



**TO : Approved Participants
Restricted Trading Permit Holders
Holders of the Rules and Policies Manual**

February 12, 2002

UPDATING OF THE REGULATIONS

Bourse de Montréal Inc. has undertaken, since its demutualization on October 1, 2000, to update its regulations, of which you will find enclosed the first part. These amendments allowed us to considerably reduce the number of Rules and Policies that are part of the Rules and Policies Manual of the Bourse, which is reduced from two volumes to one.

Demutualization of the Bourse

The amendments that were made to the regulations of the Bourse upon its demutualization are now reflected in the Rules and Policies Manual. The By-laws, Rules and Policies of The Montreal Exchange were adopted as Rules and Policies of Bourse de Montréal Inc., with the exception of the following articles that were, therefore, repealed.

- articles 1106 (Motion to Enact, Repeal or Amend), 1107 (Amendment to Motion to Enact, Repeal or Amend), 1111 (Transitional) and 1112 (Transitional) of By-law One of The Montreal Exchange;
- articles 3002 (Number of Members), 3003 a) Criteria of Admission), 3004 (Membership Qualification), 3011 (Rights of Members), 3101 to 3105 (Lease of Membership Title), 3701 to 3708 (Transfer), 3711 (Transfer of Membership and of Member Trading Permit Upon Resignation), 3804 (Voting Rights) and 3809 (Transfer between Members) of By-law Three of The Montreal Exchange;

Moreover, only articles 2510 and 2510A of By-law Two of The Montreal Exchange were adopted as articles of Rule Two of Bourse de Montréal Inc., which is now entitled «Liability of the Bourse».

Circular no.: 021-2002

Amendment no.: 003-2002

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Transfer of the Equities Division to CDNX and updating of the regulations

The attached amendments result mainly from the transfer of the Equities Division of the Bourse to CDNX at the close of business, on September 28, 2001 and from the update of part of the regulations, whereof the repeal of the following Rules and Policies which have become obsolete:

- Section 5351-5400 (Exchange Reorientation) of Rule Five;
- Part B (Special Rules for Trading Equities – CDNX) of Rule Six;
- Rule Nine (Listing and Delisting of Securities);
- Rule Twelve (Stock Exchange Take-Over Bids and Issuer Bids);
- Rule Thirteen (Precious Metal Certificates);
- Policy C-6 (Year 2000 Narrative Report and Prescribed Procedure);
- Policies I-1 to I-3 and I-5 to I-16;
- Policies T-5 to T-11.

Article 6629 (Priority of Bids and Offers (Excluding Index Options and Options on Index participation units)) is also repealed following the implementation of the new market model of the Bourse (see circular no. 187-2001 of October 29, 2001).

These amendments are effective immediately.

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