

March 4, 2002

By courier

The Manitoba Securities Commission
Suite 1130
405 Broadway Avenue
Winnipeg, Manitoba
R3C 3L6

Attention: Mr. Douglas Brown, Director/Legal & Enforcement

Dear Sirs:

**Re: Application for designation as a recognized clearinghouse
under Section 16(1) of *The Commodity Futures Act***

On January 7, 2000 a detailed application was submitted on behalf of WCE Clearing Corporation (WCECC) for recognition as a clearinghouse under section 16 of *The Commodity Futures Act (Manitoba)* (the "CFA"). That recognition was granted pursuant to a letter from the Commission dated December 8, 2000.

Please accept this as the application of WCECC and its parent company, WCE Holdings Inc. (Holdings) for continuing recognition of WCECC as a clearinghouse pursuant to section 16 of the CFA.

This application incorporates by reference and reiterates all information in the application dated January 7, 2000, except where same is expressly stated to be otherwise.

Introduction

WCECC is a wholly-owned subsidiary of WCE Holdings Inc. (Holdings) is the company that was continued, by Articles of Continuance, from the prior Winnipeg Commodity Exchange.

On February 20, 2001, the membership of Winnipeg Commodity Exchange (the prior membership organization) voted by 83.5% to demutualize the Exchange. Demutualization refers to the processes and series of transactions by which a not-for-profit membership organization transforms into a for-profit, share capital corporation. Demutualization is a process that many exchanges in North America have undertaken and completed, including the three other exchanges in Canada, the Bourse de Montréal Inc., the Toronto Stock Exchange and the Canadian Venture Exchange.

Process of Demutualization

The process and determination to demutualize has been extensively discussed and reviewed by the membership of the WCE. In May, 2000 the Board of Governors set up a committee, the Demutualization Committee, made up of members from all constituent groups of the Exchange. That committee reported its recommendations to the Board of Governors. It was their recommendation that the WCE demutualize. The Board accepted this recommendation at a meeting in July, 2000. In an Information Memorandum sent out to all members of WCE, the Board stated:

The Demutualization Proposal (the "Proposal") is for Winnipeg Commodity Exchange to restructure from a membership organization into a for-profit share corporation.

"The Board acknowledges and accepts that several industry trends and changes are dictating the necessity for this reorganization. These trends include increased use of technology, the proliferation of strategic alliances and mergers, consolidation and centralization, the advent of new participants (who bring to the table a streamlined business model with significant financial and technological resources) and customer demand for direct access, increased services and transparency. The result of these trends has been increased competition and a reduction of the former financial success that traditional exchanges used to enjoy.

In a response to the changes, exchanges, both long-standing and new start-ups, have been moving to a demutualized, for-profit model. This model has the benefits of improved governance and managerial structure, improved financial decision-making abilities, the flexibility to pursue new business opportunities such as technology sharing and equity participation, utilizing the profit making currency that is recognized by all businesses, and the ability to attract and retain professional management.

Once approved by the membership, the Proposal will see the current WCE become a federal for-profit share corporation with all equity owned by WCE Holding, a for profit corporation. The current members of WCE would initially own all of the shares of WCE Holding. Trading privileges will be based on contractual dealings between WCE and those entities that wish to trade. There would be no requirement to own shares in WCE Holding in order to participate in trading. The designated clearinghouse will become a wholly owned subsidiary of WCE Holdings.

The Proposal sets out a membership-based share entitlement allocation where every membership seat will receive an equal number of shares of WCE Holdco regardless of membership category or other attributes.

The Board notes that, if approved, Winnipeg Commodity Exchange will be the third exchange in Canada to undertake a reorganization plan of this type, following both The Toronto Stock Exchange and the Montreal Exchange. It would also follow the route taken by the other major international exchanges, including EUREX, LIFFE, ParisBourse, the CME, CBOT, NYMEX and the Sydney Futures Exchange. It is clear that demutualization is the way in which exchange business is being done, both in Canada and the United States for both securities and futures industries. Winnipeg Commodity Exchange must position itself to take advantage of the opportunities available to a demutualized entity.”

Second Information Memorandum

On July 6, 2001 *The Winnipeg Commodity Exchange Restructuring Act* (“Restructuring Act”) was granted royal assent. The Restructuring Act will repeal the current legislation under which WCE is constituted, *The Winnipeg Commodity Exchange Act*, upon certain conditions being met. One of those conditions is that the membership of the Exchange affirmatively approve, by a vote of no less than 66 ^{2/3}ds percent of the votes cast, the Articles of Continuance of the new corporation. A detailed document enclosing all information (the “Documentation”) was provided to all members of the Exchange.

