

**Notice of BCSC non-objection to proposed amendments to the New SRO's Investment Dealer and Partially Consolidated Rule 5900 and Form 1**

On April 14, 2023, the BCSC and the New SRO's other recognizing regulators<sup>[1]</sup> provided the New SRO with notification of their non-objection or approval<sup>[2]</sup> of the New SRO's proposed amendments to Investment Dealer and Partially Consolidated Rules (IDPC) and Form 1 regarding the floating index margin rate methodology applicable to qualifying Canadian and U.S. index products. The amendments will come into effect on August 8, 2023.

The purpose of the amendments is to reduce procyclicality in New SRO's floating index margin rate methodology. The amendments:

- Set floor margin rates for qualifying Canadian and U.S. index products included on the New SRO's list of floating and tracking error margin rates
- Revise the floating index margin rate calculation for individual and offset (tracking error) positions to a "greater of" the floor margin rate and the floating margin rate percentage methodology
- Define "qualifying index" for the purposes of determining floating margin rates, which includes categorizing qualifying index types as either a broad based index or a sector index, and
- Codify New SRO's discretionary authority to modify the regulatory margin interval calculation.

We attach the New SRO's notice of publication, a certified copy of the resolution adopted by the New SRO Board of Directors, a blackline of the amendments. The New SRO published the proposed amendments for comment on its website for a 60-day period ending June 27, 2022. The New SRO did not receive any comment letters in response.

May 18, 2023

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<sup>[1]</sup> Alberta Securities Commission, Financial and Consumer Affairs Authority of Saskatchewan, Manitoba Securities Commission, Ontario Securities Commission, Autorité des marchés financiers, Financial and Consumer Services Commission of New Brunswick, Nova Scotia Securities Commission, Prince Edward Island Office of Superintendent of Securities, Office of the Superintendent of Securities, Digital Government and Service Newfoundland and Labrador, Office of the Superintendent of Securities, Northwest Territories, Office of the Superintendent of Securities, Nunavut and Office of the Yukon Superintendent of Securities

<sup>[2]</sup> Non-objection and approval are the different ways in which the recognizing regulators express their decisions after reviewing proposed rules of the New SRO.