

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

REPUBLICATION OF PROPOSED AMENDMENTS TO IIROC RULES RELATING TO THE FUTURES SEGREGATION AND
PORTABILITY REGIME

BLACKLINE COPY OF THE PROPOSED AMENDMENTS TO CURRENT IIROC RULES

Amendment #1 - IIROC Rule subsection 1201(2) is amended by adding the following definitions in alphabetical sequence:

<u>"domestic gross customer margin model"</u>	<u>A framework to comply with a <i>futures segregation and portability customer protection regime</i> where the amount of margin that a <i>Dealer Member</i> must post on behalf of its clients to a clearing corporation in Canada is the sum of the amounts of margin required for each client.</u>
<u>"futures segregation and portability customer protection regime"</u>	<u>A set of rules and procedures that enable a clearing corporation to operate according to the standards outlined in Principle 14 of the Principles for Financial Market Infrastructures published by the Bank for International Settlements and the International Organization of Securities Commissions, regarding client futures positions and collateral that support these positions.</u>

Amendment #2 - IIROC Rule 3200 is amended by adding new section 3261 as follows:

3261. Futures porting disclosures

- (1) Where the client account is subject to a *futures segregation and portability customer protection regime*, a *Dealer Member* must:
- (i) provide the client with a porting disclosure document on the benefits, risks and requirements for porting, including the conditions for porting positions to a replacement clearing member,
 - (ii) obtain the client's acknowledgement that the client has received and understood the porting disclosure document or similar document described in clause 3261(1)(i), and
 - (iii) notify the client of the obligation of the *Dealer Member* to provide the clearing corporation with information and reports related to the client's positions.

3262. – 3269. Reserved.

Amendment #3 - IIROC Rule section 3814 is amended to add subsections 3814(3) and (4) as follows:

3814. Commodity record

- (1) *A Dealer Member* must maintain a commodity *record* or ledger, for each commodity as of the trade date, of all long positions or short positions in *futures contracts* carried for the *Dealer Member's* account or for the account of clients.

- (2) The commodity *record* or ledger must contain the name or designation of the account in which each position is carried.
- (3) As part of the *records* required under subsection 3814(1), a *Dealer Member* must maintain a daily *record* that separately identifies the client positions and associated collateral for *futures contracts* and *futures contract options* that are subject to the *domestic gross customer margin model*.
- (4) A *Dealer Member* must maintain a client identification *record*, for accounts subject to the *domestic gross customer margin model*, that includes the client identification information required by the clearing corporation for porting of client accounts.

Amendment #4 - IIROC Rule sections 5130 is amended to replace the term “clearing corporation” with “recognized option clearing corporation” as follows:

5130. Definitions

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- (9) For positions in and offsets involving *derivative* products, the term:

“ <u>recognized option clearing corporation</u> ”	The Canadian Derivatives Clearing Corporation, the Options Clearing Corporation or any other corporation or organization recognized by the <i>Board</i> .
“escrow receipt”	A document issued by a financial institution approved by a <u>recognized option clearing corporation</u> certifying that a security is held and will be delivered by that financial institution when a specified <i>option</i> is exercised.

Amendment #5 - IIROC Rule sections 5617 through 5624 are amended to add an additional subsection to restrict client account offsets. In the French version, those sections are also amended to correct a recurring grammar error:

5617. Offsets involving government debt securities and Government of Canada notional bond futures contracts with same underlying issuer and same maturity bands

- (1) Where a *Dealer Member* or a client has the following pairing:

Long (short) position	and	Short (long) position
(i) <i>Canada debt securities</i>		Government of Canada notional bond <i>futures contract</i>

and the positions have the same currency denomination and *market value* and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed with respect to the net long or net short position only.

- (2) For a client account offset as set out in subsection 5617(1), the *futures contracts* must be excluded from the *domestic gross customer margin model*.