This matter was voted on by the members of WCE at a special meeting held Tuesday, October 9, 2001. Members were entitled to attend and vote in person or could send in an advance ballot. The membership voted by 90.3% in favour of the resolution. Copies of the Documentation have already been forwarded to the commission. An additional three copies are submitted with this application.

Corporate Details

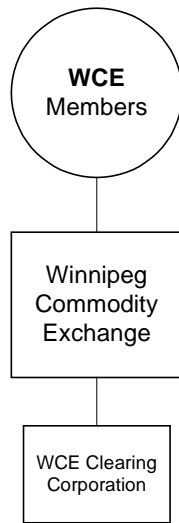
Continuance of Winnipeg Commodity Exchange as WCE Holdings Inc.

On November 1, 2001 (the “Effective Date”), Winnipeg Commodity Exchange was continued from a special act company to a for-profit share corporation governed by the provisions of *The Corporations Act (Manitoba)* (the “MCA”) named WCE Holdings Inc.

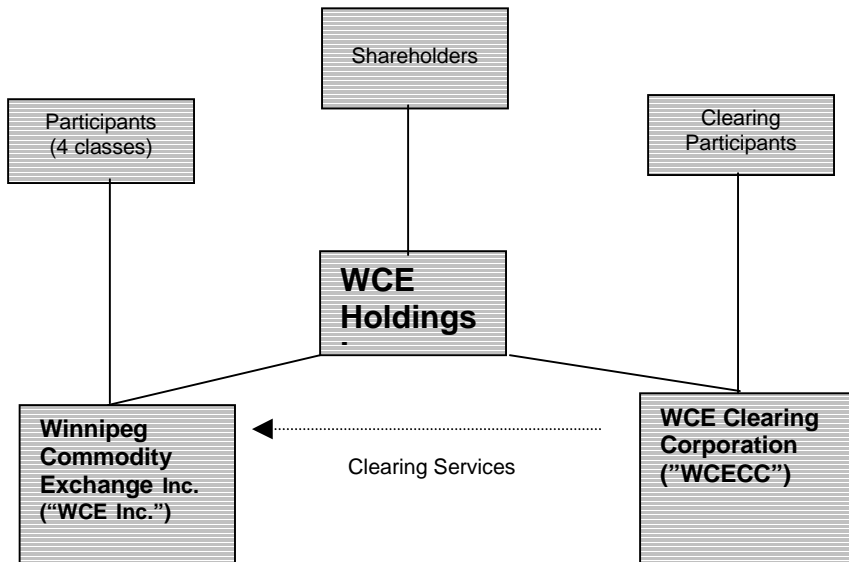
Immediately after the Effective Date, Articles of Incorporation were filed for Winnipeg Commodity Exchange Inc. and Articles of Amendment were filed for WCE Clearing Corporation. The essential change to the Articles of WCECC is that it is being converted from a non-share capital corporation to a share capital corporation. Holdings is the sole shareholder of WCECC.

The diagrams on the following page show the corporate structure of the Exchange before, and after, demutualization.

Prior to Demutualization



After Demutualization



Note: the Board of Directors for Holdings and WCE Inc. will be the same. A different Board of Directors will be in place for WCECC.

Articles of WCE Clearing Corporation (WCECC)

WCECC is the designated clearinghouse for Winnipeg Commodity Exchange Inc. (the "Exchange"). The structure of WCECC has been changed, by articles of Amendment, from a non-share capital corporation to a share capital corporation. WCECC has only one class of shares, Class A common shares. All issued and outstanding shares will be owned by WCE Holdings Inc.

The Articles of Amendment set out that the size of the board will be a minimum of 5 and maximum of 8 directors. The WCECC board members are appointed by the Board of Directors of WCE Holdings Inc. It is currently intended that this board will continue to be constituted of persons who are employees of, or related to, Clearing Participants and the President and CEO of WCE Inc. A copy of the Articles of Amendment are attached hereto as Appendix "A".

By-Laws

The By-laws are standard for share capital corporations. There is a requirement that the Board meet a minimum of 4 times per year. WCECC has incorporated Conflict of Interest Rules that are applicable to all board members and to all committee members. Previously there were conflict of interest guidelines that did not automatically apply at all meetings, as they were required to be invoked at the option of the Chairman. These conflict rules provide for greater transparency and protection to the marketplace. There is provision for Clearing Participants, replacing the former notion of clearing member. A copy of the By-law is attached hereto as Appendix "B".

Rules

There are no substantive changes to the Rules, apart from the concept of "membership" being replaced with "participant". A copy of the revised rules are attached hereto as Appendix "C".

