

# IIROC NOTICE

## Rules Notice Notice of Withdrawal

Dealer Member Rules

*Please distribute internally to:*

Credit  
Institutional  
Internal Audit  
Legal and Compliance  
Operations  
Regulatory Accounting  
Senior Management  
Trading Desk

*Contact:*

Mindy Sequeira  
Senior Information Analyst, Member Regulation Policy  
416-943-6979  
[msequeira@iiroc.ca](mailto:msequeira@iiroc.ca)

Answerd Ramcharan  
Manager, Financial Information, Member Regulation Policy  
416-943-5850  
[aramcharan@iiroc.ca](mailto:aramcharan@iiroc.ca)

18-0177

September 13, 2018

## Withdrawal of proposed amendments to Dealer Member Rules to permit partial swap offset strategies

On February 13, 2009, IIROC published for comment proposed amendments to Dealer Member Rules (**DMRs**) 100.4F(a) *Interest Rate Swap versus Interest Rate Swap Offset* and 100.4F(d) *Total Performance Swap versus Total Performance Swap Offset* in IIROC Rules Notice [09-0049](#) (the **Original Proposal**). On February 17, 2012, we republished the Original Proposal and added “housekeeping” proposed amendments to DMRs 100.2(j) *Interest Rate Swaps* and 100.2(k) *Total Performance Swaps* regarding unhedged swap positions (collectively, the **Proposed Amendments**) in IIROC Rules Notice [12-0057](#). The objectives of the Proposed Amendments were to:

- ensure that capital requirements reflect the reduced position risk of partial swap offsets on interest rate and total performance swaps by extending the current margin treatment for swap offsets to partial swap offsets



- clarify the minimum margin requirements for unhedged interest rate and total performance swap positions by explicitly stating in DMRs 100.2(j) and 100.2(k) that there are two types of margin required (i.e. inventory margin and customer account margin).

Commenters expressed concern with proceeding with the Proposed Amendments given that they appeared contrary to international regulatory developments on over-the-counter (**OTC**) derivatives regarding the “Margin requirements for non-centrally cleared derivatives”, published in September 2013<sup>1</sup>. In light of the comments received, the passage of time and recent developments in OTC derivatives regulation both domestically and internationally, we have withdrawn the Proposed Amendments. We are reviewing the issues raised and expect to publish a new proposal in the future.

### **Withdrawal**

We believe the withdrawal of the Proposed Amendments will not have a material impact on Dealer Members at this time.

We have informed the Canadian Securities Administrators that we have withdrawn the Proposed Amendments but plan to reassess and revise them as necessary in light of the concerns raised by commenters and recent domestic and international developments in OTC derivatives regulation.

Please refer any questions to:

Mindy Sequeira

Senior Information Analyst, Member Regulation Policy

416-943-6979

[msequeira@iiroc.ca](mailto:msequeira@iiroc.ca)

or

Answerd Ramcharan

Manager, Financial Information, Member Regulation Policy

416-943-5850

[aramcharan@iiroc.ca](mailto:aramcharan@iiroc.ca).

---

<sup>1</sup> See Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) and Board of the International Organization of Securities Commissions (IOSCO) publication, *Margin requirements for non-centrally cleared derivatives*, September 2013 (<https://www.bis.org/publ/bcbs261.pdf>).