includes:

- (A) all long and short positions in equity and convertible securities of an issuer; and
- (B) all long and short positions in debt or other securities, other than debt securities with a margin requirement of 10% or less.

Housekeeping Amendment #4

- (iii) “risk adjusted capital” means a Member’s risk adjusted capital as calculated before the securities concentration charge (Statement B, Line 25 of Form 1) plus minimum capital (Statement B, Line 6 of Form 1).
- (b) For the purposes of calculating the amount loaned:
- (i) security positions that qualify for margin offsets pursuant to Regulation 100, as applicable, may be netted;
 - (ii) separate calculations must be made for long security positions and short security positions. The greater of the long or short position must be used in the calculations below;
 - (iii) in calculating the total amount loaned for each customer on long (or short) positions on any one security, there may be deducted from the loan value (market value) of the long (or short) position:
 - (A) any excess margin in the customer’s account; and
 - (B) 25% of the market value of long positions in any non-marginable securities in the account provided such securities are carried in readily saleable quantities only.
 - (iv) in calculating the amount loaned on long positions for a customer, where such customer (the “guarantor”) has guaranteed another customer account (the “guaranteed account”), any securities in the guarantor’s account which are used to reduce margin required in the guaranteed account in accordance with Regulation 100.14, shall be included in calculating the amount loaned on each security for the purposes of the guarantor’s account;
 - (v) the values of trades made with acceptable institutions, acceptable counterparties and regulated entities that are outstanding 10 business days past settlement date and are:
 - (A) not confirmed for clearing through a recognized clearing corporation; or
 - (B) not confirmed by the acceptable institution, acceptable counterparty or a regulated entity,must be included in the calculation below in the same manner as delivery against payment cash accounts; and
 - (vi) the value of trades made with a financial institution that is not an acceptable institution, acceptable counterparty or regulated entity, outstanding less than 10 business days past settlement date, may be excluded from the calculation below if each such trade was confirmed on or before settlement date with a settlement agent that is an acceptable institution or acceptable counterparty.

Housekeeping Amendment #4

- (c) (i) Subject to subclause (ii) below, where the total amount loaned by a Member on any one security for all customers and/or inventory accounts, as calculated hereunder, exceeds an amount equal to two-thirds of the Member's risk adjusted capital, before securities concentration charge plus minimum capital, as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over two-thirds of the Member's risk adjusted capital, before securities concentration charge plus minimum capital (Statement B, Line 6 of Form 1), shall be deducted from the risk adjusted capital of the Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security for which the charge is incurred.
- (ii) Notwithstanding subclause (i) above, where the loaned security issued by
 - (A) the Member, or
 - (B) a company, where the accounts of a Member are included in the consolidated financial statements and where the assets and revenues of the Member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, the company, based on the amounts shown in the audited consolidated financial statements of the company and the Member for the preceding fiscal year,

and the total amount loaned by the Member on any one such security, as calculated hereunder, exceeds an amount equal to one third of the Member's risk adjusted capital before securities concentration charge plus minimum capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over one-third of the Member's risk adjusted capital before securities concentration charge plus minimum capital shall be deducted from the risk adjusted capital of the Member.
- (d) Where the total amount loaned by a Member on any one security for all customers and/or inventory accounts as calculated hereunder exceeds an amount equal to one half of the Member's risk adjusted capital before securities concentration charge plus minimum capital as most recently calculated, and the amount loaned on any other security which is being carried by a Member for all customers and/or inventory accounts as calculated hereunder, exceeds an amount equal to one half of the Member's risk adjusted capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned on the other security over one-half of the Member's risk adjusted capital shall be deducted from the risk adjusted capital of the Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security for which the charge is incurred.

Housekeeping Amendment #4

- (e) For the purposes of calculating the concentration charges as required by paragraphs (c) and (d) above, such calculations shall be performed for the first five securities in which there is a concentration.
- (f) Where the capital charges described in subsections (c) and (d) would result in a capital deficiency or a violation of the rule permitting designation in early warning pursuant to By-law 30, the Member must report the over-concentration situation to the Vice-President, Financial Compliance on the date the over-concentration first occurs.

INVESTMENT DEALERS ASSOCIATION OF CANADA
When Issued Trading

1. Make new Regulation 100.19 as follows:

“100.19 When Issued Trading of New and Additional Issues

(a) Margin for Sales

(i) *Short positions*

Margin for short positions resulting from short sales of a security traded on a when issued basis shall be calculated on the market value of the securities sold short as required by the relevant provisions of Regulation 100.2(f)(i) relating to short positions. Margin shall be posted on the third settlement day after the trade date of the short sale.

(ii) *Hedged Positions Resulting From the Sale on a When Issued Basis of a Security Previously Purchased on a When Issued Basis*

When a person who has purchased a security to be issued pursuant to prospectus subsequently sells such security on a when issued basis, margin shall be calculated on the market value of the security purchased as required by the relevant provisions for long positions in Regulation 100.2(f)(i) and shall be posted on the third settlement day after the sale.

(iii) *Sales on a When Issued Basis for Settlement in the Regular Market*

If a person who is deemed to own a security posted for trading on a when issued basis subsequently sells such security in the regular market and the trade occurs prior to the issuance or distribution of such security, margin shall be calculated on the market value of the securities sold as required by the relevant provisions in Regulation 100.2(f)(i) relating to margin for short positions. Margin shall be posted three settlement days after the trade date.

(b) Purchases of When Issued Securities

Margin for purchases of securities on a when issued basis that have not been sold subsequently on a when issued basis shall be calculated as required by the relevant provisions in Regulation 100.2(f)(i) relating to long positions. Margin shall be posted on the later of three settlement days after the trade date or the date of the issuance or distribution of the security.

(c) Margin for Member Sales or Purchases on a When Issued Basis

Notwithstanding the foregoing, margin for Member purchases or sales on a when issued basis shall be calculated and posted on a trade date basis.

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- (d) For the purposes of the Regulations, “trading on a when issued basis” or “when issued trades” means purchases or sales of a security to be issued pursuant to:
 - (i) a prospectus offering where a receipt for a (final) prospectus for the security has been issued but the offering has not closed and settled;
 - (ii) a proposed plan of arrangement, an amalgamation or a take-over bid prior to the date of issuance of the security pursuant to the amalgamation, arrangement or take-over bid; or
 - (iii) any other transaction that is subject to the satisfaction of certain conditions where trading of the security on a when issued basis would not contravene the Securities Act (Ontario).”

2. Make new Regulation 800.47 as follows:

“800.47 **When Issued Trading**

Unless otherwise provided by the Vice-President, Financial Compliance or the parties to the trade by mutual agreement:

- (a) all when issued trades made prior to the second trading day before the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security;
- (b) when issued trades on or after the second trading day before the anticipated date of issue of the security shall settle on the third settlement day after the trade date; and
- (c) if the security has not been issued on the date for settlement as set out in paragraph (a) or (b) above, such trades shall be settled on the date that the security is actually issued.”

INVESTMENT DEALERS ASSOCIATION OF CANADA

Top 20 Concentration Reports

1. Amend By-law 16.4(i) as follows (changes are marked):

16.4 Each Member which has been designated by the applicable District Council shall:

- (i) file monthly with the Senior Vice-President, Member Regulation a copy of a financial report of the Member as at the end of each fiscal month or at such other date as may be agreed with the Senior Vice-President, Member Regulation. Such monthly financial reports shall contain or be accompanied by such information as may be prescribed by the Senior Vice-President, Member Regulation from time to time but shall include a report in prescribed form filed within seven business days of the end of each month detailing:
 - (a) the ten customer margin or customer cash accounts with the latest debit balances exceeding \$50,000 as of the last business day of the month: and
 - (b) the ten inventory positions with the largest loan value excluding fully-hedged positions (or positions which qualify for full margin offsets) exceeding \$50,000 as of the last business day of the month, excluding new issues; and

INVESTMENT DEALERS ASSOCIATION OF CANADA
Hedge Arrangements for Guaranteed Accounts

1. Make new Regulation 100.15A as follows:

“100.15A Notwithstanding Regulation 100.15, prior to reducing margin as permitted under such Regulation, a Member may hedge:

- (a) any long securities positions, other than options, commodity futures contracts or foreign exchange contracts, in the account of a guarantor that guarantees an account of a customer of a Member in accordance with Regulation 100.15 against any short securities positions, other than options, commodity futures contracts and foreign exchange contract positions, in that customer account;
- (b) any long convertible security, including warrants, rights, shares, instalment receipts or other securities pursuant to the terms of which the holder is entitled to currently acquire underlying securities, held in the account of a guarantor that guarantees a customer account against any short positions in the underlying securities held in that customer account; provided that the convertible securities held in the guarantor’s account are readily convertible into the related underlying securities held in that customer’s account and the number of underlying securities available on conversion shall be equal to or greater than the number of securities sold short;
- (c) no hedge shall be accepted for the purposes of this Regulation 100.15A unless the Member obtains from the guarantor a written hedge agreement in a form acceptable to the Vice-President, Financial Compliance that:
 - (i) authorizes the Member to use any and all securities, other than options, commodity futures contracts or foreign exchange contracts, held in long positions in the guarantor’s account to hedge any and all short positions in the guaranteed customer account for the purposes of eliminating the margin required on such securities in the customer account;
 - (ii) upon the sale of any securities positions that hedges a short position and that creates a margin deficiency in the guaranteed account, the guarantor agrees that the Member may restrict the guarantor’s ability to withdraw any cash or securities from the guarantor’s account or otherwise restrict the guarantor’s ability to enter into transactions in that account until such deficiency is rectified; and
 - (iii) the guarantor agrees that the terms of the hedge agreement shall remain in effect as long as any hedge positions between the two accounts remain in effect.”

INVESTMENT DEALERS ASSOCIATION OF CANADA

Margin and Capital Regulation

Delete Regulation 100.9 and make new Regulation 100.9 as follows:

Customer Positions in Options, Futures and other Equity-related Derivatives

100.9.

In this Regulation 100.9 unless the subject matter or context otherwise requires:

“aggregate current value” means, in the case of Index Options, the level of the index at any given time multiplied by \$1.00.

“aggregate exercise price” means the exercise price of an option multiplied by the number of units of the underlying interest covered by the option.

“Call” means, an option:

- (a) for equity, participation unit or bond Options, which gives the holder the right to buy and the writer the obligation to sell the underlying interest at a stated exercise price either on or before the expiration date of the Option;
- (b) for Index Options, which gives the holder the right to receive and the writer the obligation to pay, if the current value of the index rises above the exercise price, the difference between the aggregate exercise price and the aggregate current value of the underlying interest either on or before the expiration date of the Option;
- (c) for OCC Options, which gives the holder the right to buy and the writer the obligation to sell the underlying interest at a stated exercise price either on or before the expiration date of the OCC Option; or
- (d) for IMS Options, which gives the holder the right to buy and the writer the obligation to sell the underlying interest at a stated exercise price either on or before the expiration date of the IMS Option.

“Class of Options” means all Options of the same type covering the same underlying interest.

“clearing corporation” means, in respect of an option, the clearing corporation or other organization which is the issuer of the option.

“customer account” means an account for a customer of a Member, but does not include an account in which a member of a self-regulatory organization, or an affiliate, approved person or employee of such a Member, member or affiliate, as the case may be, has a direct or indirect interest, other than an interest in a commission charged.

“current value” means, in the case of Index Options, the level of the index at any given time multiplied by \$1.00 and divided by 100.

“deep-in-the-money” means:

- (a) in the case of an equity, a participation unit or a bond Option, that the market price;

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- (b) in the case of an Index Option, that the current value;
- (c) in the case of an OCC Option, that the market price or the current value; or
- (d) in the case of an IMS Option, that the market price,

of the underlying interest is substantially above the exercise price in the case of a Call, and substantially below the exercise price in the case of a Put.

“deep-out-of-the-money” means:

- (a) in the case of an equity, a participation unit or a bond Option, that the market price;
- (b) in the case of an Index Option, that the current value;
- (c) in the case of an OCC Option, that the market price or the current value; or
- (d) in the case of an IMS Option, that the market price,

of the underlying interest is substantially below the exercise price in the case of a Call, and substantially above the exercise price in the case of a Put.

“escrow receipt” means:

- (a) in the case of an equity, a participation unit or a bond Option, a document issued by a financial institution approved by Canadian Derivatives Clearing Corporation certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified Option of a particular customer of a Member; or
- (b) in the case of an OCC Option, a document issued by a depository approved by the clearing corporation, after executing and delivering agreements required by The Options Clearing Corporation, certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified OCC Option of a particular customer of a Member; or
- (c) in the case of an IMS Option, a document issued by a financial institution approved by Intermarket Services Inc. certifying that an underlying interest is held by such financial institution in respect of a specified IMS Option of a particular customer of a Member.

“Exchange Traded Option” means a Call or Put option issued by the Canadian Derivatives Clearing Corporation pursuant to its rules.

“exercise price” in respect of an option means:

- (a) in the case of an equity, a participation unit or a bond Option, the specified price per unit at which the underlying interest may be received in the case of a Call, or delivered, in the case of a Put;
- (b) in the case of Index Options, the specified price per unit, which may be received by the holder and paid by the writer in the case of a Call or a Put;
- (c) in the case of an OCC Option, the specified price per unit at which the underlying interest may be received in the case of a Call, or delivered, in the case of a Put; or
- (d) in the case of an IMS Option, the specified price per unit at which the underlying interest may be received in the case of a Call, or delivered, in the case of a Put,

upon exercise of the option.

“firm account” means an account established by a Member which is confined to positions carried by the Member on its own behalf.

“IMS Option” means a Call or a Put Option issued by Intermarket Services Inc. pursuant to its by-laws and rules.

“Index Option” means an Exchange Traded Option whose underlying interest is the TSE 300 Composite Index, the TSE 100 Index or the Toronto 35 Index.

“in-the-money” means:

- (a) in the case of an equity, a participation unit or a bond Option, that the market price;
- (b) in the case of an Index Option, that the current value;
- (c) in the case of an OCC Option, that the market price or the current value; or
- (d) in the case of an IMS Option, that the market price,

of the underlying interest is above the exercise price in the case of a Call, and below the exercise price in the case of a Put.

“market maker account” means a firm account of a clearing member that is confined to transactions initiated by a market maker.

“non-customer account” means an account established with an Member by another member of a self-regulatory organization, or affiliate, approved person or employee of a Member, member or affiliate, as the case may be, in which the Member does not have an interest, direct or indirect, other than an interest in fees or commissions charged.

“OCC Option” means a Call or a Put Option issued by The Options Clearing Corporation.

“Option” means an Exchange Traded Option.

“out-of-the-money” means:

- (a) in the case of an equity, a participation unit or a bond Option, that the market price;
- (b) in the case of an Index Option, that the current value;
- (c) in the case of an OCC Option, that the market price or the current value; or
- (d) in the case of an IMS Option, that the market price,

of the underlying interest is below the exercise price in the case of a Call, and above the exercise price in the case of a Put.

“participation unit” means an interest in a trust, established by an exchange, the underlying assets of which are equities and/or other securities, including an interest in Toronto 35 Index Participation Units (“TIPs”) or TSE 100 Index Participation Units (“HIPs”).

“Participation Unit Option” means an Exchange Traded Option whose underlying interest is a participation unit.

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“premium” means the aggregate price, excluding commissions and other fees, that the buyer of an option pays and the writer of an option receives for the rights conveyed by the option contract.

“Put” means, an option:

- (a) for an equity, a participation unit or a bond Option, which gives the holder the right to sell and the writer the obligation to buy the underlying interest at a stated exercise price either on or before the expiration date of the Option;
- (b) for Index Options, which gives the holder the right to receive and the writer the obligation to pay, if the current value of the index falls below the exercise price, the difference between the aggregate exercise price and the aggregate current value of the underlying interest either on or before the expiration date of the Option. Where the underlying interest is the TSE 300 Composite Index, and on the expiration date of the Option where the underlying interest is the TSE 100 Index or Toronto 35 Index;
- (c) for OCC Options, which gives the holder the right to sell and the writer the obligation to buy the underlying interest at a stated exercise price either on the expiration date of the OCC Option on or before the expiration date of the OCC Option; or
- (d) for IMS Options, which gives the holder the right to sell and the writer the obligation to buy the underlying interest at a stated exercise price either on the expiration date of the IMS Option on or before the expiration date of the IMS Option.

“specialist” means an Options Attorney who is either an employee or a competitive options trader.

“specialist account” means an account that has been established by a clearing member on behalf of a specialist and that is confined to Exchange Traded Option transactions executed by the specialist in Options for which the specialist has been assigned the responsibilities of a specialist appointment.

“underlying interest” means,

- (a) in the case of an equity, a participation unit or a bond Option, the security;
- (b) in the case of an Index Option, the index;
- (c) in the case of an OCC Option in a currency, the currency;
- (d) in the case of an OCC Option in debt, the debt;
- (e) in the case of an OCC Option in an index, the index;
- (f) in the case of any other OCC Option, the security;
- (g) in the case of an IMS Option, the property interests,

which is the subject of the option.

