

**RULE NINE  
MARGIN AND CAPITAL REQUIREMENTS  
FOR OPTIONS, FUTURES CONTRACTS AND  
OTHER DERIVATIVE INSTRUMENTS**

**Section 9001 – 9100  
General Provisions**

**9001 Definitions**

(01.01.05, 01.02.07, 30.11.15, 14.01.16, 23.11.16, 01.12.17, 14.09.18)

For the purpose of the present Rule:

“**approved participant account**” means all non-client accounts including firm accounts and market maker accounts;

“**client account**” means an account for a client of an Approved Participant, but does not include account in which a member of a self-regulatory organization, or a related firm, approved person or employee of such an Approved Participant, member or related firm, as the case may be, has a direct or indirect interest, other than an interest in a commission charged;

“**escrow receipt**” means:

- i) in the case of an equity, exchange-traded fund or income trust unit, a document issued by a financial institution approved by the Canadian Derivatives Clearing Corporation certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified option of a particular client of an Approved Participant; or
- ii) in the case of an OCC option, a document issued by a depository approved by the clearing corporation, after executing and delivering agreements required by The Options Clearing Corporation, certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified OCC option of a particular client of an Approved Participant;

“**firm account**” means an account established by an Approved Participant, which is confined to positions carried by the Approved Participant on its own behalf;

“**floating margin rate**” means:

- i) the last calculated regulatory margin interval, effective for the regular reset period or until a violation occurs, such rate to be reset on the regular reset date, to the calculated regulatory margin interval determined at that date; or
- ii) where a violation has occurred, the last calculated regulatory margin interval determined at the date of the violation, effective for a minimum of twenty trading days, such rate to be reset at the close of the twentieth trading day, to the calculated regulatory margin interval determined at that date, where a reset results in a lower margin rate.

For the purpose of this definition, the term “regular reset date” is the date subsequent to the last reset date where the maximum number of trading days in the regular reset period has passed.

For the purpose of this definition, the term “regular reset period” is the normal period between margin rate resets. This period must be determined by the Canadian self-regulatory organizations with member regulation responsibilities and must not be no longer than sixty trading days.

For the purpose of this definition, the term “regulatory margin interval” means the margin interval calculated by the Bourse in collaboration with the Canadian Derivatives Clearing Corporation.

For the purpose of this definition, the term "violation" means the circumstance where the maximum 1 or 2 day percentage change in the daily closing prices is greater than the margin rate;

**"index"** means an equity index where:

- i) the basket of equity securities underlying the index is comprised of eight or more securities;
- ii) the weight of the single largest security position in the basket of equity securities underlying the index represents no more than 35% of the overall market value of the basket;
- iii) the average market capitalization for each security position in the basket of equity securities underlying the index is at least \$50 million; and
- iv) in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange as set out in the definition of “regulated entities” included in the General Notes and Definitions of the “Joint Regulatory Financial Questionnaire and Report” form of the Investment Industry Regulatory Organization of Canada;

**“market maker account”** means a firm account of an Approved Participant that is confined to transactions initiated by the Approved Participant acting as a market maker;

**“non-client account”** means an account established with an Approved Participant by another member of a self-regulatory organization, a related firm, an approved person or employee of an Approved Participant or of a member of self-regulatory organization or of a related firm, as the case may be, in which the Approved Participant does not have an interest, direct or indirect, other than an interest in fees or commissions charged;

**“OCC option”** means a call option or a put option issued by The Options Clearing Corporation;

**“tracking error margin rate”** means the last calculated regulatory margin interval for the tracking error resulting from a particular offset strategy. The meaning of the term “regulatory margin interval” and the margin rate policy are the same as for the floating margin rate.

## **9002 Risk Margining Systems** (01.01.05, 30.11.15)

- a) With respect to an approved participant account constituted exclusively of positions in derivative instruments listed on the Bourse, the margin required may be the one calculated by the Standard Portfolio Analysis (SPAN) methodology using the margin interval calculated and the assumptions used by the Canadian Derivatives Clearing Corporation.

If the approved participant selects the SPAN methodology, the margin requirements calculated under this methodology will supersede the provisions stipulated in the Rules.

- b) With respect to a client account, it is prohibited to use SPAN methodology to determine margin requirements.

**9003 Inter-Commodity Combinations**  
(01.01.05, 01.02.07)

Unless otherwise specified, offsets are not permitted for positions in client accounts or approved participant accounts involving derivative instruments based on two different underlying interests.

