



<input checked="" type="checkbox"/> Trading – Interest Rate Derivatives	<input checked="" type="checkbox"/> Back-office - Options
<input checked="" type="checkbox"/> Trading – Equity and Index Derivatives	<input checked="" type="checkbox"/> Technology
<input checked="" type="checkbox"/> Back-office – Futures	<input checked="" type="checkbox"/> Regulation

CIRCULAR
April 24, 2007

REQUEST FOR COMMENTS

ABROGATION OF RULE TEN OF THE BOURSE – SETTLEMENTS – SECURITIES

Summary

The Special Committee – Regulatory Division of Bourse de Montréal Inc. (the Bourse) has approved the abrogation of Rule Ten of the Bourse. The purpose of this abrogation is to reflect the fact that the Bourse is no longer involved in equity trading and in member regulation activities relating to the settlement and delivery of securities other than derivative instruments.

Process for Changes to the Rules

Bourse de Montréal Inc. is recognized as a self-regulatory organization (SRO) by the Autorité des marchés financiers (the Autorité). In accordance with this recognition, the Bourse carries on activities as an exchange and as a SRO in Québec. In its SRO capacity, the Bourse assumes market regulation and supervision responsibilities of its approved participants. The responsibility for regulating the market and the approved participants of the Bourse comes under the Regulatory Division of the Bourse (the Division). The Division carries on its activities as a distinct business unit separate from the other activities of the Bourse.

Circular no.: 061-2007

The Division is under the authority of a Special Committee appointed by the Board of Directors of the Bourse. The Board of Directors of the Bourse has delegated to the Special Committee – Regulatory Division its powers to approve or amend some aspects of the Rules and Policies of the Bourse governing approved participants, among which, the Rules and Policies relating to admission as approved participant, approval of persons, disciplinary matters, management of client accounts and operations. These changes are submitted to the Autorité for approval.

Comments on the proposed abrogation of Rule Ten of the Bourse must be submitted within 30 days following the date of publication of the present notice in the bulletin of the Autorité. Please submit your comments to:

Ms. Joëlle Saint-Arnault
Vice-President, Legal Affairs and Secretary
Bourse de Montréal Inc.
Tour de la Bourse
P.O. Box 61, 800 Victoria Square
Montréal, Quebec H4Z 1A9
E-mail: legal@m-x.ca

A copy of these comments shall also be forwarded to the Autorité to:

Ms. Anne-Marie Beaudoin
Director – Secretariat of L'Autorité
Autorité des marchés financiers
800 Victoria Square, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal (Quebec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Appendices

For your information, you will find in appendices an analysis document of the proposed rule amendments as well as the proposed regulatory text. The implementation date of the proposed amendments will be determined, if applicable, with the other Canadian self-regulatory organizations following approval by the "Autorité des marchés financiers".



ABROGATION OF RULE TEN OF THE BOURSE – SETTLEMENTS – SECURITIES

I OVERVIEW

Rule Ten of Bourse de Montréal Inc. (the Bourse) specifies the mechanisms and procedures that must be applied by approved participants regarding the settlement and delivery of securities other than derivative instruments (e.g.: equities).

II DETAILED ANALYSIS

A) The Issue

Rule Ten covering the settlement and deliveries of securities other than derivative instruments, it is no longer applicable and has become completely obsolete following the transfer by the Bourse of all its equity trading activities to the Toronto Stock Exchange. This transfer, which was completed in the fall of 2001, was made in connection with the agreement entered into by the Canadian exchanges in 1999, and pursuant to which the Bourse kept the exclusivity for the trading of derivative instruments.

The Bourse being no longer involved in equity trading, Rule Ten has become unapplicable, especially since none of the provisions of this Rule is applicable to the derivative instruments traded on the Bourse. For what regards settlement and delivery requirements applicable to securities other than derivative instruments, approved participants must rather refer to Regulation 800 (Trading and Delivery) of the

Investment Dealers Association of Canada (IDA).

B) Objective

The objective of the abrogation of Rule Ten of the Bourse is to reflect the fact that the Bourse is no longer involved in equity trading and in member regulation activities relating to the settlement and delivery of securities other than derivative instruments.

C) Consequences of the proposed abrogation

The abrogation of Rule Ten of the Bourse will have no effect on approved participants of the Bourse, on their clients, on the Bourse itself and on the public in general.

D) Other Alternatives Considered

No other alternative was considered.

