



NOTICE TO MEMBERS

No. 009-23

January 18, 2023

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO MODIFY THE FINAL SETTLEMENT PRICE OF THE ONE-MONTH CORRA FUTURES (COA)

On October 25, 2022, the Board of Directors of Canadian Derivatives Clearing Corporation (“CDCC”) approved certain amendments to rule C-17 of CDCC’s rules in order to align them with those of Bourse de Montréal Inc. (the “Bourse”). To that effect, CDCC intends to modify its rules to adjust the final settlement price calculation of the One-month CORRA Futures (“COA”) from an arithmetic average of the realized CORRA values to a geometric average.

These amendments have been self-certified pursuant to the self-certification process set forth in the *Derivatives Act* (C.Q.L.R., c I-14.01) and submitted to the Ontario Securities Commission in accordance with the “Rule Change not Requiring Approval in Ontario” process.

You will find attached hereto the amendments set to come into force and to be incorporated into the version of the rules of CDCC that will be made available on the CDCC website at www.cdcc.ca on **January 20, 2023, after market close**.

The amendments described in the present notice were published for public comment by CDCC on October 26, 2022 (see Notice [130-22](#)). Further to the publication of this notice, no comments were received by CDCC.

For more information, please contact Maxime Rousseau-Turenne, Legal Counsel, at maxime.rousseauturenne@tmx.com.

Maxime Rousseau-Turenne

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**APPENDIX A
PROPOSED AMENDMENTS TO THE RULES**

BLACKLINE VERSION

CANADIAN DERIVATIVES CLEARING CORPORATION

RULES

~~MAY 2~~, 2022

[...]

RULE C-17 – CORRA FUTURES (SYMBOL – CRA & COA)

The Sections of this Rule C-17 are applicable only to One-Month CORRA Futures (COA) and Three-Month CORRA Futures (CRA) (the “CORRA Futures”).

Section C-1701 – Definitions

Notwithstanding Section A-102, for the purposes of the CORRA Futures contracts, the following terms are as defined:

~~“Average daily CORRA” – COA – The Average daily CORRA is the arithmetic average of daily CORRA values during the contract (settlement) month. It is calculated in accordance with the rules of the Exchange.~~

~~“Compounded daily CORRA” – CRA – The Compounded daily CORRA is the compounded daily CORRA values over the reference period: during~~

~~CRA - the reference quarter of the contract~~

~~COA - the contract settlement month-~~

It is calculated in accordance with the rules of the Exchange and the reference ~~period quarter~~ is determined by the Exchange.

~~“CORRA” – means the Canadian Overnight Repo Rate Average (CORRA) as determined by the appointed CORRA benchmark administrator.~~

~~“CORRA Index” – the CORRA Index is calculated based on realized CORRA values during the settlement month of the contract (COA) or the reference quarter of the contract (CRA).~~

~~– COA – The CORRA Index for COA is 100 minus the Average daily CORRA.~~

~~– CRA – The CORRA Index for CRA is 100 minus Compounded daily CORRA.~~

~~“Final Settlement Price” – The Final Settlement Price shall be determined by the Exchange on which the Futures trade on the First Business Day following the last day of trading. It is equal to the CORRA Index.~~

~~“Multiplier” – The Multiplier is the value of the tick used to calculate the size of the contract as specified by the Exchange on which the Futures trade.~~

~~“Underlying Interest” – means:~~

~~– COA – the Average daily CORRA.~~

~~– CRA – the Compounded daily CORRA.~~

Section C-1702 – Settlement in Cash Through the Corporation

Unless otherwise specified by the Corporation, settlement of positions held following the close of trading on the last day of trading in a Series of Futures shall be on the first Business Day following the last day of trading. Settlement shall be made by an exchange of cash between the Corporation and each of the short and long Clearing Members. The amount to be paid or received in final settlement of each position opened on or prior to the last day of trading shall be the difference between

- (i) the Final Settlement Price; and
- (ii) the Settlement Price of the contract on the last day of trading,

multiplied by the Multiplier of the contract.

Section C-1703 – Tender Notices

Rule C-5 shall not apply to CORRA Futures as they are cash-settled.

Section C-1704 – Adjustments

No adjustments will ordinarily be made in the terms of the CORRA Futures in the event that the CORRA Index is changed. However, if the Corporation shall determine in its sole discretion that any such change causes significant discontinuity in the level of the CORRA Index, the Corporation may adjust the terms of the affected CORRA Futures by taking such action as the Corporation in its sole discretion deems fair to Clearing Members holding Long and Short Positions.