**Section 9101 – 9200**  
**Margin Requirements on Equity-Related Derivatives**

**9101 Exchange Traded Options – General Provisions**  
(01.01.05, abr. 14.01.16)

**9102 Long Option Positions**  
(01.01.05, abr. 14.01.16)

**9103 Short Option Positions**  
(01.01.05, 01.02.07, abr. 14.01.16)

**9104 Covered Option Positions**  
(01.01.05, abr. 14.01.16)

**9105 Options Spreads and Combinations**  
(01.01.05, 01.02.07, 13.08.07, abr. 14.01.16)

**9106 Option and Security Combinations**  
(01.01.05, 01.02.07, abr. 14.01.16)

**9107 Option Spreads Involving Complex Strategies**  
(01.01.05, 13.08.07, abr. 14.01.16)

**9108 Index Option and Index Participation Unit Option Spread Combinations**  
(01.01.05, 01.02.07, abr. 14.01.16)

**9109 Index Option Combinations with Qualifying Baskets of Index Securities and Index Participation Units**  
(01.01.05, 01.02.07, abr. 14.01.16)

**9110 – 9120 (reserved)**

**9121 Exchange Traded Futures Contracts – General**  
(01.01.05, 23.01.06, 14.01.16)

- a) The Bourse shall establish margin requirements applicable to futures contracts positions held by clients and no approved participant shall effect a futures contract transaction or carry an account for a client without proper and adequate margin, which must be obtained as promptly as possible and maintained in conformity with the provisions of this section;
- b) positions of clients must be marked to market daily and the required margin must be determined by using the greatest of:
  - i) the rate required by the futures contract exchange on which the contract is entered into or its clearing corporation; or
  - ii) the rate required by the broker through which the approved participant ensures the clearing of the futures contract;
- c) in the case of a futures contract exchange or its clearing corporation that prescribes margin requirements based on initial and maintenance rates, the initial margin must be required from the client at the time the contract is entered into and such margin must not be for an amount less than the prescribed initial rate. When subsequent adverse price movements in the value of the futures contract reduce the margin on deposit to an amount below the maintenance level, a further amount to restore the margin on deposit to the initial rate must be required. The approved participant may, in addition, require such further margin or deposit as it may consider necessary as a result of fluctuations in market prices;
- d) margin requirements established by the Bourse may be made applicable to one or more rather than all approved participants or clients if deemed necessary by the Bourse;
- e) for clients, the margin requirements will be satisfied by the deposit of cash, escrow receipts or securities for which the loan value equals or exceeds the margin required. In the case of an escrow receipt, the receipt must certify that government securities are held for futures contract positions of a named client. For the purposes of this receipt, the allowable government securities must mature within one year from the date of the deposit and the required margin covered by the receipt must not be greater than 90% of the par value of such securities held on deposit. All government securities which are an acceptable form of margin for the clearing corporation are acceptable;
- f) every approved participant must require from each of its customers for whom trades are effected through an omnibus account, not less than the amount of margin that would be required from such customers if their trades were effected through fully disclosed accounts;
- g) specific margin requirements may be applicable on spread positions when a client account holds such positions. Every approved participant must clearly identify such spread positions in its records relating to margin calculations;
- h) from time to time, the Bourse may impose special margin requirements with respect to particular futures contracts or particular positions in futures contracts.

**9122 Simple or Spread Positions in Futures Contracts**  
(01.01.05)

**a) Shares futures contracts positions**

i) For simple positions in share futures contracts held in a client's account, the margin required must be the sum of:

A) the floating margin rate of the underlying interest;

and

B) the greater of:

I) 10% of the floating margin rate of the underlying interest; and

II) where the floating margin rate of the underlying interest is:

a) less than 10%, 5%;

b) less than 20% but greater or equal to 10%, 4%; or

c) greater or equal to 20%, 3%;

multiplied by the daily settlement value of the futures contracts.

ii) For spread positions in share futures contracts held in a client's account, the margin requirements are determined by the Bourse in collaboration with the clearing corporation, from time to time.

**b) Index futures contracts positions**

The margin requirements which must be applied on all positions in index futures contracts held in a client's account are determined by the Bourse, in collaboration with the clearing corporation, from time to time.

**9123 Share Futures Contracts and Security Combinations**  
(01.01.05, 14.01.16, 15.06.18)

**a) Share futures contracts – underlying interest combinations**

Where a client account contains one of the following combinations:

- long share futures contract and short an equivalent position in the underlying interest; or
- short share futures contract and long an equivalent position in the underlying interest;

the minimum margin required must be the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**b) Short share futures contracts – long warrants, rights, instalment receipts combination**

Where a client holds a short share futures contract on the underlying interests of an issuer and a long position in warrants, rights, shares, instalment receipts or other securities pursuant to the terms of which the holder is entitled to acquire the same class and at least the same number of underlying interests of the same issuer, the margin required must be equal to the difference between the market value of the long position and the settlement value of the short share futures contract, plus the aggregate of the subscription price or other cost or charge payable in connection with the acquisition of underlying interests to the relevant warrant, right, share, instalment receipt or other security.

