

NOTICE TO MEMBERS

No. 2019 - 125

December 6, 2019

**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 **Monday December 9th, 2019**. 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.

Anne Fiddes
Vice President, Integrated Operations CDCC