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For distribution to relevant parties within your firm

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Industry Relations and Representation

IDA announces Committee to review issues relating to the daily survey of BA rates (Reuters CDOR and Moneyline/Telerate page 3197)

The Investment Dealers Association is pleased to announce the establishment of a Committee to review issues relating to the daily survey of cash bankers' acceptances (BA) rates. These rates can be found on the Reuters CDOR page and the Moneyline/Telerate page 3197.

The Committee will be comprised of representatives from each of the IDA, the Bank of Canada and one member from each of the nine institutions that participate in the daily survey. Current participants in the survey include BMO Nesbitt Burns, Scotia Capital Inc., RBC Dominion Securities, TD Securities Inc., National Bank Financial, CIBC World Markets, Merrill Lynch Canada, Hongkong Bank of Canada, and Deutsche Bank Securities. Responsibility for the survey will remain with the IDA. Ian Russell, Senior Vice-President, Industry Relations and Representation will serve as Committee Chair, and will report to the Board of Directors as required.

The Committee will meet at a minimum of semi-annually, with additional meetings as required, to discuss any issues brought to the attention of the Committee relating to the posted survey rates. The Committee recognizes the need for a smooth functioning market setting that can be used by different markets. Other interested parties who would like to make a presentation to the Committee or add items to the agenda should contact either the IDA or any other member of the group. Minutes from the Committee meetings will be posted on the IDA website.

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 and 1 year BA 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 is conducted at 1000 hours each business day, with the results being released by Moneyline/Telerate by 1015 hours. Survey results are available to all interested information providers, through Moneyline/Telerate, free of charge (communications charges excepted). For further information regarding the survey rates or the Committee, contact Chris Woolcock at the IDA [(416) 865-3037 or cwoolcock@ida.ca].

Kenneth A. Nason
Association Secretary