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<input checked="" type="checkbox"/> Back-office – Futures	<input checked="" type="checkbox"/> Regulation

CIRCULAR
June 23, 2005

REQUEST FOR COMMENTS

PRESCRIBED CAPITAL FOR SECURITIES HELD IN THE ACCOUNT OF A REGISTERED TRADER

ABROGATION OF PARAGRAPH 5 OF ARTICLE 7213

AMENDMENTS TO SCHEDULE 2 OF THE JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT – POLICY C-3

Summary

The Rules and Policies Committee of Bourse de Montréal Inc. (the Bourse) has approved amendments to article 7213 of the Rules and to Schedule 2 of Policy 3 of the Bourse. The purpose of these amendments is to take into account the transfer by both the Bourse and the TSX of market making responsibilities from individuals to market participants, and the disappearance of the specialist concept following the conversion of markets into fully electronic markets.

Process for Changes to the Rules

Bourse de Montréal Inc. is recognized as a self-regulatory organization (SRO) by the Autorité des marchés financiers (the Autorité). In accordance with this recognition, the Bourse carries on activities as an exchange and as a SRO in Québec. In its SRO capacity, the Bourse assumes market regulation and supervision responsibilities of its approved participants. The responsibility for regulating the market and the approved participants of the Bourse comes under the Regulatory Division of the Bourse (the Division). The Division carries on its activities as a distinct business unit separate from the other activities of the Bourse.

Circular no.: 100-2005

The Division is under the authority of a Special Committee appointed by the Board of Directors of the Bourse. The Special Committee is empowered to recommend to the Board of Directors the approval or amendment of some aspects of the Rules and Policies of the Bourse governing approved participants, among which, the Rules and Policies relating to margin and capital requirements. The Board of Directors has delegated to the Rules and Policies Committee of the Bourse its powers to approve or amend these Rules and Policies with recommendation from the Special Committee. These changes are submitted to the Autorité for approval.

Comments on the proposed amendments to article 7213 of the Rules and to Schedule 2 of Policy 3 of the Bourse must be submitted within 30 days following the date of publication of the present notice in the bulletin of the Autorité. Please submit your comments to:

*Ms. Joëlle Saint-Arnault
Vice-President, Legal Affairs and Secretary
Bourse de Montréal Inc.
Tour de la Bourse
P.O. Box 61, 800 Victoria Square
Montréal, Quebec H4Z 1A9
E-mail: legal@m-x.ca*

A copy of these comments shall also be forwarded to the Autorité to:

*Ms. Anne-Marie Beaudoin
Director – Secretariat of L'Autorité
Autorité des marchés financiers
800 Victoria Square, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal (Quebec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca*

Appendices

For your information, you will find in appendices an analysis document of the proposed rule amendments as well as the proposed regulatory text. The implementation date of the proposed amendments will be determined, if applicable, with the other Canadian self-regulatory organizations following approval by the "Autorité des marchés financiers".



PRESCRIBED CAPITAL FOR SECURITIES HELD IN THE ACCOUNT OF A REGISTERED TRADER

- ABROGATION OF PARAGRAPH 5
OF ARTICLE 7213**
- AMENDMENTS TO SCHEDULE 2 OF
THE JOINT REGULATORY
FINANCIAL QUESTIONNAIRE AND
REPORT – POLICY C-3**

I SUMMARY

A) Current Rules

In their current version, paragraph 5 of article 7213 and Schedule 2 of the “Joint Regulatory Financial Questionnaire and Report” (JRFQR) of Policy C-3 of the Bourse respectively set the possible reductions of the prescribed margin for securities held in the account of a registered trader and the minimum prescribed capital for registered traders.

B) The Issue

Following the market specialization and the disappearance of the trading floors, the market making regimes of the Bourse as well as of the Toronto Stock Exchange (TSX) have been subjected to changes. In connection with these changes, the market making responsibilities are now upon approved participants rather than upon the registered individuals acting as traders, specialists and market makers. Since the risk related to market making is now clearly supported by approved participants, paragraph 5 of article 7213 of the Rules and some

requirements of Schedule 2 in the JRFQR are no longer necessary.

C) Objectives

The objective of the present proposal is mainly to abrogate paragraph 5 of article 7213 and to amend Schedule 2 of the JRFQR in order to reflect the transfer of responsibilities from individuals to market participants put in place by both the Bourse and the TSX.

