



## NOTICE TO MEMBERS

No. 2003 - 051

July 25, 2003

### **BONDS ACCEPTABLE AS MARGIN DEPOSITS FOR GOVERNMENT OF CANADA BOND SHORT CALL OPTIONS (OBA)**

Rule A-708 of Canadian Derivatives Clearing Corporation ("CDCC") provides that:

"(1) For Call Options the Underlying Interest or Underlying Interest Equivalent shall mean:

(a) ...

(b) Bond Options - Government of Canada Bonds (excluding Canada Savings Bonds) which:

- (i) are the underlying bond; or
- (ii) have been deemed acceptable by the Corporation."

The Interpretation and Policy that follow paragraph (b) of Rule A-708 provide that acceptable bonds are bonds which:

- (i) have higher coupon rates;
- (ii) have an aggregate face value at maturity of at least \$1,000,000,000;
- (iii) trade at premium of \$5 greater than the underlying bond; and
- (iv) mature no sooner than 2 years prior to the underlying bond.

The Interpretation and Policy also provide that a list of acceptable bonds will be published from time by CDCC.

In accordance with the above-mentioned Rule and its Interpretation and Policy, the following schedule lists the Government of Canada Bonds which are acceptable as deposit of underlying for offset against marginable short call positions in Government of Canada Bond Options (OBA).

<b>Underlying Government of Canada Bond</b>			<b>Other Acceptable Government of Canada Bonds</b>	
<b>Option</b>	<b>Rate</b>	<b>Maturity</b>	<b>Rate</b>	<b>Maturity</b>
OBA	5.25 %	June 1, 2012	10.25 %	March 15, 2014
			9.75 %	June 1, 2021
			8.00 %	June 1, 2023
			8.00 %	June 1, 2023
			9.00%	June 1, 2025
			8.00%	June 1, 2027

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