E) Impact of proposed abrogation on systems

The abrogation of Rule Ten will not have, for approved participants, their clients and for the public in general, any impact on systems.

F) Interests of financial markets

The Bourse considers that the proposed abrogation of Rule Ten will not affect the interests of financial markets.

G) Public Interests

The purpose of the proposed abrogation of Rule Ten of the Bourse is to eliminate a Rule relating to the settlement and delivery of securities other than derivative instruments that has become obsolete since the Bourse is no longer involved in the trading of equities and is no longer carrying any member regulation responsibilities relating to the settlement and delivery of such

securities. The proposed abrogation is considered to be of public interest.

III COMMENTS

A) Efficiency

As indicated above, the objective of the proposed abrogation of Rule Ten of the Bourse is to eliminate regulatory requirements concerning the settlements and delivery of securities other than derivative instruments that have become obsolete following the 1999 agreement between the Canadian exchanges pursuant to which the Bourse is no longer involved in the trading of equities.

B) Process

The first step of the approval process for the regulatory abrogation proposed in the present document consists in having them approved by the Special Committee – Regulatory Division of the Bourse. Once the approval of the Special Committee obtained, the proposed regulatory amendments will be simultaneously published by the Bourse for a 30-day comment period and submitted to the Autorité des marchés financiers for approval and to the Ontario Securities Commission for information.

IV SOURCES

- Rule Ten of Bourse de Montréal Inc.
- Investment Dealers Association of Canada (IDA) – Regulation 800- Trading and Delivery

**RULE TEN
SETTLEMENTS - SECURITIES**

Section 10001 - 10050

General

(abr. 00.00.07)

10001 Clearing, Settlement and Delivery

(abr. 00.00.07)

~~Clearing and settlement/delivery of transactions in equities and other securities between members (and associate members) shall, (until otherwise determined by the Governing Committee, be conducted through the Canadian Depository for Securities Ltd. as Clearing House) be conducted subject to this Rule.~~

10002 Private Settlement

~~(10.01.78,~~ abr.00.00.07)

~~A private settlement ("P-S trade") is a special transaction to be completed directly between the buying and selling broker. These transactions may, when they involve Exchange listings, be reported on a private settlement transaction report provided by the Clearing House but they will not be settled by the Clearing House.~~

**Section 10051 - 10070
Delivery/Payment Between Members**

(abr.00.00.07)

10051 Valid Certificates Must Be Delivered by Members

(abr. 00.00.07)

~~The member delivering a security either directly or through the Clearing House is responsible for the genuineness and complete regularity thereof and a security which is not valid or is not in proper negotiable form shall be replaced forthwith by one which is valid and in proper negotiable form and any member which is a guarantor in respect of any such securities shall also be bound to make such replacement.~~

10052 Reclamation

(abr. 00.00.07)

~~A member which has received delivery through the Clearing House of a security which is not acceptable as good transfer by the issuing company or its transfer agent shall return it to the deliveror who shall make good delivery or give a lieu cheque in place thereof.~~

10053 Partial Deliveries

(abr. 00.00.07)

~~The buyer shall accept any portion of a lot of stocks contracted for or due on a stock balance in lots of one trading unit or multiples thereof before exercising the right to buy in, as provided in article 6561.~~

10054 Machine Signatures

(abr. 00.00.07)

~~—A member may assign securities registered in the name of such member, and may execute powers of substitution, by means of a mechanically reproduced facsimile signature, provided the member shall have executed and filed with the Exchange, in the form prescribed by it, an agreement with respect to the use of such facsimile signature and shall have complied with such other requirements as may be prescribed by the Exchange in connection with the use of facsimile signatures.~~

10055 Cheques to be Certified
(17.12.74, [abr.00.00.07](#))

~~Cheques for amounts of \$1,000 or over tendered in payment against deliveries of securities or in cross-offs between members must be certified.~~

~~—When the amount involved is for a lesser amount than \$1,000 the member making the delivery of securities may in his discretion demand a certified cheque.~~

~~—Cheques that are tendered through the Clearing House in payment against deliveries of securities or in cross-offs between members, must be certified regardless of the amount.~~

10056 Marking to Market
([abr. 00.00.07](#))

~~—A member becoming partially unsecured by reason of a change in the market value of the subject of an exchange contract, may demand from the other member concerned in the transaction an amount equal to the difference in value resulting from such change, and in the settlement of the transaction effect shall be given to all payments made pursuant to such a demand. Every such demand shall be in writing and delivered at the office of the party upon whom it is made during the hours fixed for trading sessions of the Exchange and shall be complied with immediately.~~

