

B.11.1.2 Canadian Investment Regulatory Organization (CIRO) – Amendments Regarding Margin Requirements for Structured Products – Notice of Commission Approval

NOTICE OF COMMISSION APPROVAL

CANADIAN INVESTMENT REGULATORY ORGANIZATION (CIRO)

AMENDMENTS REGARDING MARGIN REQUIREMENTS FOR STRUCTURED PRODUCTS

The Ontario Securities Commission has approved CIRO's proposed amendments to the Investment Dealer and Partially Consolidated (**IDPC**) Rules and 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:

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

The Investment Industry Regulatory Organization of Canada (**IIROC**), a predecessor entity to CIRO, initially published proposed amendments for comment in IIROC Rules Notice 21-0032, followed by a republication for comment in CIRO Rules Bulletin 23-0095. No comment letters were received in response to the second publication for comment. Non-material changes were made following the second publication to reflect the renumbering of certain rule subsections.

A copy of the CIRO Implementation Bulletin, including text of the Amendments, can be found at www.osc.ca.

The Amendments are effective immediately.

In addition, the Alberta Securities Commission; the Autorité des marchés financiers; the British Columbia Securities Commission; the Financial and Consumer Affairs Authority of Saskatchewan; the Financial and Consumer Services Commission of New Brunswick; the Manitoba Securities Commission; the Northwest Territories Office of the Superintendent of Securities; the Nova Scotia Securities Commission; the Nunavut Office of the Superintendent of Securities; the Office of the Superintendent of Securities, Digital Government and Services, Newfoundland and Labrador; the Office of the Yukon Superintendent of Securities; and the Prince Edward Island Office of the Superintendent of Securities have either not objected to or have approved the Amendments.