



INVESTMENT DEALERS
ASSOCIATION OF CANADA

bulletin



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

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For distribution to relevant parties within your firm

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By-Laws and Regulations

Regulation 100.21, Maximum Margin Required for Convertible Securities

The Board of Directors of the Association has approved an amendment to Regulation 100 relating to the addition of Regulation 100.21, Maximum Margin Required for Convertible Securities. This change is effective immediately and is enclosed as Attachment 1.

The main objective of the amendment is to align the margin requirements for a convertible security to the economic risk associated with the underlying security. The new regulation will formally recognize that the maximum market risk associated with a convertible security and hence, the resultant maximum margin required for that convertible security should be closely linked to the margin required for the related underlying security.

Kenneth A. Nason
Association Secretary

**INVESTMENT DEALERS ASSOCIATION OF CANADA
MARGIN REQUIREMENTS FOR CONVERTIBLE SECURITIES**

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. Regulation 100 is hereby amended by adding the following section at the end of the regulation:

“100.21 Maximum margin required for Convertible Securities

The margin required for a security that is currently convertible or exchangeable into another security (the “underlying security”) need not exceed the sum of:

- (a) the margin required under this Regulation for the underlying security; and
- (b) any excess of the market value of the convertible/exchangeable security over the market value of the underlying security.”

PASSED AND ENACTED BY THE Board of Directors this 17th day of January 2002, to be effective on a date to be determined by Association staff.