**c) Short share futures contracts – long capital shares**

For the purposes of this section:

- a) "capital share" means a share issued by a split share company which represents all or a substantial portion of the capital appreciation portion of the underlying common share;
- b) "capital share conversion loss" means any excess of the market value of the capital shares over the retraction value of the capital shares;
- c) "preferred share" means a share issued by a split share company which represents all or a substantial portion of the dividend portion of the underlying common share, and includes equity dividend shares of split share companies;
- d) "retraction value", for capital shares, means:
  - i) where the capital shares can be tendered to the split share company for retraction directly for the underlying common shares, at the option of the holder, the excess of the market value of the underlying common shares received over the retraction cash payment to be made when retraction of the capital shares takes place;
  - ii) where the capital shares cannot be tendered to the split share company for retraction directly for the underlying common shares, at the option of the holder, the retraction cash payment to be received when retraction of the capital shares takes place;
- e) "split share company" means a corporation formed for the sole purpose of acquiring underlying common shares and issuing its own capital shares based on all or a substantial portion of the capital appreciation portion and its own preferred shares based on all or a substantial portion of the dividend income portion of such underlying common shares.

Where a client holds a long position in capital shares and a short share futures contract, the margin required is the sum of: the capital share conversion loss, if any; and the normal margin required in the case of client account positions on the equivalent number of preferred shares.

The market value of the underlying security to be used for the calculation of the required margin pursuant to the preceding paragraph is the settlement value of the share futures contract.

In no case the margin required may be less than 3% of the settlement value of the share futures contract.

**9124 Share Futures Contracts Combinations with Options**

(01.01.05, 15.06.18)

With respect to options and share futures contracts held in clients accounts, where the option contracts and the futures contracts have the same settlement date and underlying interest, or can be settled in either of the two nearest contract months, the option contracts and the futures contracts may be offset as follows:

**a) Short call options – long share futures contracts**

Where a call option is carried short for a client's account and the account is also long a share futures contract on the same number of units of trading on the same underlying interest, the minimum margin required must be the greater of:

- i) A) the margin required on the futures contract; less
- B) the aggregate market value of the call option;

and

- ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**b) Short put options – short share futures contracts**

Where a put option is carried short for a client's account and the account is also short a share futures contract on the same number of units of trading on the same underlying interest, the minimum margin required must be the greater of:

- i) A) the margin required on the futures contract; less
- B) the aggregate market value of the put option;

and

- ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**c) Long call options – short share futures contracts**

Where a call option is carried long for a client's account and the account is also short a share futures contract on the same number of units of trading on the same underlying interest, the minimum margin required must be the greater of:

- i) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest;

and

- ii) A) *Out-of-the-money position*

The aggregate market value of the call option; plus the lesser of:

- I) the aggregate exercise value of the call option less the daily settlement value of the futures contract; or
  - II) the margin required on the futures contract;
- B) *In-the-money or at-the-money position*
- I) the aggregate market value of the call option; less
  - II) the aggregate in-the-money amount of the call option.

**d) Long put options – long share futures contracts**

Where a put option is carried long for a client's account and the account is also long a share futures contract on the same number of units of trading on the same underlying interest, the minimum margin required must be the greater of:

- i) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest;

and

- ii) A) *Out-of-the-money position*

The aggregate market value of the put option; plus the lesser of:

- I) the daily settlement value of the futures contract less the aggregate exercise value of the put option; or
  - II) the margin required on the futures contract;
- B) *In-the-money or at-the-money position*
- I) the aggregate market value of the put option; less
  - II) the aggregate in-the-money amount of the put option.

**e) Conversion or long tripo combination involving options and share futures contracts**

Where a put option is carried long for a client's account and the account is also short a call option and long a share futures contract on the same number of units of trading on the same underlying interest with the same expiry date, the minimum margin required must be the greater of:

- i) A) the greater of the difference, plus or minus, between the daily settlement value of the long futures contract and the aggregate exercise value of the long put option or the short call option; plus



B) the aggregate net market value of the put and call options;

and

ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**f) Reconversion or short tripo combination involving options and share futures contracts**

Where a put option is carried short for a client's account and the account is also long a call option and short a share futures contract on the same number of units of trading on the same underlying interest with the same expiry date, the minimum margin required must be the greater of:

i) A) the greater of the difference, plus or minus, between the aggregate exercise value of the long call option or short put option and the daily settlement value of the short futures contract;  
plus

B) the aggregate net market value of the put and call options;

and

ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**9125 Index Futures Contract Combinations with Qualifying Baskets of Index Securities and Index Participation Units**  
(01.01.05, abr. 14.01.16)

**9126 Index Futures Contract Combinations with Index Options**  
(01.01.05, abr. 14.01.16)

**9127 – 9150 (reserved)**

**9151 Margin Requirements for Positions in and Offsets Involving OCC Options**  
(01.01.05, abr. 14.01.16)

**9152 Margin Requirements for Positions in and Offsets Involving Sponsored Options**  
(01.01.05, 14.01.16, abr. 14.09.18)