Section 10071 - 10100
Settlement of Bonds
([abr. 00.00.07](#))

10071 Interest Added to Transaction Price
(09.11.78, [abr.00.00.07](#))

~~Unless otherwise directed by the Exchange, in settlement of transactions in bonds dealt in "and accrued interest", there shall be added to the transaction price accrued interest on the principal amount at the rate specified in the bond, which shall be computed from the last payment date up to the settlement date.~~

10072 Interest Computation - Fractions
(09.11.78, [abr.00.00.07](#))

~~—In all transactions involving the payment of interest, fractions of a cent equalling or exceeding one half of a cent shall be regarded as one cent; fractions of a cent less than one half of a cent shall be disregarded.~~

10073 Deliveries On or After Interest Date
(09.11.78, [abr.00.00.07](#))

~~Bonds dealt in "and accrued interest" for settlement prior to the date on which interest is due and payable, but delivered on or after such date, shall be with the coupons due on such date. A coupon missing from a bond must be substituted by the monetary value.~~

10074 Dealings in Registered Form Bonds

(09.11.78, [abr. 00.00.07](#))

~~Where dealings take place in bonds, available only in fully registered form:~~

- ~~1) dealings made up to five (5) business days prior to the closing of the transfer books for the next interest payment, shall be on an "accrued interest" basis. Unless delivery is completed to the buyer by 2:30 p.m. at a transfer point on the date of the closing of the transfer books for a regular interest payment, the full amount of such interest payment shall be claimed by the buyer from the seller;~~
- ~~2) dealings made from four (4) business days prior to the closing of the transfer books up to and including five (5) business days prior to a regular interest payment shall be less interest from settlement date to the regular interest payment date.~~

Section 10101 - 10150
Certificates - Good Delivery -
Not Good Delivery
[\(abr. 00.00.070\)](#)

10101 Good Delivery Certificates

(26.06.84, [abr.00.00.07](#))

~~The following certificates endorsed in blank are good delivery in settlement of transactions on the Exchange:~~

- ~~a) certificates in the name of a member of the Exchange;~~
- ~~b) certificates in the name of a member of the Toronto Stock Exchange or the Vancouver Stock Exchange, if they are guaranteed by endorsement by a member;~~
- ~~c) certificates in the name of a member of the New York Stock Exchange or the American Stock Exchange, if transferable in Montreal or Toronto and if they are guaranteed by endorsement by a member;~~
- ~~d) certificates in the name of one or more individuals or a partnership or any nominee of a Canadian chartered bank, if transferable in Montreal or Toronto and if they are guaranteed by endorsement by a member.~~

~~—Good delivery of securities shall be deemed to be effected also by the making of appropriate entries in respect of the securities in the records of the Clearing House.~~

10102 Not Good Delivery Certificates

(26.06.84, [abr.00.00.07](#))

~~The following certificates are not good delivery: certificates in the name of a tutor, curator, guardian, executor, administrator, trustee or any person or firm (except a nominee of a Canadian chartered bank)~~

~~acting in a representative capacity, a minor, a person since deceased, a member firm or member corporation that has changed its name or has been dissolved or ceased to exist or is in bankruptcy.~~

10103 Certificates with Documents Attached, Torn, Defaced

(26.06.84, [abr.00.00.07](#))

~~Certificates with documents attached or which are defaced or torn are not good delivery.~~

10104 Certificates signed by Authorized Signing Officer of Member

([abr. 00.00.07](#))

~~Certificates on which the member's signature has been signed by an authorized signing officer are good delivery providing a specimen signature and a power of attorney have been lodged with the Exchange.~~

10105 Certificates Endorsed by Attorney

([abr. 00.00.07](#))

~~Certificates endorsed by an attorney after the power of attorney has expired are not good delivery.~~

10106 Rubber Stamped or Machine Signed Certificates

([abr. 00.00.07](#))

~~Certificates in the name of a member, endorsed by a partner, director or attorney of such member under a rubber stamp impression or under a machine signature of the member's name, are good delivery provided specimen signature of the partner, director or attorney so signing is lodged with the Exchange.~~

10107 Certificates Substitution

(26.06.84, [abr.00.00.07](#))

