Qualitative Notes to Quantitative Disclosure

Principle	Statement
	5.1.1: Assets eligible as initial margin and the respective haircuts applied.

For debt instruments issued or guaranteed by the federal and provincial governments, haircuts are based on the published Bank of Canada's margin requirement rates for Standing Liquidity Facility eligible securities   . For other debt instruments, haircuts are based on the security class, an issuer rating and its term to maturity. The table below outlines the haircut rates for different debt securities (including zero coupon bonds).

Table 2: Haircut Rates for Debt Securities Not Backed by Federal or Provincial Governments

Security Type	Years to Maturity				
	0 to 1	1 to 3	3 to 5	5 to 10	> 10
Corporate AAA	3.00%	3.50%	4.00%	6.50%	9.00%
Corporate AA	3.00%	3.50%	4.00%	6.50%	9.00%
Corporate A	5.00%	5.50%	6.00%	8.50%	11.00%
Unrated public sector entities and government grants	15.00%	16.00%	17.00%	18.50%	20.00%
Unrated municipal	20.00%	21.00%	22.00%	23.50%	25.00%
Corporate BBB	30.00%		32.00%	33.00%	35.00%
Corporate BB and lower	100.00%				
U.S. T-bills, notes and bonds	1.00%		1.50%	3.00%	4.50%

5.3.4: Number of days during the look-back period on which the fall in value during the assumed holding/liquidation period exceeded the haircut on an asset (as of June 30, 2024 for CNS). *Note: Upon regular review of the sufficiency of haircuts applied to securities pledged as CNS collateral, the haircuts for the NHA MTG securities with 10 or more breaches at the top of the list below have been assigned a collateral value of 0 (i.e., a 100% haircut, in effect, was applied to those securities).*

Principle: 5

Security ID	Debt Security Description	Currency	Prescribed Haircut (%)	Number of Days Prescribed Haircut Exceeded
CA135087G997	GOVT CDA	CAD	3	19
CA62970ZUQ94	NHA MTGE1	CAD	3	18
CA62970Z2Q07	NHA MTGE1	CAD	2.5	12
CA62973ZP588	NHA MTGE1	CAD	3	12
CA62976ZAQ50	NHA MTGE1	CAD	3	9
CA62976ZLK61	NHA MTGE1	CAD	3	9
CA135087YK42	GOVT CDA	CAD	3	5
CA1350Z7B603	GOVT CDA	CAD	0.5	3
CA1350Z7B868	GOVT CDA	CAD	0.5	3
CA1350Z7CA05	GOVT CDA	CAD	0.5	3
CA1350Z7CD44	GOVT CDA	CAD	0.5	3
CA1350Z7CF91	GOVT CDA	CAD	0.5	3
CA1350Z7CH57	GOVT CDA	CAD	0.5	3
CA1350Z7CJ14	GOVT CDA	CAD	0.5	3
CA1350Z7CK86	GOVT CDA	CAD	0.5	3
CA1350Z7CL69	GOVT CDA	CAD	0.5	3
CA1350Z7CN26	GOVT CDA	CAD	0.5	3
CA1350Z7CQ56	GOVT CDA	CAD	0.5	3
CA1350Z7CR30	GOVT CDA	CAD	0.5	3
CA1350Z7CS13	GOVT CDA	CAD	0.5	3
CA1350Z7CT95	GOVT CDA	CAD	0.5	3
CA1350Z7CU68	GOVT CDA	CAD	0.5	3
CA62959ZW336	NHA MTGE1	CAD	2	3
CA62962ZD629	NHA MTGE1	CAD	2.5	3
CA62963ZRR06	NHA MTGE1	CAD	2.5	3
CA62974ZE598	NHA MTGE1	CAD	3	3
CA62974ZH989	NHA MTGE1	CAD	3	3
CA62975ZD597	NHA MTGE1	CAD	3	3
CA62975ZMZ31	NHA MTGE1	CAD	3	3
CA62975ZQ227	NHA MTGE1	CAD	3	3
CA62975ZC300	NHA MTGE1	CAD	3	3
CA62976ZFJ62	NHA MTGE1	CAD	3	3
CA62977ZAV37	NHA MTGE1	CAD	2.5	3
CA62977ZC462	NHA MTGE1	CAD	3	3
CA62977ZYD72	NHA MTGE1	CAD	3	3
CA11070TAG37	PROV EC	CAD	4	2
CA135087P576	GOVT CDA	CAD	1.5	2
CA74814ZFE84	PROV QUE	CAD	4	2
CA803854KN72	PROV SASK	CAD	4	2
CA013051DY00	PROV ALTA	CAD	4	1
CA135087N597	GOVT CDA	CAD	2	1

Qualitative Notes to Quantitative Disclosure