



## NOTICE TO MEMBERS

No. 2014 - 236

December 19, 2014

### NEW CDCC LIST OF FEES (EFFECTIVE JANUARY 1, 2015)

Please find attached the new List of Fees for the Canadian Derivatives Clearing Corporation (CDCC). The new fees will become effective on January 1, 2015.

The amendments to the current List of Fees are as follows:

#### 1- Introduction of a per trade transaction fee for fixed income clearing

In order for CDCC to align its charge back methodology with other global CCPs, CDCC is adopting the following per trade monthly billing approach:

Repo (per leg/per side)	\$2.50
Cash trades (per leg)	\$1.25

#### 2- Modification to Revenue Sharing Agreement

CDCC has decided to modify its current volume-based Revenue Sharing Agreement and adopt a revenue-based methodology. The new revenue thresholds will be:

Revenue Brackets for Fixed Income Trades	Share of Revenue returned to Clearing Members
Less than \$5,000,000 *	0%
\$5,000,000 to \$6,999,999 *	20%
\$7,000,000 to \$12,499,999 *	30%
Greater than \$12,500,000 *	50%

\*For the purposes of the Revenue Sharing Agreement, fixed income revenues include fixed income clearing fees and fixed income transaction processing fees, minus CDS's settlement and Daylight Credit Arrangements (DCA) costs.

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#### Canadian Derivatives Clearing Corporation

The Exchange Tower  
130 King Street West, 5<sup>th</sup> Floor  
Toronto, Ontario  
M5X 1J2  
Tel. : 416-367-2470  
Fax: 416-350-2780

800 Victoria Square  
3<sup>rd</sup> Floor  
Montréal, Québec  
H4Z 1A9  
Tel. : 514-871-3545  
Fax: 514-871-3530

[www.cdcc.ca](http://www.cdcc.ca)



**3- Reduction in the fee cap on XIU options, from 10,000 to 5,000 contracts, for both clients and Approved Participants**

The Montréal Exchange (MX) has announced a reduction in the fee cap on iShares S&P/TSX 60 Index ETF (XIU) options, from 10,000 to 5,000 contracts, for both clients and Approved Participants (domestic and foreign). CDCC is following suit on this initiative and is capping XIU clearing fees to 5,000 contracts.

**4- Extension of the EMF Transaction Fee Waiver Program**

The transaction fee waiver program on the FTSE Emerging Markets Index Futures (EMF) contract is being extended for another six months, and will now remain in effect until June 30, 2015.

If you have any questions or concerns, please contact CDCC's Corporate Operations department or direct your e-mail inquiries to [cdcc-ops@cdcc.ca](mailto:cdcc-ops@cdcc.ca).

Glenn Goucher  
President and Chief Clearing Officer

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Toronto, Ontario  
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## **List of Fees**

**Effective as of  
January 1<sup>st</sup>, 2015**

**CANADIAN DERIVATIVES CLEARING CORPORATION FEES**

**1. Clearing fees per contract, per side - Options and Futures (See note 1)**

		<u>Fees</u>
1.1	Client	\$ 0.20
1.2	Clearing Member	\$ 0.10
1.3	Market maker - options only	\$ 0.10
1.4	Liquidity provider program participant	\$ 0.10
1.5	Minimum clearing fee - per month	\$ 500

**2. Fee cap on Clearing Member fees**

Fee cap program is applicable on cross transactions and pre-arranged transactions in zero-second exceeding the thresholds specified below, per leg, per Clearing Member.

Contract				Size per trade	Clearing fees
Equity / Options	Index / Options (Except SXO)	Currency / Options	ETF / Options (Except XIU)	10,000 + contracts	\$ 0.10 cap at \$ 1,000 / leg
S&P/TSX 60 Index options (SXO)				1,000 + contracts	\$ 0.10 cap at \$ 100 / leg
S&P/TSX 60 Index ETF options (XIU)				5,000 + contracts	\$ 0.10 cap at \$ 500 / leg

Fee cap is applicable on an individual transaction basis, not on aggregate basis.

**3. Fee cap on Client fees**

Fee cap program is applicable on cross transactions and pre-arranged transactions in zero-second exceeding the thresholds specified below, per leg, per Client.

