

NOTICE TO MEMBERS

N°: 008-25

January 16, 2025

SELF-CERTIFICATION

**AMENDMENTS TO THE DEFAULT MANUAL OF THE CANADIAN DERIVATIVES CLEARING CORPORATION
REGARDING THE CORPORATION'S DEFAULT RISK CAPITAL AMOUNT AVAILABLE DURING A DEFAULT
MANAGEMENT PROCESS**

On October 26, 2023, the Board of Directors of the Canadian Derivatives Clearing Corporation (“CDCC”) approved an increase in CDCC’s amount of Default Risk Capital available during a default management process and an amendment to CDCC’s Default Manual to that effect.

CDCC wishes to inform the Clearing Members that 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 Protocol Regarding the Review and Approval of CDCC Rules by the Commission.

You will find attached hereto the amendments set to come into force and to be incorporated into the version of the Default Manual of CDCC that will be made available on the CDCC website at www.cdcc.ca on **January 31, 2025**, after market close.

The amendments described in the present notice were published for public comment by CDCC on May 24, 2024 (see Notice [066-24](#)). Further to the publication of this notice, no comment was received by CDCC. Minor modifications have been made to the Default Manuel since the publication of the notices which were submitted to the regulators.

If you have any questions or concerns regarding this notice, please contact Sophie Brault, Legal Counsel, by email at sophie.brault@tmx.com.

George Kormas
President



DEFAULT MANUAL

January 31~~November 22~~, 20254

[...]

SECTION 1 : DEFAULT MANAGEMENT PROCESS - TRIGGERS AND IMPLEMENTATION

[...]

1.6 Default Waterfall: Application of Financial Resources to Cover Default-Related Losses

[...]

ii Resources of the Corporation (Default Risk Capital - DRC)

- CDCC has capital reserves set aside specifically for the purpose of absorbing any loss outstanding after the exhaustion of the suspended Clearing Member's resources. This capital, which is ~~currently \$~~15 million, is referred to herein as "Default Risk Capital" or "DRC".

If, after applying these resources of the suspended Clearing Member and of CDCC, a shortfall still remains, CDCC will, as indicated below, use the required Clearing Fund deposits (referred therein as "Clearing Fund Requirement") of the other Clearing Members to cover the loss.

In the event the Corporation's DRC is partially used or exhausted in its entirety, the Corporation shall fully replenish its DRC by executing against or having recourse to its recapitalization plan.

[...]



DEFAULT MANUAL

January 31, 2025

[...]

SECTION 1 : DEFAULT MANAGEMENT PROCESS - TRIGGERS AND IMPLEMENTATION

[...]

1.6 Default Waterfall: Application of Financial Resources to Cover Default-Related Losses

[...]

ii Resources of the Corporation (Default Risk Capital - DRC)

- CDCC has capital reserves set aside specifically for the purpose of absorbing any loss outstanding after the exhaustion of the suspended Clearing Member's resources. This capital, which is \$15 million, is referred to herein as "Default Risk Capital" or "DRC".

If, after applying these resources of the suspended Clearing Member and of CDCC, a shortfall still remains, CDCC will, as indicated below, use the required Clearing Fund deposits (referred therein as "Clearing Fund Requirement") of the other Clearing Members to cover the loss.

In the event the Corporation's DRC is partially used or exhausted in its entirety, the Corporation shall fully replenish its DRC by executing against or having recourse to its recapitalization plan.

[...]