



NOTICE TO MEMBERS

No. 2020 - 076

June 9, 2020

UPDATED THRESHOLD AND SURCHARGE VALUES FOR THE ADDITIONAL MARGIN FOR MARKET LIQUIDITY RISK

The additional margin for market liquidity risk covers the liquidity risk arising when the Corporation has to close-out positions at a price different than the market price.

This liquidity risk could be divided into two components: the first one is the inherent market liquidity risk which is mainly associated to the bid-ask spread, and the second one is the additional liquidity risk due to concentrated positions that cannot be liquidated within the bid-ask spread.

The Additional Margin for Market Liquidity Risk methodology will consider an absolute surcharge or a relative surcharge for positions exceeding predetermined thresholds.

The Corporation has updated the threshold and surcharge values. The new values will be effective **Wednesday June 10th, 2020**. Details regarding these values can be found on CDCC's website.

For any further information, please contact the Risk Management Department at (514) 871-3505.

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