



## MEMBER REGULATION



# notice

ATTENTION:  
Ultimate Designated Persons  
Chief Financial Officers  
Panel Auditors

Please distribute internally to:  
Credit  
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**MR0488**

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## List of Securities Eligible for Reduced Margin

### List of Securities Eligible for Reduced Margin (“LSERM”)

Enclosed as Attachment #1, is a copy of the List of Securities Eligible for Reduced Margin (“LSERM”), which has been prepared using data available for the quarter ended June 29, 2007. This list must be used to identify securities eligible for reduced margin as set out in Regulation 100.2(f)(iv) and 100.12(a) of the IDA Rule Book.

In an effort to improve the timeliness of the LSERM, the IDA will be reducing the number of activities it previously performed in making the LSERM a more comprehensive list of reduced margin securities. Consequently, a Member will now need to perform these activities if it wishes to identify other securities that qualify for reduced margin that are not on the LSERM. The two affected activities are:

- the check for options issued by the Options Clearing Corporation against Canada/United States interlisted securities
- the check for securities that are convertible or exchangeable into securities on the LSERM; margin for these securities should be calculated according to Regulation 100.21 *Maximum margin required for Convertible Securities*, which simply adds the conversion loss, if any, to the reduced margin rate. For example, although Molson Coors Canada Inc Cl. B Exchangeable (TPX.B) has been deleted from

the current list, it is convertible/exchangeable into Molson Coors Brewing Company Cl. B (TAP.B) and would be able to be margined according to Regulation 100.21. If TPX.B traded at a discount to TAP.B, there would be no conversion loss and therefore, no additional margin would be required, and TPX.B would simply be margined at the same reduced margin rate applicable to TAP.B.

**This list supersedes the most recently issued LSERM, effective September 13, 2007**  
[which is ten business days following the issuance date of this Notice].