D) Effect of proposed amendments

The proposal has two objectives:

- eliminate the capital reduction to a rate of 25% that was allowed to registered traders for some securities on which they have trading privileges [paragraph 5 of current article 7213 of the Rules];
- eliminate the minimum prescribed capital for traders registered at the TSX (\$50,000 per trader, specialist and market maker), for specialists and market makers registered with the Bourse (\$50,000 per specialist and, for market makers on options: \$10,000 per class of options) [current line 7 of Schedule 2 of the JRFQR].

The net effect of this proposal, if it was applied in an isolated manner, would possibly be to globally increase the margin required for positions held by an active trader, a specialist or a market maker. However, the proposals relating to the “Equity Margin Project” will probably reduce the margin required on securities held in all accounts, including the accounts of traders, specialists and market makers since margin rates will be more representative of the real market risk of each security taken alone rather than being based only on its market value. In order to alleviate the increase in the required margin, which will in fact be decreased when the proposals relating to the Equity Margin Project will be implemented, it is expected to implement the amendments proposed here and those relating to the Equity Margin Project at the same date. Therefore, the proposed amendments should

have no significant impact on market structure, competition, compliance costs and other rules.

\$10,000 per class of options) [current line 7 of Schedule 2 of the JRFQR].

II DETAILED ANALYSIS

A) Current Rules, Background and proposed amendments

Current rules were developed at a time where exchanges were assigning market making responsibilities to registered individual traders and specialists. Each market participant was required to provide for an amount of capital for the risk supported by each registered trader, specialist or market maker. The rules also provided to each approved participant a reduction of the prescribed margin for some securities positions held in the accounts of registered traders, specialists and market makers and for which securities these persons had trading privileges.

Following the specialization of markets and more particularly the conversion to electronic trading, the market making regimes of both the Bourse and the TSX were changed. In connection with these changes, market making responsibilities are now upon market participants rather than upon registered individuals acting as traders, specialists or market makers. Since the risk related to market making is now upon the approved participants rather than upon individuals, paragraph 5 of article 7213 and some requirements of Schedule 2 of the JRFQR are no longer relevant.

The proposal has two objectives:

- eliminate the margin rate reduction to 25% that was allowed to registered traders for some positions in securities on which they have trading privileges [paragraph 5 of current article 7213];
- eliminate the minimum capital prescribed for registered traders of TSX (\$50,000 per trader, specialist and market maker), for registered specialists and options market makers of the Bourse (\$50,000 per specialist and, for options market makers,

The net effect of this proposal is that the securities positions held in the account of a trader, a specialist or a market maker will be subjected to the same margin requirements as those applicable to securities held in any other account of the approved participant.

B) Other Issues and Solutions considered

No other solution was considered.

C) Comparison with Similar Provisions

It was not deemed necessary to make a comparison with similar provisions in the United Kingdom and the United States.

D) Effect of Amendments on Systems

It is estimated that the proposed amendments will have no effect on financial market structure, the uniformity of treatment, competition in general, compliance costs and compliance with other rules.

The IDA is also currently adopting similar amendments. The implementation of the amendments will therefore occur when both the Bourse and the IDA will have received the necessary approvals from regulatory authorities.

E) Financial Market Interests

The Regulatory Division of the Bourse considers that the proposed amendments will not harm the interests of financial markets.

F Public Interest Objectives

The objectives of the proposals are:

- to promote transparent, efficient and fair capital rules; and
- to standardize industry practices when necessary or expected for the protection of investors.

The proposal will not result in unfair discrimination between clients, dealers, approved participants and other intermediaries. It will not impose an unnecessary or inappropriate burden.

It is considered that the proposed amendments are of public interest, since they intend to simplify capital requirements that are applicable to securities positions held in the accounts of registered traders, specialists and market makers.

III COMMENTS

A) Efficiency

As mentioned above, the objective of the proposed amendments is to simplify the capital requirements applicable to securities positions held in approved participants' accounts in order to take into account the changes in the market making regimes of both the Bourse and the TSX. It is considered that the proposal will be efficient for that purpose.

