



NOTICE TO MEMBERS

No. 2006 - 011

January 25, 2006

AMENDMENTS TO THE RULES CLEARING OF OVER-THE-COUNTER DERIVATIVES CONTRACTS

Canadian Derivatives Clearing Corporation (CDCC) wishes to inform its Members that the amendments to its Rules relating to clearing of over-the-counter derivatives contracts which were approved by CDCC's Board of Directors and were the object of a request for comments issued on June 16, 2005, have been approved by the Autorité des marchés financiers on December 20, 2005 (decision 2005-DIST-0106).

CDCC hereby notifies its Members that the amendments will be effective as of February 1, 2006 except for the highlighted part of Sections A-608 and A-709 (2) which will come into effect at a later date to be determined by CDCC and communicated through a separate notice.

In general terms, the amendments were made to allow CDCC to provide central counterparty and clearing services for over-the-counter derivatives instruments. To this end, a new Part D "Over-the-counter derivatives instruments (OTCDI)" has been introduced and several amendments have been made to Part A relating to the general aspects applicable to clearing. Some amendments were also made to Part B (Options) and Part C (Futures Contracts) of the Rules.

CDCC also used this opportunity to improve the Clearing Fund requirement calculation for all products cleared by CDCC by moving from a volume-based approach to a risk-based approach that will subject members' portfolios to stress test scenarios. As part of this initiative, CDCC will monitor any excess of margin requirement over a clearing member's capital on a daily basis.

The amendments are incorporated to the version of the Rules available on CDCC's website (www.cdcc.ca).

For any further information, please contact your local CDCC office.

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