Service Agreement with CDCC

WCECC had entered into a service agreement in 1998, with the Canadian Derivatives Clearing Corporation (CDCC) to provide certain clearing and risk management services. CDCC was established in 1976 and currently clears all derivative contracts traded on the Bourse de Montréal Inc. (the "Bourse") A considerable amount of resources, financial and otherwise, have gone into ensuring that the rules comply with international standards, in particular the standards set up by the Report of the Subcommittee of the Futures Industry

Association Global Task Force on Financial Integrity which report was commissioned after the Barings bank debacle. Further, the CDCC rules have been approved by the OSC, BCSC and QSC.

The services agreement was recently renegotiated. On March 1, 2000, the Bourse became the sole shareholder of CDCC and made several organization changes that required renegotiation of the contract. Details will be provided under separate cover.

Overview of Application

The Act stipulates that:

***16(1)** Upon the application of a person or company carrying on or proposing to carry on the business of a clearing house for a commodity futures exchange registered under section 15, the commission may designate in writing the person or company as a recognized clearing house where the commission is satisfied that to do so would be in the public interest and that the person or company can comply with this Act, the regulations, the rules and any term or condition imposed by the commission in respect of the designation.”*

We would submit that the key criteria are; a) public interest, b) complying with the Act, and its rules and regulations and c) agreement to be bound by any further conditions that the Commission may put in place. This application repeats and continues to have in place all of the criteria addressed in the first application. The only change in the corporation from a non-share capital to a share capital corporation. It is submitted that the change in share capital does not affect, in any material way the operations of the corporation. Rules remain consistent as do the financial protections.

Participant Application Process

The participant application process is the first step in a clearinghouse's system of managing counter party risk. The WCECC, like most clearinghouses, does not have its own assets to “backup” its guarantee. The guarantee works because of the strict risk management procedures in place, the clearing fund and because every Clearing Participant meets minimum standards that ensure ongoing financial viability. The participant application and approval process is an important component of the mechanism through which WCECC will evaluate the

creditworthiness of its potential Clearing Participants. The process is set out specifically in the Rules and the By-law constituted to govern the WCECC.

Participant qualifications are established to protect the WCECC, its participants and the markets in general. Each participant applicant is required to submit an application package designed to capture, among other things, the firm's financial condition in relation to the standards set out in the rules. The Participant Application/Agreement package is attached hereto as Appendix "D".

All Clearing Participants contribute to the Clearing Fund. All Clearing Members must sign an "Application for Membership" (attached in Appendix "D") which incorporates by reference all of the By-laws, Rules and the Operations Manual. It is a contractual relationship between the WCECC and its participants which is backed up by properly executed corporate resolutions.

The rules are reviewed regularly and have been updated on several occasions (mainly to deal with housekeeping matters) since WCECC was incorporated in May 1998. All changes have been submitted to the Commission for non-disapproval prior to taking effect.

Board of Directors and Committees

The WCECC Board of Directors is appointed by the WCE Board of Governors to one year term appointments. The current Board includes Ms. Sandra Swystun (Chairman), Mr. Peter Rowe (Vice-Chair) Mr. Robert Dzisiak, Mr. G.J.H. Timlick, Mr. Ed Griffith, Mr. George Corneil, and Mr. M.J. Gagné (ex officio). All Board members are employed by Clearing Participants, excepting only Mr. Gagné. There are two committees which have been established; Discipline and Risk Management. The committee members are:

WCECC Risk Management Committee

M. J. Gagné
Robert J. Miles
Peter Rowe
Blaine Troup
Robert Dzisiak
Jeff Gresham
Richard Cook

WCECC Discipline Committee

M. J. Gagné
Sandra C. Swystun
Robert Dzisiak
Peter Rowe
George Corneil
Ed Griffith
Gary Timlick

To date the Board and the risk management committee have met on a regular basis. There have been no circumstances to date requiring the discipline committee to meet. As you are aware from the prior application, the corporation has detailed procedures and written materials relating to default scenarios and the potential action that can be undertaken.

We would be pleased to attend before the Commission, or staff of the Commission, to address any questions or concerns you may have or to expand upon any aspect of this application. We look forward to hearing from you.

Yours truly,

M. J. Gagné
President and CEO (Interim)

Enclosures

The Corporations Act/
Loi sur les corporations
**ARTICLES OF AMENDMENT/
CLAUSES MODIFICATRICES**

MANITOBA

Corporation No.
N° de la corporation

1-Name of Corporation / Dénomination sociale

WCE CLEARING CORPORATION

2-Corporation Number /
N° de la corporation

3831397

3- a) The amendment to the articles has been authorized by: / La modification apportée aux statuts a été autorisée par résolution:

directors	<input type="checkbox"/>	administrateurs
shareholders	<input type="checkbox"/>	actionnaires
members	<input checked="" type="checkbox"/>	membres

b) pursuant to Section **167(2)(b)**
conformément à l'article

c) and the articles are amended as follows: / et les statuts de la corporation sont modifiés de la façon suivante:

SEE ATTACHED SCHEDULE I

Date / Date

Signature /Signature

Description of Office: / Description du poste

Instructions:

Specify the relevant subsection pursuant to which the amendment is authorized, and the changes which are being made. Specify whether amendment authorized by directors, shareholders or members. The resolution authorizing the amendment is not required to be attached hereto.

