

MEMBER REGULATION



INVESTMENT DEALERS
ASSOCIATION OF CANADA

notice



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

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MR0252

November 21, 2003

ATTENTION:

Ultimate Designated Persons
Chief Financial Officers
Panel Auditors

Distribute internally to:

- Corporate Finance
- Credit
- Institutional
- Internal Audit
- Legal & Compliance
- Operations
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- Regulatory Accounting
- Research
- Retail
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List of Securities Eligible for Reduced Margin

List of Securities Eligible for Reduced Margin (“LSERM”)

Enclosed as Attachment #1, is a copy of the List of Securities Eligible for Reduced Margin (“LSERM”), which has been prepared using data available for the quarter ended September 30, 2003. This list must be used to identify securities eligible for reduced margin as set out in Regulation 100.12(a) of the IDA Rule Book.

As in previously prepared quarterly-lists, a separate section details those securities that have qualified for inclusion on the LSERM solely because they have options issued by the Options Clearing Corporation (“OCC”) traded against them.

Amendment to Address Issuer Reorganizations

There have been a number of recent issuer reorganizations whereby, pursuant to the Eligibility Criteria used in the preparation of the LSERM, a resultant new security listing received a higher margin rate than that used for a previous security listing. This result was not considered to be appropriate where the new security listing was substantially the same as the previous security listing.

To address this issue the Eligibility Criteria have been amended to allow a new security listing that results from an issuer reorganization to continue to be margined at the lower LSERM margin rate, provided the new listing is substantially the same as a previous security listing. For the purposes of this new criteria, the term “substantially the same” means a new security listing that represents between 80% and 120% of the public float of a previous security listing.

Under this new criteria, the new listing will continue to be margined at the lower LSERM margin rate unless the most recent combined calculated margin interval for the old and the new listings indicates that the LSERM margin rate is inadequate or other existing criteria for ongoing listings have not been met.

This list supersedes the most recently issued LSERM, effective December 4, 2003
[which is ten business days following the issuance date of this Notice].