In the event that a governmental agency or body issues an order, ruling, directive or law pertaining to repo transactions and the Corporation determines that a discontinuity in the level of the CORRA Index is caused by such a Government order, it shall take such action as it deems necessary and fair under the circumstances.

Section C-1705 – Unavailability or Inaccuracy of Current Value

- (1) If the Corporation shall determine that the Final Settlement Price for any series of CORRA Futures is unreported or otherwise unavailable for purposes of calculating the gains and losses, then, in addition to any other actions that the Corporation may be entitled to take under the Rules, the Corporation may do any or all of the following:
 - (a) Suspend the Settlement of Gains and Losses. At such time as the Corporation determines that the required Final Settlement Price is available, the Corporation shall fix a new date for Settlement of the Gains and Losses.
 - (b) Fix the Final Settlement Price in accordance with the best information available as to the correct Final Settlement Price.
- (2) The Final Settlement Price as reported by the Exchange on which the Futures trade shall be conclusively deemed to be accurate except that where the Corporation determines in its sole discretion that there is a material inaccuracy in the reported Final Settlement Price it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended Final Settlement Price to be used for settlement purposes.

**APPENDIX A
PROPOSED AMENDMENTS TO THE RULES
CLEAN VERSION**

**CANADIAN DERIVATIVES CLEARING CORPORATION
RULES
, 2022**

[...]

RULE C-17 – CORRA FUTURES (SYMBOL – CRA & COA)

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Section C-1701 – Definitions

Notwithstanding Section A-102, for the purposes of the CORRA Futures contracts, the following terms are as defined:

“Compounded daily CORRA” – The Compounded daily CORRA is the compounded daily CORRA values over the reference period:

CRA - the reference quarter of the contract

COA - the contract settlement month

It is calculated in accordance with the rules of the Exchange and the reference period is determined by the Exchange.

“CORRA” – means the Canadian Overnight Repo Rate Average (CORRA) as determined by the appointed CORRA benchmark administrator.

“CORRA Index” – the CORRA Index is calculated based on realized CORRA values during the settlement month of the contract (COA) or the reference quarter of the contract (CRA). The CORRA Index is 100 minus Compounded daily CORRA.

“Final Settlement Price” – The Final Settlement Price shall be determined by the Exchange on which the Futures trade on the First Business Day following the last day of trading. It is equal to the CORRA Index.

“Multiplier” – The Multiplier is the value of the tick used to calculate the size of the contract as specified by the Exchange on which the Futures trade.

“Underlying Interest” – means: the Compounded daily CORRA.

Section C-1702 – Settlement in Cash Through the Corporation

Unless otherwise specified by the Corporation, settlement of positions held following the close of trading on the last day of trading in a Series of Futures shall be on the first Business Day following the last day of trading. Settlement shall be made by an exchange of cash between the Corporation and each of the short and long Clearing Members. The amount to be paid or received in final

settlement of each position opened on or prior to the last day of trading shall be the difference between

(iii) the Final Settlement Price; and

(iv) the Settlement Price of the contract on the last day of trading,

multiplied by the Multiplier of the contract.

Section C-1703 – Tender Notices

Rule C-5 shall not apply to CORRA Futures as they are cash-settled.

Section C-1704 – Adjustments

No adjustments will ordinarily be made in the terms of the CORRA Futures in the event that the CORRA Index is changed. However, if the Corporation shall determine in its sole discretion that any such change causes significant discontinuity in the level of the CORRA Index, the Corporation may adjust the terms of the affected CORRA Futures by taking such action as the Corporation in its sole discretion deems fair to Clearing Members holding Long and Short Positions.

In the event that a governmental agency or body issues an order, ruling, directive or law pertaining to repo transactions and the Corporation determines that a discontinuity in the level of the CORRA Index is caused by such a Government order, it shall take such action as it deems necessary and fair under the circumstances.

Section C-1705 – Unavailability or Inaccuracy of Current Value

- (3) If the Corporation shall determine that the Final Settlement Price for any series of CORRA Futures is unreported or otherwise unavailable for purposes of calculating the gains and losses, then, in addition to any other actions that the Corporation may be entitled to take under the Rules, the Corporation may do any or all of the following:
 - (a) Suspend the Settlement of Gains and Losses. At such time as the Corporation determines that the required Final Settlement Price is available, the Corporation shall fix a new date for Settlement of the Gains and Losses.
 - (b) Fix the Final Settlement Price in accordance with the best information available as to the correct Final Settlement Price.
- (4) The Final Settlement Price as reported by the Exchange on which the Futures trade shall be conclusively deemed to be accurate except that where the Corporation determines in its sole discretion that there is a material inaccuracy in the reported Final Settlement Price it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended Final Settlement Price to be used for settlement purposes.