5618. Other offsets involving government debt securities and Government of Canada notional bond futures contracts

- (1) Where a *Dealer Member* or a client has one of the following long (short) government *debt security* position and short (long) Government of Canada notional bond *futures contract* position pairings:

	Long (short) position	and	Short (long) position
(i)	<i>Canada debt securities</i> in different <i>maturity band</i>		Government of Canada notional bond <i>futures contract</i>
(ii)	<i>Canada Provincial debt securities</i> in same or different <i>maturity band</i>		Government of Canada notional bond <i>futures contract</i>
(iii)	highly rated <i>Canada Municipal debt securities</i> in same <i>maturity band</i>		Government of Canada notional bond <i>futures contract</i>

and the positions have the same currency denomination and *market value*, the two positions may be offset and the minimum margin required for both positions may be computed as 50% of the greater of the margins normally required on the long (or short) and the short (or long) positions.

As described in IIROC Notice 21-0028, effective September 1, 2022, subsection 5618(1) will be repealed and replaced with the following:

Where a *Dealer Member* or a client has one of the following long (short) government *debt security* position and short (long) Government of Canada notional bond *futures contract* position pairings:

	Long (short) position	and	Short (long) position
(i)	<i>Canada debt securities</i> in different <i>maturity band</i>		Government of Canada notional bond <i>futures contract</i>
(ii)	<i>Canada Provincial debt securities</i> in same or different <i>maturity band</i>		Government of Canada notional bond <i>futures contract</i>
(iii)	<i>Canada Municipal debt securities</i> with a high issuer credit rating in same <i>maturity band</i>		Government of Canada notional bond <i>futures contract</i>

and the positions have the same currency denomination and *market value*, the two positions may be offset and the minimum margin required for both positions may be computed as 50% of the greater of the margins normally required on the long (or short) and the short (or long) positions.

- (2) In subsection 5618(1) “highly rated *Canada Municipal debt securities*” are *Canada Municipal debt securities* currently rated “A” or higher by DBRS, Moody’s or S&P Corporation.

As described in IIROC Notice 21-0028, effective September 1, 2022, subsection 5618(2) will be repealed and replaced with the following:

In subsection 5618(1) “*Canada Municipal debt securities* with a high issuer credit rating” are *debt securities* issued or guaranteed by a Canadian municipal government with a long-term issuer credit rating of “A” or higher by a *designated rating organization*.

(3) For a client account offset as set out in subsection 5618(1), the futures contracts must be excluded from the domestic gross customer margin model.

5622. Offsets involving Canadian chartered bank acceptances and Canadian bankers acceptance futures contracts with same maturity bands

(1) Where a *Dealer Member* or a client has the following pairing:

Long (short) position	and	Short (long) position
(i) highly rated <i>chartered bank</i> acceptances		<i>Canadian banker acceptance futures contract</i>

and the positions have the same currency denomination and *market value* and are within the same *maturity band*, the two positions may be offset and the minimum margin required for both positions may be computed with respect to the net long or net short position only.

(2) In subsection 5622(1) “highly rated *chartered bank* acceptances” are bank acceptances currently rated “A” or higher by DBRS, Moody’s or S&P Corporation.

As described in IIROC Notice 21-0028, effective September 1, 2022, subsection 5622(2) will be repealed and replaced with the following:

In subsection 5622(1) “highly rated *chartered bank* acceptances” are bank acceptances currently rated “A” or higher by a *designated rating organization*.

(3) For a client account offset as set out in subsection 5622(1), the futures contracts must be excluded from the domestic gross customer margin model.

5624. Offsets involving commercial and corporate debt securities and Government of Canada notional bond futures contracts

(1) Where a *Dealer Member* or a client has one of the following long (short) commercial and corporate *debt security* position and short (long) Government of Canada notional bond *futures contract* position pairings:

Long (short) position	and	Short (long) position
(i) highly rated non-convertible commercial and corporate <i>debt securities</i>		Government of Canada notional bond <i>futures contract</i>

and the positions have the same currency denomination and *market value* and are within the same *maturity band*, the two positions may be offset and the minimum margin

required for both positions may be computed as the greater of the margins normally required on the long (or short) and the short (or long) positions.

- (2) In subsection 5624(1) “highly rated non-convertible commercial and corporate *debt securities*” are non-convertible commercial and corporate *debt securities* currently rated “A” or higher by DBRS, Moody’s or S&P Corporation.