“unit of trading” means the number of units of the underlying interest which have been designated by the exchange as the minimum number or value to be the subject of a single option in a series of options. In the absence of any such designation, for a series of options:

- (a) in which the underlying interest is an equity, the unit of trading shall be 100 shares;
- (b) in which the underlying interest is an Index, the unit of trading shall be 100 units;

- (c) in which the underlying interest is a bond, the unit of trading shall be 250 units;
- (d) in which the underlying interest is a participation unit, the unit of trading shall be 100 units.

Exchange Traded Options

The minimum amount of margin which must be obtained in margin accounts of customers having positions in Exchange Traded Options shall be as follows:

(a) Long Positions

- (i) subject to sub-paragraph (ii), all purchases of Options shall be for cash.
- (ii) where in the case of equity Options, the underlying interest in respect of a long Call is the subject of a legal and binding cash take-over bid which is unconditional or in respect of which conditions have been met, the margin required on such Call shall be the market value of the Call less the amount by which the amount offered exceeds the exercise price of the Call. Where such a take-over bid is made for less than 100% of the issued and outstanding securities, the margin requirement shall be applied pro rata in the same proportion as the offer.

(b) Short Positions

- (i) All opening short transactions must be carried in a margin account.
- (ii) in the case of equity, participation unit, and Index Options the minimum margin on a Call carried short in customer account shall be:
 - (A) in the case of equity or participation unit Options, 25% of the market price of the equivalent number of shares or participation units of the underlying interest, plus 100% of the current premium of the Option, reduced by any excess of the exercise price over the current market price of the underlying interest multiplied by the unit of trading; or
 - (B) in the case of Index Options:
 1. TSE 300 Composite Index Options - 5% of the aggregate current value of the TSE 300 Composite Index plus 100% of the current premium of the Option, reduced by any excess of the exercise price over the current value of the underlying interest multiplied by the unit of trading; or
 2. Toronto 35 Index Options - 5% of the aggregate current value of the Toronto 35 Index, plus 100% of the current premium of the Option, reduced by any excess of the exercise price over the current value of the underlying interest, multiplied by the unit of trading, provided that for the purposes of this clause, 100% of the current premium shall not be less than the excess of the aggregate current value over the aggregate exercise price; or
 3. TSE 100 Index Options - 5% of the aggregate current value of the TSE 100 Index, plus 100% of the current premium of the Option, reduced by any excess of the exercise price over the current value of

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the underlying interest, multiplied by the unit of trading, provided that for the purposes of this clause, 100% of the current premium shall not be less than the excess of the aggregate current value over the aggregate exercise price; or

- (iii) the minimum margin on a Put carried short in a customer account shall be:
 - (A) in the case of equity or participation unit Options, 25% of the market price of the equivalent number of shares or participation units of the underlying interest, plus 100% of the current premium of the Option, reduced by any excess of the current market price of the underlying interest over the exercise price, multiplied by the unit of trading; or
 - (B) in the case of Index Options:
 - 1. TSE 300 Composite Index Options - 5% of the aggregate current value of the TSE 300 Composite Index plus 100% of the current premium of the Option, reduced by any excess of the current value of the underlying interest over the exercise price, multiplied by the unit of trading; or
 - 2. Toronto 35 Index Options - 5% of the aggregate current value of the Toronto 35 Index, plus 100% of the current premium of the Option, reduced by any excess of the current value of the underlying interest over the exercise price, multiplied by the unit of trading, provided that for the purposes of this clause, 100% of the current premium shall not be less than the excess of the aggregate exercise price over the aggregate current value; or
 - 3. TSE 100 Index Options - 5% of the aggregate current value of the TSE 100 Index, plus 100% of the current premium of the Option, reduced by any excess of the current value of the underlying interest over the exercise price, multiplied by the unit of trading, provided that for the purposes of this clause, 100% of the current premium shall not be less than the excess of the aggregate exercise price over the aggregate current value; or
- (iv) notwithstanding any other provision of this Regulation 100.9(b), the minimum amount of margin which must be maintained and carried in a customer account trading in Options shall be not less than:
 - (A) in the case of equity or participation unit Options, 5% of the market price of the equivalent number of shares or participation units of the underlying interest, plus 100% of the current premium of the Option; or
 - (B) in the case of Index Options, 2% of the aggregate current value of the index, plus 100% of the current premium of the Option plus a surcharge of 150% of the aggregate current value requirement;
- (v) each Option shall be margined separately and:

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- (A) in the case of equity or participation unit Options, any difference between the market price of the underlying interest; or
 - (B) in the case of Index Options, any difference between the current value of the index,
and the exercise price of the Option shall be considered to be of value only in providing the amount of margin required on that particular Option;
- (vi) where a Call is carried long for a customer's account and the account is also short a Call expiring on or before the date of expiration of the long Call, and in the case of equity or participation unit Options, written on the same number of shares or participation units of the same security; and in the case of Index Options, written on the same number of units of the same index, the margin required on the short Call shall be the lesser of:
- (A) the margin required pursuant to sub-paragraphs 100.9(b)(ii) and (iv); or
 - (B) the amount, if any, by which the exercise price of the long Call exceeds the exercise price of the short Call, multiplied by the unit of trading;
- (vii) where a Put is carried long for a customer's account and the account is also short a Put expiring on or before the date of expiration of the long Put and in the case of equity or participation unit Options, written on the same number of shares or participation units of the same security; and in the case of Index Options, written on the same number of units of the same index, the margin required on the short Put shall be the lesser of:
- (A) the margin required pursuant to sub-paragraphs 100.9(b)(iii) and (iv); or
 - (B) the amount, if any, by which the exercise price of the short Put exceeds the exercise price of the long Put multiplied by the unit of trading;
- (viii) where a Call is carried short for a customer's account and the account is also short a Put on the same number of units of trading on the same underlying interest, the margin required shall be the margin on the short Call position, or the short Put position, whichever is the greater, increased by any unrealized loss on the position having the lower requirements;
- (ix) where a Call is carried short against an existing net long position in the underlying interest or, in the case of equity Options in a security readily convertible or exchangeable (without restrictions other than the payment of consideration and within a reasonable time provided such time shall be prior to the expiration of the call option) into the underlying interest, or in the case of participation unit Options in securities readily exchangeable into the underlying interest during the period of an underwriting that is in accordance with the requirements of Regulation 100.10(c)(xi)(C), the minimum margin required shall be:
- (A) the margin on the long position required pursuant, in the case of equity or participation unit Options, to Regulation 100, based on the market price of such security or the exercise price of the short Call, whichever is lower; plus

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- (B) the amount, if any, by which the subscription or conversion price of the long security exceeds the exercise price of the short Call, multiplied by the unit of trading. For the purposes of this Regulation 100.9(b)(ix), in determining net long and net short positions, offsetting long and short positions in exchangeable or convertible securities or in the same security shall be deducted and, in the case of exchangeable or convertible securities, if the expiration of the right to exchange or convert the long security shall not expire prior to the expiration date of the short Call. If the expiration of the right to exchange or convert is accelerated (whether by reason of redemption or otherwise), then such short Call shall be considered uncovered after the date on which such right to exchange or convert expires;
- (x) if a Put is carried short for a customer's account and the account is short an equivalent number of units of the underlying interest, in the case of equity Options, the short Put shall be considered fully margined, provided that the short security position is fully margined pursuant to Regulation 100, using the greater of market price or exercise price;
- (xi) no margin shall be required in respect of a Call carried in a short position which is covered by the deposit of an escrow receipt. The underlying interest deposited in respect of such Options shall not be deemed to have any value for margin purposes. Evidence of a deposit of the underlying interest shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Vice President, Financial Compliance. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation;
- (xii) no margin shall be required in respect of a Put carried in a short position which is covered by the deposit of an escrow receipt which certifies that acceptable government securities are being held by the issuer of the escrow receipt for the account of the client. The acceptable government securities held on deposit:
- (A) shall be government securities:
1. which are acceptable forms of margin for the clearing corporation; and
 2. which mature within one year of their deposit, and
- (B) shall not be deemed to have any value for margin purposes.

The aggregate exercise value of the short Put shall not be greater than 90% of the aggregate par value of the acceptable government securities held on deposit. Evidence of the deposit of the acceptable government securities shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Vice President, Financial Compliance on request.

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The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation; and

- (xiii) no margin shall be required in respect of a short Put if the customer has delivered to the Member with which such position is maintained a letter of guarantee, issued by a financial institution which has been authorized by the clearing corporation to issue escrow receipts, in a form satisfactory to the Vice President, Financial Compliance, and is:

- (A) a bank which is a Canadian chartered bank or a Quebec savings bank; or
- (B) a trust company which is licensed to do business in Canada, with a minimum paid-up capital and surplus of \$5,000,000,

provided that the letter of guarantee certifies that the bank or trust company,

- (C) holds on deposit for the account of the customer cash in the full amount of the aggregate exercise price of the Put and that such amount will be paid to the clearing corporation against delivery of the underlying interest covered by the Put; or
- (D) unconditionally and irrevocably guarantees to pay to the clearing corporation the full amount of the aggregate exercise price of the Put against delivery of the underlying interest covered by the Put,

and further provided that the Member has delivered the letter of guarantee to the clearing corporation and the clearing corporation has accepted it as margin.

(c) **Option Related Positions**

- (i) where, in the case of equity or participation unit Options, a short security or participation unit position is offset by a long Call for the same underlying interest, the minimum margin required shall be:

- (A) 100% of the acquisition cost of the long Call; plus
- (B) the lesser of:
 1. amount of the exercise price of the long Call multiplied by the unit of trading; or
 2. the margin requirement for the short position pursuant to Regulation 100.2(f)(i).

- (ii) where, in the case of equity or participation unit Options, a long security or participation unit position is offset by a long Put for the same underlying interest, the minimum margin required shall be:

- (A) 100% of the acquisition cost of the long Put; plus
- (B) 25% of the market value of the long security or participation unit; plus

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- (C) any excess of the market price of the long security or participation unit over the exercise price of the long Put, multiplied by the unit of trading, up to an additional 5% of the market value of the long security or participation unit.
- (iii) Multiple Option Combinations involving Toronto 35 Index Options:
- (A) Box Spread involving Toronto 35 Index Options

Where a customer account has a long and short Toronto 35 Index Call Option and long and short Toronto 35 Index Put Option with the same expiry month and where the long Call and short Put, and short Call and long Put have the same strike price (European expiry box spread), the margin required shall be the lesser of:

 1. the greater of the margin on the Put or Call spread (Regulation 100.9(b)(vi) or 100.9(b)(vii)), or
 2. the greater of:
 - (a) the amount by which the exercise price of the long Call exceeds the exercise price of the short Call, multiplied by the unit of trading; or
 - (b) the amount by which the exercise price of the short Put exceeds the exercise price of the long Put, multiplied by the unit of trading.
 - (B) Long Butterfly Spread involving Toronto 35 Index Options

Where a customer account has a short position in two Toronto 35 Index Call Options (or Put Options) and the short Calls (or short Puts) are at a middle strike price and are flanked on either side by a long Toronto 35 Index Call Option (or Put Option) having a lower and higher strike price respectively, the margin required shall be the net market value of the short and long Calls (or Puts).
 - (C) Short Butterfly Spread involving Toronto 35 Index Options

Where a customer account has a long position in two Toronto 35 Index Call Options (or Put Options) and the long Calls (or long Puts) are at a middle strike price and are flanked on either side by a short Toronto 35 Index Call Option (or Put Option) having a lower and higher strike price respectively, the margin required shall be the amount, if any, by which the exercise price of the long Calls (or long Puts) exceeds the exercise price of the written Calls (or written Puts), multiplied by the unit of trading.
- (iv) Multiple Option Combinations involving Toronto 35 Index Participation Unit Options:
- (A) Long Butterfly Spread involving Toronto 35 Index Participation Unit Options

Where a customer account has a short position in two Toronto 35 Index Participation Unit Call Options (or Put Options) and the short Calls (or short

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Puts) are at a middle strike price and are flanked on either side by a long Toronto 35 Index Participation Unit Call Option (or Put Option) having a lower and higher strike price respectively, the margin required shall be the net market value of the short and long Calls (or Puts).

(B) Short Butterfly Spread involving Toronto 35 Index Participation Unit Options

Where a customer account has a long position in two Toronto 35 Index Participation Unit Call Options (or Put Options) and the long Calls (or long Puts) are at a middle strike price and are flanked on either side by a short Toronto 35 Index Participation Units Call Option (or Put Option) having a lower and higher strike price respectively, the margin required shall be the amount, if any, by which the exercise price of the long Calls (or long Puts) exceeds the exercise price of the written Calls (or written Puts), multiplied by the unit of trading.

(v) For the purposes of this Regulation a "basket" of securities or equity securities which is covered by a position in Toronto 35 Index Options, Toronto 35 Index Participation Unit Options, or Toronto 35 Index Futures contracts, or Toronto 35 Index Participation Units means:

(A) a group of equity securities all of which:

1. are included in the composition of the Toronto 35 Index;
2. are either long or short positions; and
3. comprise a portfolio with a market value equal to the market value of the securities underlying the Toronto 35 Index Options contract(s), the Toronto 35 Index Participation Unit Options contract(s), the Toronto 35 Index Futures contract(s), or the Toronto 35 Index Participation Units;

(B) the market value of each of the equity securities comprising the portfolio proportionally equals or exceeds the market value of its relative weight in the Toronto 35 Index Options, Futures or Participation Units, based on the latest published relative weights of securities comprising the Toronto 35 Index;

(C) the cumulative relative weights of all equity securities comprising the portfolio equals or exceeds 90% of the cumulative weight of the Toronto 35 Index based on the latest published relative weights of equity securities comprising the Toronto 35 Index;

(D) where the cumulative relative weights of all equity securities comprising the portfolio equals an amount greater than 90% and less than 100% of the cumulative relative weight of the Toronto 35 Index, the deficiency in the basket must be filled by equity securities which comply with the requirements of paragraphs (A) and (B) above; and

(E) the customer or Member has established an offsetting long or short position in the Toronto 35 Index Options, Toronto 35 Index Participation Unit

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Options, Toronto 35 Index Futures contracts expiring within six months, or Toronto 35 Index Participation Units.

- (vi) Toronto 35 Index Options offset with baskets of Toronto 35 Index securities:
 - (A) Short Toronto 35 Index Call - Long Basket of Toronto 35 Index Securities
Where Toronto 35 Index Call Options are carried short against an existing net long position in an equivalent number of Toronto 35 Index baskets of securities, the minimum margin required shall be the margin required on the long position in the baskets of securities, based on the market price of the basket of securities or the exercise price of the short Call, whichever is lower.
 - (B) Short Toronto 35 Index Put - Short Basket of Toronto 35 Index Securities
Where a short position in Toronto 35 Index Put Options is offset by a short position in a basket of securities, the Put shall be considered fully margined provided that the short position in the basket of securities is fully margined pursuant to Regulation 100, using the greater of the market price of the basket of securities or the exercise price of the short Toronto 35 Index Put Options.
- (vii) Baskets of Toronto 35 Index Securities Offset with Toronto 35 Index Participation Unit Options:
 - (A) Long basket of Toronto 35 Index Securities - Short Toronto 35 Index Participation Unit Calls
Where a long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) is offset by a short position in Toronto 35 Index Participation Unit Call Options, the margin required shall be the margin otherwise required on a long basket of equity securities based on a loan value calculation using the lower of the market value of the equity securities or the exercise value of the short Calls.
 - (B) Long basket of Toronto 35 Index Securities - Long Toronto 35 Index Participation Unit Puts
Where a long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) is offset by a long position in Toronto 35 Index Participation Unit Put Options, the margin required shall be:
 - 1. 100% of the acquisition cost of the long Put; plus
 - 2. 25% of the market value of the long basket of equity securities; plus
 - 3. any excess of the market price of the long equity securities over the exercise price of the long Put, multiplied by the unit of trading, up to an additional 5% of the market value of the long equity securities.
 - (C) Short basket of Toronto 35 Index securities - Long Toronto 35 Index Participation Unit Calls

Where a long position in Toronto 35 Index Participation Unit Call Options is offset by a short position in a basket of equity securities (complying with Regulation 100.9(c)(v)), the margin required shall be 25% of the market value of the equity securities, plus 100% of the acquisition cost of the long Call, plus the lesser of:

1. 5% of the market value of the equity securities; or
2. any excess of the exercise value of the long Call over the market value of the equity securities.

(D) Short basket of Toronto 35 Index securities - Short Toronto 35 Index Participation Unit Puts

Where a short position in a basket of equity securities (complying with Regulation 100.9(c)(v)) is offset by a short position in Toronto 35 Index Participation Unit Put Options, the margin required shall be the margin otherwise required on the short basket of equity securities using the greater of the market value of basket of equity securities or the exercise value of the short Put Options.

(viii) Toronto 35 Index securities offset with Toronto 35 Index Participation Units:

(A) Long basket of Toronto 35 Index securities - Short Toronto 35 Index Participation Units

Where a long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) is offset by a short position in Toronto 35 Index Participation Units, the margin shall be the margin required on the market value of the Toronto 35 Index Participation Units, minus the result of

1. the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the Toronto 35 Index, multiplied by
2. the margin rate required under Regulation 100 on equity securities comprising the basket,

but in no case may the total of this subsection be less than 5% of the market value of the Toronto 35 Index Participation Units.