~~Good delivery certificates endorsed over to a member of the Toronto Stock Exchange, the Vancouver Stock Exchange, the New York Stock Exchange or the American Stock Exchange, and substituted by the endorsee are good delivery if the substitution is guaranteed by endorsement by a member.~~

~~—Certificates with more than one power of substitution are not good delivery except when the books of the company are closed, and in such cases all substitutions must be guaranteed by endorsement by a member.~~

10108 Certificates Guaranteed by Endorsement

([abr. 00.00.07](#))

~~A guarantee by endorsement:~~

~~a) of a certificate constitutes a guarantee of the validity of the certificate and of the effectiveness of prior endorsements; and~~

~~b) a substitution constitutes a guarantee of the effectiveness of the substitution.~~

10109 Certificates of Denomination Larger than Board Lot

([abr. 00.00.07](#))

~~Certificates of a denomination greater than a board lot are not good delivery unless the receivers have agreed to take same, and the delivery slip has been marked "O.K."~~

10110 Denomination of Certificates

(09.11.78, [abr. 00.00.07](#))

- ~~1) Certificates of industrial stocks shall be delivered in denomination of 100 or less, unless arranged with the receiving member.~~
- ~~2) Certificates of mining and oil stocks shall be delivered in denomination of 1,000 or less, except stocks selling at \$10 or more in which cases deliveries will be in denomination of 100 or less, unless arranged with the receiving member.~~
- ~~3) Certificates of bonds shall be delivered in denomination of \$100, \$500, \$1,000 or \$5,000, or any other denomination as arranged with the receiving member.~~

10111 Temporary Certificates

([abr. 00.00.07](#))

~~Temporary certificates authorized by the Governing Committee of the Exchange are good delivery for two weeks after the definitive certificates have been issued.~~

10112 Certificates of Listed Companies Changing Name

([abr. 00.00.07](#))

~~Certificates of any listed company which has its name changed are good delivery for three weeks after the change has been made.~~

10113 Good Delivery of Bond Certificates

(09.11.78, [abr. 00.00.07](#))

~~Good delivery shall consist of bearer bonds only, unless the security dealt in is issued solely in fully registered form.~~

~~(See article 10114.)~~

10114 Good Delivery of Registered Form Bond Certificates

(09.11.78, [abr. 00.00.07](#))

~~Bonds that are dealt in only in fully registered form shall be good delivery if:~~

- ~~a) registered in the name of a member of a recognized stock exchange in Canada or of the Investment Dealers' Association of Canada;~~
- ~~b) registered in the name of the dealer or nominee of the bank or trust company with whom the transaction has been consummated.~~

~~—In all cases, endorsement guarantees acceptable to the relative registrars and transfer agents, must be procured by the seller and accompany delivery.~~

10115 Proper Coupons, Warrants
 (09.11.78, [abr. 00.00.07](#))

~~Coupon bonds shall have been securely attached proper coupons and warrants. The money value of a coupon missing from a bond may be substituted by mutual consent of the parties to the contract.~~

10116 Delivery of Certain Designated Securities
 (19.03.81, [abr. 00.00.07](#))

For the purpose of this article:

~~a) Member User~~

~~— means a member who is a party to a Nominee Facility Agreement;~~

~~b) Member Non User~~

~~— means a member who is not a party to a Nominee Facility Agreement;~~

~~c) Non member User~~

~~— means a corporation, firm, person or other entity which is not a member and is a party to a Nominee Facility Agreement;~~

~~d) Non member Non User~~

~~— means a corporation, firm, person or other entity which is not a member and is not a party to a Nominee Facility Agreement;~~

~~e) Nominee Facility Agreement~~

~~— means an agreement in writing in a form approved by the Exchange whereby The Canadian Depository for Securities Limited, The Vancouver Stock Exchange Service Corp., or any other person approved by the Exchange provides for the issuing of a Nominee Certificate evidencing an Eligible Security of an Issuer;~~

~~f) Issuer~~

~~— means an issuer of securities designated by the Exchange as an Issuer for the purposes of this article;~~

~~g) Eligible Security~~

~~— means a security of an Issuer which is designated by the Exchange as an Eligible Security for the purposes of this article;~~

~~h) Nominee Certificate~~

~~— means a certificate issued by or on behalf of an Issuer in the name of a Facility Nominee in the form and in the manner approved by the Exchange;~~