Directives:

Énoncer chacune des modifications apportées aux statuts, en mentionnant la disposition de la loi qui l'autorise. Indiquer également s'il s'agit d'une modification adoptée par résolution des administrateurs ou par résolution des actionnaires ou membres. Il n'est pas nécessaire de fournir une copie de cette résolution.

**SCHEDULE I TO THE ATTACHED
ARTICLES OF AMENDMENT**

The Articles of Incorporation are amended as follows:

1. The Corporation be converted into a Corporation with share capital;
2. The registered office of the Corporation be:

400 Commodity Exchange Tower
360 Main Street
Winnipeg, Manitoba, R3C 3Z4
3. The minimum number of directors be five (5) and the maximum number of directors be eight (8);
4. The Corporation is authorized to issue an unlimited number of Class A Common Shares for unlimited consideration;
5. The restrictions on share transfers are as follows:

No shares of the corporation shall be transferred without the consent of the majority of the directors of the corporation, such consent to be expressed by a resolution passed by the board of directors or by an instrument in writing signed by all of the directors.
6. The said Shares shall be subject to the following rights, privileges, restrictions and conditions, namely:

None
7. That any other provisions contained in the Articles of Incorporation that would imply a corporation without share capital are hereby deleted;
8. The restrictions, if any, on business the corporation may carry on:

Not applicable
9. To add the other provisions as described in Schedule "A" attached hereto.

**SCHEDULE A TO THE ATTACHED
ARTICLES OF AMENDMENT**

Other provisions:

1. That pursuant to Section 167(4) of The Corporations Act, the proposed formula for share distribution is that the sole member of the Corporation shall be issued one (1) Class A Common Share in the capital stock of the Corporation in exchange for the disposition to the Corporation of its member's rights.
2. That pursuant to Section 167(3) of The Corporations Act, a resolution authorizing conversion from a corporation without share capital to a corporation with share capital has been approved by the sole Member of the Corporation.

**WCE CLEARING CORPORATION
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BY-LAW NO. 1

A by-law relating generally to the conduct of the affairs of WCE Clearing Corporation (the "Corporation").

ARTICLE ONE

INTERPRETATION

1.01 Definitions. - In this by-law and all other by-laws of the Corporation, unless the context otherwise requires, the following terms shall have the following meanings:

"Act" - *The Corporations Act* R.S.M. 1987, c.C225, as from time to time amended;

"Affiliated Person" – With respect to any entity, any person who controls, is controlled by or is under common control with such entity, and, without limiting the generality of the foregoing, any partner, trustee, officer, director or employee (whether or not having control) of such entity; with respect to any individual, any person of which such individual is a partner, trustee, officer, director or employee or has control, and any person who controls, is controlled by or is under common control with such person. For the purposes of this definition, the term "control" means the power to direct or cause the direction of the management or policies of a person, whether through ownership of securities, by contract or otherwise;

"Articles" - the articles of incorporation of the Corporation under the Act, as from time to time amended;

"Board" - the Board of Directors of the Corporation;

"By-law" - the By-law or By-laws of the Corporation as from time to time amended;

"Chairman of the Board" - the Person elected in accordance with Article Six;

"Clearing Fund" – the fund established pursuant to this By-Law;

"Clearing Participant" - a Person whose application for access to the facilities of the Corporation has been approved by the Corporation and who has entered into a Clearing Participation Agreement with the Corporation pursuant to the provisions of Article Nine;

"Clearing Participation Agreement" – means an agreement entered into between an Eligible Person and the Corporation to grant and govern clearing privileges of the Person as provided in Article Nine herein;

"Commission" – means The Manitoba Securities Commission;

"Contract" - A futures contract, option or other contract or instrument for which the Corporation acts as a clearing organization;

"Corporation" - the corporation incorporated under the Act under the name WCE Clearing Corporation by articles of incorporation dated May 12, 1998, as from time to time amended;

"Effective Date" – the date upon which these By-Laws become effective;

"Eligible Person" – a Person who meets the requirements of the Corporation to be a Clearing Participant as such requirements are from time to time determined;

"Exchange" - Winnipeg Commodity Exchange Inc.;

"Person" - An individual, co-operative, partnership, association, firm, trust, corporation or other entity, as the context may require;

"President" - the Person appointed as President of the Corporation in accordance with Article Six herein;