(B) Short basket of Toronto 35 Index securities - Long Toronto 35 Index Participation Units

Where a short position in a basket of equity securities (complying with Regulation 100.9(c)(v)) is offset by a long position in Toronto 35 Index Participation Units the margin required shall be:

1. the margin required on the market value of the Toronto 35 Index Participation Units, minus the result of:

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- (a) the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the Toronto 35 Index, multiplied by
 - (b) the margin rate required under Regulation 100 on equity securities comprising the basket,

but in no case may the total of this paragraph be less than zero; plus

 - 2. 5% of the market value of the long position in Toronto 35 Index Participation Units unless the short basket:
 - (a) complies with the provisions of clauses (A) and (B) of Regulation 100.9(c)(v), and
 - (b) comprises a basket of securities or multiple thereof required to obtain the Toronto 35 Index Participation Units
- (ix) Toronto 35 Index Participation Unit Options offset with Toronto 35 Index Options:
 - (A) Long Toronto 35 Index Participation Unit Calls - Short Toronto 35 Index Calls

Where a long position in ten Toronto 35 Index Participation Unit Call Options is offset by a short position in a Toronto 35 Index Call Option, the margin required shall be the lesser of subclauses 1 or 2, as follows:

 - 1. the margin otherwise required on the short Call Options; or
 - 2. the greater of
 - (a) the amount, if any, by which the exercise value of the long Call Options exceeds the exercise value of the short Call Options; or
 - (b) 5% of the market value of the Toronto 35 Index Participation Units.
 - (B) Short Toronto 35 Index Participation Unit Puts - Short Toronto 35 Index Calls

Where a short position in ten Toronto 35 Index Participation Unit Put Options is offset by a short position in a Toronto 35 Index Call Option, the margin required is the greater of:

 - 1. the margin otherwise required on the short Put Options; or
 - 2. the margin otherwise required on the short Call Option;

plus any in-the-money amount on the short option with lesser margin required.
- (x) Toronto 35 Index Options offset with Toronto 35 Index Participation Units:
 - (A) Long Toronto 35 Index Call — Short Toronto 35 Index Participation Units

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Where a long position in Toronto 35 Index Call Options is offset by a short position in Toronto 35 Index Participation Units, the margin required shall be:

1. 100% of the acquisition cost of the long Toronto 35 Index Call Options, plus
2. the lesser of:
 - (a) 30% of the market value of the short Toronto 35 Index Participation Units; or
 - (b) any excess of the exercise price of the Toronto 35 Index Call over the market price of the Toronto 35 Index Participation Unit, multiplied by the unit of trading,

but in no case shall the margin be less than 5% of the market value of the Toronto 35 Index Participation Units (i.e. minimum credit required of 105% of the market value of the Toronto 35 Index Participation Units).

(B) Short Toronto 35 Index Call - Long Toronto 35 Index Participation Units

Where a Toronto 35 Index Call Option is carried short against an existing net long position in an equivalent number of Toronto 35 Index Participation Units, the minimum margin required shall be the margin required on the long position in Toronto 35 Index Participation Units, based on the market price of Toronto 35 Index Participation Units or the exercise price of the short Call, whichever is lower.

(C) Long Toronto 35 Put Option — Long Toronto 35 Index Participation Unit

Where a long position in Toronto 35 Index Put Options is offset by a long position in an equivalent number of Toronto 35 Index Participation Units, the minimum margin required shall be:

1. 100% of the acquisition cost of the long Put; plus
2. 25% of the market value of the long Toronto 35 Index Participation Units; plus
3. any excess of the market price of the long Toronto 35 Index Participation Units over the exercise price of the long Put multiplied by the unit of trading, up to an additional 5% of the market value of the long Toronto 35 Index Participation Units.

(D) Short Toronto 35 Put Option — Short Toronto 35 Index Participation Unit

Where a short position in Toronto 35 Index Put Options is offset by a short position in Toronto 35 Index Participation Units, the Put shall be considered fully margined provided that the short position in Toronto 35 Index Participation Units is fully margined pursuant to Regulation 100, using the greater of the market price of the Toronto 35 Index Participation Units or the exercise price of the short Toronto 35 Put Options.

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- (xi) Toronto 35 Index Futures contracts offset with Toronto 35 Index Participation Units:
- (A) Long Toronto 35 Index Futures contracts - Short Toronto 35 Index Participation Units
- Where a long position in Toronto 35 Index Futures contracts is offset by a short position in Toronto 35 Index Participation Units, the margin required shall be the greater of:
1. the margin required on the long Toronto 35 Index Futures contracts under this Regulation 100; or
 2. 5% of the market value of the short Toronto 35 Index Participation Units.
- (B) Short Toronto 35 Index Futures contracts - Long Toronto 35 Index Participation Units
- Where a short position in Toronto 35 Index Futures contracts is offset by a long position in Toronto 35 Index Participation Units, the margin required shall be the greater of:
1. the margin required on the short Toronto 35 Index Futures contracts under this Regulation 100; or
 2. the margin required on the long Toronto 35 Index Participation Units.
- (xii) Multiple Option Combinations involving TSE 100 Index Options:
- (A) Box Spread involving TSE 100 Index Options
- Where a customer account has a long and short TSE 100 Index Call Option and a long and short TSE 100 Index Put Option with the same expiry month and where the long Call and short Put, and short Call and long Put have the same strike price (European expiry box spread), the margin required shall be the lesser of:
1. the greater of the margin on the Put or Call spread (Regulation 100.9(b)(vi) or 100.9(b)(vii)); or
 2. the greater of:
 - (a) the amount by which the exercise price of the long Call exceeds the exercise price of the short Call, multiplied by the unit of trading; or
 - (b) the amount by which the exercise price of the short Put exceeds the exercise price of the long Put, multiplied by the unit of trading.
- (B) Long Butterfly Spread involving TSE 100 Index Options
- Where a customer account has a short position in two TSE 100 Index Call Options (or Put Options) and the short Calls (or short Puts) are at a middle

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strike price and are flanked on either side by a long TSE 100 Index Call Option (or Put Option) having a lower and higher strike price respectively, the margin required shall be the net market value of the short and long Calls (or Puts).

(C) Short Butterfly Spread involving TSE 100 Index Options

Where a customer account has a long position in two TSE 100 Index Call Options (or Put Options) and the long Calls (or long Puts) are at a middle strike price and are flanked on either side by a short TSE 100 Index Call Option (or Put Option) having a lower and higher strike price respectively, the margin required shall be the amount, if any, by which the exercise price of the long Calls (or long Puts) exceeds the exercise price of the written Calls (or written Puts), multiplied by the unit of trading.

(xiii) For the purposes of this Regulation, a "basket" of securities or equity securities that is covered by a position in TSE 100 Index Options, or TSE 100 Index Futures contracts, or TSE 100 Index Participation Units means:

(A) a group of equity securities all of which:

1. are included in the composition of the TSE 100 Index;
2. are either long or short positions; and
3. comprise a portfolio with a market value equal to the market value of the securities underlying the TSE 100 Index Options contracts, the settlement value of the TSE 100 Index Futures contracts, or the market value of the TSE 100 Index Participation Units, respectively.

(B) the market value of each of the equity securities comprising the portfolio proportionally equals or exceeds the market value of its relative weight in the TSE 100 Index Options, Futures or Participation Units, based on the latest published relative weights of securities comprising the TSE 100 Index.

(C) the cumulative relative weights of all equity securities comprising the portfolio equals or exceeds 80% of the cumulative weight of the TSE 100 Index, based on the latest published relative weights of securities comprising the TSE 100 Index.

(D) where the cumulative relative weights of all equity securities comprising the portfolio equals an amount greater than 80% and less than 100% of the cumulative relative weight of the TSE 100 Index, the deficiency in the basket must be filled by equity securities that comply with the requirements of subclauses (A) and (B) above.

(E) the Member has established an offsetting long or short position in the TSE 100 Index Options, TSE 100 Index Futures contracts expiring within six months, or TSE 100 Index Participation Units.

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(xiv) TSE 100 Index Options offset with baskets of TSE 100 Index securities:

(A) Short TSE 100 Index Calls - Long basket of TSE 100 Index securities

Where TSE 100 Index Call Options are carried short against an existing net long position in an equivalent number of TSE 100 baskets of securities (complying with Regulation 100.9(c)(xiii)), the minimum margin required shall be the margin required on the long position in the TSE 100 Index baskets of securities, based on the lesser of:

1. the market price of the TSE 100 Index baskets of securities; or
2. the exercise price of the short Call.

(B) Short TSE 100 Index Puts - Short basket of TSE 100 Index securities

Where a short position in TSE 100 Index Put Options is offset by a short position in a TSE 100 Index basket of securities (complying with Regulation 100.9(c)(xiii)), the Put shall be considered fully margined provided that the short position in the TSE 100 Index basket of securities is fully margined pursuant to Regulation 100, using the greater of the market price of the TSE 100 Index basket of securities or the exercise price of the short TSE 100 Put Options.

(xv) TSE 100 Index Participation Units offset with baskets of TSE 100 Index securities:

(A) Long TSE 100 Index Participation Units - Short basket of TSE 100 Index securities

Where a short position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) is offset by a long position in TSE 100 Index Participation Units the margin required shall be as follows:

1. the margin required for TSE 100 Index Participation Units, less:
 - (a) the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the TSE 100 Index, multiplied by
 - (b) the margin rate required under this section on a basket of equity securities;

but in no case may the total of this paragraph 1 be less than zero; plus

2. 5% of the market value of the long position in TSE 100 Index Participation Units unless the short basket:
 - (a) complies with the provisions Regulations 100.9(c)(xiii)(A) and (B); and
 - (b) comprises a basket of securities or multiple thereof required to obtain the TSE 100 Index Participation Units.

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- (B) Short TSE 100 Index Participation Units - Long basket of TSE 100 Index securities

Where a long position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) is offset by a short position in TSE 100 Index Participation Units the margin required shall be the margin required under this section on the TSE 100 Index Participation Units, minus the result of:

1. the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the TSE 100 Index, multiplied by
2. the margin rate required under this section on a basket of equity securities,

but in no case may the total be less than 5% of the market value of the TSE 100 Index Participation Units.

- (xvi) TSE 100 Index Options offset with TSE 100 Index Participation Units:

- (A) Long TSE 100 Index Call - Short TSE 100 Index Participation Units

Where a long position in TSE 100 Index Call Options is offset by a short position in TSE 100 Index Participation Units, the margin required shall be:

1. 100% of the acquisition cost of the long TSE 100 Index Call Options; plus
2. the lesser of:
 - (a) 30 percent of the market value of the short TSE 100 Index Participation Units; or
 - (b) the excess of the exercise price of the TSE 100 Index Call Option over the market price of the TSE 100 Index Participation Units, multiplied by the unit of trading,

but in no case may the margin required be less than 5% of the market value of the TSE 100 Index Participation Units.

- (B) Short TSE 100 Index Call - Long TSE 100 Index Participation Units

Where a short position in TSE 100 Index Call Options is offset by an equivalent number of long TSE 100 Index Participation Units, the margin required shall be 30% of the market value of the long TSE 100 Index Participation Units, based on the lower of the market price of the TSE 100 Index Participation Units or the exercise price of the short Call.

- (C) Long TSE 100 Index Put - Long TSE 100 Index Participation Units

Where a long position in TSE 100 Index Put Options is offset by an equivalent number of long TSE 100 Index Participation Units, the margin required shall be:

1. 100% of the acquisition cost of the long TSE 100 Put Options, plus

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2. 25% of the market value of the long TSE 100 Index Participation Units, plus
 3. the lesser of:
 - (a) 5% of the market value of the long TSE 100 Index Participation Units; or
 - (b) any excess of the market price of the long TSE 100 Index Participation Units over the exercise price of the TSE 100 Index Put Options, multiplied by the unit of trading.
- (D) Short TSE 100 Index Put - Short TSE 100 Index Participation Units
- Where a short position in TSE 100 Index Put Options is offset by a short position in TSE 100 Index Participation Units, the margin required shall be the margin otherwise required on the short TSE 100 Index Participation Units, based on a loan value calculation using the greater of:
1. the market value of the short TSE 100 Index Participation Units; or
 2. the exercise price of the short Puts.
- (xvii) TSE 100 Index Futures contracts offset with TSE 100 Index Participation Units:
- (A) Long TSE 100 Index Futures contracts - Short TSE 100 Index Participation Units
- Where a long position in TSE 100 Index Futures contracts is offset by a short position in TSE 100 Index Participation Units, the margin required shall be the greater of:
1. the margin required on the long TSE 100 Index Futures contracts by The Toronto Futures Exchange; or
 2. 5% of the market value of the short TSE 100 Index Participation Units.
- (B) Short TSE 100 Index Futures contracts - Long TSE 100 Index Participation Units
- Where a short position in TSE 100 Index Futures contracts, is offset by an equivalent number of long TSE 100 Index Participation Units, the margin required shall be the greater of
1. the margin required on the short TSE 100 Index Futures contracts; or
 2. the margin required on the market value of the long TSE 100 Index Participation Units.
- (xviii) Where a customer account holds both Exchange Traded Options and OCC Options that have the same underlying interest, the OCC Options may be considered to be Exchange Traded Options for the purposes of the calculation of the margin requirements for the account under this Regulation 100.9.

- (d) From time to time the Vice President, Financial Compliance may impose special margin requirements with respect to particular Options or particular positions in Options.
- (e) **Offsets with OCC Options**
 - (1) Where a customer account holds both Exchange Traded Options and OCC Options that have the same underlying interest, the OCC Options may be considered to be Exchange Traded Options for the purposes of the calculation of margin requirements for the account under this Regulation.
 - (2) For the purposes of the calculation of the margin requirements under this Regulation, both the premium and the exercise price of any OCC Options shall be converted into Canadian dollars.

OCC Options

The minimum amount of margin which must be obtained in margin accounts of customers having positions in OCC Options shall be as follows:

- (f) **Long Positions**
 - (i) subject to sub-paragraph (ii), all purchases of OCC Options shall be for cash;
 - (ii) where the underlying security in respect of a long OCC Call is the subject of a legal and binding cash take-over bid, the margin required on such Call shall be the market value of the Call, less the amount by which the amount offered exceeds the exercise price of the Call. Where the cash take-over bid is made for less than 100 percent of the issued and outstanding securities, the margin requirement shall be applied pro rata on the same proportion as the offer.
- (g) **Short Positions**
 - (i) All opening short transactions must be carried in a margin account.
 - (ii) the minimum margin on an OCC Call carried short in any account shall be 25% of the market price of the equivalent number of shares of the underlying interest, plus 100% of the current premium of the option, reduced by any excess of the exercise price over the current market price of the underlying interest multiplied by the unit of trading.
 - (iii) the minimum margin on an OCC Put carried short in an account shall be 25% of the market price of the equivalent number of shares of the underlying interest, plus 100% of the current premium of the option, reduced by any excess of the current market price of the underlying interest over the exercise price multiplied by the unit of trading.
 - (iv) notwithstanding any other provision of this Regulation 100.9(g), the minimum amount of margin which must be maintained and carried in a customer account trading in OCC equity Options shall be not less than 5% of the market price of the equivalent number of shares of the underlying interest, plus 100% of the current premium.

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- (v) each OCC Option shall be margined separately and any difference between the market price of the underlying security and the exercise price of such option shall be considered to be of value only in providing the amount of margin required on that particular option.
- (vi) where an OCC Call is carried long for a customer's account and the account is also short an OCC Call expiring on or before the date of expiration of the long option and written on the same number of shares of the same security, the margin required on the short option shall be the lower of:
 - (A) the margin required pursuant to Regulation 100.9(g)(ii) and (iv); or
 - (B) the amount, if any, by which the exercise price of the long Call exceeds the exercise price of the short Call, multiplied by the unit of trading.
- (vii) where an OCC Put is carried long for a customer's account and the account is also short an OCC Put expiring on or before the date of expiration of the long option and written on the same number of shares of the same security, the margin required on the short option shall be the lower of:
 - (A) the margin required pursuant to Regulation 100.9(g)(iii) and (iv); or
 - (B) the amount, if any, by which the exercise price of the short Put exceeds the exercise price of the long Put, multiplied by the unit of trading.
- (viii) where an OCC Call is carried short against an existing net long position in the underlying security or in a security readily convertible or exchangeable (without restrictions other than the payment of consideration and within a reasonable time provided such time shall be prior to the expiration of the Call) into the underlying security under the option, no margin need be required on such option provided such net long position is adequately margined except that where such option is carried short against a net long position in a convertible or exchangeable security, as outlined above, margin shall be required on such option equal to any amount by which the conversion price of the long security exceeds the exercise price of the option. In determining net long and net short positions, offsetting long and short positions in convertible or exchangeable securities or in the same security, shall be deducted. In computing margin on such an existing net security position carried against such option, the current market price to be used shall not be greater than the exercise price.
- (ix) where an OCC Put is carried short for a customer's account and the account is short an equivalent number of units of the underlying security, the short Put shall be considered to be fully margined, provided that the short security position is fully margined, using the greater of market price or exercise price.
- (x) no margin shall be required in respect of an OCC Call carried in a short position which is covered by a specific deposit or escrow receipt and the underlying security deposited in respect of such option shall not be deemed to have any value for margin purposes.

