

This notice is being sent to all listed issuers on Toronto Stock Exchange (“TSX”) and TSX Venture Exchange (“TSXV”) that currently have securities trading in US dollars. TSX and TSXV would like to notify such issuers of two issues that have arisen since the implementation of US dollar trading:

1. All trades in securities traded in US dollars that settle on a US banking holiday will fail; and
2. All trades in securities traded in US dollars that settle on a US banking holiday which is also a record date for a distribution, will result in an inaccurate list of shareholders on the record date.

In response to these issues, TSX and TSXV propose the following:

### **1) Trades in US Dollar Securities That Settle On A US Banking Holiday**

Currently, all trades executed on TSX or TSXV settle on the third Canadian business day after the trade date (T+3), regardless of currency traded. A Canadian business day is defined as a weekday that is not a Canadian banking holiday. TSX and TSXV systems calculate the T+3 settlement date and advise the Canadian Depository for Securities (“CDS”) accordingly. For settlement in US dollars, CDS uses the US Federal Wire Service. However, the US Federal Wire Service is not open on US banking holidays, and as result, all US dollar trades executed on TSX or TSXV that are due to settle on a US banking holiday will ‘fail’ under the CDS system.

TSX and TSXV are currently in the process of amending their settlement calculation for trades in US dollars as follows: if the settlement date for a T+3 trade in US Dollar securities falls on a US banking holiday, the settlement date will automatically be moved forward one US business day to T+4. This approach will ensure that settlement for these trades will occur on a US business day and not a US banking holiday, therefore preventing the CDS system from failing the trades.

### **2) Trades in US Dollar Securities That Settle On A US Banking Holiday Which Also Happens To Be a Record Date For a Distribution**

When a trade in a security traded in US dollars settles T+3 on a US banking holiday which also happens to be the record date for a distribution for such security, by settling the trade under the T+4 proposal described above, certain buyers will not be included on the shareholder list to receive the entitlement as of the record date.

For example, if an issuer, whose securities trade in both Canadian and US dollars on TSX or TSXV declares a cash distribution for shareholders of record on Friday, which also happens to be a US banking holiday, all trades in these securities commencing at the opening on Wednesday (assuming no holidays) will trade ex-dividend (when a distribution is declared, a security will trade ex-dividend two business days before the record date). Trades in the US Dollar book for this security on Tuesday would normally settle Friday (T+3). However, since this date is also a US banking holiday, TSX and TSXV systems will push the settlement date for these trades to Monday (T+4). As a result, anyone who buys a security on Tuesday in the US dollar book will not be included on the shareholder record list for the

distribution on Friday, and therefore will not receive the distribution to which they would otherwise be entitled to receive. The chart below illustrates this example.

<b>Monday</b>	<b>Tuesday</b> US dollar trades will not settle T+3 since Friday is a US banking holiday	<b>Wednesday</b> Ex-date	<b>Thursday</b>	<b>Friday</b> US Banking Holiday  Record Date	<b>Monday</b> US dollar trades on Tuesday will settle T+4
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Therefore, if T+3 falls on both a US banking holiday and a Canadian record date for a distribution for a particular US Dollar traded security, TSX and TSXV will have to implement special T+2 settlement to ensure that the shareholders are on record for the distribution and that the settlement date occurs on a US business day. In our example above, all trades on Tuesday would then settle on Thursday (T+2).

As a result, TSX and TSXV are asking issuers to avoid setting a record date for a distribution that falls on a US banking holiday. If this is not avoided, TSX and TSXV will have to manually implement special T+2 settlement for those trades, as described above.

The following is a list of US banking holidays in 2005 which should be avoided as record dates for a distribution for US dollar securities:

1. Martin Luther King Day, January 17
2. Presidents Day, February 21
3. Memorial Day, May 30
4. Independence Day, July 4
5. Thanksgiving, November 24
6. Christmas Day, December, if the date is different from the Canadian statutory holiday

If you have any questions, please feel free to call Selma Thaver at 416.947.4240, or Dale Boyd, Senior Product Manager, Trading, at 416.947.4360.