**Section 9201 - 9300**  
**Capital Requirements on Equity-Related Derivatives**

**9201 Exchange Traded Options – General**  
(01.01.05, abr. 14.01.16)

- 9202 Long Option Positions**  
(01.01.05, abr. 14.01.16)
- 9203 Short Option Positions**  
(01.01.05, 01.02.07, abr. 14.01.16)
- 9204 Covered Option Positions**  
(01.01.05, abr. 14.01.16)
- 9205 Option Spreads and Combinations**  
(01.01.05, 01.02.07, 13.08.07, abr. 14.01.16)
- 9206 Options and Security Combinations**  
(01.01.05, 01.02.07, abr. 14.01.16)
- 9207 Option Spreads Involving Complex Strategies**  
(01.01.05, 13.08.07, abr. 14.01.16)
- 9208 Index Options and Index Participation Unit Option Spread Combinations**  
(01.01.05, 01.02.07, abr. 14.01.16)
- 9209 Index Option Combinations with Qualifying Baskets of Index Securities and Index Participation Units**  
(01.01.05, 01.02.07, abr. 14.01.16)
- 9210 Index Option Combinations with Qualifying Baskets of Index Securities and Commitment to Purchase Index Participation Units**  
(01.01.05, abr. 14.01.16)
- 9211 – 9220 (reserved)**
- 9221 Exchange Traded Futures Contracts – General**  
(01.01.05, 23.01.06, 01.12.17)
  - a) With respect to an account of an approved participant or market maker, the Bourse may establish certain charges against the capital of the approved participant carrying the account, which charges may be less onerous than margin requirements applicable to clients but for which the approved participant must maintain adequate capital resources at all times;
  - b) positions of approved participants and customers must be marked to market daily and the required capital must be determined by using the greatest of:
    - i) the rate required by the futures contract exchange on which the contract is entered into or its clearing corporation; or
    - ii) the rate required by the broker through which the approved participant ensures the clearing of the futures contract;

- c) in the case of a futures contract exchange or its clearing corporation that prescribes margin requirements based on initial and maintenance rates, initial capital is required at the time the contract is entered into and the amount of such capital must not be less than the prescribed initial rate. Subsequently, the approved participant must maintain, for each position held, a capital amount equivalent to the prescribed maintenance rate;
- d) capital requirements established by the Bourse may be made applicable to one or more rather than all approved participants if deemed necessary by the Bourse;
- e) specific capital requirements may be applicable on spread positions when an approved participant account holds such positions. Every approved participant must clearly identify such spread positions in its records relating to margin calculations;
- f) from time to time the Bourse may impose special capital requirements with respect to particular futures contracts or particular positions in futures contracts.

**9222 Simple or Spread Positions in Futures Contracts**  
(01.01.05, 23.11.16)

**a) Share futures contracts positions**

- i) For simple positions in share futures contracts held in an approved participant's account, the capital required must be equal to either the floating margin rate of the underlying interest multiplied by the daily settlement value of the futures contracts or the result of the methodology outlined under article 9122 a) i), at the Bourse's discretion;
- ii) for spread positions in shares futures contracts held in an approved participant's account, the capital requirements are determined by the Bourse, in collaboration with the clearing corporation, from time to time.

**b) Index futures contracts positions**

The capital requirements which must be applied on all positions in index futures contracts held in an approved participant's account are determined by the Bourse, in collaboration with the clearing corporation, from time to time.

**9223 Share Futures Contracts and Security Combinations**  
(01.01.05, 14.01.16, 15.06.18)

**a) Share futures contracts – underlying interest combinations**

Where an approved participant account contains one of the following combinations:

- long share futures contract and short an equivalent position in the underlying interest; or
- short share futures contract and long an equivalent position in the underlying interest;

the minimum capital required must be the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**b) Short share futures contracts – long convertible security combination**

Where an approved participant holds a short share futures contract on the underlying interests of an issuer and a long position in securities which are currently convertible or exchangeable into the same class and at least the same number of underlying interests of the same issuer, the capital required must be the excess of the market value of the long position over the settlement value of the short share futures contracts.

Any residual net credit money balance between the market value and settlement value of the positions which are paired cannot be used to reduce capital otherwise required on the long or short position remaining unhedged after applying the pairing described above.

Where the securities representing the long position held by the approved participant are not convertible or exchangeable until the expiry of a specific period of time but the approved participant has entered into a written, legally enforceable agreement, pursuant to which it has borrowed securities of the same class as those of the short position which do not have to be returned until the expiration of the period of time until conversion or exchange, the above-mentioned pairing may be done as if the securities representing the long position were currently convertible or exchangeable.