~~i) Facility Nominee~~

~~—means a nominee appointed by The Canadian Depository for Securities Limited, The Vancouver Stock Exchange Service Corp., or such other nominee as may from time to time be approved by the Exchange for the purposes and on the terms and conditions prescribed by the Exchange;~~

~~—Notwithstanding an Exchange requirement to the contrary relating to the delivery or good delivery of securities, good delivery in Eligible Securities of an Issuer,~~

~~a) between Member Users and between Member Users and Non member Users:~~

~~—shall only be by Nominee Certificate; except that if a delivering Non member User is a chartered bank or trust company licenced or registered to do business in Canada or a province thereof, good delivery may also be by certificates registered in the name of the delivering chartered bank or trust company or their respective nominees, clients or a nominee of their clients (provided that a member of a Non member User other than a chartered bank or trust company shall not be a nominee) and otherwise complying with Exchange requirements;~~

~~b) between Member Non Users or between delivering Member Non Users and either Non member Users or Non member Non Users:~~

~~—shall only be by certificates registered in the name of the receiving Member Non User, Non member User or Non member Non User, as the case may be, its client or the client's nominee, provided that if the receiving Non member User or Non member Non User is the client of the delivering Member Non User, certificates shall be in the name of the beneficial owner or such owner's nominee, which nominee shall not be a member;~~

~~c) between a delivering Member User and either a Member Non User or a NonMember Non User:~~

~~—shall only be by certificates registered in the name of the receiving Member Non User or Non member Non User, as the case may be, or their respective clients or their clients' nominees and shall otherwise comply with Exchange requirements provided that if the receiving Non member Non User is the client of the delivering Member User, certificates shall be in the name of the beneficial owner or such owner's nominee, which nominee shall not be a member;~~

~~d) between a delivering Member Non User and a Member User:~~

~~—shall be by certificates registered in the name of the delivering Member Non User, its client or the client's nominee and shall otherwise comply with Exchange requirements.~~

~~—Notwithstanding Exchange requirements, an Eligible Security may be registered by a member in the name of, or in the name of a nominee of, a self-administered registered retirement savings plan registered under the Income Tax Act (Canada) prior to the receipt of payment therefore provided that the member obtains an unconditional guarantee of payment by the trust company administering the plan prior to such registration.~~

~~—Where delivery is made by certificates in the name of a receiving Member Non User, a Non Member User, a Non Member Non User, a client or the client's nominee in accordance with subsection b) or c) of the above second paragraph, the delivering member or Member Non User, as the case may be, shall be entitled to payment for such certificates immediately on its advising that the certificates are available for delivery, which advice may be subject to receipt of instructions as to registration and the effecting of registrations.~~

10117 Uniform Settlement

(01.01.93, abr. 00.00.07)

- a) ~~No member shall accept an order from a customer pursuant to an arrangement whereby payment of securities purchased or delivery of securities sold is to be made to or by a settlement agent of the customer unless all of the following procedures have been followed:~~
- ~~i) the member shall have received from the customer prior to or at the time of accepting the order the name and address of the settlement agent and account number of the customer on file with the agent;~~
 - ~~ii) each order accepted from the customer pursuant to such an arrangement is identified as either a delivery or receipt against payment trade;~~
 - ~~iii) the member provides to the customer a confirmation by electronic, physical, or verbal means of all relevant data and information required to be contained in a confirmation made pursuant to article 7455, paragraph 1) with respect to the execution of the trade, in whole or in part, as early as possible on the next business day following such execution, provided that the member shall comply with the other requirements of article 7455 to the extent it has not done so pursuant to this sub-paragraph;~~
 - ~~iv) the member has obtained an agreement from the customer that the customer will furnish its settlement agent with instructions with respect to the receipt or delivery of the securities involved in the transaction promptly upon receipt by the customer of each such confirmation, or the relevant date and information as to each execution, relating to such order (even though such execution represents the purchase or sale of only a part of the order), and that in any event the customer will ensure that its settlement agent confirms the transaction no later than the third business day after the date of execution of the trade to which the confirmation relates; and~~
 - ~~v) the customer and its settlement agent shall utilize the facilities or services of a recognized securities depository for the affirmation and settlement of all eligible transactions through such facilities or services including book based or certificated settlement.~~
- b) ~~For the purposes of paragraph a):~~
- ~~i) "recognized securities depositories" shall be the Canadian Depository for Securities Limited and West Canada Depository Trust Company;~~
 - ~~ii) "eligible transactions" shall mean trades in securities in respect of which affirmation and settlement can be performed through the facilities or services of a recognized securities depository.~~
- c) ~~The provisions of sub-paragraph v) of article 10117 a) shall not apply to trades:~~
- ~~i) to be settled outside Canada; or~~
 - ~~ii) where both the member and the settlement agent are not participants in the same recognized securities depository or the same facilities or services of such depository required in respect of the trade.~~

