



**TO: Approved Participants
Chief Financial Officers
External Auditors
Holders of the Rules and Policies Manual**

December 17, 2002

**MARGIN OFFSETS OF CANADIAN BANKERS' ACCEPTANCES
WITH THREE-MONTH CANADIAN BANKERS' ACCEPTANCE
FUTURES CONTRACTS (BAX)
AMENDMENTS TO ARTICLE 7204A**

The Executive Committee of Bourse de Montréal Inc. (the "Bourse") approved amendments to article 7204A of the Rules of the Bourse regarding margin offsets. These amendments are effective immediately.

The purpose of these amendments is to allow the pairing of bankers' acceptances issued by a Canadian chartered bank with three-month Canadian bankers' acceptance futures contracts ("BAX"). The margin required in respect of both positions will be the greater of the margin required for each position.

Until now, there was no rule that allowed pairings for margin purposes between a long/short position in a BAX futures contract listed on the Bourse with a short/long position in a banker's acceptance issued by a Canadian chartered bank. The margin required was therefore the sum of the margin required on the BAX futures contract and the margin required on the Canadian bankers' acceptances. Considering the risk reduction resulting from such pairings and the fact that the current rules of the Bourse allow for the pairing of all other futures contracts listed on the Bourse with their underlying interests, it was deemed appropriate to allow the pairing of positions in BAX futures contracts with positions in Canadian bankers' acceptances in order to reduce the required margin. However, to allow that the margin required in respect of both positions be the greater of the margin required for each position, some requirements must be complied with: both legs of the position must be denominated in the same currency, they must represent an equivalent maturity value and the bankers' acceptances must have been issued by a Canadian chartered bank (Schedule A banks).

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