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Rules Bulletin > Implementation Bulletin

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Rule Connection: IDPC Rules

Division: Investment Dealer

Contact:

Member Regulation Policy

e-mail: memberpolicymailbox@ciro.ca

Amendments regarding margin requirements for structured products

Executive Summary

The Canadian Securities Administrators (CSA) have approved amendments to the Investment Dealer and Partially Consolidated (IDPC) Rules and the IDPC Form 1 that allow qualifying structured products to be margin eligible (**Amendments**).

The main purpose of the Amendments is to set a margin methodology for structured products which considers the different risk profiles of the two main structured product types.

The Amendments are included in the proposed Dealer Consolidated Rules published for comment in Bulletin [24-0007](#).

1. Background

A structured product is a market-linked investment that is packaged as an alternative to a direct investment in the underlying security or basket of securities. There are two main types of structured products:

- Principal protected notes (**PPNs**)
- Principal at risk notes (**PARs**)

The Amendments formally recognize a margin methodology for structured products as the existing IDPC Rules did not specifically address margin requirements for these products.

We published for comment proposed amendments in Notice 21-0032. After the feedback received and further analysis, we republished the proposed amendments for comment in Bulletin 23-0095.

2. Comments received

We received one comment letter in response to Bulletin 23-0095 expressing support for the Amendments. We have not provided a response to the comment letter since the commenter has no specific concerns or questions on the Amendments.

3. The Amendments

The Amendments:

- require a fixed margin rate of 50% for principal at risk notes and 30% for principal protected notes that meet eligibility criteria
- clarify the requirements for reporting concentration exposures in structured products on Form 1
- allow an alternative component-based margin methodology for structured products with a principal protection component.

The text of the Amendments to IDPC Rules and IDPC Form 1 is set out in [Appendix B](#) and a blackline of the changes is set out in [Appendix A](#).

3.1 Additional non-material changes

The Amendments include the addition of a new subsection within section 5130 which requires subsequent rule subsections to be renumbered. We have made additional non-material changes to amend subsections 5360(2), 5360(3) and 5775(1) to update rule references for the renumbered subsections as shown in Amendment 2 of Appendix A and B.

4. Implementation

The Amendments are effective immediately.

5. Appendices

[Appendix A](#) – Blackline copy of Amendments to IDPC Rules and Form 1

[Appendix B](#) – Clean copy of Amendments to IDPC Rules and Form 1