**c) Short share futures contracts – long warrants, rights, instalment receipts combination**

Where an approved participant holds a short share futures contract on the underlying interests of an issuer and a long position in warrants, rights, shares, instalment receipts or other securities pursuant to the terms of which the holder is entitled to acquire the same class and at least the same number of underlying interests of the same issuer, the capital required must be equal to the aggregate of the subscription price or other cost or charge payable in connection with the acquisition of the underlying interests pursuant to the warrant, right, share, instalment receipt or other security plus (or minus, if the result is negative) the difference between the aggregate market value of the warrant, right, share, instalment receipt or other security and the settlement value of the share futures contracts.

**d) Short share futures contracts – long capital shares**

For the purpose of this section:

- a) "capital share" means a share issued by a split share company which represents all or a substantial portion of the capital appreciation portion of the underlying common share;
- b) "capital share conversion loss" means any excess of the market value of the capital shares over the retraction value of the capital shares;
- c) "preferred share" means a share issued by a split share company which represents all or a substantial portion of the dividend portion of the underlying common share, and includes equity dividend shares of split share companies;
- e) "retraction value", for capital shares, means:
  - i) where the capital shares can be tendered to the split share company for retraction directly for the underlying common shares, at the option of the holder, the excess of the market value of the underlying common shares received over the retraction cash payment to be made when retraction of the capital shares takes place;
  - ii) where the capital shares cannot be tendered to the split share company for retraction directly for the underlying common shares, at the option of the holder, the retraction cash payment to be received when retraction of the capital shares takes place;
- f) "split share company" means a corporation formed for the sole purpose of acquiring underlying common shares and issuing its own capital shares based on all or a substantial portion of the capital appreciation portion and its own preferred shares based on all or a substantial portion of the dividend income portion of such underlying common shares.

Where an approved participant holds a long position in capital shares and a short share futures contract, the capital required is equal to the sum of the conversion loss, if any, and the normal capital required on the equivalent number of preferred shares.

The market value of the underlying security to be used for the calculation of the required capital pursuant to the preceding paragraph is the settlement value of the share futures contract.

In no case, the capital required shall be less than 3% of the settlement value of the share futures contract.

**9224 Share Futures Contracts Combinations with Options**  
(01.01.05, 15.06.18)

With respect to options and share futures contracts held in approved participants accounts, where the option contracts and the futures contracts have the same settlement date and underlying interest, or can be settled in either of the two nearest contract months, the option contracts and the futures contracts may be offset as follows:

**a) Short call options – long share futures contracts**

Where a call option is carried short for an approved participant's account and the account is also long a share futures contract on the same number of units of trading on the same underlying interest, the minimum capital required must be the greater of:

- i) A) the capital required on the futures contract; less
- B) the aggregate market value of the call option;

and

- ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**b) Short put options – short share futures contracts**

Where a put option is carried short for an approved participant's account and the account is also short a share futures contract on the same number of units of trading on the same underlying interest, the minimum capital required must be the greater of:

- i) A) the capital required on the futures contract; less
- B) the aggregate market value of the put option;

and

- ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**c) Long call options – short share futures contracts**

Where a call option is carried long for an approved participant account and the account is also short a share futures contract on the same number of units of trading on the same underlying interest, the minimum capital required must be the greater of:

- i) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest;

and

- ii) A) *Out-of-the-money position*

The aggregate market value of the call option; plus the lesser of:

- I) the aggregate exercise value of the call option less the daily settlement value of the futures contract; or
- II) the capital required on the futures contract;

B) *In-the-money or at-the-money position*

- I) the aggregate market value of the call option; less
- II) the aggregate in-the-money amount of the call option.

**d) Long put options – long share futures contracts**

Where a put option is carried long for an approved participant's account and the account is also long a share futures contract on the same number of units of trading on the same underlying interest, the minimum capital required must be the greater of:

- i) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest;

and

ii) A) *Out-of-the-money position*

The aggregate market value of the put option; plus the lesser of:

- I) the daily settlement value of the futures contract less the aggregate exercise value of the put option; or
- II) the capital required on the futures contract;

B) *In-the-money or at-the-money position*

- I) the aggregate market value of the put option; less
- II) the aggregate in-the-money amount of the put option.

**e) Conversion or long tripo combination involving options and share futures contracts**

Where a put option is carried long for an approved participant's account and the account is also short a call option and long a share futures contract on the same number of units of trading on the same underlying interest with the same expiry date, the minimum capital required must be the greater of:

- i) A) the greater of the difference, plus or minus, between the daily settlement value of the long futures contract and the aggregate exercise value of the long put option or the short call option; plus
- B) the aggregate net market value of the put and call options;

and

- ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**f) Reconversion or short tripo combination involving options and share futures contracts**

Where a put option is carried short for an approved participant's account and the account is also long a call option and short a share futures contract on the same number of units of trading on the same underlying interest with the same expiry date, the minimum capital required must be the greater of:

- i) A) the greater of the difference, plus or minus, between the aggregate exercise value of the long call option or short put option and the daily settlement value of the short futures contract;  
plus
- B) the aggregate net market value of the put and call options;

and

- ii) the published tracking error margin rate for a spread between the futures contract and the related underlying interest, multiplied by the market value of the underlying interest.

