



CIRCULAR
May 27, 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 **25.00%** (Group 4)
- **Mexico – New Peso** remains at **3.20%**
- **United States – Dollar** from **2.00%** to **2.40%**

You will find attached a **Margin Violation Summary Report** dated May 26, 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 ebernard@m-x.ca.

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Vice-President, Regulatory Division

Encl.

Circular no.: 072-2003

| 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 | 25.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| AUSTRALIA – DOLLAR | 3.00 | 02/24/03 | 05/23/03 | 63 | 1 | 1.59 | 5.00 | No |
| BRITAIN – POUND | 3.00 | 02/24/03 | 05/23/03 | 63 | 1 | 1.59 | 5.00 | No |
| CZECK – KORUNA | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| DENMARK – KRONE | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| EURO | 3.00 | 02/24/03 | 05/23/03 | 63 | 2 | 3.17 | 5.00 | No |
| HONG KONG – DOLLAR | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| JAPAN – YEN | 3.00 | 02/24/03 | 05/23/03 | 63 | 1 | 1.59 | 5.00 | No |
| MALAYSIA – RINGGIT | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| MEXICO – NEW PESO | 3.20 | 02/24/03 | 05/23/03 | 63 | 2 | 4.69 | 5.00 | No |
| NEW ZEALAND – DOLLAR | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| NORWAY – KRONE | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| SAUDI ARABIA – RIYAL | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| SINGAPORE – DOLLAR | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| SWEDEN – KRONA | 10.00 | 02/24/03 | 05/23/03 | 63 | 0 | 0.00 | 5.00 | No |
| SWITZERLAND – FRANC | 3.00 | 02/24/03 | 05/23/03 | 63 | 1 | 1.59 | 5.00 | No |
| U.S. – DOLLAR | 2.40 | 02/24/03 | 05/23/03 | 63 | 2 | 3.17 | 5.00 | No |

Source: Investment Dealers Association of Canada - Financial Compliance Division

Monday, May 26, 2003