A deposit of the underlying security shall be deemed a specific deposit or escrow

receipt for the purposes hereof if the agreements required by the relevant rules of the option clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Vice President, Financial Compliance on request. The issuer of the escrow receipt covering the specific deposit or escrow deposit must be a depository approved by the Vice President, Financial Compliance.

- (xi) where an OCC Call is carried short for a customer's account and the account is also short an OCC Put on the same number of shares of the same security, the margin required shall be the margin on the short Call position, or the short Put position, whichever is the greater, increased by any unrealized loss on the position having the lower requirements.
- (xii) no margin shall be required in respect of a short OCC Put where the customer has delivered to the Member with which such position is maintained a bank guarantee letter issued by a bank authorized to issue escrow receipts, in a form satisfactory to the Vice President, Financial Compliance, which certifies that such bank holds on deposit for the account of the customer cash in the full amount of the aggregate exercise price of such Put, and that such amount will be paid to the Member against delivery of the underlying security covered by such Put.

(h) OCC Option Related Positions

- (i) Where a short security position is offset by a long OCC Call for the same underlying security, the minimum margin required shall be:
 - (A) 100% of the acquisition cost of the long Call, plus
 - (B) 25% of the market value of the short security, plus
 - (C) any excess of the exercise price of the Call over the market price of the security, multiplied by the unit of trading, up to an additional 25% of the market value of the security.
- (ii) where a long security position is offset by a long OCC Put for the same underlying security, the minimum margin required shall be:
 - (A) 100% of the acquisition cost of the long Put, plus
 - (B) 25% of the market value of the long security, plus
 - (C) any excess of the market price of the long security over the exercise price of the long Put, multiplied by the unit of trading, up to an additional 25% of the market value of the long security.
- (i) Where a customer account holds both OCC Options and Exchange Traded Options that have the same underlying interest, the Exchange Traded Options may be considered to be OCC Options for the purposes of the calculation of margin requirements for the customer's account under this Regulation 100.9.

- (j) For the purposes of the calculation of the margin requirements under this section, both the premium and the exercise price of any OCC Options shall be converted into Canadian dollars.
- (k) From time to time the Vice President, Financial Compliance may impose special margin requirements with respect to particular OCC Options or particular positions in OCC Options.

IMS Options

The minimum amount of margin which must be obtained in margin accounts of customers having positions in IMS Options shall be as follows:

(l) **Long Positions**

All purchases of IMS Options shall be for cash.

(m) **Short Positions**

- (i) All opening short transactions must be carried in a margin account.
- (ii) the minimum margin on an IMS Call carried short in any account shall be 10% of the market price of the equivalent number of units of the underlying interest, increased by any unrealized loss or reduced by any excess of the exercise price over the current market price of the underlying interest multiplied by the unit of trading;
- (iii) the minimum margin on an IMS Put carried short in an account shall be 10% of the market price of the equivalent number of units of the underlying interest, increased by any unrealized loss or reduced by any excess of the current market price of the underlying interest over the exercise price multiplied by the unit of trading;
- (iv) notwithstanding any other provision of this Regulation 100.9(l), the minimum amount of margin which must be maintained and carried in a customer account trading in IMS Options shall be not less than \$400 per contract issued by IMS;
- (v) each IMS Option shall be margined separately and any difference between the market price of the underlying interest and the exercise price of the IMS Option shall be considered to be of value only in providing the amount of margin required on that particular IMS Option;
- (vi) where an IMS Call is carried long for a customer's account and the account is also short an IMS Call expiring on or before the date of expiration of the long Call and written on the same number of units of the same underlying interest, the margin required on the short Call shall be the lower of:
 - (A) the margin required pursuant to Regulation 100.9(l)(ii) and (iv); or
 - (B) the amount, if any, by which the exercise price of the long Call exceeds the exercise price of the short Call, multiplied by the unit of trading;
- (vii) where an IMS Put is carried long for a customer's account and the account is also short an IMS Put expiring on or before the date of expiration of the long Put and written on the same number of units of the same underlying interest, the margin required on the short Put shall be the lower of:

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- (A) the margin required pursuant to Regulation 100.9(l)(iii) and (iv); or
 - (B) the amount, if any, by which the exercise price of the short Put exceeds the exercise price of the long Put, multiplied by the unit of trading;
- (viii) where an IMS Call is carried short against an existing net long position in the underlying interest the minimum margin required shall be the margin on the long position required pursuant to Regulation 100 based on the market price of such underlying interest or the exercise price of the short Call, whichever is less;
 - (ix) where an IMS Put is carried short for a customer's account and the account is short an equivalent number of units of the underlying interest, the short Put shall be considered to be fully margined, provided that the short underlying interest position is fully margined pursuant to Regulation 100, using the greater of market price or exercise price;
 - (x) no margin shall be required in respect of an IMS Call carried in a short position which is covered by the deposit of an escrow receipt. The underlying interest deposited in respect of such Call shall not be deemed to have any value for margin purposes.

A deposit of the underlying interest shall be deemed an escrow receipt for the purposes hereof if the agreements required by the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Vice President, Financial Compliance on request. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation;

- (xi) no margin shall be required in respect of an IMS Call carried in a short position which is covered by the deposit of a certificate issued by a depository which is approved by the clearing corporation.
 - (xii) where an IMS Call is carried short for a customer's account and the account is also short an IMS Put on the same number of units on the same underlying interest, the margin required shall be the margin on the short Call position, or the short Put position, whichever is the greater, increased by any unrealized loss on the position having the lower requirements.
- (n) **Option Related Positions**
 - (i) where a short security position in the underlying interest is offset by a long IMS Call for the same underlying interest, the minimum margin required shall be:
 - (A) 100% of the acquisition cost of the long Call, plus
 - (B) 25% of the market value of the short position in the underlying interest.
 - (ii) where a long security position in the underlying interest is offset by a long IMS Put for the same underlying interest, the minimum margin required shall be:
 - (A) 100% of the acquisition cost of the long Put, plus
 - (B) 25% of the market value of the long position in the underlying security.

- (o) From time to time the Vice President, Financial Compliance may impose special margin requirements with respect to particular Options or particular positions in Options.

Delete Regulation 100.10 and make new Regulation 100.10 as follows:

Members' Positions in Options, Futures and Other Equity-related Derivatives

100.10.

(a) General Exceptions to 100.9.

The capital requirements with respect to options and options-related positions in securities held by a Member including inventory and positions of registered traders, market makers and competitive options traders, shall be the same as the margin requirements for customers and non-customers including the requirements of Regulation 100.9, with the following exceptions:

- (i) the minimum requirement, as specified in Regulation 100.9(b)(iv), is not applicable;
- (ii) in the treatment of spreads, the long position may expire before the short position;
- (iii) for market maker, and competitive options trader accounts in respect of short positions in Options, the Member's capital will be charged with:
 - (A) in the case of equity or participation unit options, 15% of the market price of the equivalent number of shares of the underlying interest plus 100% of the current premium of the Option; or
 - (B) in the case of Index Options:
 - (I) TSE 300 Composite Index Options - 5% of the aggregate current value of the index, plus 100% of the current premium; or
 - (II) in the case of Toronto 35 Index Options and TSE 100 Index Options - 5% of the aggregate current value of the index; plus 100% of the current premium provided that in the case of a Call Option, 100% of the current premium shall not be less than the excess of the aggregate current value over the aggregate exercise price and in the case of a Put Option, 100% of the current premium shall not be less than the excess of the aggregate exercise price over the aggregate current value, less any unrealized profit.
- (iv) for any short position carried for a customer or non-customer account where the account has not provided required margin, any shortfall will be charged against the Member's capital.

(b) Long Positions

- (i) for market maker, competitive options trader and firm accounts, the charge to capital for a long Call where the premium is \$1.00 or more, and which is not used to offset capital required on any other position, shall be the market value of the Call, less 50%

of the excess of the market value of the underlying interest over the exercise price of the Call.

- (ii) for market maker, competitive options trader and firm accounts, the charge to capital for a long Put where the premium is \$1.00 or more, and which is not used to offset capital required on any other position, shall be the market value of the Put, less 50% of the excess of the exercise price of the Put over the market value of underlying interest.

(c) Option Related Positions

- (i) in the case only of Exchange Traded Options:

- (A) where a market maker, competitive options trader or firm account has a short Call offset by a long position in warrants with respect to the underlying interest which may be carried on margin, the Member's capital shall be charged with the aggregate of:

1. 25% of that part of the market price of the warrant equal to the excess, if any, of the market price of the underlying interest over the subscription price provided in the warrant, plus
2. where the expiration date of the warrant is 9 months or more away, 50%, and where the expiration date of the warrant is less than 9 months away, 100%, of that part of the market price of the warrant not used in the calculation in 1, plus
3. any amount by which the subscription price of the warrant exceeds the exercise price of the Call,

all multiplied by the unit of trading. The market value of any premium credit carried on the short Call may be used to reduce the capital required on the long warrants, but cannot reduce the capital required to less than zero.

- (B) where the underlying interest or a listed equity security that is readily convertible or exchangeable into an underlying interest is held in an Options-related position, the Member's capital shall be charged with 25% of the market value of such underlying security or such convertible or exchangeable security, as the case may be.

- (ii) (A) in the case of equity or participation unit Options, where a short position in an underlying interest is offset by a long Call on the same underlying interest, the charge to Member capital for market maker, competitive options trader and firm accounts shall be 100% of the market value of the long Call plus the lesser of:

1. 25% of the market value of the short underlying interest; or
2. any excess of the exercise price of the Call over the market price of the underlying interest, multiplied by the unit of trading.

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Where the market price of the underlying interest exceeds the exercise price of the Call, this difference multiplied by the unit of trading may be applied against the capital charge on the long Call, but cannot reduce the capital required on the long Call to less than zero.

- (B) in the case of equity or participation unit Options, where the long position in an underlying interest is offset by a long Put on the same underlying interest, the charge to Member capital for market maker, competitive options trader and firm accounts shall be 100% of the market value of the long Put plus the lesser of:
1. 25% of the market value of the long underlying interest; or
 2. any excess of the market price of the underlying interest over the exercise price of the Put, multiplied by the unit of trading.

Where the exercise price of the Put exceeds the market price of the underlying interest, this difference multiplied by the unit of trading may be applied against the capital charge on the long Put, but cannot reduce the capital required on the long Put to less than zero.

- (C) for market maker, competitive options trader and firm accounts the charge to capital for a long Call which is offset by a long Put written on the same number of units of trading on the same underlying interest, shall be the market value of the long Call plus the market value of the long Put less the greater of:
1. the amount by which the exercise price of the long Put exceeds the exercise price of the long Call; or
 2. 50% of the total of the amount by which each option is "in-the-money".
- (D) in the case of equity or participation unit Options, where a Call is carried short in a market maker, competitive options trader or firm account against an existing net long position of an equivalent number of units of the underlying interest, or of a security convertible or exchangeable (without restrictions other than the payment of consideration and within a reasonable time) into the underlying interest, the minimum capital charge shall be:
1. the capital required on the long position in accordance with the Regulations applicable thereto based on the market price of such security, plus
 2. the amount, if any, by which the subscription or conversion price of the long security exceeds the exercise price of the short Call, multiplied by the unit of trading.

The market value of any premium credit carried on the short Call may be used to reduce the capital required on the long security, but cannot reduce the capital required to less than zero.

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- (E) in the case of equity or participation unit Options, where a Put is carried short in a market maker, competitive options trader or firm account against an equivalent number of units of the underlying interest carried short, the short Put shall be considered fully margined, provided that the short security position is fully margined in accordance with the Regulations applicable thereto based on the market price of such security. The market value on any premium credit carried on the short Put may be used to reduce the capital required on the short security, but cannot reduce the capital required to less than zero.
- (F) in the case of equity or participation unit Options, where a short position in an underlying interest which is offset by a long Call on the same underlying interest is also offset by a short Put on the same underlying interest, the charge to Member capital on the short security position shall be as required by Regulation 100.10(c)(ii)(A)2 above, in the case of equity or participation unit Options, provided that the exercise price to be used for the long Call cannot be less than the exercise price of the short Put. Such requirement, whether positive or negative, must be adjusted by the net market value of the Option premium positions outstanding. No additional capital charge is required on the short Put position.
- (G) in the case of equity or participation unit Options, where a long position in an underlying interest which is offset by a long Put on the same underlying interest is also offset by a short Call on the same underlying interest, the charge to Member capital on the long stock position shall be as required by Regulation 100.10(c)(ii)(B)2 above, in the case of equity or participation unit Options, provided that the exercise price to be used for the long Put cannot be greater than the exercise price of the short Call. Such requirement, whether positive or negative, must be adjusted by the net market value of the Option premium positions outstanding. No additional capital charge is required on the short Call position.
- (H) in the case of equity or participation unit Options, where a long Call on an underlying interest which is offset by a short Call on the same underlying interest is also offset by a long Put on the same underlying interest, the charge to Member capital on the long Call shall be:
1. the market value of the long Call; plus
 2. the market value of the long Put; less
 3. the market value of the short Call;
 4. plus the loss or less the gain if both Call Options were exercised;
- provided that in determining the loss or gain, the exercise price of the Call Option to be used is the lower of the exercise price of the short Call or the long Put Option.

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- (iii) For the purposes of this Regulation a "basket" of securities or equity securities which is covered by a position in TSE 300 Composite Index Futures contracts" means:
- (A) a group of equity securities all of which:
 - 1. are included in the composition of the TSE 300 Composite Index;
 - 2. are either long or short positions; and
 - 3. comprise a portfolio with a market value equal to the market value of the securities underlying the TSE 300 Composite Index Futures contract;
 - (B) the market value of each of the equity securities comprising the portfolio proportionally equals or exceeds the market value of its relative weight in the TSE 300 Composite Index Futures contract, based on the latest published relative weights of securities comprising the TSE 300 Composite Index;
 - (C) the cumulative relative weights of all equity securities comprising the portfolio equals or exceeds 75% of the cumulative weight of the TSE 300 Composite Index based on the latest published relative weights of equity securities comprising the TSE 300 Composite Index;
 - (D) where the cumulative relative weights of all equity securities comprising the portfolio equals an amount greater than 75% and less than 100% of the cumulative relative weight of the TSE 300 Composite Index, the deficiency in the basket must be filled by equity securities which comply with the requirements of subclauses (A) and (B) above; and
 - (E) the Member has established an offsetting long or short position in TSE 300 Composite Index Futures contracts expiring within six months.
- (iv) where, in the case of TSE 300 Composite Index Futures contracts offset with a basket of TSE 300 Composite Index securities:

Where a Member holds a long or short position in a basket of equity securities (complying with Regulation 100.10(c)(iii)) that is covered by an offsetting position in TSE 300 Composite Index Futures contracts traded on The Toronto Futures Exchange the capital charge shall be:

- (A) the margin required on the TSE 300 Composite Index Futures contract; plus
- (B) the margin required under this Part on equity securities comprising the basket, minus the result of:
 - 1. the cumulative weights of all equity securities comprising the basket expressed as a percentage of the TSE 300 Composite Index, multiplied by;
 - 2. the margin rate required under this Part on the basket of equity securities.

- (v) where, in the case of TSE 300 Composite Index Options offset with TSE 300 Composite Index Futures contracts:

With respect to TSE 300 Composite Index Options and TSE 300 Composite Index Futures contracts traded on The Toronto Futures Exchange ("Index Futures contracts"), held in Member accounts (including inventory, registered traders, and market makers and restricted trader members trading on The Toronto Futures Exchange and unrestricted trader members trading on The Toronto Futures Exchange) and competitive options traders accounts where, the TSE 300 Composite Index Options contracts and the TSE 300 Composite Index Futures contracts have the same settlement date or the TSE 300 Composite Index Options contracts and the TSE 300 Composite Index Futures contracts are deliverable in either of the two nearest contract months, the TSE 300 Composite Index Options and the TSE 300 Composite Index Futures contracts may be offset as follows:

- (A) Long TSE 300 Composite Index Futures contracts - Short TSE 300 Composite Index Calls

Where a long position in a TSE 300 Composite Index Futures contract is offset by two short TSE 300 Composite Index Call Options, the charge to Member capital shall be:

1. The capital otherwise required on the long TSE 300 Composite Index Futures contract by The Toronto Futures Exchange, less
2. The aggregate market value of the short TSE 300 Composite Index Call Options,

but in no case less than \$400.

