



**CIRCULAR**  
December 29, 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:

- **United States – Dollar** from **1.80%** to **2.10%**

You will find attached a **Margin Violation Summary Report** dated December 22, 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 [ebarnard@m-x.ca](mailto:ebarnard@m-x.ca).

Jacques Tanguay  
Vice-President, Regulatory Division

Encl.

Circular no.: 172-2003

<b>Security Volatility Margin Violation Summary Report</b>							
<b>Securities (FX / Bond / Equity / Index)</b>	<b>Margin Rate</b>	<b>Start Date</b>	<b>End Date</b>	<b>Trading Days</b>	<b>Offside Days</b>	<b>% offside</b>	<b>Violation Threshold</b>
ARGENTINA – PESO	25.00	09/22/03	12/19/03	63	0	0.00	5.00 No
AUSTRALIA – DOLLAR	3.00	09/22/03	12/19/03	63	0	0.00	5.00 No
BRITAIN – POUND	3.00	09/22/03	12/19/03	63	1	1.59	5.00 No
CZECK – KORUNA	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
DENMARK – KRONE	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
EURO	3.00	09/22/03	12/19/03	63	0	0.00	5.00 No
HONG KONG – DOLLAR	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
HUNGARY – FORINT	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
JAPAN – YEN	3.00	09/22/03	12/19/03	63	0	0.00	5.00 No
MALAYSIA – RINGGIT	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
MEXICO – NEW PESO	3.00	09/22/03	12/19/03	63	3	4.76	5.00 No
NEW ZEALAND – DOLLAR	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
NORWAY – KRONE	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
POLAND – ZLOTY	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
SAUDI ARABIA – RIYAL	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
SINGAPORE – DOLLAR	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
SWEDEN – KRONA	10.00	09/22/03	12/19/03	63	0	0.00	5.00 No
SWITZERLAND – FRANC	3.00	09/22/03	12/19/03	63	1	1.59	5.00 No
<b>U.S. – DOLLAR</b>	<b>2.10</b>	<b>09/22/03</b>	<b>12/19/03</b>	<b>63</b>	<b>2</b>	<b>3.17</b>	<b>5.00 No</b>

Source: Investment Dealers Association of Canada - Financial Compliance Division

Monday, December 22, 2003