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bulletin



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By-Laws and Regulations

Amendment to the Margin Requirements for Listed Securities.

The Board of Directors of the Association has approved an amendment to the margin requirements for listed securities set out in Regulation 100.2(f)(i). The amendment is effective as of August 15, 2002. A copy of the amendment is enclosed as Attachment #1.

Background

In November 1999, the Vancouver Stock Exchange and the Alberta Stock Exchange merged to form the Canadian Venture Exchange ("CDNX"). As a result of this merger, changes were made to conform the listing requirements of the two previous exchanges. As part of these changes, the Development Companies and Junior Capital Pool Companies categories were replaced by CDNX's Capital Pool Company category and the two subcategories, "Tier 1" and "Tier 2", of listed companies were introduced.

Subsequently, In September 2000, the CDNX invited the Canadian Dealing Network ("CDN") quoted companies and the companies that had been approved to be quoted on the CDN to list on the CDNX's newly created temporary tier, "Tier 3". Next, an "Inactive Tier 2" subcategory was created, to identify those Tier 2 securities that failed to meet certain minimum listing requirements. However, in May 2001, the Toronto Stock Exchange acquired the CDNX, now called the TSX Venture Exchange.

Because of the merger and the resultant changes to the listing categories, the margin rules for listed securities as set out in Regulation 100.2(f)(i) have been updated. As part of this update, an assessment was made as to which TSX Venture Exchange security listing categories should be eligible for margin. Consequently, it was determined that TSX Venture Exchange Tier 3 and Inactive Tier 2 securities should not be eligible for margin because Tier 3 securities were not subject to any due diligence review prior to their transfer from the CDN to the TSX Venture Exchange, and the Inactive Tier 2 securities failed to meet sufficient minimum listing requirements.

Kenneth A. Nason
Association Secretary