

Contact:
Keith Rose
Senior Vice-President
Finance & Administration
(416) 865-3022

For distribution to relevant parties within your firm

BULLETIN #3150
May 9, 2003

By-laws and Regulations

Settlement of Short-Term Debt Instruments

The Board of the IDA has approved the attached changes to Regulation 800.27 dealing with the settlement conventions for short-term debt instruments.

Currently, the standard settlement date for trades in Canadian Bonds with a remaining term to maturity of three years or less ("Short Canadas") is two days. The standard settlement date for trades in mortgage-backed securities, corporate, municipal and provincial bonds with a remaining term to maturity of three years or less is three days. The objective of the proposed change is to facilitate client trades selling one short-term debt instrument and buying another short-term debt instrument and to facilitate hedging strategies in short-term debt instruments. This will be accomplished by changing the settlement date for trades in short-term mortgage-backed securities, corporate, municipal and provincial bonds to be the same as that for Short Canadas.

Implementation of these rules will involve systems changes at some Member firms. In order to permit Members to make the required systems changes the implementation of this Regulation change has been delayed to Monday, November 3, 2003. The Regulation change will be effective for trades with a trade date of November 3, 2003.

Kenneth A. Nason
Association Secretary

INVESTMENT DEALERS ASSOCIATION OF CANADA
SETTLEMENT OF SHORT-TERM DEBT INSTRUMENTS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulations 800.27 (b) and 800.27 (c) are repealed and replaced with the following:

(b) In the case of Government of Canada Bonds, Government of Canada Guaranteed Bonds, mortgage-backed securities and all provincial, municipal, corporate and other bonds or debentures, or other certificates of indebtedness having an unexpired term of three years or less to maturity, but excluding Canadian Treasury Bills, regular delivery shall involve the stopping of accrued interest on the second clearing day after the transaction takes place;

(c) In the case of Government of Canada Bonds, Government of Canada Guaranteed Bonds, mortgage-backed securities (subject to clause (g)) and all provincial, municipal, corporate and other bonds or debentures, or other certificates of indebtedness having an unexpired term to maturity of longer than three years and stock, regular delivery shall involve the stopping of accrued interest, where applicable, on the third clearing day after the transaction takes place;

2. Regulation 800.27 is amended by adding Regulation 800.27 (d):

(d) Where a bond or debenture or other certificate of indebtedness is retractable, redeemable, callable or extendible, the term to maturity referred to in 800.27 (b) and 800.27 (c) above shall mean the term to maturity without reference to the retraction, redemption, call or extension features or any similar features relating to an issuer or holder option that would result in the extension or retraction of the normal, stated maturity date of the indebtedness.

PASSED AND ENACTED BY THE Board of Directors this 5th day of April 2000 to be effective on a date to be determined by Association staff.