As described in IROC Notice 21-0028, effective September 1, 2022, subsection 5624(2) will be repealed and replaced with the following:

In subsection 5624(1) “highly rated non-convertible commercial and corporate *debt securities*” are non-convertible commercial and corporate *debt securities* currently rated “A” or higher by a *designated rating organization*.

- (3) For a client account offset as set out in subsection 5624(1), the *futures contracts* must be excluded from the *domestic gross customer margin model*.

Amendment #6 - IROC Rule section 5671 is amended to remove reference to client accounts as follows:

OFFSETS ONLY AVAILABLE FOR DEALER MEMBER INVENTORY POSITIONS

DEBT SECURITIES

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5671. Offsets involving Canadian government debt or Canadian listed equity securities and futures and forward contracts

- (1) Where a *Dealer Member* ~~or client account~~ has a position in bonds, debentures or treasury bills issued or guaranteed by the Government of Canada or in *equity securities* listed on the Toronto Stock Exchange and the account has an offsetting futures or forward contract position on the same security, the positions may be offset and the minimum margin required for the positions may be computed with respect to the net long or net short position only.

Amendment #7 - IROC Rule sections 5714 and 5725 are amended to replace the term “clearing corporation” with “recognized option clearing corporation” as follows:

5714. Treatment of option positions issued by different recognized option clearing corporations

- (1) If a *Dealer Member* account or a client account holds *options* issued by ~~the Canadian Derivatives Clearing Corporation and options issued by the Options Clearing Corporation~~ different recognized option clearing corporations, with the same *underlying interest*, they may be treated as being equivalent when calculating margin for the account.

5725. Hedged option positions

- (1) No margin is required for the following *exchange-traded option* and collateral position combinations held in *equivalent quantities* in a *Dealer Member* inventory or client account:

	Exchange-traded option position		Acceptable collateral
(i)	Short <i>call option</i> with an equity, <i>index</i> , <i>index participation unit</i> , debt or currency <i>underlying interest</i>	and	<i>escrow receipt</i> evidencing the deposit of the <i>underlying security</i>
(ii)	Short <i>put option</i> with an equity, <i>index</i> , <i>index participation unit</i> , debt or currency <i>underlying interest</i>	and	<i>escrow receipt</i> evidencing the deposit of government securities
(iii)	Short <i>put option</i> with an equity, <i>index</i> , <i>index participation unit</i> , debt or currency <i>underlying interest</i>	and	letter of <i>guarantee</i>

provided the conditions in subsections 5725(2) and 5725(3) are met.

- (2) For an *escrow receipt* to be acceptable collateral in subsection 5725(1):
- (i) the issuer of the *escrow receipt* must be a financial institution approved by the *recognized option clearing corporation*,
- and
- (ii) all *recognized option clearing corporation* agreements must be signed and delivered to the *recognized option clearing corporation* and available for inspection by *IIROC* on request,
- and
- (iii) in the case of an *escrow receipt* evidencing the deposit of government securities, the securities must:
 - (a) be acceptable forms of *recognized option clearing corporation* margin,
 - (b) mature within one year of their deposit, and
 - (c) have a *market value* of greater than 110% of the *aggregate exercise value* of the short *put option*.
- (3) For a letter of *guarantee* to be acceptable collateral in subsection 5725(1):
- (i) the issuer must be:
 - (a) a financial institution approved by the *recognized option clearing corporation* to issue *escrow receipts*,
- and

- (b) a *chartered bank*, a Québec savings bank or a trust company licensed to do business in Canada, with a minimum paid-up capital and surplus of \$5,000,000,
and
- (ii) the letter must certify that the bank or trust company:
 - (a) holds on deposit for the client’s account cash equal to the full *aggregate exercise value* of the *put option* and that amount will be paid to the *recognized option clearing corporation* against delivery of the *underlying interest* hedged by the *put option*,
 - or
 - (b) unconditionally and irrevocably guarantees to pay the *recognized option clearing corporation* the full amount of the *aggregate exercise value* of the *put option* against delivery of the *underlying interest* hedged by the *put option*,
 and
- (iii) the *Dealer Member* must deliver it to the *recognized option clearing corporation* and the *recognized option clearing corporation* must accept it as margin.