~~d) The provisions in this article including the exemptions referred to in paragraph c) shall be subject of periodic review by the Exchange on its own or in consultation with any stock exchange or other entity or association representing or having regulatory authority in the Canadian securities industry.~~

Section 10151 - 10200
Month-End Outstanding
Fail Positions
(04.04.78, [abr. 00.00.07](#))

10151 Month-End Clearing House Statement of Outstanding Fail Positions
([abr. 00.00.07](#))

~~The Clearing House will make available for each clearing member and clearing participants two copies of a month end statement of outstanding fail positions for fails consisting of all outstanding fail to receive items and all outstanding fail to deliver items separately.~~

10152 Confirmation to the Clearing House
([abr. 00.00.07](#))

~~Clearing members and clearing participants will review the month end statement of outstanding fail positions against their own records to ensure that the report is complete and up to date. Changes, additions and deletions are to be made on the report using the same methods as per changes to "transactions reports". Clearing members and clearing participants are to agree to all changes with the other clearing member and/or clearing participant involved prior to notifying the Clearing House of the corrections to be made.~~

~~—After completely verifying all the items and resolving any differences noted with the clearing member and/or clearing participant on the other side of the transaction, the original copy of the report must be signed by an authorized officer and returned to the Clearing House before 3:00 p.m. on the fifth business day of the month. If differences cannot be resolved, the report must be submitted as indicated above and the Clearing House will resolve the differences.~~

~~—The Clearing House will ensure that any changes made have been agreed by both parties involved and will report such changes on the "month end adjustment" report. An "adjusted month end cash summary" will be produced reflecting the adjusted balances.~~

10153 Fines for Errors and Omissions on Confirmation to Clearing House
([abr. 00.00.07](#))

~~—Each clearing member and clearing participant will be charged \$5 for each correction or adjustment which has not been reported and for each error in reporting a correction or adjustment on the returned copy. Clearing members and clearing participants who report no changes on their signed copy of the month end statement of outstanding fail positions, where changes are subsequently determined by the Clearing House to have been required, must provide proof that the required check was made. If satisfactory proof cannot be produced, a fine of up to \$500 may be charged.~~

10154 Review of Transaction Reports
(31.05.88, [abr. 00.00.07](#))

~~Each member shall review the transaction reports in respect of its trades, with a view to determining their accuracy. Prior to making any corrections, the member shall consult with any other member that is~~

~~affected. Where a transaction report indicates that a member was involved in a trade of which the member has no record, it shall be crossed off by the member. A trade made by a member in respect of which there is no record on the transaction report shall be added by the member. After review, and correction where necessary, each member shall return one copy to the Clearing House before 3:00 p.m. on the day that it is issued, which copy shall be certified as correct. On the morning of the following trading day, a report listing all corrections of which the Clearing House has been advised shall be issued to those members which are affected. Such members shall review this report and advise the Clearing House of any further errors after first consulting with any other member that is affected.~~

10155 Disputes Regarding Transaction Reports

(31.05.88, [abr. 00.00.07](#))

~~—Where there is a dispute between members regarding a transaction report, or any correction to a transaction report, it shall be resolved by the Exchange. An original floor ticket shall be taken as definitive evidence of a trade, and any dispute concerning the information recorded on a floor ticket shall be resolved by the Floor Committee. Unless the Clearing House is notified of a dispute prior to value date, any trade recorded on the transaction report shall stand.~~

Section 10201 - 10250

Loan Post Service

(04.03.75, [abr.00.00.07](#))

10201 Loan of Securities

([abr. 00.00.07](#))

~~—There exists a department of the Exchange known as the loan post which is managed by the Clearing House. All loans of securities from one member to another shall be Exchange contracts and shall be made through the loan post. All securities loaned and all moneys deposited as security for such loans shall be delivered and paid through the Clearing House.~~

10202 Client's Authorization

([abr.00.00.07](#))

