

RULE 1600

MONEY MARKET OPERATIONS

- 1600.1. The total of certain and contingent money market commitments of liabilities outstanding shall be reported weekly, in writing, to a director, senior officer or senior partner of the Dealer Member by the operational manager of its money market business. In addition, margin at the rates prescribed by the [Rules](#) shall be computed daily on the total of certain and contingent money market commitments or liabilities outstanding. The daily margin calculations and the weekly list of commitments and liabilities outstanding shall be made available on demand to the Corporation together with all the relevant contracts for cross-reference purposes.
- 1600.2. If a Dealer Member has agreed with a client to purchase or repurchase a security at any time prior to its final maturity date at the option of the client at a predetermined yield or price or to provide a specific amount of funds at any time in the future at the option of the client, such a liability whether contingent or not shall be treated as a certain liability and shall be margined by the Dealer Member whether or not the agreement is subject to any conditions. Liabilities of this type must be margined daily and must be included in the operational manager's weekly report to his or her senior partner.
- 1600.3. For accounting purposes or avoidance of margin, a Dealer Member shall not cause his or her liabilities to be artificially or superficially reduced by arranging with a financial institution, corporation, or other type of client to assume temporarily any liabilities of the Dealer Member.
- 1600.4. Where a commission rate has been established by a borrower, (whether the commission is paid separately or reflected in the cost of the security) at no time shall all or part of the commission be re-allowed to a lender on an agency transaction. While it is recognized that problems of identification of commission will occur when a Dealer Member acts as a principal, the guiding principle shall be that a Dealer Member shall not use the guise of liability trading as a means of effecting a sale by way of re-allowing a portion of the commission.
- Where a commission has been established by a borrower (whether the commission is paid separately or reflected in the cost of the security) and a Dealer Member acts as principal in the purchase of new issue paper, the Dealer Member shall be bound not to offer the security at a yield in excess of the purchase yield prior to the business day next following the settlement date.
- 1600.5. Repealed.
- 1600.6. All money market transactions shall be settled by certified cheque unless:
- (a) The buyer or supplier of funds to the dealer in the money market transaction is an acceptable institution or an acceptable counter-party; or
 - (b) The settlement amount is less than \$100,000.
- 1600.7. For the purpose of Rules 1600.8 to 1600.10, "**money market securities**" are defined as debt securities having an original term to maturity of three years or less.
- 1600.8. Except as provided in Rule 1600.10, a Dealer Member may only transact business, either as principal or agent, in the [money market securities](#) of those sales finance companies which, in addition to providing audited financial statements on an annual basis, have disclosed to the Dealer Member the Canadian Sales Finance Long Form Report developed by the Federated Council of Sales Finance Companies and the Corporation dated March 23, 1967 or the most recent revision thereof, prepared on an annual basis.
- 1600.9. The Report referred to in Rule 1600.8 must relate to periods ending not more than 16 months prior to the date of investment in the [money market securities](#) of the relevant sales finance company.

1600.10.A Dealer Member may transact business in the [money market securities](#) of a:

- (a) Sales finance company which finances, in the main, the products of its [parent](#) company;
or
- (b) Sales finance company that is a wholly owned [subsidiary](#) of a company that has guaranteed payment of such [money market securities](#) of such sales finance company;

Without requiring compliance with Rule 1600.8 provided that the Dealer Member shall have obtained from the [parent](#) of any such sales finance company information which the Dealer Member considers adequate.