Amendment #8 - IIROC Rule sections 5760 through 5765 are amended to add an additional subsection to restrict client account offsets as follows:

EXCHANGE-TRADED OPTIONS - FUTURES AND OPTIONS COMBINATIONS AND CONVERSIONS

5760. Long index futures contract - short call option combination

- (1) Where a *Dealer Member* inventory or client account contains one of the following exchange traded *futures contract* and *exchange-traded option* contract combinations:

Long futures position		Short option position
(i) <i>index futures contracts</i>	and	<i>index call option</i> based on the same <i>index</i>
(ii) <i>index futures contracts</i>	and	<i>index participation unit call option</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the combination are held and the *options* and *futures contracts* have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5760(2).

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- (3) For a client account offset as set out in subsection 5760(1), the *index futures contracts* must be excluded from the *domestic gross customer margin model*.

5761. Long futures contracts - long put option combination

- (1) Where a *Dealer Member* inventory or client account contains one of the following exchange traded *futures contract* and *exchange-traded option* contract combinations:

Long futures position			Long option position	
(i)	<i>index futures contracts</i>	and	<i>index put option</i> based on the same <i>index</i>	
(ii)	<i>index futures contracts</i>	and	<i>index participation unit put option</i> based on the same <i>index</i>	

and *equivalent quantities* of each position in the combination are held and the *options* and *futures contracts* have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsections 5761(2) and 5761(3).

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- (4) For a client account offset as set out in subsection 5761(1), the *index futures contracts* must be excluded from the *domestic gross customer margin model*.

5762. Short futures contracts - long call option combination

- (1) Where a *Dealer Member* inventory or client account contains one of the following exchange traded *futures contract* and *exchange-traded option* contract combinations:

Short futures position			Long option position	
(i)	<i>index futures contracts</i>	and	<i>index call option</i> based on the same <i>index</i>	
(ii)	<i>index futures contracts</i>	and	<i>index participation unit call option</i> based on the same <i>index</i>	

and *equivalent quantities* of each position in the combination are held and the *options* and *futures contracts* have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsections 5762(2) and 5762(3).

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- (4) For a client account offset as set out in subsection 5762(1), the *index futures contracts* must be excluded from the *domestic gross customer margin model*.

5763. Short futures contracts - short put option combination

- (1) Where a *Dealer Member* inventory or client account contains one of the following exchange traded *futures contract* and *exchange-traded option* contract combinations:

Short futures position		Short option position	
(i)	<i>index futures contracts</i>	and	<i>index put option</i> based on the same <i>index</i>
(ii)	<i>index futures contracts</i>	and	<i>index participation unit put option</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the combination are held and the *options* and *futures contracts* have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5763(2).

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(3) For a client account offset as set out in subsection 5763(1), the *index futures contracts* must be excluded from the *domestic gross customer margin model*.

5764. Futures conversion or long tripo combination

(1) Where a *Dealer Member* inventory or client account contains one of the following exchange traded *futures contract* and *exchange-traded option* contract combinations:

Long futures position		Long option position		Short option position	
(i)	<i>index futures contracts</i>	and	<i>index put option</i> based on the same <i>index</i>	and	<i>index call option</i> based on the same <i>index</i>
(ii)	<i>index futures contracts</i>	and	<i>index participation unit put option</i> based on the same <i>index</i>	and	<i>index participation unit call option</i> based on the same <i>index</i>

and *equivalent quantities* of each position in the combination are held and the *options* contracts have the same expiry date and the *options* and *futures contracts* have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5764(2).

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(3) For a client account offset as set out in subsection 5764(1), the *index futures contracts* must be excluded from the *domestic gross customer margin model*.

5765. Reconversion or short tripo combination

(1) Where a *Dealer Member* inventory or client account contains one of the following exchange traded *futures contract* and *exchange-traded option* contract combinations:

	Short futures position		Long option position		Short option position
(i)	<i>index futures contracts</i>	and	<i>index call option based on the same index</i>	and	<i>index put option based on the same index</i>
(ii)	<i>index futures contracts</i>	and	<i>index participation unit call option based on the same index</i>	and	<i>index participation unit put option based on the same index</i>

and *equivalent quantities* of each position in the combination are held and the *options* contracts have the same expiry date and the *options* and *futures contracts* have the same settlement date or can be settled in either of the two nearest contract months, the minimum margin required for the combination is calculated in accordance with subsection 5765(2).

