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Improvements to the Daily Survey of Money Market Rates

The IDA Primary Dealer Money Market Committee is pleased to inform market participants that Bridge Information Systems has been appointed as the new manager of the daily survey of money market rates. Effective Tuesday, November 7, 2000, Bridge will begin collecting daily money market rates from the eight financial institutions that make active two-way markets in bankers' acceptances (BA). These firms include BMO Nesbitt Burns, Scotia Capital Inc., RBC Dominion Securities, TD Securities Inc., National Bank Financial, CIBC World Markets, Merrill Lynch Canada, and Hongkong Bank of Canada. As other firms meet the designated criteria—the most important being a demonstrated capability to make two-way markets in domestic bankers' acceptances, they will be invited to participate in the survey.

The daily survey of money market rates is derived from bid side prices provided by survey participants. The survey rate is the recognized benchmark index for bankers' acceptances with a term-to-maturity of one year or less. The daily survey of money market rates also serves as the reference for other rates used in money market and derivative contracts and for the final settlement price for the BAX futures contracts.

The methodology of the survey rate is as follows. For each maturity band (1 month BA, 2 month BA, 3 month BA, 6 month BA, 1 year BA and call markets), the high and the low rates taken from the survey are removed and an arithmetic average is derived from the remaining survey rates.

The survey will be conducted at 10:00 a.m. each business day, with the results being released by Bridge by 10:15 a.m. Survey results are available to all interested information providers, through Bridge, free of charge (communications charges excepted, see contact above). After a two-week test period, the Bridge survey will replace all other daily money market surveys. This simple approach will improve cost-effectiveness of the survey process and remove

confusion caused by several surveys with different results.

Suzanne M. Barrett
Association Secretary