**9225 Index Futures Contract Combinations with Qualifying Baskets of Index Securities and Index Participation Units**  
(01.01.05, abr. 14.01.16)

**9226 Index Futures Contract Combinations with Index Options**  
(01.01.05, abr. 14.01.16)

**9227 – 9250 (reserved)**

**9251 Capital Requirements for Positions In and Offsets Involving OCC Options**  
(01.01.05, abr. 14.01.16)

**9252 Capital Requirements for Positions In and Offsets Involving Sponsored Options**  
(01.01.05, 14.01.16, abr. 14.09.18)



**Section 9301 – 9400**  
**Margin Requirements for Derivative Instruments on Bonds and Interest Rates**

**9301 Exchange Traded Bond Options - General**  
(01.01.05, 01.02.07, 14.01.16, abr. 14.09.18)

**9302 Long Bond Option Positions**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9303 Short Bond Option Positions**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9304 Covered Bond Option Positions**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9305 Bond Options Spreads and Combinations**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9306 Bond Option and Security Combinations**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9307 – 9310 (reserved)**

**9311 Long Option on Futures Contracts Positions**  
(01.01.05, 14.01.16)

All purchases of options on futures contracts must be for cash and long positions shall have no loan value for margin purposes.

**9312 Short Option on Futures Contracts Positions**  
(01.01.05)

The minimum margin requirement which must be maintained in respect of an option carried short in a client account must be:

- i) 100% of the market value of the option; plus
- ii) the greater of:
  - A) 50% of the normal margin required on the underlying futures contract; or
  - B) the normal margin required on the underlying futures contract less 50% of the amount by which the option is out-of-the-money.

**9313 Options on Futures Contracts Spreads and Combinations**  
(01.01.05)

a) **Call spreads and put spreads**

i) Where a client account contains one of the following spread pairings:

- long call option and short call option with the same or higher exercise price; or
- long put option and short put option with the same or lower exercise price;

the minimum margin required for the spread pairing must be:

- A) 100% of the market value of the long option; minus
- B) 100% of the market value of the short option; plus
- C) where the long option expires before the short option, 50% of the normal margin required on the underlying futures contract.

ii) Where a client account contains one of the following spread pairings:

- long call option and short call option with a lower exercise price; or
- long put option and short put option with a higher exercise price;

the minimum margin required for the spread pairing must be the sum of:

- A) the lesser of:
  - I) the loss amount that would result if both options were exercised; or
  - II) a) where the long and short options have the same expiry date, the margin required on the short option; or
  - b) where the long and short options have different expiry dates, the normal margin required on the underlying futures contract;
- and
- B) where the options have different expiry dates, the net market value of the long and short options.

**b) Short call – short put spreads**

Where a call option is carried short for a client's account and the account is also short a put option, the minimum margin required must be the sum of:

- i) the greater of:
  - A) the margin required on the call option ; or
  - B) the margin required on the put option;

and

- ii) the loss amount that would result if the option having the lesser margin required was exercised.

**9314 – 9320 (reserved)**

**9321 Exchange Traded Futures Contracts – General**

(01.01.05, 23.01.06, 14.01.16)

- a) The Bourse shall establish margin requirements applicable to futures contracts positions held by clients and no approved participant shall effect a futures contract transaction or carry an account for a client without proper and adequate margin, which must be obtained as promptly as possible and maintained in conformity with the provisions of this section;
- e) for clients, the margin requirements will be satisfied by the deposit of cash, escrow receipt or securities for which the loan value equals or exceeds the margin required. In the case of an escrow receipt, the receipt must certify that government securities are held for futures contract positions of a named client. For the purposes of this receipt, the allowable government securities must mature within one year from the date of the deposit and the required margin covered by the receipt must not be greater than 90% of the par value of such securities held on deposit. All government securities which are an acceptable form of margin for the clearing corporation are acceptable;
- g) specific margin requirements may be applicable on spread positions when a client account holds such positions. Every approved participant must clearly identify such spread positions in its records relating to margin calculations;
- h) from time to time, the Bourse may impose special margin requirements with respect to particular futures contracts or particular positions in futures contracts.

**9322 Simple or Spread Positions in Futures Contracts**

(01.01.05)

The margin requirements which must be applied on all positions in futures contracts held in a client's account are determined by the Bourse, in collaboration with the clearing corporation, from time to time.