"Recorded Address" – means, in the case of a Shareholder, the address of that Person as recorded in the register of Shareholders and, in the case of a director, officer, auditor or member of a committee of the Board, the address of that Person recorded in the records of the Corporation;

"Rules" - the Rules of the Corporation as from time to time amended;

"SRO Clearing Participant" - a Clearing Participant that is within the audit jurisdiction of either the Investment Dealers Association of Canada or any other SRO recognized by the Corporation;

"SRO" – Self-Regulatory Organization;

"Secretary" - the Person appointed Secretary of the Corporation in accordance with Article Six herein;

"Shareholder" – means the shareholder or shareholders of the Corporation from time to time;

"Signing Officer" – means, in relation to any instrument, any Person authorized to sign the same on behalf of the Corporation pursuant to the provisions of this By-law or by a resolution passed pursuant thereto;

"Treasurer" - the Person appointed Treasurer of the Corporation in accordance with Article Six herein;

"Vice-Chairman of the Board" – the Person appointed Vice-Chairman of the Board in accordance with Article Six herein;

1.02 Interpretation in all By-laws, where the context so required or permits:

- a. the singular shall include the plural and the plural the singular; and the masculine shall include the feminine;
- b. all terms which are contained in the By-laws and which are defined in the Act shall have the meanings given to such terms in the Act;
- c. the headings used in the By-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

ARTICLE TWO

BUSINESS OF THE CORPORATION

- 2.01 Registered Office.** - Until changed in accordance with the Act, the registered office of the Corporation shall be at such location as the Board may from time to time determine.
- 2.02 Corporate Seal.** - The corporate seal of the Corporation shall be in the form impressed hereon, or in such other form as the Board may from time to time determine. An instrument or agreement executed on behalf of the Corporation by a Signing Officer is not invalid merely because the corporate seal is not affixed thereto.
- 2.03 Financial Year.** - Unless otherwise ordered by the Board, the financial year of the Corporation shall end on the last day of August in each year.
- 2.04 Execution of Instruments.** – Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons, one of whom is the Chairman of the Board, the Vice-Chairman of the Board, the President, a vice-president or any other officer and the other of whom holds one of the said offices or is a director or is the Secretary, the Treasurer, an assistant secretary or an assistant treasurer, and all such deeds, transfers, assignments, contracts, obligations, certificates and other instruments so signed shall be binding upon the Corporation without any further authorization or formality. In addition, the Board may from time to time, by resolution, direct the manner in which, and the person or persons by whom, any particular instrument or class of instruments may or shall be signed. Any person authorized to sign an instrument on behalf of the Corporation may affix the corporate seal thereto.
- 2.05 Banking Arrangements.** - The banking business of the Corporation shall be transacted with such banks, trust companies or other firms or corporations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.
- 2.06 Voting Rights in Other Bodies Corporate.** – The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time, by resolution, to time direct the manner in which, and the person or persons by whom, any particular voting rights or class of voting rights may or shall be exercised.

ARTICLE THREE

BORROWING

3.01 Borrowing

The Board may, from time to time on behalf of the Corporation without the authorization of the Shareholders:

- a. Borrow money upon the credit of the Corporation;
- b. Issue, reissue, sell or pledge debt obligations of the Corporation, including bonds, debentures, notes or other evidences of indebtedness or guarantees, whether secured or unsecured;
- c. Subject to section 42 of the Act, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any Person; and
- d. Mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any present or future obligation of the Corporation.

ARTICLE FOUR DIRECTORS

- 4.01 Number of Directors.** – Subject to the limits imposed by the Articles of the Corporation, the exact number of directors to form the Board shall be designated from time to time by the Shareholders of the Corporation entitled to vote at a meeting of shareholders.
- 4.02 Ex Officio Directors.** – The Shareholders may appoint such number of *ex officio* directors as they determine reasonable. *Ex officio* directors will be entitled to attend meetings of the Board, unless the Board determines otherwise, but shall not be entitled to vote at meetings of the Board.
- 4.03 Powers of the Board** - The Board shall be the governing body of the Corporation and shall be vested with all powers necessary for the governance of the Corporation, for the regulation of the conduct of Clearing Participants and for the promotion of the welfare, objects and purposes of the Corporation. The Board shall have control of the property and finances of the Corporation. The Board may also adopt, amend or rescind Rules, make such interpretations of the Rules and impose such fees, charges and dues as deemed necessary or appropriate.
- a. Without limiting the generality of the foregoing, the Board shall have the following powers:
- (1) The Board may from time to time fix the fees or other compensation to be paid to the members of the Board, the President and the non-employee officers of the Board and the members of any committee for services rendered in performing their duties as such;
 - (2) The Board may regulate the partnership and corporate arrangements of Clearing Participants, including the establishment of requirements as to financial condition;
 - (3) The Board may pass a by-law, Rule, order or direction restricting or suspending the privileges or otherwise disciplining any Clearing Participant before a hearing of the matter is held, provided that any such restriction, or disciplinary suspension action shall only be imposed when the Board deems it necessary for the protection of the public and that the restriction or suspension shall expire within fifteen (15) days after the date on which the order was made, unless a hearing is held within that period of time to confirm or set aside the said by-law, Rule, order or direction;
 - (4) At any time and from time to time the Board may impose, modify or rescind any requirements to be complied with by Clearing Participants governing the form, content and timely submission of information and reports required to be submitted; and
 - (6) The Board shall have the power to adopt arbitration rules to govern the settlement of claims, grievances, disputes and controversies amongst Clearing Participants.
- 4.04 Election and Term.** - Each director shall be appointed by the Shareholders to hold office for the term of office for which he or she is appointed, but if upon expiry of the term for which a director is appointed no successor director is appointed, the director whose term otherwise expires shall continue in office until his or her successor is duly appointed.

