

MEMBER REGULATION



INVESTMENT DEALERS
ASSOCIATION OF CANADA

notice



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

Contact:

A. Ramcharan: (416) 943-5850 – aramcharan@ida.ca

MR0393

April 4, 2006

ATTENTION:
Ultimate Designated Persons
Chief Financial Officers
Panel Auditors

Distribute internally to:

- Corporate Finance
- Credit
- Institutional
- Internal Audit
- Legal & Compliance
- Operations
- Registration
- Regulatory Accounting
- Research
- Retail
- Senior Management
- Trading desk
- Training

List of Floating and Tracking Error Margin Rates for Offsets Involving U.S. Index Products

This Notice should be used in conjunction with Regulations 100.9 and 100.10 (Customer and Member positions in options, futures and other equity-related derivative products), which set out the minimum margin and capital requirements for customer and Member positions, respectively, relating to offsets involving qualifying index products.

Enclosed as Attachment #1, is a copy of the list of floating margin rates and tracking error margin rates for a number of U.S. index products, which has been prepared using data available up to the period ended March 31, 2006.

For other U.S. index products that have not yet been included on the attached list and whose U.S. OCC index options are based on a security or index that qualifies as a U.S. "Broad index stock group" as per NASD Rule 2520(f)(2)(D) the floating margin rate is 15.00%. In addition, the Association has set the minimum tracking error margin rates for these indices and their related index products as 2.50%.

The floating margin rates and tracking error margin rates for Canadian indices and products are published monthly by the Bourse de Montréal under the title "Futures Contract Margin Requirements, Index Products Floating Margin Rates, Currency Option Margin Rates and Tracking Error Margin Rates" at http://www.m-x.ca/publi_circulaires_en.php.

This list of floating margin rates and tracking error margin rates for U.S. index products, for the purposes of Regulations 100.9 and 100.10, is effective April 10, 2006.

FLOATING MARGIN RATES

FLOATING MARGIN RATES	BASKET OF INDEX SECURITIES		INDEX PARTICIPATION UNITS		INDEX FUTURES CONTRACTS ¹	
	PREVIOUS RATE	NEW RATE	PREVIOUS RATE	NEW RATE	PREVIOUS RATE	NEW RATE
1. DJIA	N/A	2.75%	N/A	2.75%	N/A	3.00%
2. NASDAQ 100	N/A	3.75%	N/A	3.75%	N/A	4.00%
3. NASDAQ Composite	N/A	3.50%	N/A	3.25%	N/A	3.75%
4. NYSE Composite	N/A	3.00%	N/A	3.00%	N/A	3.25%
5. NYSE U.S. 100	N/A	2.75%	N/A	2.75%	N/A	N/A
6. Russell 1000	N/A	3.00%	N/A	3.00%	N/A	3.25%
7. Russell 2000	N/A	4.25%	N/A	4.25%	N/A	4.50%
8. Russell 3000	N/A	3.00%	N/A	3.00%	N/A	3.25%
9. S&P 100	N/A	2.75%	N/A	2.75%	N/A	N/A
10. S&P 500	N/A	2.75%	N/A	2.75%	N/A	3.00%
11. S&P Mid Cap 400	N/A	3.50%	N/A	3.50%	N/A	3.75%

TRACKING ERROR MARGIN RATES

TRACKING ERROR MARGIN RATES	PREVIOUS RATE			NEW RATE ²		
	Index and IPU	Index and Futures	IPU and Futures	Index and IPU	Index and Futures	IPU and Futures
1. DJIA	N/A	N/A	N/A	1.00%	1.50%	1.50%
2. NASDAQ 100	N/A	N/A	N/A	1.00%	1.50%	1.50%
3. NASDAQ Composite	N/A	N/A	N/A	1.00%	1.50%	1.50%
4. NYSE Composite	N/A	N/A	N/A	1.85%	2.35%	2.35%
5. NYSE U.S. 100	N/A	N/A	N/A	1.13%	N/A	N/A
6. Russell 1000	N/A	N/A	N/A	1.00%	1.50%	1.50%
7. Russell 2000	N/A	N/A	N/A	1.13%	1.63%	1.63%
8. Russell 3000	N/A	N/A	N/A	1.00%	1.50%	1.50%
9. S&P 100	N/A	N/A	N/A	1.00%	N/A	N/A
10. S&P 500	N/A	N/A	N/A	1.00%	1.50%	1.50%
11. S&P Mid Cap 400	N/A	N/A	N/A	1.00%	1.50%	1.50%

Note 1: The floating margin rates for the index futures contracts have been fixed as 0.25% over their respective index basket floating margin rates and are meant to act as a cushion until the Association is able to obtain additional data to set more accurate rates.

Note 2: The tracking error margin rates for the "Index and Futures" and the "IPU and Futures" positions have been fixed as 0.50% over their respective "Index and IPU" tracking error margin rates and are meant to act as a cushion until the Association is able to obtain additional data to set more accurate rates.