**9323 Futures Contracts and Security Combinations**

(01.01.05, 27.02.06, abr. 14.01.16)

**9324 Bond Futures Contracts Combinations with Bond Options**

(01.01.05, abr. 14.09.18)

**9325 Futures Contracts Combinations with Options on Futures Contracts**

(01.01.05)

**a) Long options on futures contracts combinations with futures contracts**

Where a client account contains one of the following combinations:

- long call options and short an equivalent position in futures contracts; or

- long put options and long an equivalent position in futures contracts;

the minimum margin required must be the greater of:

- i) the aggregate market value of the long options; or
- ii) the margin required on the futures contracts.

**b) Short options on futures contracts combinations with futures contracts**

Where a client account contains one of the following combinations:

- short call options and long an equivalent position in futures contracts; or
- short put options and short an equivalent position in futures contracts;

the minimum margin required must be:

- i) the aggregate market value of the short options; plus
- ii) the greater of:
  - A) 50% of the margin required on the futures contracts; or
  - B) the excess of the margin required on the futures contracts over 50% of the in-the-money amount of the option.

**9326 Pairing of Government of Canada Bond Futures Contracts with U. S. Treasury Bond Futures Contracts**  
(23.01.06, abr. 14.01.16)

**Section 9401 - 9500**

**Capital Requirements on Bonds and Interest Rate Related Derivatives**

**9401 Exchange Traded Bond Options – General**  
(01.01.05, 01.02.07, 14.01.16, 01.12.17, abr. 14.09.18)

**9402 Long Bond Option Positions**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9403 Short Bond Option Positions**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9404 Covered Bond Option Positions**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9405 Bond Options Spreads and Combinations**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9406 Bond Option and Security Combinations**  
(01.01.05, 14.01.16, abr. 14.09.18)

**9407 – 9410 (reserved)**

**9411 Long Futures Contracts Options Positions**  
(01.01.05, 14.01.16)

The minimum capital required to carry a long call option or a long put option in an approved participant's account is the market value of the option, but this amount may be reduced by 50% of the amount by which the option is in-the-money when the premium is equal to or greater than 4 basis points in the case of options on Canadian bankers' acceptance futures contracts and 10 basis points in the case of options on Government of Canada bond futures contracts.

**9412 Short Futures Contracts Options**  
(01.01.05, 14.01.16)

The minimum capital required which must be maintained in respect of an option carried short in an approved participant account must be the greater of:

- i) 50% of the capital required on the underlying futures contract; or
- ii) the capital required on the futures contract less the amount by which the option is out-of-the-money.

**9413 Futures Contracts Options Spreads and Combinations**  
(01.01.05, 14.01.16)

**a) Call spreads and put spreads**

Where an approved participant account contains one of the following spread pairings:

- long call option and short call option; or
- long put option and short put option;

the minimum capital required must be:

- i) 100% of the market value of the long option; minus
- ii) 100% of the market value of the short option; and
- iii) plus the loss (up to the amount of capital required on the short option) or less the gain (up to 50% of the amount by which the long option is in-the-money) that would result if both options were exercised (note: to recognize an in-the-money amount, the premium should be equal or greater than 4 basis points in the case of options on Canadian bankers' acceptance futures contracts and 10 basis points in the case of options on Government of Canada bond futures contracts).

**b) Short call – short put spreads**

Where a call option is carried short for an approved participant account and the account is also short a put option, the minimum capital required must be the sum of:

- i) the greater of:
    - A) the capital required on the call option; or
    - B) the capital required on the put option;
- and
- ii) the loss that would result if the option having the lesser capital required was exercised.

**c) Long call – long put spreads**

Where a call option is carried long for an approved participant account and the account is also long a put option, the minimum capital required must be:

- i) 100% of the market value of the call option; plus
- ii) 100% of the market value of the put option; minus
- iii) the greater of:
  - A) the amount by which the aggregate exercise value of the put option exceeds the exercise value of the call option; or
  - B) 50 % of the total of the amount by which each option is in-the-money when the premium is equal to or greater than 4 basis points in the case of options on Canadian bankers' acceptance futures contracts and 10 basis points in the case of options on Government of Canada bond futures contracts.

**9414 – 9420 (reserved)**

**9421 Exchange Traded Futures Contracts – General**  
(01.01.05, 23.01.06, 14.01.16, 01.12.17)

- a) With respect to an account of an approved participant or market maker, the Bourse has established certain charges against the capital of the approved participant carrying the account, which charges may be less onerous than margin requirements applicable to clients but for which the approved participant must maintain adequate capital resources at all times;
- b) specific capital requirements may be applicable on spread positions when an approved participant account holds such positions. Every approved participant must clearly identify such spread positions in its records relating to margin calculations;

- c) from time to time the Bourse may impose special capital requirements with respect to particular futures contracts or particular positions in futures contracts.

**9422 Simple or Spread Positions in Futures Contracts**  
(01.01.05)

The capital requirements which must be applied on all positions in futures contracts held in an approved participant's account are determined by the Bourse, in collaboration with the clearing corporation, from time to time.