~~A member having authority to do so from a customer pursuant to articles 7504 to 7506, may loan to another member marginable securities held for such customer, provided that nothing in such authorization shall justify the member in loaning more of such securities than is fair and reasonable in view of the indebtedness of such customer. To determine what is fair and reasonable, the member must maintain a separate list identifying the client and the securities loaned.~~

10203 Borrowing Procedure

([abr.00.00.07](#))

~~A member wishing to borrow securities shall apply to the loan post for the loan thereof, specifying the number and description of such securities he wishes to borrow and upon another member notifying the loan post that he is prepared to make such loan, the loan post shall settle the terms of the agreement for the loan between the borrower and the lender and, when so settled, shall confirm the same to each of them.~~

10204 Deposit of Money with Lender

([abr.00.00.07](#))

~~Loans shall be made against deposit with the lender of a sum equal to the current market price of the said securities as determined by the lender or of such greater sum, if any, as shall be agreed upon, and shall be made either flat or with interest or premium as agreed upon by the borrower and the lender. The lender shall not be accountable to his customer for any interest on the money deposited with the lender as aforesaid.~~

10205 Register
([abr. 00.00.07](#))

~~A memorandum of the particulars of the loan shall be recorded in the register of loans kept by the loan post.~~

10206 Marking to market
([abr. 00.00.07](#))

~~The lender may, by requisition to the loan post, at any time on any clearing day, require the borrower to furnish margin equivalent to the amount by which the then current market price exceeds the sum of money on deposit with the lender, and the borrower may, by like requisition, require the lender to refund such money as shall be necessary to reduce the amount of deposit for the loan to such current market price.~~

~~Refer to article 10056.~~

10207 Repayment
([abr. 00.00.00](#))

~~—Subject to any special time arrangement agreed upon, the borrower may return the loan and the lender may call the loan at any time upon notice to the loan post to that effect and the loan post shall forthwith serve notice of the termination of the loan on the other member. If the trade is not completed by the return of the securities and money deposited, it may be closed out pursuant to article 6561.~~

10208 Lender's Right to Dividends
([abr. 00.00.07](#))

~~During the continuance of the loan, dividends, rights and other advantages pertaining to the securities shall remain with the lender. Claims may be requisitioned from the borrower through the loan post and the loan post on receipt of the claimed items shall deliver the same or the proceeds thereof to the lender.~~

Section 10251 - 10300
Claims Between Members -
Dividends, Rights
([abr. 00.00.07](#))

10251 Claims for Dividends - Rights
([abr. 00.00.07](#))

~~All claims between members for dividends or rights shall be recognized and paid upon presentation of a written request from the member making the claim without requiring a certificate from the transfer agent, provided the claim is made within thirty days after the date set for the payment of the dividend or the exercising of the right and that after the thirty day period has expired a certificate from the transfer agent may be required.~~

~~—However, if a claim is subsequently found to have been incorrect, the amount so paid shall be refunded to the member together with a fee of \$50 in respect of each such claim.~~

10252 Claims for Dividends in Foreign Currencies

~~(abr. 00.00.00)~~

~~A claim from a resident of Canada for a dividend paid in other than Canadian funds shall be settled in Canadian funds at the rate of exchange prevailing on the date the dividend was received by the registered holder.~~

10253 Claims for Dividends Settled Cash

~~(15.08.79, abr. 00.00.00)~~

~~Where a company or trust has provided security holders with an opportunity to reinvest dividend distributions in additional securities or with the choice of receiving a dividend in the form of cash or shares, any claim for a dividend paid by the company or trust shall be settled by the payment of an amount of cash equal to the declared cash dividend.~~

10254 Charges on Dividends and Rights Claims

~~(abr. 00.00.00)~~

~~—Members upon whom claims are made for dividends or rights shall make the following charges for claims by another member and may make such charges for claims by non-members:~~

~~For the first claim~~

~~—1%, with a minimum of 25 cents, may be charged~~

~~For the second claim~~

~~—5%, with a minimum of \$1, shall be charged~~

~~Thereafter~~

~~—10%, with a minimum of \$5, shall be charged.~~

~~—For stock or script dividends or rights the charge shall be computed on the market value thereof at the time of the closing of the transfer books.~~

~~—The claimant shall in every case pay any and all transfer agency fees for search for proof of registration and in the case of an incorrect claim shall pay all costs and expenses incurred in checking such claim.~~