



**TO: Approved Participants
Chief Financial Officers
External Auditors**

January 10, 2003

**NOTICE OF MARGIN RATE MODIFICATION
ON FOREIGN CURRENCIES**

Paragraphs 5) C) and D) of article 7210 of the Rules of Bourse de Montréal Inc. provide for a foreign exchange margin surcharge mechanism which adjusts the margin rate for a currency in Groups 1, 2 or 3 if the volatility of the currency exceeds a predetermined volatility threshold. For any foreign currency in which its exchange rate volatility exceeds defined parameters, there is an automatic margin surcharge required to be effective for a minimum of 30 days from the date of a notice to approved participants.

Based on the volatility of the Canadian dollar exchange rates, the following spot risk margin rates apply until further notice:

- **Argentina – Peso** remains at **15.00%**
- **Japan – Yen** from **3.00%** to **3.20%**
- **Mexico – New Peso** from **3.30%** to **3.00%**
- **United States – Dollar** remains at **1.40%**

You will find attached a **Margin Violation Summary Report** dated January 2, 2003 listing all currencies in Groups 1, 2 and 3. The self-regulatory organizations monitor the volatility of all foreign currencies in these Groups and periodically issue notices concerning any change in the margin rates applicable to the currencies affected by such a change.

For further information, please contact Mr. Eric Bernard, Financial Analyst, Regulatory Division, at (514) 871-4949 extension 373 or by e-mail at ebarnard@m-x.ca.

Jacques Tanguay
Vice-President, Regulatory Division

Encl.

Circular no.: 004-2003

Security Volatility Margin Violation Summary Report								
Securities (FX / Bond / Equity / Index)	Margin Rate	Start Date	End Date	Trading Days	Offside Days	% offside	Violation Threshold	
ARGENTINA – PESO	15.00	10/02/02	12/31/02	62	0	0.00	5.00	No
AUSTRALIA – DOLLAR	3.00	10/02/02	12/31/02	62	0	0.00	5.00	No
BRITAIN – POUND	3.00	10/02/02	12/31/02	62	1	1.61	5.00	No
CZECK – KORUNA	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
DENMARK – KRONE	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
EURO	3.00	10/02/02	12/31/02	62	1	1.61	5.00	No
HONG KONG – DOLLAR	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
JAPAN – YEN	3.20	10/02/02	12/31/02	62	2	3.23	5.00	No
MALAYSIA – RINGGIT	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
MEXICO – NEW PESO	3.00	10/02/02	12/31/02	62	0	0.00	5.00	No
NEW ZEALAND – DOLLAR	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
NORWAY – KRONE	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
SAUDI ARABIA – RIYAL	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
SINGAPORE – DOLLAR	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
SWEDEN – KRONA	10.00	10/02/02	12/31/02	62	0	0.00	5.00	No
SWITZERLAND – FRANC	3.00	10/02/02	12/31/02	62	1	1.61	5.00	No
U.S. – DOLLAR	1.40	10/02/02	12/31/02	62	2	3.23	5.00	No

Source: Investment Dealers Association of Canada - Financial Compliance Division

Thursday, January 2, 2003