

ANNEX A

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 94-101 MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES

1. *National Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives is amended by this Instrument.*
2. *Section 1 is amended*

(a) in subsection (1), by adding the following definitions:

“investment fund” has the meaning ascribed to it in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

“prudentially regulated entity” means a person or company that is subject to and in compliance with the laws of Canada, a jurisdiction of Canada or a foreign jurisdiction where the head office or principal place of business of a Schedule III bank is located, and a political subdivision of that foreign jurisdiction, relating to minimum capital requirements, financial soundness and risk management, or the guidelines of a regulatory authority of Canada or a jurisdiction of Canada relating to minimum capital requirements, financial soundness and risk management;

“reference period” means, for a given year after 2019, the period beginning on September 1 in a year and ending on August 31 of the following year,

(b) by replacing subsection (2) with the following:

(2) In this Instrument, a person or company (the first party) is an affiliated entity of another person or company (the second party) if any of the following apply:

(a) the first party and the second party are consolidated in consolidated financial statements prepared in accordance with one of the following:

- (i) IFRS;
- (ii) generally accepted accounting principles in the United States of America;

(b) all of the following apply:

- (i) the first party and the second party would have been, at the relevant time, required to be consolidated in consolidated financial statements prepared by the first party, the second

party or another person or company, if the consolidated financial statements were prepared in accordance with the principles or standards referred to in subparagraphs (a)(i) or (ii);

(ii) neither the first party's nor the second party's financial statements, nor the financial statements of the other person or company, were prepared in accordance with the principles or standards referred to in subparagraph (a)(i) or (ii);

(c) the first party and second party are both prudentially regulated entities supervised together on a consolidated basis.

(c) by repealing subsection (3).

3. Section 3 is amended

(a) by adding the following subsections:

(0.1) Despite subsection 1(2), an investment fund is not an affiliated entity of another person or company for the purposes of paragraphs 3(1)(b) and (c);

(0.2) Despite subsection 1(2), a person or company is not an affiliated entity of another person or company for the purposes of paragraphs 3(1)(b) and (c) if the following apply:

(a) the person or company has, as its primary purpose, one of the following:

(i) financing a specific pool or pools of assets;

(ii) providing investors with exposure to a specific set of risks;

(iii) acquiring or investing in real estate or other physical assets;

(b) all the incurred indebtedness by the person or company whose primary purpose is one set out in subparagraphs (a)(i) or (ii), including obligations owing to its counterparty to a derivative, are solely secured by the assets of that person or company.

(b) by replacing paragraphs (1)(b) and (c) with the following:

(b) the counterparty

(i) is an affiliated entity of a participant referred to in paragraph (a), and

(ii) had, for the months of March, April and May preceding the reference period in which the transaction was executed, an average month-end gross notional amount under all outstanding derivatives exceeding \$1 000 000 000 excluding derivatives to which paragraph 7(1)(a) applies;

(c) the counterparty

(i) is a local counterparty in any jurisdiction of Canada,

(ii) had, during the previous 12-month period, a month-end gross notional amount under all outstanding derivatives, combined with each affiliated entity that is a local counterparty in any jurisdiction of Canada, exceeding \$500 000 000 000 excluding derivatives to which paragraph 7(1)(a) applies, and

(iii) had, for the months of March, April and May preceding the reference period in which the transaction was executed, an average month-end gross notional amount under all outstanding derivatives exceeding \$1 000 000 000 excluding derivatives to which paragraph 7(1)(a) applies., **and**

(c) in subsection (2), by deleting “(1)(b) or”, “(1)(b)(ii) or” and “, as applicable”.

4. Section 6 is amended by replacing “the following counterparties” with “a counterparty in respect of a mandatory clearable derivative if any counterparty to the mandatory clearable derivative is one of the following”.

5. Section 7 is amended

(a) by deleting “the application of”,

(b) in paragraph (1)(a), by deleting “if each of the counterparty and the affiliated entity are consolidated as part of the same audited consolidated financial statements prepared in accordance with “accounting principles” as defined in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards”, and

(c) by repealing subsections (2) and (3).

6. *Section 8 is amended*
- (a) *by deleting “the application of”,*
- (b) *by replacing paragraph (d) with the following:*
- (d) *the multilateral portfolio compression exercise involved both counterparties to the mandatory clearable derivative;, and*
- (c) *in paragraph (e), by replacing “is” with “was”.*
7. *Part 4 is repealed.*
8. *Appendix A is replaced with the following:*

**APPENDIX A
TO
NATIONAL INSTRUMENT 94-101 MANDATORY CENTRAL COUNTERPARTY
CLEARING OF DERIVATIVES**

**MANDATORY CLEARABLE DERIVATIVES
(Subsection 1(1))**

Interest Rate Swaps

Type	Floating index	Settlement currency	Maturity	Settlement currency type	Optionality	Notional type
Fixed-to-float	CDOR	CAD	28 days to 30 years	Single currency	No	Constant or variable
Fixed-to-float	LIBOR	USD	28 days to 50 years	Single currency	No	Constant or variable
Fixed-to-float	EURIBOR	EUR	28 days to 50 years	Single currency	No	Constant or variable
Fixed-to-float	LIBOR	GBP	28 days to 50 years	Single currency	No	Constant or variable
Basis	LIBOR	USD	28 days to 50 years	Single currency	No	Constant or variable

Basis	EURIBOR	EUR	28 days to 50 years	Single currency	No	Constant or variable
Basis	LIBOR	GBP	28 days to 50 years	Single currency	No	Constant or variable
Overnight index swap	CORRA	CAD	7 days to 2 years	Single currency	No	Constant
Overnight index swap	FedFunds	USD	7 days to 3 years	Single currency	No	Constant
Overnight index swap	EONIA	EUR	7 days to 3 years	Single currency	No	Constant
Overnight index swap	SONIA	GBP	7 days to 3 years	Single currency	No	Constant

Forward Rate Agreements

Type	Floating index	Settlement currency	Maturity	Settlement currency type	Optionality	Notional type
Forward rate agreement	LIBOR	USD	3 days to 3 years	Single currency	No	Constant
Forward rate agreement	EURIBOR	EUR	3 days to 3 years	Single currency	No	Constant
Forward rate agreement	LIBOR	GBP	3 days to 3 years	Single currency	No	Constant

9. *Form 94-101F1 Intragroup Exemption and Form 94-101F2 Derivatives Clearing Services are repealed.*

10. This Instrument comes into force on *[insert date here]*.