- (B) Long TSE 300 Composite Index Futures contracts - Long TSE 300 Composite Index Puts

Where a long position in a TSE 300 Composite Index Futures contract is offset by two long TSE 300 Composite Index Put Options, the charge to Member capital shall be:

1. Out-of-the-money option position

The capital required on the long TSE 300 Composite Index Futures contract minus the lesser of:

- (a) \$600; or
- (b) the result of \$600 minus the aggregate out-of-the-money amount of the TSE 300 Composite Index Put Options,

but in no case less than zero, plus the aggregate market value of the TSE 300 Composite Index Put Options;

2. In-the-money or at-the-money option position

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\$400 plus the amount by which the aggregate market value of the TSE 300 Composite Index Put Options exceeds the aggregate in-the-money amount of the TSE 300 Composite Index Put Options.

- (C) Short TSE 300 Composite Index Futures contracts - Long TSE 300 Composite Index Calls

Where a short position in a TSE 300 Composite Index Futures contract is offset by two long TSE 300 Composite Index Call Options, the charge to Member capital shall be:

1. Out-of-the-money option position

The capital required on the short TSE 300 Composite Index Futures contract minus the lesser of:

- (a) \$600; or
- (b) the result of \$600 minus the aggregate out-of-the-money amount of the TSE 300 Composite Index Call Options,

but in no case less than zero, plus the aggregate market value of the TSE 300 Composite Index Call Options;

2. In-the-money and at-the-money option position

\$400 plus the amount by which the aggregate market value of the TSE 300 Composite Index Call Options exceeds the aggregate in-the-money amount of the TSE 300 Composite Index Call Options.

- (D) Short TSE 300 Composite Index Futures contracts - Short TSE 300 Composite Index Puts

Where a short position in a TSE 300 Composite Index Futures contract is offset by two short TSE 300 Composite Index Put Options, the charge to Member capital shall be:

1. the capital otherwise required on the short TSE 300 Composite Index Futures contract, less
2. the aggregate market value of the short TSE 300 Composite Index Put Options,

but in no case less than \$400.

- (E) Conversion or Long Tripo

Long TSE 300 Composite Index Futures contracts - Short TSE 300 Composite Index Calls - Long TSE 300 Composite Index Puts

Where a long position in a TSE 300 Composite Index Futures contract is offset by two long TSE 300 Composite Index Put Options and two short TSE 300 Composite Index Call Options, the charge to Member capital on the combined positions shall be the difference, plus or minus, between the

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aggregate current value of the underlying interest of the TSE 300 Composite Index Futures contract and the exercise value of the long TSE 300 Composite Index Put Options or short TSE 300 Composite Index Call Options, whichever is lower, plus the net market value of the long TSE 300 Composite Index Put Options and the short TSE 300 Composite Index Call Options. In no case shall the charge be less than \$400.

(F) Reconversion or Short Tripo

Short TSE 300 Composite Index Futures contracts - Long TSE 300 Composite Index Calls - Short TSE 300 Composite Index Puts

Where a short position in a TSE 300 Composite Index Futures contract is offset by two long TSE 300 Composite Index Call Options and two short TSE 300 Composite Index Put Options, the charge to Member capital on the combined positions shall be the difference, plus or minus, between the aggregate current value of the underlying interest of the TSE 300 Composite Index Futures contract and the exercise value of the long TSE 300 Composite Index Call Options or short TSE 300 Composite Index Put Options, whichever is higher, plus the net market value of the long TSE 300 Composite Index Call Options and the short TSE 300 Composite Index Put Options. In no case shall the charge be less than \$400.

(G) With respect to the offsets enumerated in clauses (A) to (F), partial offsets are not permitted.

(vi) Multiple option combinations involving Toronto 35 Index Options:

(A) Box Spread involving Toronto 35 Index Options

Where a Member holds a long and short Toronto 35 Index Call Option and long and short Toronto 35 Index Put Option with the same expiry month and where the long Call and short Put, and short Call and long Put have the same strike price (European expiry box spread), the capital charge required shall be the lesser of:

1. the greater of the margin on a Put or Call spread (Regulation 100.9(b)(vi) or 100.9(b)(vii)); or
2. the greater of:
 - (a) the amount by which the exercise price of the long Call exceeds the exercise price of the short Call, multiplied by the unit of trading; or
 - (b) the amount by which the exercise price of the short Put exceeds the exercise price of the long Put, multiplied by the unit of trading.

(B) Long Butterfly Spread involving Toronto 35 Index Options

Where a Member holds a short position in two Toronto 35 Index Call Options (or Put Options) and the short Calls (or short Puts) are at a middle strike price and are flanked on either side by a long Toronto 35 Index Call (or Put Option) having a lower and higher strike price respectively, the capital charge shall be the net market value of the short and long Calls (or Puts).

(C) Short Butterfly Spread involving Toronto 35 Index Options

Where a Member holds a long position in two Toronto 35 Index Calls (or Put Options) and the long Calls (or long Puts) are at a middle strike price and are flanked on either side by a short Toronto 35 Index Call (or Put Option) having a lower and higher strike price respectively, the capital charge shall be the amount, if any, by which the exercise price of the long Calls (or long Puts) exceeds the exercise price of the written Calls (or written Puts), multiplied by the unit of trading.

(vii) Multiple option combinations involving Toronto 35 Index Participation Unit Options:

(A) Long Butterfly Spread involving Toronto 35 Index Participation Unit Options

Where a Member holds a short position in two Toronto 35 Index Participation Unit Call Options (or Put Options) and the short Calls (or short Puts) are at a middle strike price and are flanked on either side by a long Toronto 35 Index Participation Unit Call Option (or Put Option) having a lower and higher strike price respectively, the capital charge shall be the net market value of the short and long Calls (or Puts).

(B) Short Butterfly Spread involving Toronto 35 Index Participation Unit Options

Where a Member holds a long position in two Toronto 35 Index Participation Unit Call Options (or Put Options) and the long Calls (or long Puts) are at a middle strike price and are flanked on either side by a short Toronto 35 Index Participation Unit Call Option (or Put Option) having a lower and higher strike price respectively, the capital charge shall be the amount, if any, by which the exercise price of the long Calls (or long Puts) exceeds the exercise price of the written Calls (or written Puts), multiplied by the unit of trading.

(viii) Toronto 35 Index Options offset with a basket Toronto 35 Index securities:

(A) Long Toronto 35 Index Calls - Short Basket Toronto 35 Index Securities

A Member's short position in a basket of equity securities (complying with Regulation 100.9(c)(v)) which is covered by long Toronto 35 Index Calls shall be provided for as follows:

1. 100% of the market value of the long Call, plus the lesser of:
 - (a) 15% of the market value of the basket of equity securities; or
 - (b) the exercise value of the Call less the market value of the basket of equity securities;

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2. a negative value calculated under 1 may reduce the margin required on the Toronto 35 Index Calls but in no event shall the margin required be less than 5% of the market value of the basket of equity securities.

(B) Short Toronto 35 Index Calls - Long Basket Toronto 35 Index Securities

A Member's long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) which is covered by short Toronto 35 Index Calls shall be provided for as follows:

1. 15% of the market value of the long equity securities in the basket, less the market value of the short Calls; and
2. in no event shall the margin required be less than 5% of the value of the basket of equity securities.

(C) Long Toronto 35 Index Puts - Long Basket Toronto 35 Index Securities

A Member's long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) which is covered by long Toronto 35 Index Puts shall be provided for as follows:

1. 100% of the market value of the long Puts, plus the lesser of:
 - (a) 15% of the market value of the basket of equity securities; or
 - (b) the market value of the basket of equity securities less the exercise price of the Put;
2. a negative value calculated under 1 may reduce the margin required on the Toronto 35 Index Puts but in no event shall the margin required be less than 5% of the market value of the basket of equity securities.

(D) Short Toronto 35 Index Puts - Short Basket Toronto 35 Index Securities

A Member's short position in a basket of equity securities (complying with Regulation 100.9(c)(v)) which is covered by short Toronto 35 Index Puts shall be provided for as follows:

1. 15% of the market value of the short basket of equity securities less the market value of the short Put; and
2. in no event shall the margin required be less than 5% of the market value of the short basket of equity securities.

(E) Long Toronto 35 Index Calls - Short Toronto 35 Index Puts - Short Basket Toronto 35 Index Securities

Where a Member holds a short position in a basket of equity securities (or Toronto 35 Index Participation Units) (complying with Regulation 100.9(c)(v)) that is offset by long Toronto 35 Index Calls and is also offset by short Toronto 35 Index Puts, and where the long Calls and short Puts have

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the same strike price and expiry date, the capital charge is equivalent to the charge required for a short basket of securities (or Toronto 35 Index Participation Units) offset by a long Toronto 35 Index Futures contract.

- (F) Short Toronto 35 Index Calls - Long Toronto 35 Index Puts - Long Basket Toronto 35 Index Securities

Where a Member holds a long basket of equity securities (or Toronto 35 Index Participation Units) (complying with Regulation 100.9(c)(v)) that is offset by long Toronto 35 Index Puts and also offset by short Toronto 35 Index Calls, and where the long Puts and short Calls have the same strike price and expiry date, the capital charge is equivalent to the capital charge required for a long basket of securities (or Toronto 35 Index Participation Units) offset by a short Toronto 35 Futures contract.

- (ix) Toronto 35 Index Participation Unit Options offset with a basket Toronto 35 Index securities:

- (A) Long Toronto 35 Index Participation Unit Calls - Short Basket Toronto 35 Index Securities

Where a long position in Toronto 35 Index Participation Unit Call Options is offset by a short position in a basket of equity securities (complying with Regulation 100.9(c)(v)), the charge to Member capital shall be the greater of subclauses 1 or 2, as follows:

1. 100% of the market value of the long Call, plus the lower of:
 - (a) 15% of the market value of the short basket of equity securities, or
 - (b) any excess between the exercise price of the Call over the market value of the basket of equity securities; or
2. 5% of the market value of the basket of equity securities.

Where the market value of the basket of equity securities exceeds the exercise price of the Call, this difference may be applied against the capital charge on the long Call, but cannot reduce the capital required on the long Call to less than zero.

- (B) Short Toronto 35 Index Participation Unit Calls - Long Basket Toronto 35 Index Securities - Commitment to Purchase Toronto 35 Index Participation Units

Where a Member:

1. holds a long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) and a short position in Toronto 35 Index Participation Unit Calls; and

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2. has a commitment pursuant to an underwriting agreement to purchase a new issue of Toronto 35 Index Participation Units and the underwriting period expires after the expiry date of the short Calls;

the charge to Member capital shall be 15% of the market value of the long basket of equity securities less the market value of the short Call, provided the long basket does not exceed the Member's underwriting commitment to purchase Toronto 35 Index Participation Units, but in no case may the capital charge be less than zero.

(C) Short Toronto 35 Index Participation Unit Calls - Long Basket Toronto 35 Index Securities

Where a long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) is offset by a short position in Toronto 35 Index Participation Unit Call Options, the charge to member capital shall be the greater of:

1. 15% of the market value of the long basket of equity securities less the market value of the short Call; or
2. 5% of the market value of the basket of equity securities.

(D) Long Toronto 35 Index Participation Unit Puts - Long Basket Toronto 35 Index Securities - Commitment to Purchase Toronto 35 Index Participation Units

Where a Member:

1. holds a long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) and a long position in Toronto 35 Index Participation Unit Puts;
2. has a commitment pursuant to an underwriting agreement to purchase a new issue of Toronto 35 Index Participation Units and the underwriting period expires after the expiry date of the Put; and
3. the long basket does not exceed the member's underwriting commitment to purchase Toronto 35 Index Participation Units,

the charge to Member capital shall be 100% of the market value of the long Put, plus the lower of :

4. 15% of the market value of the long basket of equity securities; or
5. any difference between the market value of the basket of equity securities and the exercise price of the Put.

Where the exercise price of the Put exceeds the market value of the basket of equity securities, this difference may be applied against the capital charge on the long Put, but cannot reduce the capital required on the long Put to less than zero.

(E) Long Toronto 35 Index Participation Unit Puts - Long Basket Toronto 35 Index Securities

Where a long position in a basket of equity securities (complying with Regulation 100.9(i)(v)) is offset by a long position in Toronto 35 Index Participation Unit Put Options, the charge to Member capital shall be the greater of subclauses 1 or 2, as follows:

1. 5% of the market value of the basket of equity securities; or
2. 100% of the market value of the long Put, plus the lower of:
 - (a) 15% of the market value of the long basket of equity securities; or
 - (b) any difference between the market value of the basket of equity securities and the exercise value of the Put. Where the exercise price of the Put exceeds the market value of the basket of equity securities, this difference may be applied against the capital charge on the long Put, but cannot reduce the capital required on the long Put to less than zero.

(F) Short Toronto 35 Index Participation Unit Puts - Short Basket Toronto 35 Index Securities

Where a short position in a basket of equity securities (complying with Regulation 100.9(i)(v)) is offset by a short position in Toronto 35 Index Participation Unit Put Options, the charge to Member capital shall be the greater of:

1. 15% of the market value of the short basket of equity securities less the market value of the short Put; or
2. 5% of the market value of the basket of equity securities.

(G) Long Toronto 35 Index Participation Unit Calls - Short Toronto 35 Index Participation Unit Puts - Short Basket Toronto 35 Index Securities

Where a Member holds a short basket of equity securities (complying with Regulation 100.9(c)(v)) offset by long Toronto 35 Index Participation Unit Calls and is also offset by short Toronto 35 Index Participation Unit Puts, and where the long Calls and short Puts have the same strike price and expiry date, the capital charge shall be equivalent to the charge required where a Member is short a basket of securities and long Toronto 35 Index Participation Units.

(H) Short Toronto 35 Index Participation Unit Calls - Long Toronto 35 Index Participation Unit Puts - Long Basket Toronto 35 Index Securities

Where a Member holds a long basket of equity securities (complying with Regulation 100.9(c)(v)) that is offset by long Toronto 35 Index Participation Unit Puts and is also offset by short Toronto 35 Index Participation Unit

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Calls, and where the long Puts and short Calls have the same strike price and expiry date, the capital charge shall be equivalent to the charge required where a Member is long a basket of securities and short Toronto 35 Index Participation Units.

- (x) Toronto 35 Index Futures contracts offset with a basket of Toronto 35 Index securities:

A Member's long or short position in a basket of equity securities (complying with Regulation 100.9(c)(v)) that is covered by an offsetting position in Toronto 35 Index Futures contracts traded on The Toronto Futures Exchange shall be margined as follows:

- (A) the margin required on the Toronto 35 Index Futures contract; plus
- (B) the margin required under this Part on equity securities comprising the basket, minus the product of:
1. the cumulative weights of all equity securities comprising the basket expressed as a percentage of the Toronto 35 Index, multiplied by
 2. the margin rate required under this Regulation 100 on the basket of equity securities.

- (xi) Toronto 35 Index Participation Units offset with a basket of Toronto 35 Index securities:

- (A) Long Toronto 35 Index Participation Units - Short basket of Toronto 35 Index securities

A Member's short position in a basket of equity securities (complying with Regulation 100.9(c)(v)) which is covered by a long position in Toronto 35 Index Participation Units shall be provided for as follows:

1. (a) the capital required under this section on the Toronto 35 Index Participation Units, less
- (b) the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the Toronto 35 Index, multiplied by
- (c) the capital required under this Regulation 100 on a basket of equity securities,

but in no case may the total of subclause 1 be less than zero; plus

2. 5% of the market value of the long position in Toronto 35 Index Participation Units unless the short basket:
 - (a) complies with the provisions of paragraphs (A) and (B) of Regulation 100.9(c)(v), and
 - (b) comprises a basket of securities or multiple thereof required to obtain the Toronto 35 Index Participation Units.

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- (B) Short Toronto 35 Index Participation Units - Long basket of Toronto 35 Index securities

A Member's long position in a basket of equity securities (complying with Regulation 100.9(c)(v)) which is covered by a short position in Toronto 35 Index Participation Units shall be provided for as follows:

1. (a) the capital required under this Regulation 100 on the Toronto 35 Index Participation Units, less
- (b) the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the Toronto 35 Index, multiplied by
- (c) the capital required under this Regulation 100 on a basket of equity securities,

but in no case may the total of subclause 1 be less than 5 percent of the market value of the Toronto 35 Index Participation Units.

- (C) Short Toronto 35 Index Participation Units - Long basket of Toronto 35 Index securities - Commitment to purchase a new issue of Toronto 35 Index Participation Units

Where a Member has a commitment pursuant to an underwriting agreement to purchase a new issue of Toronto 35 Index Participation Units and is long a position in a basket of equity securities (complying with Regulation 100.9(c)(v)) which is covered by a short position in Toronto 35 Index Participation Units, no capital is required, provided the long basket:

1. complies with the provisions of paragraphs (A) and (B) of Regulation 100.9(c)(v);
2. comprises a basket of securities or multiple thereof required to obtain the Toronto 35 Index Participation Units; and
3. does not exceed the Member's underwriting commitment to purchase Toronto 35 Index Participation Units.