Contract				Size per trade	Clearing fees
Equity / Options	Index / Options (Except SXO)	Currency / Options	ETF / Options (Except XIU)	10,000 + contracts	\$ 0.20 cap at \$ 2,000 / leg
S&P/TSX 60 Index options (SXO)				1,000 + contracts	\$ 0.20 cap at \$ 200 / leg
S&P/TSX 60 Index ETF options (XIU)				5,000 + contracts	\$ 0.20 cap at \$ 1 000 / leg

Fee cap is applicable on an individual transaction basis, not on aggregate basis.

**4. Rebate program applicable on Clearing Members' clients transactions below 100 contracts.**

Contract				Tiers (in million of contracts annually)	Rebate	Resulting clearing fees
Equity / Options	Index / Options	Currency / Options	ETF / Options	From 0 to 1.5	0%	\$ 0.20
				From 1.5 + to 3.0	30%	\$ 0.14
				Above 3.0	40%	\$ 0.12

**CANADIAN DERIVATIVES CLEARING CORPORATION FEES**

**5. Clearing fees, per day - Fixed Income Transactions \***

(Tenor of Original Trade Submitted)

5.1	1-3 days - Repurchase Transactions
5.2	4-7 days - Repurchase Transactions
5.3	8 days or greater - Repurchase Transactions
5.4	Minimum clearing fee - per month per membership

Clearing member

Client

0.007% (or 0.7 bps)	0.00175% (or 0.175 bps)
0.004% (or 0.4 bps)	0.001% (or 0.1 bps)
0.003% (or 0.3 bps)	0.00075% (or 0.075 bps)
\$ 5,000	

\* In addition to clearing fees, CDCC will be recovering from Clearing Members any and all settlement costs incurred in the course of settlement activities at CDS. This cost recovery will occur quarterly on a pro-rata volume basis among Fixed income Clearing Members.

**6. Fixed Income Transactions Processing Fees**

CDCC will be charging the following processing fees for every record received from CDS and for every fixed income position created from a future's tender process into a physical bond delivery/receive. Physical deliveries/receives stemming from a tendered future will be considered as cash transaction(s) for the purpose of the processing fees.

Repurchase Transactions

Cash Transactions

\$2.50	\$1.25
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**6.7. Revenue sharing arrangement based on annual cleared volumes of Repurchase Transactions – Cleared volumes (in millions of dollars of total traded value in Repurchase Transactions) \*\***

6.1	Band 1: Less than \$5M in Fixed Income revenues*
6.2	Band 2: Between \$5M and 7,499,999 \$6,999,999 in Fixed Income revenues*
6.3	Band 3: Between \$7M and 9,999,999 \$12,499,999 in Fixed Income revenues*
6.4	Band 4: Greater than \$12.5M 9,999,999 in Fixed Income revenues*

Share of revenue returned to Clearing Members

0%
30-20%
40-30%
50%

\*\* The revenue sharing arrangement will be based on total annual cleared volumes at CDCC. The share of revenue returned to Clearing Members will be calculated by applying the applicable percentage to revenues of CDCC generated by clearing fees of Fixed Income Transactions, allocated among Clearing Members based on prorated volumes cleared by each Fixed Income Clearing Member and paid at the start of the subsequent calendar year (in arrears).

\* For the purposes of the revenue sharing arrangement, Fixed Income revenues includes: Fixed income clearing fees, fixed income transaction processing fees, less CDS settlement costs, less costs associated with its Daylight Credit Arrangements (DCA)

**7.8. Clearing fees per contract, per side - Off Exchange ("Converge")**

7.1	Client
7.2	Clearing Member

\$ 0.70
\$ 0.30

**8.9. Fee cap on Off Exchange ("Converge")**

	Size per trade
8.1	Client 10,000 + contracts
8.2	Clearing Member 10,000 + contracts

Clearing fees
\$ 0.70 cap at \$ 7,000 / leg
\$ 0.30 cap at \$ 3,000 / leg

Fee cap is applicable on an individual transaction basis, not on aggregate basis

**9.10. Fee cap on share futures**

	Size per trade
9.1	Client 5,000 + contracts
9.2	Clearing Member 5,000 + contracts