4.05 Removal of Directors. - Subject to the provisions of the Act, the Shareholders may by resolution remove any director from office and the vacancy created by such removal may be filled in the same resolution.

- 4.06 Regular Meetings.** - Regular meetings of the Board shall be held no less than four (4) times per year, on such dates and at such times as the Board shall determine. Notice of such meetings may be given in writing served at the addresses of the members of the Board, by telephone, by telecopier transmission or by any other means of communication.
- 4.07 Special Meetings.** – Meetings of the Board may be called upon 48 hours notice in writing, by telephone, by telecopier transmission or other means of communication by the Chairman of the Board or any two officers or directors of the Corporation. If the purpose of a meeting is to deal with the administration of the Rules or any emergency matter, notice of the meeting may be given to each director not less than one hour before the time the meeting is to be held. Any meeting of the Board may be held at any place and time without such notice if all the members are present or if a quorum is present and those members who are absent have signified their consent to the holding of the meeting by an instrument in writing or subsequently thereto signify their consent in writing. Any resolution passed or proceeding had or action taken at such meeting shall be as valid and effectual as if it had been passed or taken at a meeting duly called. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any member.
- 4.08 Place of Meetings.** – Meetings of the Board may be held at any place determined by the Board.
- 4.09 Adjournment.** – Any meeting of the Board may be adjourned from time to time by the chairman of the meeting with the consent of a quorum, to a fixed time and place. Notice of any adjourned meeting of the Board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.
- 4.10 Quorum.** – A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board and unless otherwise specifically provided herein, any action taken pursuant to a vote of the majority of the members of the Board present at any meeting at which a quorum is present shall be deemed to be a valid action of the Board.
- 4.11 Participation by Telephone:** – Subject to the discretion of a majority of the members of the Board in attendance at any meeting, any one or more members of the Board or any committee thereof may participate in any meeting of the Board, or any committee, by means of a conference telephone or similar communications device allowing all members participating in the meeting to hear each other at the same time. A member participating in the meeting by such means is deemed to be present at the meeting for the purposes of the Act.
- 4.12 Action by Consent.** – Any action required or permitted to be taken by the Board may be taken without a meeting if all of the members of the Board consent in writing to the adoption of a resolution authorizing such action.
- 4.13 Rules of Order.** - All meetings of the Board shall be conducted in accordance with the then current edition of *Wainberg's Company Meetings*.
- 4.14 Power When Composition Incomplete.** - Notwithstanding any vacancy on the Board, the remaining members may exercise all the powers of the Board so long as a quorum of the Board remains in office, but if the remaining number of members falls below the number required to constitute a quorum, the Board shall not act, except for the purpose of filling vacancies.
- 4.15 Right to Attend.** - Unless otherwise provided herein, the only persons entitled to attend meetings of the Board shall be those eligible to vote thereat, except that at any meeting, any person may be permitted to attend by not vote, with the consent of the meeting.

4.16 Waiver of Notice. - The provisions governing the giving of notice for meetings of the Board or any committee may be waived by a quorum of the members thereof present and attending such meeting.

4.17 Voting.

- a. At all meetings of the Board, each member then present, shall be entitled to one (1) vote.
- b. No proxy votes shall be allowed for meetings of the Board.
- c. The Chairman of the Board is entitled to vote at a meeting of the Board in his or her discretion. The Chairman shall not have a casting vote.