- (xii) where, in the case of Toronto 35 Index Participation Unit Options offset with Toronto 35 Index Options:

- (A) Long Toronto 35 Index Participation Unit Calls - Short Toronto 35 Index Calls

Where a long position in ten Toronto 35 Index Participation Unit Call Options is offset by a short position in a Toronto 35 Index Call Option, the charge to Member capital shall be the lesser of subclauses 1 or 2, as follows:

1. the capital otherwise required on the short Call; or
2. the greater of:

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- (a) the amount, if any, by which the exercise value of the long Calls exceeds the exercise value of the short Call; or
 - (b) 5% of the market value of the Toronto 35 Index Participation Units.
- (B) Short Toronto 35 Index Participation Unit Puts - Short Toronto 35 Index Calls

Where a short position in 10 Toronto 35 Index Participation Unit Put Options is offset by a short position in a Toronto 35 Index Call Option, the charge to Member capital shall be the greater of:

 - 1. the capital otherwise required on the short Put; or
 - 2. the capital otherwise required on the short Call,

plus any in-the-money amount on the short option with lesser margin required.
- (xiii) Toronto 35 Index Options offset with Toronto 35 Index Participation Units:
 - (A) Long Toronto 35 Index Calls - Short Toronto 35 Index Participation Units

Where a long position in Toronto 35 Index Calls is offset by a short position in Toronto 35 Index Participation Units, the charge to Member capital shall be:

 - 1. 100% of the market value of the long Toronto 35 Index Calls, plus
 - 2. the lesser of:
 - (a) 15% of the market value of the short Toronto 35 Index Participation Units; or
 - (b) the excess of the exercise price of the Toronto 35 Index Calls over the market price of the Toronto 35 Index Participation Units, multiplied by the unit of trading,

but in no case may the capital required be less than 5% of the market value of the Toronto 35 Index Participation Units.
 - (B) Short Toronto 35 Index Calls - Long Toronto 35 Index Participation Units

Where a Member's short position in the Toronto 35 Index Calls is offset by an equivalent number of long Toronto 35 Index Participation Units, the charge to Member capital shall be:

 - 1. 15% of the market value of the long Toronto 35 Index Participation Units, less
 - 2. the market value of the short Toronto 35 Index Calls, but in no case shall the total be less than zero, and
 - 3. the minimum capital required on such positions shall be 5% of the market value of the Toronto 35 Index Participation Units.

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(C) Long Toronto 35 Index Puts - Long Toronto 35 Index Participation Units

Where a Member's long position in Toronto 35 Puts is offset by an equivalent number of long Toronto 35 Index Participation Units, the charge to Member capital shall be:

1. 100% of the market value of the long Toronto 35 Puts, plus
2. the lesser of:
 - (a) 15% of the market value of the long Underlying Interest in Toronto 35 Index Participation Units; or
 - (b) any excess of the market price of the Underlying Interest over the exercise price of the Toronto 35 Index Puts, multiplied by the unit of trading; but
 - (c) where the exercise price of the TSE Puts exceeds the market price of the Underlying Interest, this difference multiplied by the unit of trading may be applied against the capital charge on the long Toronto 35 Index Puts, but cannot reduce the capital required on the long Toronto 35 Index Puts to less than zero; and
3. the minimum capital required on such positions shall be 5% of the market value of the Toronto 35 Index Participation Units.

(D) Short Toronto 35 Index Puts - Short Toronto 35 Index Participation Units

Where a short position in Toronto 35 Put Options is offset by a short position in Toronto 35 Index Participation Units, the charge to Member capital shall be:

1. 15% of the market value of the short Toronto 35 Index Participation Units, less
 2. the market value of the short Toronto 35 Put Options,
- but in no case may the capital required be less than 5% of the market value of the Toronto 35 Index Participation Units.

(xiv) Toronto 35 Index Futures contracts offset with Toronto 35 Index Participation Units:

(A) Long Toronto 35 Index Futures contracts - Short Toronto 35 Index Participation Units

Where a long position in Toronto 35 Index Futures contracts is offset by a short position in Toronto 35 Index Participation Units, the capital charge shall be the capital required on the Member's long Toronto 35 Index Futures contracts.

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- (B) Short Toronto 35 Index Futures contracts - Long Toronto 35 Index Participation Units

Where a Member's short position in Toronto 35 Index Futures contracts, is offset by an equivalent number of long Toronto 35 Index Participation Units, the charge to Member capital shall be the capital required on the short Toronto 35 Index Futures contract.

- (xv) Toronto 35 Index Options offset with Toronto 35 Index Futures contracts:

With respect to Toronto 35 Index Options and Toronto 35 Index Futures contracts traded on The Toronto Futures Exchange held in Member accounts (including inventory, registered traders, and market makers and restricted trader Members trading on The Toronto Futures Exchange and unrestricted trader Members trading on The Toronto Futures Exchange), and competitive options traders accounts, where, the Toronto 35 Index Options contracts and the Toronto 35 Index Futures contracts have the same settlement date, or Toronto 35 Index Options contracts and the Toronto 35 Index Futures contracts can be settled in either of the two nearest contract months, the Toronto 35 Index Options and the Toronto 35 Index Futures contracts may be offset as follows:

- (A) Long Toronto 35 Index Futures contracts - Short Toronto 35 Index Calls

Where a long position in a Toronto 35 Index Futures contract is offset by 5 short Toronto 35 Index Call Options, the charge to Member capital shall be:

1. the capital otherwise required on the long Toronto 35 Index Futures contract, less
2. the aggregate market value of the short Toronto 35 Index Call Options.

- (B) Long Toronto 35 Index Futures contracts - Long Toronto 35 Index Puts

Where a long position in a Toronto 35 Index Futures contract is offset by 5 long Toronto 35 Index Put Options, the charge to Member capital shall be:

1. Out-of-the-money position

Where the Option is out-of-the-money, the exercise value of the long Toronto 35 Index Futures Contract less the exercise value of the long Toronto 35 Index Put Options, to a maximum of the capital required on a Toronto 35 Index Futures Contract plus the market value of the Toronto 35 Index Put Options.

2. In-the-money or at-the-money option position

The amount by which the aggregate market value of the Toronto 35 Index Put Options exceeds the aggregate in-the-money amount of the Toronto 35 Index Put Options.

- (C) Short Toronto 35 Index Futures contracts - Long Toronto 35 Index Calls

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Where a short position in a Toronto 35 Index Futures contract is offset by 5 long Toronto 35 Index Call Options, the charge to Member capital shall be:

1. Out-of-the-money position

Where the Option is out-of-the-money, the value of the Index Call Option less the settlement value of the short Toronto 35 Index Futures Contract, to a maximum of the capital required on an unhedged Toronto 35 Index Futures Contract plus the market value of the Index Call Options.

2. In-the-money or at-the-money position

Where the Option is in-the-money or at-the-money, the margin is the amount by which the market value of the Index Call Options exceeds the in-the-money amount of the Index Call Options.

(D) Short Toronto 35 Index Futures contracts - Short Toronto 35 Index Puts

Where a short position in a Toronto 35 Index Futures contract is offset by 5 short Toronto 35 Index Put Options, the charge to Member capital shall be:

1. the capital otherwise required on the short Toronto 35 Index Futures contract, less

2. the aggregate market value of the short Toronto 35 Index Put Options.

(E) Conversion or Long Tripo

Long Toronto 35 Index Futures contracts - Short Toronto 35 Index Calls - Long Toronto 35 Index Puts

Where a long position in a Toronto 35 Index Futures contract is offset by 5 long Toronto 35 Index Put Options and 5 short Toronto 35 Index Call Options with the same expiry, the capital charge on the combined positions shall be:

1. the greater of the difference, plus or minus, between the daily settlement value of the long Toronto 35 Index Futures contract and the exercise value of the long Puts or short Calls, minus

2. the net market value of the Put and Call Options.

(F) Reconversion or Short Tripo

Short Toronto 35 Index Futures contracts - Long Toronto 35 Index Calls - Short Toronto 35 Index Puts

Where a short position in a Toronto 35 Index Futures contract is offset by 5 long Toronto 35 Index Call Options and 5 short Toronto 35 Index Put Options with the same expiry, the capital charge on the combined positions shall be

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1. the greater of the difference, plus or minus, between the daily settlement value of the short Toronto 35 Index Futures contract and the exercise value of the long Toronto 35 Index Call Options or short Toronto 35 Index Put Options, plus
 2. the net market value of the long Toronto 35 Index Call Options and the short Toronto 35 Index Put Options.
- (G) With respect to the offsets enumerated in clauses (A) to (F), partial offsets are not permitted.
- (xvi) Toronto 35 Index Participation Unit Options offset with Toronto 35 Index Futures contracts:

With respect to Toronto 35 Index Futures Contracts and Toronto 35 Index Participation Unit Options traded on The Toronto Futures Exchange held in Member accounts (including inventory, registered traders, and Specialists and restricted trader Members trading on The Toronto Futures Exchange and unrestricted trader Members trading on The Toronto Futures Exchange), and competitive options traders' accounts, where both the Futures Contracts and the Options can be settled in either of the two nearest contract months, the Toronto 35 Index Futures Contracts and Toronto 35 Index Participation Unit Options may be offset as follows:

- (A) Long Toronto 35 Index Participation Unit Calls - Short Toronto 35 Index Futures contracts

Where a short position in Toronto 35 Index Futures Contracts is offset by a long position in 50 Toronto 35 Index Participation Unit Calls, the charge to Member capital shall be,

1. in respect of an out-of-the-money Option position, the lesser of:
 - (a) the capital otherwise required on the short Futures Contract, plus the aggregate market value of the Calls; or
 - (b) 5% of the market value of the equivalent number of Toronto 35 Index Participation Units, plus the aggregate out-of-the-money amount of the Calls; and
2. in respect of in-the-money and at-the-money Option positions:
 - (a) 5% of the market value of the equivalent number of Toronto 35 Index Participation Units, plus the amount by which the aggregate market value of the Call Options exceeds the aggregate in-the-money amount of the Call Option.

- (B) Short Toronto 35 Index Participation Unit Calls - Long Toronto 35 Index Futures contracts

Where a long position in Toronto 35 Index Futures Contracts is offset by a short position in 50 Toronto 35 Index Participation Unit Call Options, the charge to Member capital shall be:

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1. the capital otherwise required on the long Futures Contract, less
2. the aggregate market value of the short Call Options,

but in no case shall the capital charge be less than 5% of the market value of the equivalent number of Toronto 35 Index Participation Units.

(C) Long Toronto 35 Index Participation Unit Puts - Long Toronto 35 Index Futures contracts

Where a long position in Toronto 35 Index Futures Contracts is offset by a long position in 50 Toronto 35 Index Participation Puts, the charge to Member capital shall be,

1. in respect of an out-of-the-money option position, the lesser of:
 - (a) capital otherwise required on the long Futures Contracts, plus the aggregate market value of the Put Options; or
 - (b) 5% of the market value of the equivalent number of Toronto 35 Index Participation Units, plus the aggregate out-of-the-money amount of the Put Options; and
2. in respect of an in-the-money or at-the-money Option position:
 - (a) 5% of the market value of the equivalent number of Toronto 35 Index Participation Units, plus the amount by which the aggregate market value of the Put Options exceeds the aggregate in-the-money amount of the Put Options.

(D) Short Toronto 35 Index Participation Unit Puts - Short Toronto 35 Index Futures contracts

Where a short position in Toronto 35 Index Futures Contracts is offset by a short position in 50 Toronto 35 Index Participation Unit Put Options, the charge to Member capital shall be:

1. the capital otherwise required on the short Futures Contract, less
2. the aggregate market value of the short Put Options,

but in no case shall the capital charge be less than 5% of the market value of the equivalent number of Toronto 35 Index Participation Units.

(E) Reconversion or Short Tripo

Long Toronto 35 Index Participation Unit Calls - Short Toronto 35 Index Participation Unit Puts - Short Toronto 35 Index Futures contracts

Where a Member holds a short position in Toronto 35 Index Futures Contracts, a long position in 50 Toronto 35 Index Participation Unit Calls and a short position in 50 Toronto 35 Index Participation Puts, the charge to Member capital shall be the difference, plus or minus, between the aggregate current value of the underlying interest of the Futures Contracts and the

exercise value of the long Calls or short Puts, whichever is higher, plus the net market value of the long Calls and the short Puts, but in no case shall the capital charge be less than 5% of the market value of the equivalent number of Toronto 35 Index Participation Units.

(F) Conversion or Long Tripo

Short Toronto 35 Index Participation Unit Calls - Long Toronto 35 Index Participation Unit Puts - Long Toronto 35 Index Futures contracts

Where a Member holds a long position in Toronto 35 Index Futures Contracts, a long position in 50 Toronto 35 Index Participation Unit Puts and a short position in 50 Toronto 35 Index Participation Calls, the charge to Member capital shall be the difference, plus or minus, between the aggregate current value of the underlying interest of the Futures Contracts and the exercise value of the long Puts or the short Calls, whichever is lower, plus the net market value of the long Puts and the short Calls, but in no case shall the capital charge be less than 5% of the market value of the equivalent number of Toronto 35 Index Participation Units.

(G) With respect to the offsets enumerated in clauses (A) through (F), partial offsets are not permitted.

(xvii) Multiple option combinations involving TSE 100 Index Options:

(A) Box Spread involving TSE 100 Index Options

Where a Member holds a long and short TSE 100 Index Call and a long and short TSE 100 Index Put with the same expiry month and where the long Call and short Put, and short Call and long Put have the same strike price (European expiry box spread), the capital charge required shall be the lesser of:

1. the greater of the margin on a Put or Call spread (Regulation 100.9(b)(vi) or 100.9(b)(vii)); or
2. the greater of:
 - (a) the amount by which the exercise price of the long Call exceeds the exercise price of the short Call, multiplied by the unit of trading; or
 - (b) the amount by which the exercise price of the short Put exceeds the exercise price of the long Put, multiplied by the unit of trading.

(B) Long Butterfly Spread involving TSE 100 Index Options

Where a Member holds a short position in 2 TSE 100 Index Call Options (or TSE 100 Index Put Options) and the short Calls (or short Puts) are at a middle strike price and are flanked on either side by a long TSE 100 Index Call Option (or TSE 100 Index Put Option) having a lower and higher strike

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price respectively, the capital charge shall be the net market value of the short and long Calls (or Puts).

(C) Short Butterfly Spread involving TSE 100 Index Options

Where a Member holds a long position in 2 TSE 100 Index Call Options (or TSE 100 Index Put Options) and the long Calls (or long Puts) are at a middle strike price and are flanked on either side by a short TSE 100 Index Call Option (or TSE 100 Index Put Option) having a lower and higher strike price respectively, the capital charge shall be the amount, if any, by which the exercise price of the long Calls (or long Puts) exceeds the exercise price of the written Calls (or written Puts), multiplied by the unit of trading.

(xviii) TSE 100 Index Options offset with baskets of TSE 100 Index securities:

(A) Long TSE 100 Index Calls - Short basket of TSE 100 Index securities

Where a Member has a short position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) that is covered by long TSE 100 Index Calls the capital charge shall be:

1. 100% of the market value of the long Calls, plus the lesser of:
 - (a) 15% of the market value of the basket of equity securities; or
 - (b) the exercise value of the Calls less the market value of the basket of equity securities;
2. a negative value calculated under 1 may reduce the margin required on the TSE 100 Index Options but in no event shall the margin required be less than 5% of the market value of the basket of equity securities.

(B) Short TSE 100 Index Calls - Long basket of TSE 100 Index securities

Where a Member has a long position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) that is covered by short TSE 100 Index Call Options the capital charge shall be:

1. 15% of the market value of the basket of equity securities, less the market value of the short Calls; and
2. in no event shall the margin required be less than 5% of the value of the basket of equity securities.