B) Process

The first step of the approval process for the regulatory amendments proposed in the present document consists in having the proposed amendments approved by the Special Committee – Regulatory Division of the Bourse. The proposed amendments are then submitted to the approval of the Rules and Policies Committee of the Bourse. Once the approval of the Rules and Policies Committee is obtained, the project is published by the Bourse for a 30-day comment period and submitted to the Autorité des marchés financiers for approval and to the Ontario Securities Commission for information.

IV SOURCES

- Paragraph 5 of article 7213 of the Rules of

- Bourse de Montréal Inc.
- Schedule 2 of the “Joint Regulatory Financial Questionnaire and Report” Policy C-3 of Bourse de Montréal Inc.

7213 Exceptions to Margin Rules

(30.11.86, 15.12.86, 01.06.88, 01.01.92, 15.01.93, 10.05.93, 01.04.93, 25.02.94, 12.03.97, 21.12.98, 29.08.01, 18.07.03, 01.01.04, 17.05.04, 01.01.05, 00.00.05)

The following are exceptions to the margin rules as set out in this section:

- 1) No margin is required on securities under the following conditions:
 - a) securities which have been formally called for cash redemption;
 - b) securities for which a legal and binding cash offer has been made provided that:
 - i) all conditions of the offer have been met;
 - ii) securities are not carried for an amount in excess of the price offered.

When the legal and binding cash offer is for less than 100% of the issued and outstanding securities and all conditions of the offer have been met, the margin required must be adjusted prorata to shares purchased by the offeror on the number of shares deposited;

- c) deposit certificates issued by a Canadian chartered bank or a trust company in Canada within the definition of an Acceptable Institution or an Acceptable Counterparty and having a 24-hour call feature that would not reduce the principal amount received on redemption if applicable.
- 2) Margin requirements for potential liability under an underwritten rights or warrants agreement.

Where an underwriter has a commitment to purchase securities in connection with a rights or warrants offering, such commitment must be margined at the following rates:

- a) if the market value of the security which can be acquired pursuant to the exercise of the rights or warrants is below the subscription price, the underwriter's commitment must be valued at the current market price for the security and the margin rates applicable to the security under this section must be applied;
- b) if the market value of the security is equal to or greater than the subscription price, the commitment must be margined at rates calculated on the subscription price, equal to the following percentage of the margin rate applicable to the security under this section:

50%, where market value is 100% to 105% of the subscription price;

30%, where market value is more than 105% but not more than 110% of the subscription price;

10% where market value is more than 110% but not more than 125% of the subscription price;

no margin is required where market value is more than 125% of the subscription price.

APPENDIX B

3) Securities eligible to a reduced margin rate

The margin required is 25% of the market value if such securities held by an approved participant are:

- i) on the list of securities eligible to a reduced margin rate as approved by a recognized self-regulatory organization and such securities continue to trade at \$2.00 or more;
- ii) securities against which options issued by the Options Clearing Corporation are traded;
- iii) convertible into securities that qualify under the subparagraph i) or subparagraph ii);
- iv) non-convertible preferred and senior shares of an issuer any of whose securities qualify under subparagraph i); or
- v) securities whose original issuance generated Tier 1 capital for a financial institution any of whose securities qualify under subparagraph i) and the financial institution is under the regulatory oversight of the Office of the Superintendent of Financial Institutions of Canada.

For the purpose of the present paragraph 3), the Bourse and the Investment Dealers Association of Canada are designated as recognized self-regulatory organizations.

4) Whenever the Bourse decides not to open for trading any additional options of the class covering that underlying security according to article 6605, the margin rate as permitted in paragraph 3) of this article remains in force up to the expiration of the last series of options.

~~5) The margin rate required on securities approved by the Floor Committee is 25% of their market value, if maintained in a market maker's or a specialist's account that has a principal or a temporary appointment on those securities. Securities trading at \$2 or more during the preceding three months are eligible to this reduced margin rate. The list of eligible securities must be reviewed quarterly by the Floor Committee and only securities mentioned on such list are subject to the reduced margin rate.~~

~~This reduced margin rate is however applicable on a maximum market value of \$50,000 per security, per approved participant, if during the preceding three months the total trading volume on all exchanges recognized for margin purposes and on NASDAQ is equal to or lower than 90,000 shares, or \$100,000 if during the preceding three months the total trading volume on all exchanges recognized for margin purposes and on NASDAQ exceeds 90,000 shares. The margin required on the excess of those amounts must be calculated as required by articles 7201 and following. The reduction in the amount of margin required, as opposed to the margin required by articles 7201 and following, for the aggregate of all market maker's and specialist's accounts, must never exceed 15% of the clearing member's net allowable assets.~~

