



NOTICE TO MEMBERS

No. 2020 - 134

October 14, 2020

UPDATED HAIRCUTS ON GOVERNMENT SECURITIES DEPOSITED AS COLLATERAL

CDCC revises on a quarterly basis its haircuts applicable on government securities that are eligible for collateral deposit.

Following this review, CDCC has decided to update the haircut values. The updated values will be effective as of Thursday, October 15th, 2020. CDCC has identified that its existing haircut methodology was producing overly conservative haircuts for some securities (US, US RRB and all Canada and Provincial bonds with a maturity of 20 years or greater). CDCC is employing its discretion to set haircuts at 150% of corresponding Bank of Canada haircuts for all ISINs. This change will avoid imposing overly conservative haircuts until CDCC's Haircut model is recalibrated (target completion Q4, 2020).

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

Anne Fiddes
Vice President, Integrated Operations CDCC

Haircuts

Form of Margin	Eligible asset	Employed Value	CAD	CAD Real Return	U.S.	U.S. Real Return
Government Securities	Canadian Treasury bills, Canadian bonds (including real return bonds and excluding Canada Savings Bonds), U.S. Treasury bills, U.S. Treasury bonds (including TIPS), and certain provincial bonds with a maturity of: 1					
	1 year or less	Market	0.75%	0.75%	1.50%	1.50%
	1 - 3 years	Market	1.50%	1.50%	1.50%	1.50%
	3 - 5 years	Market	2.25%	2.25%	2.25%	2.25%
	5 - 10 years	Market	3.00%	3.00%	4.50%	4.50%
	10 - 20 years	Market	4.50%	4.50%	7.50%	7.50%
20 years and more	Market	4.50%	4.50%	7.50%	7.50%	

Form of Margin	Eligible asset	Employed Value	Province of Ontario	Province of Quebec	Province of British Columbia	Province of Alberta
Government Securities	Canadian Treasury bills, Canadian bonds (including real return bonds and excluding Canada Savings Bonds), U.S. Treasury bills, U.S. Treasury bonds (including TIPS), and certain provincial bonds with a maturity of: 1					
	1 year or less	Market	2.25%	2.25%	2.25%	2.25%
	1 - 3 years	Market	3.00%	3.00%	3.00%	3.00%
	3 - 5 years	Market	3.75%	3.75%	3.75%	3.75%
	5 - 10 years	Market	4.50%	4.50%	4.50%	4.50%
	10 - 20 years	Market	6.00%	6.00%	6.00%	6.00%
20 years and more	Market	6.00%	6.00%	6.00%	6.00%	

Form of Margin	Eligible asset	Employed Value	Province of Manitoba
Government Securities	Canadian Treasury bills, Canadian bonds (including real return bonds and excluding Canada Savings Bonds), U.S. Treasury bills, U.S. Treasury bonds (including TIPS), and certain provincial bonds with a maturity of: 1		
	1 year or less	Market	2.25%
	1 - 3 years	Market	3.00%
	3 - 5 years	Market	3.75%
	5 - 10 years	Market	4.50%
	10 - 20 years	Market	6.00%
20 years and more	Market	6.00%	

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