(j)   **Interest Rate Swaps**

For the purposes of this regulation, a "**fixed interest rate**" is an interest rate, which is not reset at least every 90 days and a "**floating interest rate**" is an interest rate, which is not a fixed interest rate.

Inventory margin requirements

On interest rate swap positions where payments are calculated with reference to a notional amount, the Dealer Member's obligation to pay and entitlement to receive shall each be margined as separate inventory components as follows:

(i)   Where a component is a payment calculated according to a fixed interest rate, the margin required shall be the margin rate specified in Rule 100.2(a)(i) for a security with the same term to maturity as the outstanding term of the swap, multiplied by 125% and in turn multiplied by the notional amount of the swap;

(ii)   Where a component is a payment calculated according to a floating interest rate, the margin required shall be the margin rate specified in Rule 100.2(a)(i) for a security with the same term to maturity as the remaining term to the swap reset date, multiplied by the notional amount of the swap.

Swap counterparty margin requirements

No customer account margin is required for customers that are acceptable institutions relating to the interest rate swap.

The customer account margin requirement for customers that are acceptable counterparties or regulated entities shall be any market value deficiency calculated relating to the interest rate swap. However, no customer account margin is required for acceptable counterparties or regulated entities if the Dealer Member takes the necessary action to correct the market value deficiency and the market value deficiency exists for less than one business day.

The customer account margin requirement for customers which are any other counterparties shall be any loan value deficiency calculated relating to the interest rate swap, determined by using the same margin requirements for each swap component as calculated in inventory margin clauses (i) and (ii) above.

(k)   **Total Performance Swaps**

Appendix 3

IIROC Notice 20-0154 – Rules Notice – Request for Comments – IIROC Rules - Proposed Amendments to swap counterparty margin requirements

Inventory margin requirements

On total performance swap positions, the Dealer Member's obligation to pay and entitlement to receive shall each be margined as separate inventory components as follows:

(i)   Where a component is a payment calculated based on the performance of a stipulated underlying security or basket of securities, with reference to a notional amount, the margin requirement shall be the normal margin required for the underlying security or basket of securities relating to this component, based on the market value of the underlying security or basket of securities;

(ii)   Where a component is a payment calculated according to a floating interest rate, the margin required shall be the margin rate specified in Rule 100.2(a)(i) for a security with the same term to maturity as the remaining term to the swap reset date, multiplied by the notional amount of the swap.

Swap counterparty margin requirements

No customer account margin is required for customers that are acceptable institutions relating to the total performance swap.

The customer account margin requirement for customers that are acceptable counterparties or regulated entities shall be any market value deficiency calculated relating to the total performance swap. However, no customer account margin is required for acceptable counterparties or regulated entities if the Dealer Member takes the necessary action to correct the market value deficiency and the market value deficiency exists for less than one business day.

The customer account margin requirement for customers which are any other counterparties shall be any loan value deficiency calculated relating to total performance rate swap, determined by using the same margin requirements for each swap component as calculated in inventory margin clauses (i) and (ii) above.

Appendix 3

IIROC Notice 20-0154 – Rules Notice – Request for Comments – IIROC Rules - Proposed Amendments to swap counterparty margin requirements