4.18 Resignation or Removal of Board Member.

- a. A member of the Board may resign at any time by giving written notice of his or her resignation to the President, or in the case of the President, to the Chairman of the Board, and such resignation, unless specifically contingent upon its acceptance, will be effective as of its date or the date specified therein.
- b. Except in the case of the President, in the event of the refusal, failure, neglect or inability of any member of the Board to discharge his or her duties, or for any cause affecting the best interests of the Exchange, the Board shall have the power, by the affirmative vote of at least two-thirds of the members of the Board then in office, to remove such member and declare his or her office vacant.
- c. Except in the case of the President, in the event that any Board member ceases to be such a member, he or she shall automatically be deemed to have resigned from the Board and his or her office shall be declared vacant.
- d. In the event that the President should resign or cease holding such office, for any reason, he or she shall automatically be deemed to have resigned from the Board and his or her office as a member of the Board shall be declared vacant.

4.19 Filling of Vacancies.

- a. Any vacancy on the Board (other than a vacancy in the office of President), including any vacancy resulting from an increase by the Board in the number of members, may first be filled by the Board until the next annual meeting of the Shareholders, at which time, if a director has been appointed by the Board to fill the vacancy, the Shareholders in attendance at such meeting shall nominate and elect, by simple majority, a replacement member.
- b. In the event of a vacancy in the office of President, such vacancy shall be filled by a vote of a majority of the members of the Board then in office.
- c. Any person designated to fill a vacancy shall serve until his or her successor is elected or appointed, and such successor shall serve for the balance of the term of the office that had become vacant.

4.20 Remuneration and Expenses. – The members of the Board shall be entitled to receive such remuneration as may be determined by the Board and approved by the Shareholders from time to time and shall be entitled to be reimbursed for travelling and other expenses properly incurred by

them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any member from serving the Corporation in any other capacity and receiving remuneration therefore.

4.21 Conflict of Interest - The following rules apply to the Board and to every committee.

a. For the purpose of this section the following definitions apply:

- (1) "Affiliated Firm" shall mean, with respect to any person, any firm of which such person is a partner, trustee, officer, director or employee or over which such person has control, and any firm which controls, is controlled by or is under common control with such person.
- (2) "Control" shall mean the power to direct or cause the direction of the management or policies of a person, whether through ownership of securities, by contract or otherwise.
- (3) "Disclosure" shall mean: With respect to any particular month or months that are under consideration by the Board or any committee, and any other months which the Board or the committee determines may also be affected, the size of the gross positions held by each member of the Board or the committee and any affiliated firm of such member shall be disclosed in accordance with the following:
 - (i) the positions to be disclosed shall include positions in futures or options on Winnipeg Commodity Exchange Inc. (the "Exchange") in such month or months and, if the Board or Committee so determines, positions in the physical commodity (including any by-products or related products that may be hedged by Exchange futures or options) and positions in futures or options in any other month or months or in forward or futures contracts on other exchanges or markets;
 - (ii) the size of positions shall be disclosed by reference to ranges as determined by the Board or the Committee;
 - (iii) disclosure shall be made with respect to the following three categories of account:
 - the personal account of the member (including any account of members of his immediate family);
 - the proprietary accounts of any Affiliated Firm of the member and (to the extent known by the member) any Affiliated Firm of, and individuals associated with, such firm; and
 - the customer accounts (in the aggregate) of any Affiliated Firm of the member and (to the extent known by the member) of any Affiliated Firm of such firm.

b. Board and committee members are required to avoid deliberating and/or voting on any matters in which they have a conflict of interest position. The possibility of any significant and/or direct financial interest in a matter constitutes a conflict of interest position. Board and committee members must recuse themselves from all matters in which they, or an Affiliated Firm to them, have a conflict and at all times when they are unwilling to provide Disclosure. The decision that any matter is subject to this conflict of interest section may be made by the Chairman of the Board or the Chairman of the committee or by one-third of the Board or committee members present, as the case may be.

c. All Board members and Committee members are obligated to provide Disclosure or recuse themselves on all issues in which Disclosure is required. In the event that a member refuses to provide Disclosure or recuse himself, that member(s)

must withdraw from the room before disclosure by other members begins and may not be present or participate in the discussions of the matter under consideration. After Disclosure is made the Board shall consider the matter and must excuse all members from the meeting during the Board's or committee's consideration of such matter in the event the said member(s);

- (1) directly or indirectly owns or controls an account that is likely to be directly and materially affected by the Board's or committee's decision;
 - (2) has substantial financial interest in a clearing member that may be directly and materially affected by the Board's or the committee's decision; or
 - (3) has any other interest in the outcome, which a majority of the Board or committee, present and voting, deems to require his disqualification.
- d. If there is no committee quorum then the matter shall be referred to the Board. If there is no Board quorum available to deliberate the matter at issue as a result of the number of persons who have recused themselves or are excused by the Board, then the Executive Committee of the Exchange shall assume all of the powers and duties of the Board with respect to the matter at issue; if there is no Executive Committee quorum the Chairman of the Exchange, or if the Chairman is disqualified, the next highest ranking officer of the Exchange shall appoint an ad hoc committee of five non-conflicted persons to act for the Board in the matter at issue.
- e. The corporation is required to prepare written records to document that the procedures required by these conflict rules have been followed. Such records will include (a) the names of all members who attended the meeting in person or who otherwise were present by electronic means; (b) the name of any member who voluntarily recused himself or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and (c) information on the position information that was reviewed for each member (if relevant).