Clearing fees
\$ 0.20 cap at \$ 1,000 / leg
\$ 0.10 cap at \$ 500 / leg

Fee cap is applicable on an individual transaction basis, not on aggregate basis

**10.11. Exercise fees per contract, - Options**

10.1	Client
10.2	Clearing Member
10.3	Market maker
10.4	Liquidity provider program participant

\$ 0.37
\$ 0.37
\$ 0.37
\$ 0.37

**11.12. Fee cap on exercise fees - Options (Except SXO)**

	Size per trade
11.1	Client 10,000 + contracts
11.2	Clearing Member 10,000 + contracts
11.3	Market maker 10,000 + contracts
11.4	Liquidity provider program participant 10,000 + contracts

Exercise fees
\$ 0.37 cap at \$ 3,700
\$ 0.37 cap at \$ 3,700
\$ 0.37 cap at \$ 3,700
\$ 0.37 cap at \$ 3,700

Fee cap is applicable on an individual transaction basis, not on aggregate basis

CANADIAN DERIVATIVES CLEARING CORPORATION FEES

**12.13. Fee cap on exercise fees - S&P/TSX 60 Index options (SXO)**

		Size per trade	Exercise fees
12.1	Client	1,000 + contracts	\$ 0.37 cap at \$ 370
12.2	Clearing Member	1,000 + contracts	\$ 0.37 cap at \$ 370
12.3	Market maker	1,000 + contracts	\$ 0.37 cap at \$ 370
12.4	Liquidity provider program participant	1,000 + contracts	\$ 0.37 cap at \$ 370

Fee cap is applicable on an individual transaction basis, not on aggregate basis

**13.14. Tender fees per contract - Futures**

13.1	Client	\$ 0.37
13.2	Clearing Member	\$ 0.37
13.3	Liquidity provider program participant	\$ 0.37

**14.15. Position transfer fees per contract, per side**

14.1	Client	\$ 0.05
14.2	Clearing Member	\$ 0.05
14.3	Market maker	\$ 0.05
14.4	Liquidity provider program participant	\$ 0.05

**15.16. Data service \*\*\***

15.1	Trade Reconciliation file - per month	\$ 500
15.2	Series Information file - Clearing Member - per month	\$ 500
15.3	Series Information file - Non-Clearing Member - per month	\$ 900
15.4	VPN access - per encryption connection	\$ 29.95
15.5	VPN access - direct access	\$ 29.95
15.6	Online Sub Account Inquiry terminal of a member	
	15.6.1 Per month - 9 users and less	\$ 129
	15.6.2 Per month - 10 users and more	\$ 99

\*\*\* Volume discounts are available to Clearing Members only depending on the number of files delivered each month. Monthly fees are as follows: first file - \$500/month, second file - \$450/month and third file - \$400/month, no fee for other files.

**16.17. Authorization Stamps**

\$ 60
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**17.18. Miscellaneous Fees related to Physical Settlement of Securities**

CDCC will be recovering from Clearing Members, active in the physical settlement of Fixed Income Transactions and Fixed Income Futures contracts, the costs associated with its Commercial Bank Overnight Liquidity Arrangements (CBOLA). These costs will be payable quarterly, in arrears and will be due on the first business day of the calendar month. The amount payable by each Clearing Member will be based on the pro rata share of CDCC's quarterly CBOLA costs and will be pro rated across all Clearing Members that had net purchasing positions in Fixed Income securities through the CDCC CCP facilities.

CDCC will be recovering from Clearing Members, active in the physical settlement of Fixed Income Transactions and Fixed Income Futures contracts, the costs associated with its Daylight Credit Arrangements (DCA). These costs will be payable quarterly in arrears and will be due on the first business day of the calendar month. The amount payable by each Clearing Member will be based on the pro rata share of CDCC's monthly DCA costs and will be pro rated across all selling Clearing Members and which settled Fixed Income securities through the CDCC CCP facilities.

The costs of both of these facilities are subject to change as CDCC's credit providers in either the CBOLA or the DCA may adjust the cost of these facilities from time to time.

**Notes**

1. CDCC has decided to implement a extend the full rebate on clearing fees on the FTSE Emerging Markets Index Futures (EMF) contracts from June 10, 2014 to December 31, 2014, until June 30, 2015.

**TERMS AND CONDITIONS**

1. Any billing document (invoice, transaction report, etc.) must be verified without delay. The CDCC must be advised in writing of any error or omission within thirty (30) days following the document date.
2. All taxes, whether local, provincial, state or federal, business, property excise tax, or other governmental taxes will be added, if the case arises, to the above-mentioned fees according to the service offered.