(C) Long TSE 100 Index Puts - Long basket of TSE 100 Index securities

Where a Member has a long position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) that is offset by long TSE 100 Index Put Options the capital charge shall be:

1. 100% of the market value of the long Puts, plus the lesser of:
 - (a) 15% of the market value of the basket of equity securities; or

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- (b) the market value of the basket of equity securities less the exercise price of the Puts; and
 - 2. a negative value calculated under 1 may reduce the margin required on the TSE 100 Index Put Options, but in no event shall the margin required be less than 5% of the market value of the basket of equity securities.
 - (D) Short TSE 100 Index Puts - Short basket of TSE 100 Index securities
Where a Member has a short position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) that is covered by short TSE 100 Index Put Options the capital charge shall be:
 - 1. 15% of the market value of the short basket of equity securities less the market value of the short Puts; and
 - 2. in no event shall the margin required be less than 5% of the market value of the short basket of equity securities.
 - (E) Long TSE 100 Index Calls - Short TSE 100 Index Puts - Short Basket TSE 100 Index Securities
Where a Member holds a short basket of equity securities (or TSE 100 Index Participation Units) (complying with to Regulation 100.9(c)(xiii)) that is offset by long TSE 100 Index Calls and is also offset by short TSE 100 Index Puts, and where the long Calls and short Puts have the same strike price and expiry date, the capital charge is equivalent to the capital charge required for a short TSE 100 Index basket of securities (or TSE 100 Index Participation Units) offset by long Toronto 100 Index Future contracts.
 - (F) Short TSE 100 Index Calls - Long TSE 100 Index Puts - Long Basket TSE 100 Index Securities
Where a Member holds a long basket of equity securities (or TSE 100 Index Participation Units) (complying with Regulation 100.9(c)(xiii)) that is offset by long TSE 100 Index Puts and is also offset by short TSE 100 Index Calls, and where the long Puts and short Calls have the same strike price and expiry date, the capital charge is equivalent to the capital charge required for a long TSE 100 Index basket of securities (or TSE 100 Index Participation Units) offset by short TSE 100 Index Futures contracts.
- (xix) where, in the case of TSE 100 Index Futures contracts offset with a basket of TSE 100 Index securities:
- Where a Member holds a long or short position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) that is covered by an offsetting position in TSE 100 Index Futures contracts traded on The Toronto Futures Exchange the capital charge shall be:
- (A) the margin required on the TSE 100 Index Future contract; plus

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- (B) the margin required under this Regulation on equity securities comprising the basket, minus the result of:
1. the cumulative weights of all equity securities comprising the basket expressed as a percentage of the TSE 100 Index, multiplied by
 2. the margin rate required on the basket of equity securities.
- (xx) TSE 100 Index securities offset with TSE 100 Index Participation Units:
- (A) Long basket of TSE 100 Index securities - Short TSE 100 Index Participation Units
- Where a Member has a long position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) that is covered by a short position in TSE 100 Index Participation Units, the capital charge shall be:
1. the margin required on the TSE 100 Index Participation Units, minus the result of
 - (a) the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the TSE 100 Index, multiplied by
 - (b) the margin rate required under this Regulation on a basket of equity securities, but
 2. in no case shall the margin required be less than 5% of the market value of the TSE 100 Index Participation Units.
- (B) Commitment to purchase TSE 100 Index Participation Units - Long basket of TSE 100 Index securities - Short TSE 100 Index Participation Units
- Where a Member has a commitment pursuant to an underwriting agreement to purchase a new issue of TSE 100 Index Participation Units and is long on a basket of equity securities (complying with Regulation 100.9(c)(xiii)) offset by a short position in TSE 100 Index Participation Units, no capital is required, provided the long basket:
1. complies with the provisions of subparagraphs (A) and (B) of Regulation 100.9(c)(xiii);
 2. comprises a basket of securities or multiple thereof required to obtain the TSE 100 Index Participation Units; and
 3. does not exceed the Member's underwriting commitment to purchase TSE 100 Index Participation Units.
- (C) Short basket of TSE 100 Index securities - Long TSE 100 Index Participation Units
- Where a Member has a short position in a basket of equity securities (complying with Regulation 100.9(c)(xiii)) that is covered by a long position in TSE 100 Index Participation Units, the capital charge shall be the total of:

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1. the margin required on the TSE 100 Index Participation Units, less
 - (a) the cumulative relative weights of all equity securities comprising the basket expressed as a percentage of the TSE 100 Index, multiplied by
 - (b) the margin rate required under this section on a basket of equity securities;but, in no case shall the margin required be less than zero; plus
 2. 5% of the market value of the long position in TSE 100 Index Participation Units unless the short basket:
 - (a) complies with the provisions of Regulation 100.9(c)(xiii)(A) and (B); and
 - (b) comprises a basket of securities or multiple thereof required to obtain the TSE 100 Index Participation Units.
- (xxi) TSE 100 Index Options offset with TSE 100 Index Participation Units:
- (A) Long TSE 100 Index Calls - Short TSE 100 Index Participation Units
- Where a long position in TSE 100 Index Call Options is offset by a short position in TSE 100 Index Participation Units, the capital charge shall be
1. 100% of the market value of the long TSE 100 Index Call Options, plus
 2. the lesser of:
 - (a) 15% of the market value of the short TSE 100 Index Participation Units; or
 - (b) the excess of the exercise price of the TSE 100 Index Call Option over the market price of the TSE 100 Index Participation Units, multiplied by the unit of trading,
- but, in no case shall the margin required be less than 5% of the market value of the TSE 100 Index Participation Units.
- (B) Short TSE 100 Index Calls - Long TSE 100 Index Participation Units
- Where a Member's short position in the TSE 100 Index Call Options is offset by an equivalent number of long TSE 100 Index Participation Units, the capital charge shall be the greater of:
1. 15% of the market value of the long TSE 100 Index Participation Units, less the market value of the short TSE 100 Index Call Options; or
 2. 5% of the market value of the TSE 100 Index Participation Units.

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(C) Long TSE 100 Index Puts - Long TSE 100 Index Participation Units

Where a Member's long position in TSE 100 Put Options is offset by an equivalent number of long TSE 100 Index Participation Units, the capital charge shall be:

1. 100% of the market value of the long TSE 100 Put Options, plus
2. the lesser of:
 - (a) 15% of the market value of the long TSE 100 Index Participation Units; or
 - (b) any excess of the market price of the long TSE 100 Index Participation Units over the exercise price of the TSE 100 Index Puts, multiplied by the unit of trading; but
 - (c) where the exercise price of the TSE 100 Index Puts exceeds the market price of the TSE 100 Index Participation Units, this difference multiplied by the unit of trading may be applied against the capital charge on the long TSE 100 Index Puts, but cannot reduce the capital required on the long TSE 100 Index Puts to less than zero; and
3. the minimum capital required on such a position shall be 5% of the market value of the TSE 100 Index Participation Units.

(D) Short TSE 100 Index Puts - Short TSE 100 Index Participation Units

Where a short position in TSE 100 Puts is offset by a short position in TSE 100 Index Participation Units, the capital charge shall be:

1. 15% of the market value of the short TSE 100 Index Participation Units, less
 2. the market value of the short TSE 100 Puts,
- but, in no case shall the capital required be less than 5% of the market value of the TSE 100 Index Participation Units.

(xxii) TSE 100 Index Futures contracts offset with TSE 100 Index Participation Units:

(A) Long TSE 100 Index Futures contracts - Short TSE 100 Index Participation Units

Where a long position in TSE 100 Index Futures contracts is offset by a short position in TSE 100 Index Participation Units, the capital charge shall be the margin required on the Member's long TSE 100 Index Futures contracts.

(B) Short TSE 100 Index Futures contracts - Long TSE 100 Index Participation Units

Where a Member's short position in TSE 100 Index Futures contracts, is offset by an equivalent number of long TSE 100 Index Participation Units,

the margin charge shall be the margin required on the short TSE 100 Index Futures contracts.

(xxiii) TSE 100 Index Options offset with TSE 100 Index Futures contracts:

With respect to TSE 100 Index Options and TSE 100 Index Futures contracts traded on The Toronto Futures Exchange held in Member accounts (including accounts for inventory, registered traders, market makers, restricted trader Members trading on The Toronto Futures Exchange and unrestricted trader Members trading on The Toronto Futures Exchange), and competitive traders accounts, where TSE 100 Index Options contracts and the TSE 100 Index Futures contracts have the same settlement date or TSE 100 Index Options contracts and the TSE 100 Index Futures contracts can be settled in either of the two nearest contract months, and the TSE 100 Index Options and the TSE 100 Index Futures contracts may be offset as follows:

(A) Long TSE 100 Index Calls - Short TSE 100 Index Futures contracts:

Where a short position in a TSE 100 Index Futures contract is offset by 5 long TSE 100 Index Call Options, the capital charge shall be as follows:

1. Out-of-the-money position

The aggregate exercise value of the 5 long TSE 100 Index Calls minus the settlement value of the short TSE 100 Index Futures Contract, to a maximum of the margin required on an unhedged TSE 100 Index Futures Contract, but in no case less than zero, plus the aggregate market value of the 5 long TSE 100 Index Calls.

2. In-the-money and at-the-money option position

The amount by which the aggregate market value of the TSE 100 Index Calls exceeds the aggregate in-the-money amount of the TSE 100 Index Calls.

(B) Short TSE 100 Index Calls - Long TSE 100 Index Futures contracts:

Where a long position in a TSE 100 Index Futures contract is offset by 5 short TSE 100 Index Call Options, the capital charge shall be the greater of

1. (a) the margin otherwise required on the long TSE 100 Index Futures contract, less

(b) the aggregate market value of the short TSE 100 Index Call Options; or

2. \$1,000.

(C) Long TSE 100 Index Puts - Long TSE 100 Index Futures contracts:

Where a long position in a TSE 100 Index Futures contract is offset by 5 long TSE 100 Index Put Options, the capital charge shall be as follows:

1. Out-of-the-money option position

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The settlement value of the long TSE 100 Index Futures Contract minus the aggregate exercise value of the 5 long TSE 100 Index Puts, to a maximum of the margin required on a TSE 100 Index Futures Contract, but in no case less than zero, plus the aggregate market value of the 5 long TSE 100 Index Puts.

2. In-the-money or at-the-money option position

The amount by which the aggregate market value of the TSE 100 Index Puts exceeds the aggregate in-the-money amount of the TSE 100 Index Puts.

(D) Short TSE 100 Index Puts - Short TSE 100 Index Futures contracts:

Where a short position in a TSE 100 Index Futures contract is offset by 5 short TSE 100 Index Put Options, the capital charge shall be the greater of

1. (a) the margin otherwise required on the short TSE 100 Index Futures contract, less
 - (b) the aggregate market value of the short TSE 100 Index Put Options; or
2. \$1,000.

(E) Conversion or Long Tripo

Long TSE 100 Index Futures contracts - Short TSE 100 Index Calls - Long TSE 100 Index Puts

Where a long position in a TSE 100 Index Futures contract is offset by 5 long TSE 100 Index Puts and 5 short TSE 100 Index Calls with the same expiry, the capital charge on the combined positions shall be:

1. the greater of the difference, plus or minus, between the daily settlement value of the long TSE 100 Index Futures contract and the exercise value of the long Puts or short Calls, plus
2. the net market value of the short TSE 100 Index Calls and the long TSE 100 Index Puts.

(F) Reconversion or Short Tripo

Short TSE 100 Index Futures contracts - Long TSE 100 Index Calls - Short TSE 100 Index Puts

Where a short position in a TSE 100 Index Futures contract is offset by 5 long TSE 100 Index Calls and 5 short TSE 100 Index Puts with the same expiry, the capital charge on the combined positions shall be:

1. the greater of the difference, plus or minus, between the daily settlement value of the short TSE 100 Index Futures contract and the exercise value of the long TSE 100 Index Calls or short TSE 100 Index Puts, plus

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2. the net market value of the long TSE 100 Index Calls and the short TSE 100 Index Puts.
- (G) With respect to the offsets enumerated in clauses (A) to (F), partial offsets are not permitted.
- (xxiv) Toronto 35 Index securities offset with TSE 100 Index Options:
- (A) Long basket of Toronto 35 Index securities - Short TSE 100 Index Calls
- Where a Member has a long position in a basket of equity securities (or Toronto 35 Index Participation Units) (complying with Regulation 100.9(c)(v)) that is offset by short Toronto 100 Index Calls, on an equivalent underlying interest market value basis, the capital charge shall be:
1. 15% of the market value of the long equity securities in the basket (or Toronto 35 Index Participation Units), minus the market value of the short Calls; and
 2. in no event shall the margin required be less than 5% of the value of the basket of equity securities (or Toronto 35 Index Participation Units).
- (B) Long basket of Toronto 35 Index securities - Long TSE 100 Index Puts
- Where a Member has a long position in a basket of equity securities or Toronto 35 Index Participation Units (complying with Regulation 100.9(c)(v)) that is offset by long TSE 100 Index Puts, on an equivalent underlying interest market value basis, the capital charge shall be:
1. 100% of the market value of the long Put, plus the lesser of
 - (a) 15% of the market value of the basket of equity securities (or Toronto 35 Index Participation Units); or
 - (b) the market value of the basket of equity securities (or Toronto 35 Index Participation Units) minus the exercise price of the long Put; and
 2. a negative value calculated under subparagraph 1 may reduce the margin required on the TSE 100 Index Puts but in no event shall the margin required be less than 5% of the market value of the basket of equity securities (or Toronto 35 Index Participation Units).
- (C) Short basket of Toronto 35 Index securities - Long TSE 100 Index Calls
- Where a Member has a short position in a basket of equity securities (or Toronto 35 Index Participation Units) (complying with Regulation 100.9(c)(v)) that is offset by long TSE 100 Index Calls, on an equivalent underlying interest market value basis, the capital charge shall be:
1. 100% of the market value of the long Call, plus the lesser of:

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- (a) 15% of the market value of the basket of equity securities (or Toronto 35 Index Participation Units); or
 - (b) the exercise value of the Call minus the market value of the basket of equity securities (or Toronto 35 Index Participation Units); and
 - 2. a negative value calculated under 1 may reduce the margin required on the TSE 100 Index Calls but in no event shall the margin required be less than 5% of the market value of the basket of equity securities (or Toronto 35 Index Participation Units).
- (D) Short basket of Toronto 35 Index securities - Short TSE 100 Index Puts
- Where a Member has a short position in a basket of equity securities (or Toronto 35 Index Participation Units) (complying with Regulation 100.9(c)(v)) that is offset by short Toronto 100 Index Puts, on an equivalent underlying interest market value basis, the capital charge shall be:
- 1. 15% of the market value of the short basket of equity securities (or Toronto 35 Index Participation Units) minus the market value of the short Put; and
 - 2. in no event shall the margin required be less than 5% of the market value of the short basket of equity securities (or Toronto 35 Index Participation Units).
- (xxv) Baskets of Toronto 35 Index securities offset with TSE 100 Index Futures contracts:
- (A) Long or Short baskets of Toronto 35 Index securities - Short or Long TSE 100 Index Futures contracts
- The capital requirement for a Member's long and short position in a basket of equity securities (complying with Regulation 100.9(c)(v)) that is offset by a TSE 100 Index Futures contract, on an equivalent underlying interest market value basis, shall be the greater of:
- 1.
 - (a) the margin required on the TSE 100 Index Future contract, plus
 - (b) the margin required on the equity securities comprising the basket, minus the result of
 - (i) the cumulative weights of all equity securities comprising the basket expressed as a percentage of the Toronto 35 Index, multiplied by
 - (ii) the margin rate required on the basket of equity securities; or
 - 2. 5% of the market value of the basket of equity securities.

(xxvi) Toronto 35 Index Options offset with TSE 100 Index Options:

(A) Long Toronto 35 Index Calls - Short TSE 100 Index Calls

Where a long Toronto 35 Index Call Option is offset against a short TSE 100 Index Call Option, on an equivalent underlying interest market value basis, the capital charge shall be the Call margin required on the short TSE 100 Index Call Option minus the intrinsic value of the long Toronto 35 Index Call Option.

(B) Short Toronto 35 Index Calls - Long TSE 100 Index Calls

Where a long TSE 100 Index Call Option is offset against a short TSE 35 Index Call Option, on an equivalent underlying interest market value basis, the capital charge shall be the margin required on the short Toronto 35 Index Call Option minus the intrinsic value of the long TSE 100 Index Call Option.

(C) Short Toronto 35 Index Calls - Short TSE 100 Index Puts

Where a short Toronto 35 Index Call Option is offset against a short TSE 100 Index Put Option, on an equivalent underlying interest market value basis, the capital charge shall be the margin on the short Call position, or the short Put position, whichever is greater, increased by any unrealized loss on the position having the lower requirements.

(D) Long Toronto 35 Index Puts - Short TSE 100 Index Puts

Where a long Toronto 35 Index Put Option is offset against a short TSE 100 Index Put Option, on an equivalent underlying interest market value basis, the capital charge shall be the margin required on the short TSE 100 Index Put Option minus the intrinsic value of the long Toronto 35 Index Put Option.

(E) Short Toronto 35 Index Puts - Short TSE 100 Index Calls

Where a short TSE 100 Index Call Option is offset against a short Toronto 35 Index Put Option, on an equivalent underlying interest market value basis, the capital charge shall be the margin on the short Call position, or the short Put position, whichever is greater, increased by any unrealized loss on the position having the lower requirements.

(F) Short Toronto 35 Index Puts - Long TSE 100 Index Puts

Where a long TSE 100 Index Put Option is offset against a short Toronto 35 Index Put Option, on an equivalent underlying interest market value basis, the capital charge shall be the margin required on the short Toronto 35 Index Put Option minus the intrinsic value of the long TSE 100 Index Put Option.

(xxvii) Toronto 35 Index Options and Futures contracts offset with TSE 100 Index Options and Futures contracts:

With respect to any combination of TSE 100 and Toronto 35 Index Options and TSE 100 and Toronto 35 Index Futures contracts traded on The Toronto Futures Exchange held in Member accounts (including accounts for inventory, registered traders,

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market makers, restricted trader Members trading on The Toronto Futures Exchange and unrestricted trader Members trading on The Toronto Futures Exchange), and competitive options traders accounts, where the TSE 100 and Toronto 35 Index Options contracts and the TSE 100 and Toronto 35 Index Futures contracts have the same settlement date or the TSE 100 and Toronto 35 Index Options contracts and the TSE 100 and Toronto 35 Index Futures contracts can be settled in either of the two nearest contract months, the TSE 100 and Toronto 35 Index Options and the TSE 100 and Toronto 35 Index Futures contracts may be offset as follows:

(A) Long Toronto 35 Index Calls - Short TSE 100 Index Futures

Where a short position in a TSE 100 Index Futures contract is offset by a long position in Toronto 35 Index Calls, on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money position.

