



NEWS RELEASE

CDCC Introduces Direct Clearing for Canadian Buy Side Firms

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September 7, 2017 (MONTRÉAL) Canadian Derivatives Clearing Corporation (CDCC), Canada's national central clearing counterparty (CCP) for exchange-traded derivative products, certain over-the-counter (OTC) products and repurchase agreements (repos), announced today a proposal to expand its fixed income service to enable certain Canadian buy-side firms to clear cash or repos trades directly through CDCC. CDCC's new direct-clearing model seeks to extend the range of significant benefits associated with CCP clearing, including capital, margin and collateral efficiencies to a new membership category called Limited Clearing Members (LCMs).

"Today's announcement marks an important step forward for CDCC and helps to further establish Canada's global reputation as a leader in central counterparty clearing," said Glenn Goucher, President, CDCC. "We are proud to expand our membership to include crown corporations and pension funds that are representative of so many Canadian investors. This new industry driven solution will serve to boost the efficiency, resiliency and capacity of our country's capital markets while enabling LCMs to follow the Financial Stability Board's best practice recommendations."

This innovative direct-clearing model was developed in close consultation with a broad group of stakeholders from across Canada's investment industry, including clearing members, public pension funds, securities regulators, the Bank of Canada and the Investment Industry Association of Canada (IIAC).

"The participation of public pension funds on CDCC's fixed-income central clearing service provides sell-side participants with important netting and balance sheet efficiencies, which increases their capacity to provide liquidity to the marketplace," said Ian Russell, President and CEO of the IIAC.

The onboarding of LCMs as direct clearing members is expected to begin in 2018, subject to public consultation and regulatory approval. For more information please see CDCC Notice No. 2017 – 126, posted August 30, 2017.

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