65) For the purpose of this section, a "control block" means a sufficient number of any securities of an issuer of securities to affect materially the control of that issuer. In the absence of evidence to the contrary, any holding by any person, company or combination of persons or companies of more than 20% of the outstanding voting securities of an issuer is deemed to affect materially the control of that issuer. Any security which is part of a control block has no loan value for margin calculation

purposes, except to the extent that the control block constitutes any or all of the securities which an approved participant has an obligation or commitment to acquire, or has acquired, under a prospectus filing. In such case, the appropriate margin requirement provided for in article 7224 of the Rules applies as long as the criteria in said article have been met.

- | 76) Where the account of an approved participant, a market-maker, a specialist or a restricted trading permit holder contains preferred shares for which the principal and dividends are unconditionally guaranteed by the Canadian government or a provincial government, the margin rate for these securities must be 25% of their market value.

- | 87) a) For the purposes of sub-paragraphs b) to f) of this paragraph, the term "floating rate preferred share" means a preferred share, by the terms of which the rate of dividend fluctuates at least quarterly, in tandem with a prescribed short-term interest rate. The sub-paragraphs b) to f) of this paragraph are applicable only to an account of a market-maker, specialist, a restricted trading permit holder or inventory account of an approved participant.
 - b) Margin on floating rate preferred shares of companies with securities which are eligible to a reduced margin rate under paragraph 3 of article 7202 of the Rules of the Bourse must be provided at the rate of 10% of the market value of such securities.
 - c) The margin rate which must be provided on floating rate preferred shares which qualify for margin under this paragraph but which are of companies which do not have securities which are eligible to a reduced margin rate under paragraph 3 of article 7202 of the Rules of the Bourse, is 25% of the market value of such securities.
 - d) Where the issuer is in default of payment of a dividend due on floating rate preferred shares which qualify for margin under this paragraph, margin must be provided at the rate of 50% of the market value of such securities.
 - e) Where the floating rate preferred shares of companies with securities which are eligible to a reduced margin rate under paragraph 3 of article 7202 of the Rules of the Bourse are convertible and are selling over par, margin must be provided at the rate of 10% of the par value of such securities plus 25% of the excess of market value of such securities over par.
 - f) Where the floating rate preferred shares of companies which do not have securities which are eligible to a reduced margin rate under paragraph 3 of article 7202 of the Rules of the Bourse, but are convertible and are selling over par, margin must be provided at the rate of 25% of the par value of such securities plus 50% of the excess of market value of such securities over par.

- | 98) Consideration other than cash to be obtained following an offer
 - a) For the purpose of computing the margin on shares which are the subject of an offer, and in respect of which all conditions have been met, the margin required may be computed on the consideration, other than cash, that would be obtained upon acceptance of the offer. The margin rate to be used is the one prescribed in articles 7201 and following on the consideration to be obtained.

- b) Where the offer is made for less than 100% of the issued and outstanding shares, the preceding principle must be applied pro rata in the same proportion as the offer.

| ~~109~~) Bank warrants for governments securities

Where the account of a market maker, specialist or member contains bank warrants for government securities the margin rate must be the one required in respect of the securities to which the holder of the warrant is entitled upon exercise of the warrant provided that, in the case of a long position, margin need not exceed the market value of the warrant.

For the purpose of this paragraph, bank warrants for government securities means warrants issued by a Canadian chartered bank which are listed on any recognized stock exchange or other listing organization referred to in article 7202 paragraph 1) and which entitle the holder to purchase securities issued by the Government of Canada or any province thereof.

| ~~140~~) Margin requirements for PEACs and SPECs

- a) Simple positions

The margin required on a simple long or short position in a PEAC must be determined by using the same rates as those provided for in paragraph 2 of article 7202. However, if the underlying common stock has been approved by the Canadian Clearing Corporation of Derivative Products as being option eligible, then the margin rate must be 30% for long positions and the credit required must be 130% for short positions.

The margin required on a simple long or short position in a SPEC when held in a customer account, must be determined by applying the margin requirements provided for in articles 11202 and 11203 as if it was a stock option held in a customer account.

