

INVESTMENT DEALERS ASSOCIATION OF CANADA

MARGIN REQUIREMENTS ON STOCKS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulation 100.2(f)(i) is repealed and replaced as follows:

“(f) Stocks –

- (i) On securities (other than bonds and debentures) including rights and warrants listed on any recognized stock exchange in Canada or the United States, on the Tokyo Stock Exchange First Section or on the stock list of the London Stock Exchange:

Long Positions - Margin Required

Securities selling at \$2.00 or more - 50% of market value

Securities selling at \$1.75 to \$1.99 - 60% of market value

Securities selling at \$1.50 to \$1.74 - 80% of market value

Securities selling under \$1.50, securities of companies designated as Capital Pool Companies on the TSX Venture Exchange and securities of companies classified as Tier 3 or Inactive Tier 2 issuers on the TSX Venture Exchange may not be carried on margin.

Short Positions - Credit Required

Securities selling at \$2.00 or more - 150% of market value

Securities selling at \$1.50 to \$1.99 - \$3.00 per share

Securities selling at \$0.25 to \$1.49 - 200% of market value

Securities selling at less than \$0.25 - market value plus \$0.25 per share

Notwithstanding the foregoing, the margin required in respect of positions (other than firm positions to which Regulation 100.12(e) applies) of warrants issued by a Canadian chartered bank which are listed on any recognized stock exchange or other listing organization referred to above and which entitle the holder to purchase securities issued by the Government of Canada or any province thereof shall be the greater of:

- A. the margin otherwise required by this Regulation according to the market value of the warrant; or
- B. 100% of the margin required in respect of the security to which the holder of the warrant is entitled upon exercise of the warrant; provided that in the case of a long position the amount of margin need not exceed the market value of the warrant.

Attachment #1

For the purposes of this Regulation 100.2(f)(i), “Inactive Tier 2” securities are securities of companies classified as Tier 2 issuers that are considered to be inactive by the TSX Venture Exchange. Such securities will be identifiable through use of unique trading symbols.”

PASSED AND ENACTED BY THE Board of Directors this 17th day of October 2001, to be effective on a date to be determined by Association staff.