

**For Immediate Release
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CSA seek comment on derivatives Model Rule for customer clearing and protection of customer collateral and positions

Toronto - The Canadian Securities Administrators (CSA) today published for comment CSA Staff Notice 91-304 *Model Provincial Rule Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*, (Model Rule). The Model Rule is intended to increase the protection of customer collateral and positions, and to increase the resilience of derivatives clearing agencies.

Canadian and international initiatives mandating the clearing of over-the-counter (OTC) derivative transactions will cause certain market participants, who are not clearing members at a derivatives clearing agency, to clear their OTC derivatives transactions indirectly through market participants that are clearing members (or otherwise provide clearing services). The Model Rule published today would ensure that customer clearing provides customers with a high level of protection. The rule requirements relate to segregation and use of customer collateral, as well as record keeping and disclosure about collateral held.

“The Model Rule would implement a robust protection regime for customers in cleared OTC derivative transactions,” said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. “It imposes requirements on clearing agencies and their participants that will protect derivatives market participants in times of financial stress and will facilitate the transfer of customer positions and collateral.”

Today’s proposal follows consultation with market participants and feedback received from stakeholders on CSA Consultation Paper 91-404 *Derivatives: Segregation and Portability in OTC Derivatives Clearing* published in February 2012. The CSA welcome feedback on today’s proposal, which will move this important initiative forward. The comment period is open until March 19, 2014.

The CSA, the council of the securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

– 30 –

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