**9423 Futures Contracts and Security Combinations**  
(01.01.05, 27.02.06, abr. 14.01.16)

**9424 Bond Futures Contract Combinations with Bond Options**  
(01.01.05, abr. 14.09.18)

**9425 Futures Contracts Combinations with Options on Futures Contracts**  
(01.01.05)

For the following combinations, the delivery months of the options and of the futures contracts have no importance.

**a) Long options on futures contracts – position in futures contracts**

Where an approved participant account contains one of the following combinations:

- long call options and short an equivalent position in futures contracts; or
- long put options and long an equivalent position in futures contracts;

the minimum capital required must be the greater of:

- i) the capital required on the long option;

and

- ii) A) the capital required on the futures contract; less  
B) the amount by which the option is in-the-money.

**b) Short options on futures contracts – position in futures contracts**

Where an approved participant account contains one of the following combinations:

- short call options and long an equivalent position in futures contracts; or
- short put options and short an equivalent position in futures contracts;

the minimum capital required must be the greater of:

i) 50% of the capital required on the futures contract;

and

ii) A) the capital required on the futures contract; less

B) the amount by which the option is in-the-money.

**c) Conversion or long tripo combination involving options on futures contracts and futures contracts**

Where a position in a futures contract is carried long in an approved participant's account and the account is also long an equivalent position in put options and short an equivalent position in call options, the minimum capital required must be the greater of:

i) A) the greater of the difference, plus or minus, between the daily settlement value of the long futures contracts and the exercise value of the long put options or short call options; plus

B) the net market value of the long put and short call options;

and

ii) 50% of the capital required on the futures contracts.

**d) Reconversion or short tripo combination involving options on futures contracts and futures contracts**

Where a position in a futures contract is carried short in an approved participant's account and the account is also short an equivalent position in put options and long an equivalent position in call options, the minimum capital required must be the greater of:

i) A) the greater of the difference, plus or minus, between the exercise value of the long call options or short put options and the daily settlement value of the futures contracts; plus

B) the net market value of the short put and long call options;

and

ii) 50% of the capital required on the futures contracts.

**9426 Pairing of Government of Canada Bond Futures Contracts with U. S. Treasury Bond Futures Contracts**  
(23.01.06, abr. 14.01.16)

**Section -9501 – 9600**  
**Over-the-counter (OTC) options**

**9501 Margin Requirements - General Provisions**  
(01.01.05, 19.10.06, abr. 14.01.16)



- 9502 Margin requirements - Simple Long Positions**  
(01.01.05, abr. 14.01.16)
- 9503 Margin Requirements - Simple Short Positions**  
(01.01.05, abr. 14.01.16)
- 9504 Margin Requirements - Paired Option Positions**  
(01.01.05, abr. 14.01.16)
- 9505 Acceptable Forms of Margin**  
(01.01.05, abr. 14.01.16)
- 9506 – 9510 (Reserved for future use)**
- 9511 Capital Requirements - General Provisions**  
(01.01.05, 19.10.06, abr. 14.01.16)
- 9512 Capital Requirements - Simple Long Positions**  
(01.01.05, abr. 14.01.16)
- 9513 Capital Requirements - Simple Short Positions**  
(01.01.05, abr. 14.01.16)
- 9514 Capital Requirements - Paired Option Positions**  
(01.01.05, abr. 14.01.16)
- 9515 Capital Reduction Allowed for Positions Held by Approved Participants**  
(01.01.05, abr. 14.01.16)

**Section 9601 – 9650**  
**Margin Requirements on Currency-Related Derivatives**

- 9601 Exchange Traded Currency Options – General Provisions**  
(26.09.05, abr. 14.01.16)
- 9602 Long Currency Option Positions**  
(26.09.05, abr. 14.01.16)
- 9603 Short Currency Option Positions**  
(26.09.05, abr. 14.01.16)
- 9604 Covered Currency Option Positions**  
(26.09.05, abr. 14.01.16)
- 9605 Currency Option Spreads and Combinations**  
(26.09.05, abr. 14.01.16)

**9606 Currency Options and Assets Denominated in the Same Currency Combinations**  
(26.09.05, abr. 14.01.16)

**Section 9651 - 9700**  
**Capital Requirements on Currency-Related Derivatives**

**9651 Exchange Traded Currency Options – General**  
(26.09.05, abr. 14.01.16)

**9652 Long Currency Option Positions**  
(26.09.05, abr. 14.01.16)

**9653 Short Currency Option Positions**  
(26.09.05, abr. 14.01.16)

**9654 Covered Currency Option Positions**  
(26.09.05, abr. 14.01.16)

**9655 Currency Option Spreads and Combinations**  
(26.09.05, abr. 14.01.16)

**9656 Currency Options and Assets Denominated in the Same Currency Combinations**  
(26.09.05, abr. 14.01.16)