



NOTICE TO MEMBERS

No. 2013-040

February 12, 2012

SELF-CERTIFICATION

AMENDMENT TO SECTION C-1402 DELIVERY STANDARD OF RULE C-14 OF CDCC FIVE-YEAR GOVERNMENT OF CANADA BOND FUTURES CONTRACT (CGF)

The Board of Directors of Canadian Derivatives Clearing Corporation (CDCC) approved an amendment to Section C-1402 of the Rules of CDCC. CDCC wishes to advise its Clearing Members that this amendment has been self-certified in accordance with the self-certification process as established in the *Derivatives Act* (R.S.Q., chapter I-14.01).

The purpose of the amendment is to change the maturity of the basket of deliverable bonds from a range of 3.5-5.25 years to a maturity of 4.25-5.25 years.

Please find enclosed the amendment which will be in effect and will be incorporated in the version of the Rules of CDCC available on CDCC's website (www.cdcc.ca) on April 1st, 2013.

If you have any questions or concerns, please contact CDCC's Member Services department or direct your e-mail inquiries to cdccops@cdcc.ca.

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CANADIAN DERIVATIVES CLEARING CORPORATION

RULES

VERSION OF APRIL 1ST, 2013

RULE C-14 5-YEAR CANADA BOND FUTURES

The Sections of this Rule C-14 are applicable only to Futures where the Underlying Interest is Government of Canada bonds as defined in Section C-1402, herein referred to as “5-year Canada Bond Futures”.

Section C-1401 Definitions

Notwithstanding Section A-102 for the purposes of 5-year Canada Bond Futures the following terms are as defined:

“Assignment File” means the computer file constructed to enable Tenders to be assigned on a first-in-first-out basis pursuant to Section C-1405.

“Underlying Interest” means Government of Canada Bonds which meet the criteria established in Section C-1402 of this Rule.

Section C-1402 Delivery Standards

- (1) The delivery unit for 5-year Canada Bond Futures shall be Government of Canada Bonds which do not mature and are not callable for a minimum of 4 years three months and no more than 5 years three months from the first calendar day of the Delivery Month, having a coupon rate of 6%, an aggregate face value at maturity of \$100,000, an outstanding face value, net of all potential purchases by the Government of Canada up until the end of the delivery period of the corresponding Delivery Month, of at least \$3.5 billion, are issued and delivered on or before the 15th calendar day preceding the first tender date corresponding to the Delivery Month of the contract, and which have been originally issued at 5-year Government of Canada bond auctions. All bonds in a delivery unit must be of the same issue.
- (2) Substitution - at the option of the Clearing Member holding the Short Position, bonds with coupon rates other than 6% are deliverable, at a discount for bonds with coupons less than 6%, and at a premium for bonds with coupons more than 6%. The amount of premium or discount for each different deliverable issue shall be determined on the basis of yield equivalency with a 6% bond selling at par. The price at which a bond having a particular maturity and coupon rate will yield 6% shall be determined according to bond tables prepared by the Exchange on which the Future trades. The Settlement Amount of such delivery unit shall be \$1,000 multiplied by the product of such price and the Settlement Price of that series of 5-year Canada Bond Futures. Interest accrued on the bonds shall be charged to the Clearing Member taking delivery.
- (3) The Exchange on which the Future trades shall publish a list of deliverable issues prior to each Delivery Month. The time to maturity of a given issue is calculated in complete one month increments (rounded down to the entire one month period) from the first calendar day of the Delivery Month. New issues of Government of Canada bonds which satisfy the standards of this Section shall be added to the deliverable list as they are issued by the Government of Canada. In the event that, at any regular issue or auction, the Government of Canada reopens an existing issue which has an original maturity of more than 5 years nine months but would otherwise meet the standards of this Rule, thus rendering the existing issue indistinguishable from the newly issued one, then the older issue is deemed to meet the standards of this Rule and