



**CIRCULAR  
May 1, 2003**

**CHANGE OF NAME  
CANADIAN VENTURE EXCHANGE (CDNX)  
AMENDMENTS TO ARTICLE 7202**

The Special Committee – Regulatory Division of Bourse de Montréal Inc. (the "Bourse") has approved amendments to article 7202 of the Rules regarding the change of the name of "CDNX" to "TSX Venture Exchange". These amendments become effective immediately.

For further information, please contact Mr. Eric Bernard, Financial Analyst, Regulatory Division at (514) 871-4949, ext. 373, or via e-mail at [ebarnard@m-x.ca](mailto:ebarnard@m-x.ca).

Joëlle Saint-Arnault  
Vice-President, Legal Affairs and Secretary

Circular no.: 059-2003  
Amendment no.: 007-2003

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**7202 Listed Securities**

(15.12.86, 30.09.87, 18.06.88, 01.04.93, 11.02.00, 29.04.02, 16.09.02, 01.05.03)

- 1) The margins required on securities including rights and warrants (other than bonds and debentures) listed on any of the recognized exchanges in Canada and in the United States, on the stock list of The London Stock Exchange and on the first section of the Tokyo Stock Exchange are as follows:

<b>Long Positions</b>	<b>Margin Required</b>
a) Securities trading at \$2.00 or more	50% of market value
b) Securities trading between \$1.75 and \$1.99	60% of market value
c) Securities trading between \$1.50 and \$1.74	80% of market value
d) Securities selling under \$1.50, securities of companies designated as Capital Pool Companies on the TSX Venture Exchange and securities of companies classified as Tier 3 or inactive Tier 2 issuers on the TSX Venture Exchange may not be carried on margin.	

<b>Short Positions</b>	<b>Credit Required</b>
a) Securities trading at \$2.00 or more	150% of market value
b) Securities trading between \$1.50 and \$1.99	\$3.00 per share
c) Securities trading between \$0.25 and \$1.49	200% of market value
d) Securities trading at less than \$0.25	Market value plus \$0.25 per share

Note: On securities approved by the Canadian Derivatives Clearing Corporation or by Options Clearing Corporation, as underlying securities including securities that are convertible or exchangeable into underlying securities, the margin rate is 30% on long securities and the credit required is 130% on short positions.

On Index Participation Units (IPU), the margin, in the case of a long position, is the floating margin rate percentage (calculated for the S&P/TSE 60 IPU by the Bourse) multiplied by the market value of the S&P/TSE 60 IPU. The margin, in the case of a short position, is 100% plus the floating margin rate percentage (calculated for the S&P/TSE 60 IPU by the Bourse) multiplied by the market value of the S&P/TSE 60 IPU.

On a basket of S&P/TSE 60 Index securities (complying with article 11280) the margin, in the case of a long position, is the floating margin rate percentage (calculated for a basket of S&P/TSE 60 Index securities by the Bourse) plus the calculated incremental basket margin rate for the qualifying basket of S&P/TSE 60 Index securities multiplied by the market value of the basket of S&P/TSE 60 Index securities. The margin, in the case of a short position, is 100% plus the floating margin rate percentage (calculated for a basket of S&P/TSE 60 Index securities by the Bourse) plus the calculated incremental basket margin rate for the qualifying basket of S&P/TSE 60 Index securities, multiplied by the market value of the basket of S&P/TSE 60 Index securities.

On Index Participation Units, the margin, in the case of a long position, is the floating margin rate percentage (calculated for the S&P/TSE sectorial Index Participation Units by the Bourse) multiplied by the market value of the S&P/TSE sectorial Index Participation Units. The margin, in the case of a short position, is 100% plus the floating margin rate percentage (calculated for the S&P/TSE sectorial Index Participation Unit by the Bourse) multiplied by the market value of the S&P/TSE sectorial Index Participation Units.

On a basket of S&P/TSE sectorial Index securities (complying with article 11601 of the Rules) the margin, in the case of a long position, is the floating margin rate percentage (calculated for a basket of S&P/TSE sectorial Index securities by the Bourse), multiplied by the market value of the basket of S&P/TSE sectorial Index securities. The margin, in the case of a short position, is 100% plus the floating margin rate percentage (calculated for a basket of S&P/TSE sectorial Index securities by the Bourse), multiplied by the market value of the basket of S&P/TSE sectorial Index securities.

For the purpose of the present article, the floating margin rate percentage is determined by the Bourse, in accordance with the following methodology:

The sum of:

a) the product of the three following elements:

- i) the maximum standard deviation of percentage fluctuations in daily settlement values over the most recent 20, 90 and 260 business days;
- ii) three (for a 99% confidence interval); and
- iii) the square root of 2 (for two days coverage);

plus

b) 0.50% (representing a cushion);

rounded up to the next quarter percent.

On non-convertible preferred shares of companies with securities which are eligible to a reduced margin rate as provided for in paragraph 1 of the present article, the margin rate is 30% on long positions and 130% of the market value of the short positions provided that if the eligible shares fail to continue to meet the requirements for a reduced margin rate eligibility, the margin rate and the credit required will be increased to 50% and 150% respectively.

2) The margin required in respect of positions in warrants issued by a Canadian chartered bank and which are listed on any recognized stock exchange or other listing organization referred to above and which entitle the holder to purchase securities issued by the Government of Canada or any province thereof must be the greater of:

- a) The margin otherwise required by paragraph 1) of the present article according to the market value of the warrant; or

- b) 100% of the margin required in respect of the security to which the holder of the warrant is entitled upon exercise of the warrant. However, in the case of a long position, the amount of margin need not exceed the market value of the warrant.
- 3) For the purpose of the present article, "inactive Tier 2" securities are securities of companies classified as Tier 2 issuers that are considered to be inactive by the TSX Venture Exchange. Such securities are identifiable through the use of unique trading symbols.