

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

PROPOSED AMENDMENTS TO SWAP COUNTERPARTY MARGIN REQUIREMENTS

CLEAN COPY OF THE PROPOSED AMENDMENTS TO IIROC RULE SECTION 5442 (EFFECTIVE DECEMBER 31, 2021)

**5442. Swap counterparty margin requirements**

- (1) The counterparty to the swap agreement is considered the *Dealer Member's* client and the minimum margin the *Dealer Member* shall obtain from the swap client is as follows:
  - (i) where the swap client is an *acceptable institution*, no margin, or
  - (ii) where the swap client is an *acceptable counterparty* or *regulated entity*, any *market value* deficiency calculated relating to the swap agreement, or
  - (iii) where the counterparty is an other counterparty, any *loan value* deficiency calculated relating to the swap agreement determined by using the same approach as set out in sections 5440 and 5441 for *Dealer Member* swap positions.
- (2) No margin is required in sub-clause 5442(1)(ii) provided:
  - (i) the *Dealer Member* takes action to correct the *market value* deficiency and
  - (ii) the *market value* deficiency exists for less than one business day.