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(3) For a client account offset as set out in subsection 5765(1), the *index futures contracts* must be excluded from the *domestic gross customer margin model*.

5766. - 5769. Reserved.

Amendment #9 - IIROC Rule section 5772 is amended to add subsection 5772(4) to restrict client account offsets as follows:

5772. Index futures contracts - qualifying baskets of index securities or index participation units

(1) Where a *Dealer Member* inventory or client account contains the following combination:

	Long (short) futures position		Short (long) position
(i)	<i>index futures contracts</i>	and	<i>qualifying basket of index securities of the same index</i>
(ii)	<i>index futures contracts</i>	and	<i>index participation units based on the same index</i>

and *equivalent quantities* of each position in the combination are held, the minimum margin is calculated in accordance with subsection 5772(2).

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(4) For a client account offset as set out in subsection 5772(1), the *index futures contracts* must be excluded from the *domestic gross customer margin model*.

Amendment #10 - IIROC Rule section 5776 is amended to insert subsection 5776(2) for the use of SPAN in client accounts as follows:

5776. Optional use of the Standard Portfolio Analysis methodology

- (1) For a *Dealer Member* inventory account constituted exclusively of positions in *derivatives* listed at the Bourse de Montréal, the margin required may be the one calculated by the Standard Portfolio Analysis methodology using the margin interval calculated and the assumptions used by the Canadian Derivatives Clearing Corporation.
- (2) For client accounts subject to the *domestic gross customer margin model* constituted exclusively of positions in *derivatives* listed at the Bourse de Montréal, the margin required may be the one calculated by the Standard Portfolio Analysis methodology using the margin interval calculated and the assumptions used by the Canadian Derivatives Clearing Corporation.
- (3) If the *Dealer Member* selects the Standard Portfolio Analysis methodology, the margin requirements calculated under this methodology will supersede the requirements stipulated in these Rules.
- (4) *IIROC* may restrict the application of this section 5776, if it considers continued use of the Standard Portfolio Analysis methodology to be inappropriate for *Dealer Member* or client margin requirements.

Amendment #11 - *IIROC* Rule subsection 5782(2) is amended to replace the term “acceptable clearing corporation” with “recognized option clearing corporation” for consistency with sections 5714 and 5725:

5782. Hedged option positions

- (1) No margin is required for the following *over-the-counter option* and collateral position combinations held in *equivalent quantities* in a *Dealer Member* inventory or client account:

	Over-the-counter option position	Acceptable collateral
(i)	Short <i>call option</i> with an equity, <i>index</i> , and <i>index participation unit</i> , debt or currency <i>underlying interest</i>	<i>escrow receipt</i> evidencing the deposit of the <i>underlying security</i>
(ii)	Short <i>call option</i> with an equity, <i>index</i> , and <i>index participation unit</i> , debt or currency <i>underlying interest</i>	<i>escrow receipt</i> evidencing the deposit of government securities

provided the conditions in subsection 5782(2) are met.

- (2) For an *escrow receipt* to be acceptable collateral in subsection 5782(1) the issuer of the *escrow receipt* must be a financial institution approved by ~~an acceptable~~ recognized option clearing corporation.

Amendment #12 - *IIROC* Rule section 5790 is amended to insert subsection 5790(2) and clauses 5790(3)(i) and (ii) as follows:

FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS

5790. Minimum margin requirements

- (1) Where a *Dealer Member* inventory or client account contains positions and offsets in *futures contracts* or *futures contract options*, the margin required is the greatest of:
- (i) the margin required by the futures exchange on which the contract is entered into,
 - (ii) the margin required by the ~~clearing corporation~~ clearing corporation, and
 - (iii) the margin required by the *Dealer Member's* clearing broker, where applicable.
- ~~provided that where a *Dealer Member* or a client owns a commodity and such ownership is evidenced by warehouse receipts or comparable documentation and such~~
- (2) Where a client in subsections 5790(1) or 5776(2) is an acceptable institution, acceptable counterparty or regulated entity, the *Dealer Member* must include the margin deficiency in the margin on client or brokers and dealers accounts when calculating its risk adjusted capital, as of the date the deficiency occurs, where the *Dealer Member*:
- (i) does not promptly call for margin, or
 - (ii) has promptly made a call for margin, but has not received the required margin by the end of the next trading day after the date the deficiency occurs.
- (3) Where a *Dealer Member* or a client, owns a commodity and also has a short position in a *futures contracts* ~~contract~~ in the same commodity, the two positions may be offset and the required margin shall be computed with respect to the net long or net short position ~~only~~ where:
- (i) ownership of the commodity is evidenced by warehouse receipts or comparable documentation, and
 - (ii) the *futures contract* position is not subject to the domestic gross customer margin model.
- (24) Where a futures exchange or its ~~clearing corporation~~ clearing corporation prescribes margin requirements based on initial and maintenance rates, the margin required at the time the contract is entered shall be based on the prescribed initial rate. When subsequent adverse price movements in the value of the contracts reduce the margin on deposit to an amount below the maintenance level, a further amount to restore the margin on deposit to the initial rate amount shall be required. The *Dealer Member* may, in addition, require such further margin or deposit against liability as it may consider necessary as a result of fluctuations in market prices from time to time.
- (35) Where client trades are executed through an omnibus account, the *Dealer Member* shall require margin from each of its clients as though the trades were executed in separate fully disclosed accounts.
- (46) Where spread margins are permitted in a client account, the *Dealer Member* shall note this in the margin records for this account.

- (57) Where a *Dealer Member's* inventory account holds inter-commodity spreads in Government of Canada bond *futures contracts* and U.S. treasury bond *futures contracts* traded on a futures exchange in Canada and the United States and *equivalent quantities* of each position in the spread are held, the margin required is the greater of the margin required on either the long side or the short side only. For this purpose, the foregoing spreads shall be on the basis of \$1.00 Canadian for each \$1.00 U.S. of the contract size of the relevant *futures contracts*. With respect to the United States side of the above inter-commodity spreads, such positions must be maintained on a contract market as designated pursuant to the United States Commodity Exchange Act.
- (68) *IIROC* may prescribe, in its discretion, higher or lower margin requirements for any account or *person* that holds positions in *futures contracts* or *futures contract options*.

5791. - 5799. Reserved.

Amendment #13 - *IIROC* Rule section 5820 is amended to add clauses 5820(1)(vi) and (vii) as follows:

5820. General account guarantee requirements

- (1) Subject to the requirements in sections 5821 and 5822, a *Dealer Member* may permit a client (the guarantor) to *guarantee* the accounts of another client provided:
- (i) the *Dealer Member* informs the guarantor in writing of the initial contingent liability they will be assuming by signing the *guarantee* agreement,
 - (ii) the *Dealer Member* discloses to the guarantor in writing that the suitability of transactions in the guaranteed client's accounts will not be reviewed in relation to the guarantor,
 - (iii) the guarantor signs an approved written *guarantee* agreement with the *Dealer Member* that:
 - (a) identifies the guarantor by name,
 - (b) identifies the guarantor accounts that are to be used to provide the *guarantee*,
 - (c) identifies the accounts of the other client that are subject to the *guarantee*,
 - (d) binds the guarantor, its successors, assigns and personal legal representatives, and
 - (e) contains the minimum terms set out in subsection 5825(1),
 - (iv) the guaranteed client consents in writing to the *Dealer Member* providing the guarantor, at least quarterly, with the guaranteed client's account statements, ~~and~~
 - (v) where the guarantor does not object, the guarantor is sent, at least quarterly, the guaranteed client's account statements,
 - (vi) the guarantor's accounts that are not subject to a *futures segregation and portability customer protection regime* are not guaranteeing any accounts that are subject to a *futures segregation and portability customer protection regime*, and

(vii) the guarantor's accounts that are subject to a *futures segregation and portability customer protection regime* are not guaranteeing any accounts that are not subject to a *futures segregation and portability customer protection regime*.

- (2) Where the guaranteed client does not consent to providing account statements, the *Dealer Member* must notify the guarantor in writing of the guaranteed client's refusal and that the *guarantee* agreement will not be accepted for margin reduction purposes.