The margin otherwise required on the short TSE 100 Index Futures contract plus the aggregate market value of the long Toronto 35 Index Calls.

2. In-the-money and at-the-money option position.

The amount by which the aggregate market value of the Toronto 35 Index Calls exceeds the aggregate in-the-money amount of the Toronto 35 Index Calls, to a minimum of 2% of the settlement value of the TSE 100 Index Futures contract.

(B) Short Toronto 35 Index Calls - Long TSE 100 Index Futures

Where a long position in a TSE 100 Index Futures contract is offset by a short position in Toronto 35 Index Call Options on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money option position

The margin otherwise required on the long TSE 100 Index Futures contract;

2. In-the-money and at-the-money option position.

The margin otherwise required on the long TSE 100 Index Futures contract, minus the in-the-money amount on the short Calls, to a minimum of 2% of the settlement value of the TSE 100 Index Futures contract.

(C) Long Toronto 35 Index Puts - Long TSE 100 Index Futures

Where a long position in a TSE 100 Index Futures contract is offset by a long position in Toronto 35 Index Puts, on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money option position.

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The margin otherwise required on the long TSE 100 Index Futures contract plus the aggregate market value of the long Toronto 35 Index Puts.

2. In-the-money or at-the-money option position.

The amount by which the aggregate market value of the Toronto 35 Index Puts exceeds the aggregate in-the-money amount of the Toronto 35 Index Puts, to a minimum of 2% of the settlement value of the Toronto 100 Index Futures contract.

(D) Short Toronto 35 Index Puts - Short TSE 100 Index Futures

Where a short position in a TSE 100 Index Futures contract is offset by a short position in Toronto 35 Index Puts, on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money option position.

The margin otherwise required on the short TSE 100 Index Futures contract.

2. In-the-money and at-the-money option position.

The margin otherwise required on the short TSE 100 Index Futures contract, minus the in-the-money amount on the short Toronto 35 Index Puts, to a minimum of 2% of the settlement value of the Toronto 35 Index Futures contract.

(E) Long Toronto 35 Index Futures - Short TSE 100 Index Calls

Where a long position in a Toronto 35 Index Futures contract is offset by a short position in TSE 100 Index Calls, on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money option position.

The margin otherwise required on the long Toronto 35 Index Futures contract;

2. In-the-money and at-the-money option position.

The margin otherwise required on the long Toronto 35 Index Futures contract, minus the in-the-money amount on the short TSE 100 Index Calls, to a minimum of 2% of the settlement value of the Toronto 35 Index Futures contract.

(F) Long Toronto 35 Index Futures - Long TSE 100 Index Puts

Where a long position in a Toronto 35 Index Futures contract is offset by a long position in TSE 100 Index Puts, on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money option position.

The margin otherwise required on the long Toronto 35 Index Futures contract plus the aggregate market value of the long TSE 100 Index Puts.

2. In-the-money or at-the-money option position.

The amount by which the aggregate market value of the TSE 100 Index Puts exceeds the aggregate in-the-money amount of the TSE 100 Index Puts, to a minimum of 2% of the settlement value of the Toronto 35 Index Futures contract.

(G) Short Toronto 35 Index Futures - Long TSE 100 Index Calls

Where a short position in a Toronto 35 Index Futures contract is offset by a long position in TSE 100 Index Calls, on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money position.

The margin otherwise required on the short Toronto 35 Index Futures contract plus the aggregate market value of the long TSE 100 Index Calls.

2. In-the-money and at-the-money option position.

The amount by which the aggregate market value of the TSE 100 Index Calls exceeds the aggregate in-the-money amount of the TSE 100 Index Calls, to a minimum of 2% of the settlement value of the Toronto 35 Index Futures contract.

(H) Short Toronto 35 Index Futures - Short TSE 100 Index Puts

Where a short position in a Toronto 35 Index Futures contract is offset by a short position in TSE 100 Index Puts, on an equivalent underlying interest market value basis, the capital charge shall be:

1. Out-of-the-money option position.

The margin otherwise required on the short Toronto 35 Index Futures contract.

2. In-the-money and at-the-money option position.

The margin otherwise required on the short Toronto 35 Index Futures contract, minus the in-the-money amount on the short TSE 100 Index Puts, to a minimum of 2% of the settlement value of the Toronto 35 Index Futures contract.

(d) **OCC Options**

The minimum amount of capital required with respect to OCC Options and OCC Option related positions shall be as follows:

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For Member inventory and other firm accounts, the capital charge for OCC Options or OCC Option related positions shall be the same as set out in the remainder of Regulation 100.10, except for paragraphs 100.10(c)(i)(A) and 100.10(c)(i)(B), with respect to Options issued by Canadian Derivatives Clearing Corporation.

INVESTMENT DEALERS ASSOCIATION OF CANADA
Commodity Futures Contracts and Futures Contract Options

1. Amend Regulation 100.8(e) by adding the following:

“(iv) The following amounts shall be deducted with respect to each outstanding TFE futures contract or TFE security held by the Member in firm accounts:

Contract	Open Contracts That Are Not Spread	Spreads in the Same Underlying Interest
TSE 300 Composite Index Contract	\$1,000 per contract	\$ nil per spread
TSE 100 Index Contract	\$5,500 per contract	\$250
Toronto 35 Index Contract	\$5,000 per contract	\$250
TSE 300 Composite Spot Index Contract	\$1,000 per contract	N/A
Toronto 35 Spot Index Contract	\$5,000 per contract	N/A

The deductions specified in the above chart apply to both initial and maintenance margins unless otherwise indicated.

Spread	Capital
TSE 100 Index/Toronto 35 Index Futures Contracts	\$1,250 per contract spread

- (v) Where a Member has an open TFE futures contract or TFE security that is covered by securities pursuant to a Member’s covering transaction, the Member’s deduction from net allowable assets (Form 1) shall be based on the net position or as otherwise determined by the Vice-President, Financial Compliance.
- (vi) For each specialist associated with the Member, an amount shall be deducted by the Member that is equal to the lesser of
 - (A) \$25,000, or
 - (B) \$10,000 for each TFE Option for which the responsibilities of a specialist appointment have been allocated to that specialist.
- (vii) The charge to capital with respect to a TFE option and a TFE option-related position held by a Member, including firm accounts and such other accounts as the Vice-President, Financial Compliance may require, shall be the same as the margin requirements for customers and non-customers, with the following exceptions:

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- (A) there is no minimum capital requirement per TFE option;
- (B) in the treatment of spreads, the long options position may expire before the short options position;
- (C) for firm accounts and such other accounts as the Vice-President, Financial Compliance may require, the charge against capital for TFE silver option positions:
 - 1. a long silver call option that has a premium of \$1.00 or more and that is not used to offset capital required on any other position shall be the market value of the long call, less 50% of the excess of the market value of the underlying silver certificates over the exercise price of the long call; and
 - 2. a long silver put option that has a premium of \$1.00 or more and that is not used to offset capital required on any other position shall be the market value of the long put, less 50% of the excess of the exercise price of the long put over the market value of the silver certificates;
- (D) where a short position in silver certificates is offset by a long silver call option, the charge to capital for firm accounts and such other accounts as the Vice-President, Financial Compliance may require shall be 100% of the market value of the long call plus the lesser of,
 - (a) 15% of the market value of the short position in the silver certificates; or
 - (b) the excess of the exercise price of the long call over the market price of the silver certificates, multiplied by the unit of trading;the excess of the market price of the silver certificates over the exercise price of the long call, multiplied by the unit of trading, may be applied against the capital charge on the long Call, but cannot reduce the capital required on the long Call to less than zero;
- (E) where a long position in silver certificates is offset by a long silver put option, the charge to capital for firm accounts and such other accounts as the Vice-President, Financial Compliance may require shall be 100% of the market value of the long put plus the lesser of,
 - (a) 15% of the market value of the long position in the silver certificates; or
 - (b) the excess of the market price of the silver certificates over the exercise price of the long put, multiplied by the unit of trading;the excess of the exercise price of the long put over the market price of the silver certificates, multiplied by the unit of trading, may be applied against the capital charge on the long put, but cannot reduce the capital required on the long put to less than zero;

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- (F) where a long position in silver certificates is offset by a short silver call option, the charge to capital for firm accounts and such other accounts as the Vice-President, Financial Compliance may require shall be 15% of the market value of the long position in silver certificates, less the market value of the short Call, but in no case less than zero;
- (G) where a short position in silver certificates is offset by a short silver put option, the charge to capital for firm accounts and such other accounts as the Vice-President, Financial Compliance may require shall be 15% of the market value of the short position in silver certificates, less the market value of the short put, but in no case less than zero;
- (H) where a short position in silver certificates is offset by a long silver call option and a short silver put option, and where the exercise price of the long call is not less than the exercise price of the short put, the charge to capital for firm accounts and such other accounts as the Vice-President, Financial Compliance may require shall be the difference, whether positive or negative, between the exercise value of the long call and the market value of the silver certificates. This requirement must be adjusted by the net market value of the silver option premium positions outstanding
- (I) where a long position in silver certificates is offset by a long silver put option and a short silver call option, and where the exercise price of the long put is not greater than the exercise price of the short call, the charge to capital for firm accounts and such other accounts as the Vice-President, Financial Compliance may require shall be the difference, whether positive or negative, between the market value of the silver certificates and the exercise value of the long put. This requirement must be adjusted by the net market value of the silver option premium positions outstanding;

2. Amend Regulation 100.8 by adding new paragraphs (g), (h), (i), (j), (k), (l) and (m) as follows and re-lettering paragraph (g) as paragraph (n):

“(g) Every Member shall require each person for whom trades in TFE futures contracts or TFE securities are effected to deposit and maintain a margin of not less than the following in respect of each contract:

Contract	Open Contracts That Are Not Spread		Spreads in the Same Underlying Interest
	Speculators	Hedgers	
TSE 300 Composite Index Contract	\$1,500	\$1,000	\$200

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Toronto 35 Index Contract	Initial \$6,000 Maintenance \$5,000	\$5,000	\$500
TSE 300 Composite Spot Index Contract	\$1,500	\$1,000	N/A
Toronto 35 Spot Index Contract	Initial \$6,000 Maintenance \$5,000	\$5,000	N/A
TSE 100 Index Contract	Initial \$7,000 Maintenance \$5,500	\$5,500	\$625

Margins specified in the above chart apply to both initial and maintenance margins unless otherwise indicated.

Spread	Capital
TSE 100 Index/Toronto 35 Index Futures Contracts	Initial \$2,000 Maintenance \$1,250

- (h) All opening writing transactions for TFE options must be carried in a margin account. For TFE options every Member shall require each writer for whom trades in TFE options are effected to deposit and maintain margin as set out in paragraphs (i), (j), (k), (l) and (m) as follows:
- (A) each TFE option shall be margined separately and any difference between the market price of the underlying interest and the exercise price of the option shall be considered to be of value only in providing the amount of margin required on that particular option;
 - (B) the minimum margin on a silver call option carried short in an account shall be 15% of the market price of the underlying silver certificates plus 100% of the current premium of the short call, reduced by any excess of the exercise price over the current market price of the silver certificates, multiplied by the unit of trading;
 - (C) the minimum margin on a silver put option carried short in any account shall be, 15% of the market price of the underlying silver certificates, plus 100% of the current premium of the short silver put option reduced by any excess of the current market price of the silver certificates over the exercise price multiplied by the unit of trading;
 - (D) notwithstanding any other provision contained herein, the minimum amount of margin that must be maintained on a silver option carried short in an account shall be 3% of the market price of the underlying silver certificates plus 100% of the current premium of the short option;

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- (E) where a silver call option is carried long for a customer's account and the account is short a silver call option expiring on or before the expiration date of the long silver call option, and written on the same market value of silver certificates, the margin required on the short silver call option shall be the lesser of
1. the margin required pursuant to clauses (B) and (D) above, or
 2. the amount, if any, by which the exercise price of the long silver call option exceeds the exercise price of the short silver call option multiplied by the unit of trading;
- (F) where a silver put option is carried long for a customer's account and the account is also short a silver put option expiring on or before the expiration date of the long silver put option and written on the same market value of silver certificates, the margin required on the short silver put option shall be the lesser of
1. the margin required pursuant to clauses (C) and (D) above, or
 2. the amount, if any, by which the exercise price of the short silver put option exceeds the exercise price of the long silver put option, multiplied by the unit of trading;
- (G) where a silver call option is carried short against an existing net long position in silver certificates, the minimum margin required shall be the margin on the long position required pursuant to any direction from time to time prescribed by the Vice-President, Financial Compliance, based on the lesser of the market value of the silver certificates or the exercise price of the short silver call option;
- (H) where a silver put option is carried short for a customer's account and the account is short an equivalent market value of silver certificates, the short silver put option shall be considered fully margined, provided that the short position in silver certificates is fully margined pursuant to any direction from time to time prescribed by the Vice-President, Financial Compliance, based on the greater of the market value of the silver certificates or the exercise price of the short silver put option;
- (I) no margin shall be required in respect of a silver call option carried short that is covered by the deposit of an escrow receipt. The subject matter of the escrow so deposited in respect of the silver call option shall not be deemed to have any value for margin purposes. Evidence of a deposit of the subject matter of the escrow shall be deemed an escrow receipt for the purposes hereof if the agreements required by the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Vice-President, Financial Compliance on request;

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- (J) no margin shall be required in respect of a silver call option carried short that is covered by the deposit of a certificate issued by a depository that is approved by the clearing corporation;
- (K) no margin shall be required in respect of a silver put option carried short that is covered by the deposit of an escrow receipt certifying that acceptable government securities are being held by the issuer of the escrow receipt for the account of the customer. The acceptable government securities held on deposit
 1. shall be government securities
 - (a) that are acceptable forms of margin for the clearing corporation; and
 - (b) that mature within one year of their deposit; and
 2. shall not be deemed to have any value for margin purposes.

The aggregate exercise value of the short silver put option shall not be greater than the clearing corporation's prescribed percentage of the aggregate par value of the acceptable government securities held on deposit. Evidence of the deposit of the subject matter of the escrow shall be deemed an escrow receipt for the purposes hereof if the agreements required by the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Vice-President, Financial Compliance on request. The issuer of the escrow receipt must be a financial institution approved by the clearing corporation;

- (L) no margin shall be required in respect of a short silver put option where the customer has delivered to the Member with which such position is maintained a letter of guarantee, in a form satisfactory to the Vice-President, Financial Compliance, issued by a financial institution that has been authorized by the clearing corporation to issue escrow receipts, provided the letter of guarantee certifies that the financial institution
 1. holds on deposit for the account of the customer cash in the full amount of the aggregate exercise price of the silver put option and that such amount will be paid to the clearing corporation against delivery of the silver certificates covered by the silver put option; or
 2. unconditionally and irrevocably guarantees to pay to the clearing corporation the full amount of the aggregate exercise price of the silver put option against delivery of the silver certificates covered by the silver put option,

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and further provided that the Member has delivered the letter of guarantee to the clearing corporation and the clearing corporation has accepted it as margin; and

- (M) where a silver call option is carried short in a customer's account and the account is also short a silver put option written on the same market value of silver certificates, the margin required shall be the greater of the margin on the short silver call option position or on the short silver put option position, increased by any unrealized loss on the position having the lesser requirements.
- (i) Where a silver call option is carried short and a silver put option is carried long for a customer account, where the exercise price of the long silver put option is not greater than the exercise price of the short silver call option, and where the account is long an equivalent market value of silver certificates, the minimum margin required is the lesser of
 - (A) the margin required on the long silver certificates and short silver call option, plus the margin required on the long silver put option, or
 - (B) the margin required on the long silver certificates and long silver put option, plus the margin required on the short silver call option.
- (j) Where a short position in silver certificates is offset by a long silver call option and a short silver put option, and where the exercise price of the long call is not less than the exercise price of the short put, the minimum margin required is the lesser of
 - (A) the margin required on the short silver certificates and long silver call option, plus the margin required on the short silver put option, or
 - (B) the margin required on the short silver certificates and short silver put option, plus the margin required on the long silver call option.
- (k) Where a short position in silver certificates is offset by a long silver call option, the minimum margin required shall be the total of
 - (A) 100% of the acquisition cost of the long silver call option, plus
 - (B) 7.5% of the market value of the short silver certificates, plus
 - (C) any excess of the exercise price of the long silver call option over the market price of the silver certificates, multiplied by the unit of trading, up to an additional 7.5% of the market value of the short position in the silver certificates.
- (l) Where a long position in silver certificates is offset by a long silver put option, the minimum margin required shall be the total of
 - (A) 100% of the acquisition cost of the long silver put option, plus
 - (B) 7.5% of the market value of the long position in the silver certificates, plus

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- (C) an excess of the market price of the silver certificates over the exercise price of the long silver put options, multiplied by the unit of trading, up to an additional 7.5% of the market value of the long position in the silver certificates.
- (m) A Member may in its discretion permit a person having an established account to trade TFE futures contracts and TFE securities any day without margining each transaction, provided that such transactions which are not closed out on the same day shall be subject to the applicable minimum margin requirements.