The margin required on a simple long or short position in a SPEC held in the account of a member, market-maker, specialist or restricted permit holder must be determined by applying the margin requirements provided for in article 11227 as if it was a stock option held in the account of one of the above mentioned person.

- b) Paired positions

- i) Long underlying common stock - Short SPEC

In the case of clients' accounts, the margin required on a long position in the underlying common stock which is paired with a short position in the corresponding SPEC must be the margin currently required on the common stock as provided by paragraph 2 of article 7202. However, in the case where the market value of the common stock exceeds the termination claim of the SPEC, the margin must then be determined by using the termination claim instead of the market value of the common stock.

In the case where such positions are held in accounts of members, market-makers, specialists or restricted permit holders, the margin required must be equal to 25% of the market value of the

APPENDIX B

long position less the market value of the SPEC. However, margin required must not be less than zero.

ii) Long underlying common stock - Short PEAC

The margin required on a long position in the underlying common stock which is paired with a short position in the corresponding PEAC must be the greater of the margin required on the long position or the margin required on the short position.

iii) Long SPEC - Short underlying common stock

In the case of clients' accounts, the margin required on a long position in the SPEC paired with a short position in the underlying common stock must be equal to the termination claim of the SPEC minus the difference between the market values of the underlying common stock and of the SPEC.

In the case where such a position is held in the account of a member, market-maker, specialist or restricted permit holder, the margin required must be equal to the market value of the SPEC plus the lesser of the amount by which the SPEC is out of the money or 25% of the market value of the underlying common stock. If the amount of the SPEC is in the money, then the margin required must be equal to the market value of the SPEC less the amount by which it is in the money. However, the margin required must not be less than zero.

iv) Long PEAC - Short underlying common stock

The margin required on a long position in a PEAC paired with a short position in the underlying common stock must be equal to the greater of the margin required on the long or short position.

v) Long PEAC and SPEC - Short underlying common stock

The margin required on a long position in a PEAC and a SPEC paired with a short position in the underlying common stock must be equal to the difference between the market values of the long position and the short position. For the purposes of this calculation, the difference must be determined by using the bid value for each of the long and short positions.

vi) Long underlying common stock - Short PEAC and SPEC

The margin required on a long position in the underlying common stock which is paired with a short position in the PEAC and the SPEC must be equal to the greater of the margin required on the long position or on the short positions.

c) Positions held in accounts of members, market-makers, specialists and restricted permit holders

For the purposes of subparagraphs a) and b) above and when not specified, the margin rate applicable to positions held by a member, market-maker, specialist or restricted permit holder must be the rate provided for in paragraphs 4, 7 and 8 of present article.

| 121Maximum Margin Required for Convertible Securities

The margin required for a security that is currently convertible or exchangeable into another security (the "underlying security") need not exceed the sum of:

- i) the margin required for the underlying security; and
- ii) any excess of the market value of the convertible or exchangeable security over the market value of the underlying security.

APPENDIX B

DATE: _____

SCHEDULE 2

PART II JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT

(Firm Name)

ANALYSIS OF SECURITIES OWNED AND SOLD SHORT AT MARKET VALUE

Category	-----Market Value-----		Margin <u>required</u>
	<u>Long</u>	<u>Short</u>	
1. Money market	\$	\$	\$
Accrued interest	.....	.....	NIL
TOTAL MONEY MARKET	-----	-----	
2. Bonds	.....	.....	.....
Accrued interest	.....	.....	NIL
TOTAL BONDS	-----	-----	
3. Equities	.....	.....	.....
Accrued interest on convertible debentures	.....	.....	NIL
TOTAL EQUITIES	-----	-----	
4. Options	.....	.....	.....
5. Futures	NIL	NIL	.....
6. Other	.....	.....	.....
Accrued interest	.....	.....	NIL
TOTAL OTHER	-----	-----	
7. Registered traders, specialists and market makers [see instructions]	NIL	NIL	
87. TOTAL	-----	\$ ----- A-52	\$ ----- B-7
98. LESS: Securities, including accrued interest, segregated for client free credit ratio calculation [see instructions]	..... A-8 & D-7		
109. NET TOTAL	\$ ----- A-7		

APPENDIX B

SUPPLEMENTARY INFORMATION

44 10. Market value of securities included above but held on deposit with Acceptable Clearing Corporations or Regulated Entities as variable base deposits or margin deposits	\$
42 11. Margin reduction from offsets against Trader reserves, PDO guarantees or General allowances	\$

