

CIRCULAR
July 22, 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. (the “Bourse”) 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 **2.50%** to **2.80%**

You will find attached a **Margin Violation Summary Report** dated July 21, 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.

Jacques Tanguay
Vice-President, Regulatory Division

Encl.

Circular no.: 110-2003

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	04/21/03	07/18/03	63	0	0.00	5.00	No
AUSTRALIA – DOLLAR	3.00	04/21/03	07/18/03	63	0	0.00	5.00	No
BRITAIN – POUND	3.00	04/21/03	07/18/03	63	0	0.00	5.00	No
CZECK – KORUNA	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
DENMARK – KRONE	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
EURO	3.00	04/21/03	07/18/03	63	1	1.59	5.00	No
HONG KONG – DOLLAR	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
HUNGARY – FORINT	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
JAPAN – YEN	3.00	04/21/03	07/18/03	63	2	3.17	5.00	No
MALAYSIA – RINGGIT	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
MEXICO – NEW PESO	3.20	04/21/03	07/18/03	63	3	4.76	5.00	No
NEW ZEALAND – DOLLAR	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
NORWAY – KRONE	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
POLAND – ZLOTY	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
SAUDI ARABIA – RIYAL	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
SINGAPORE – DOLLAR	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
SWEDEN – KRONA	10.00	04/21/03	07/18/03	63	0	0.00	5.00	No
SWITZERLAND – FRANC	3.00	04/21/03	07/18/03	63	2	3.17	5.00	No
U.S. – DOLLAR	2.80	04/21/03	07/18/03	63	2	3.17	5.00	No

Source: Investment Dealers Association of Canada - Financial Compliance Division

Monday, July 21, 2003