

**INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
AMENDMENTS TO DEALER MEMBER RULES REGARDING CONVERSION AND RECONVERSION
OFFSET STRATEGIES**

PROPOSED AMENDMENTS

1. Dealer Member Rule 100.9(g)(v) is amended by replacing the words “, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the call options” with the words “or the short call options, whichever is lower”.
2. Dealer Member Rule 100.9(g)(vi) is amended by:
 - (a) adding the words “or short put options, whichever is higher,” immediately after the words, “the difference, plus or minus, between the aggregate exercise value of the long call options”; and
 - (b) deleting the words “, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options”.
3. Dealer Member Rule 100.9(h)(ii)(E) is amended by:
 - (a) deleting the words “, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the”;
 - (b) adding the words “or short” immediately before the words “call options” in subparagraph “(a)(iii)”; and
 - (c) adding the words “, whichever is lower” immediately after the words “call options” in subparagraph “(a)(iii)”.
4. Dealer Member Rule 100.9(h)(ii)(F) is amended by:
 - (a) adding the words “or short put options, whichever is higher,” immediately after the words, “the difference, plus or minus, between the aggregate exercise value of the long call options”; and
 - (b) deleting the words “where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options”.
5. Dealer Member Rule 100.9(h)(v)(E) is amended by:

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- (a) adding the words “an equivalent number of”, immediately before the words “index put options”, “index call options”, “index participation unit put options”, and “index participation unit call options”;
 - (b) deleting the words “the greater of” immediately before the words “the difference, plus or minus, between the daily settlement value of the long futures contracts and the aggregate exercise value of the long put options or the short call options”; and
 - (c) adding the words “whichever is lower,” immediately before the word “plus”.
- 6. Dealer Member Rule 100.9(h)(v)(F) is amended by:
 - (a) adding the words “an equivalent number of”, immediately before the words “index call options”, “index put options”, “index participation unit call options”, and “index participation unit put options”;
 - (b) deleting the words “the greater of” immediately before the words “the difference, plus or minus, between the aggregate exercise value of the long call options or short put options”; and
 - (c) adding the words “whichever is higher,” immediately after the words “the difference, plus or minus, between the aggregate exercise value of the long call options or short put options”.
- 7. Dealer Member Rule 100.10(g)(v) is amended by replacing the words “, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the call options” with the words “or the short call options, whichever is lower”.
- 8. Dealer Member Rule 100.10(g)(vi) is amended by:
 - (a) adding the words “or short put options, whichever is higher”, immediately after the words, “the difference, plus or minus, between the aggregate exercise value of the long call options”; and
 - (b) deleting the words “, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options”.
- 9. Dealer Member Rule 100.10(h)(ii)(E) is amended by:
 - (a) deleting the words “where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the”;
 - (b) adding the words “or short” immediately before the words “call options” in subparagraph “(a)(iii)”;

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- (c) adding the words “, whichever is lower” immediately after the words “call options” in subparagraph “(a)(iii)”.
10. Dealer Member Rule 100.10(h)(ii)(F) is amended by:
- (a) adding the words “or short put options, whichever is higher” immediately after the words “the difference, plus or minus, between the aggregate exercise value of the long call options”; and
 - (b) deleting the words “, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options”.
11. Dealer Member Rule 100.10(h)(v)(E) is amended by:
- (a) adding the words “an equivalent number of”, immediately before the words “index put options”, “index call options”, “index participation unit put options”, and “index participation unit call options”;
 - (b) deleting the words “greater of the”, immediately before the words, “difference, plus or minus, between the daily settlement value of the long futures contracts and the aggregate exercise value of the long put options or the short call options”; and
 - (c) adding the words “whichever is lower,” immediately before the word “plus”.
12. Dealer Member Rule 100.10(h)(v)(F) is amended by:
- (a) adding the words “an equivalent number of”, immediately before the words “index call options”, “index put options”, “index participation unit call options”, and “index participation unit put options”;
 - (b) deleting the words “greater of the” immediately before the words, “difference, plus or minus, between the aggregate exercise value of the long call options or short put options”; and
 - (c) adding the words “, whichever is higher,” immediately before the words “and the daily settlement value of the short futures contracts, plus”.