[see notes and instruction]

SCHEDULE 2 NOTES AND INSTRUCTIONS

1. All securities are to be valued at market (see General Notes and Definitions) as of the reporting date. The margin rates to be used are those outlined in the bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund.
2. Schedule 2 summarizes **all** securities owned and sold short by the categories indicated. Details that must be included for each category are total long market value, total short market value and total margin required as indicated.
3. Where the firm utilizes the computerized options margining program of a recognized Exchange operating in Canada, the margin requirement produced by such program may be used provided the positions in the firm's records agree with the positions in the Exchange computer. No details of such positions are to be reported if the programs are employed. Details of any adjustments made to the margin calculated by an Exchange computer-margining program must be provided. For the purposes of this paragraph, recognized Exchange means ~~T~~the Montréal Exchange.
4. The Examiners and/or Auditors of the Joint Regulatory Bodies may request additional details of securities owned or sold short as they, in their discretion, believe necessary.
5. Where there are margin offsets between categories, the residual should be shown in the category with the larger initial margin required before offsets.

Line 1 - Money market shall include Canadian & US Treasury Bills, Bankers Acceptances, Bank paper (Domestic & Foreign), Municipal and Commercial Paper or other similar instruments.

Supplementary instructions for reporting money market commitments:

"Market Price" for money market commitments [fixed-term repurchases, calls, etc.] shall be calculated as follows:

- (a) Fixed date repurchases [no borrower call feature] - the market price is the price determined by applying the current yield for the security to the term of maturity from the repurchase date. This will permit calculation of any profit or loss based on the market conditions at the reporting date. Exposure due to future changes in market conditions is covered by the margin rate.
- (b) Open repurchases [no borrower call feature] - prices are to be determined as of the reporting date or the date the commitment first becomes open, whichever is the later. Market price is to be determined as in (a) and commitment price is to be determined in the same manner using the yield stated in the repurchase commitment.
- (c) Repurchase with borrower call features - the market price is the borrower call price. No margin is required where the total consideration for which the holder can put the security back to the dealer is less than the total consideration for which the dealer may put the security back to the issuer. However, where a holder consideration exceeds dealer consideration [the dealer has a loss], the margin required is the lesser of:
 - (1) the prescribed rate appropriate to the term of the security, and
 - (2) the spread between holder consideration and dealer consideration [the loss] based on the call features subject to a minimum of ¼ of 1% margin.

~~Line 7 (i) - The minimum margin requirement for each TSE registered trader is \$50,000.~~

~~(ii) - The minimum margin requirement for each ME registered specialist is the lesser of \$50,000 or an amount sufficient to assume a position of twenty board lots of each security in which such specialist is registered, subject to a maximum of \$25,000 per issuer.~~

~~(iii) - The market maker minimum margin requirement is for the TSE \$50,000 for each specialist appointed and for the ME \$10,000 for each security and/or class of options appointed (not to exceed \$25,000 for each market maker in each preceding case). No minimum margin is required where the market maker does not have any appointment.~~

~~The above noted minimum margin for each registered trader, specialist, or market maker may be applied as an offset to reduce any margin on positions held long or short in the registered trading account of such registered trader, specialist or market maker. It cannot be used to offset margin required for any other registered trader, specialist or market maker or for any other security positions of the member.~~

~~The market values related to positions in registered traders, specialists and market maker accounts should be included in the appropriate categories in the preceding lines of the Schedule. Related margin in excess of the minimum margin reported on this line should also be included in the preceding lines.~~

Line 98 - The securities to be included are bonds, debentures, treasury bills and other securities with a term of 1 year or less, or guaranteed by the Government of Canada or a Province of Canada, the United Kingdom, the United States of America and any other national foreign government (provided such other foreign government is a party to the Basle Accord), which are segregated and held separate and apart as the Member firm's property.

Line 1211 - Include margin reductions from offsets against IA reserves only to the extent there is a written agreement between the firm and the trader permitting the firm to recover realized or unrealized losses from the IA reserve account. Include margin reductions arising from guarantees relating to inventory accounts by Partners, Directors, and Officers of the firm (PDO Guarantees). Include margin reductions arising from offsets against non-specific allowances of the firm.