4.22 Rules. - Subject to the receipt of all necessary approvals, if any, from regulatory authorities having jurisdiction pursuant to applicable law, the Board may from time to time make such Rules as it may determine to regulate the conduct and business of the Corporation and the Clearing Participants, and may make, repeal, alter or add to any of the Rules.

ARTICLE FIVE

COMMITTEES

- 5.01 Constitution of Committees.** – The Board may, from time to time, constitute, establish and appoint one or more committees of the Board, however designated, and delegate to any such committee any of the powers of the Board, except those which pertain to items which, under the Act, a committee of the Board has no authority to exercise. The committees of the Board shall include, at a minimum, an audit committee.
- 5.02 Meetings.** – Except as may be provided by the Board, the committees may meet for the transaction of business, adjourn and otherwise regulate their meetings as they think fit provided, however, that a majority of the members of each committee shall constitute a quorum thereof for the transaction of business. Questions arising at any meeting of a committee shall be decided by a majority of votes of the committee members present at the meeting, and in case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 5.03 Transaction of Business.** – The powers of a committee of the Board may be exercised by a meeting at which a quorum is present, or by resolution in writing, signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of that committee.

ARTICLE SIX

OFFICERS

6.01 Election of Chairman and Appointment of Officers. - The Board shall, by resolution, elect a Chairman and Vice-Chairman of the Board each of whom shall be a member of the Board. The Board shall also appoint a President, a Secretary and a Treasurer, none of whom need be a member of the Board. All officers appointed pursuant to this section shall serve at the pleasure of the Board.

6.02 Chairman of the Board. - The Chairman of the Board shall preside at all meetings of the Board.

The Chairman of the Board shall promote the interests of the Corporation and the enforcement of the Rules and By-Laws of the Corporation. The Chairman of the Board shall be ex officio a member of any committee appointed or constituted by the Board of Directors.

6.03 Vice-Chairman of the Board. - In the absence or incapacity or refusal to act of the Chairman of the Board, or if the Chairman of the Board cannot or should not preside at a meeting of the Board, the Vice-Chairman of the Board shall assume all of the duties of the Chairman of the Board, and in the case of a vacancy in the office of the Chairman of the Board, shall succeed to that office. In case a vacancy shall occur in the office of Vice-Chairman of the Board, the Board, shall, by resolution, fill such vacancy by the appointment to such office of a member of the Board.

6.04 President. – The President shall be appointed by the Board and shall serve at the pleasure of the Board. The President may not be a director, officer or employee of a Clearing Participant, of a participant of the Exchange, or of a shareholder of WCE Holdings Inc.

In the absence, incapacity or refusal to act of the President, the Board may, by vote of the members then in office, delegate the powers and duties of the President to another officer appointed by the Board, until such time as the President can or will resume his duties, or until otherwise advised by the Board.

6.05 Duties of the President. - The President shall be the Chief Executive Officer and the Chief Administrative Officer of the Corporation. Subject to the authority and direction of the Board, the President shall have and be responsible for the management and direction of the business and affairs of the Corporation. The President shall appoint such other officers, and authorize the engagement of such employees, as the President deems necessary for the efficient operation of the Corporation. The President shall have the authority to hire and dismiss employees of the Corporation and to establish their qualifications, duties and salaries and to provide such other duties in the management of the Corporation as may be provided in the By-laws or by the Board.

The President shall, in the absence in capacity or refusal to act of the Chairman and Vice-Chairman of the Board, assume all the functions and discharge all of the duties of the Chairman of the Board until such time as the Chairman of the Board can or will assume his duties as prescribed in the By-Laws, or until otherwise advised by the Board. The President may delegate all or any part of his authority to others subject to the approval of the Board.

The President shall perform such other duties as the Board may prescribe.

6.06 Secretary. - The Secretary shall attend and be the Secretary of all meetings of the Board and shall enter or cause to be entered in books kept for that purpose minutes of all proceedings therein. The Secretary shall give or cause to be given, as and when instructed, all notices to the Shareholders and members of the Board, and shall perform such other duties as the President and the Board may prescribe.

- 6.07 Treasurer.** - The Treasurer shall cause to be kept full and accurate books of accounts in which shall be recorded all receipts and disbursements of the Corporation. The Treasurer shall render to the Board whenever required an account of all of his transactions as Treasurer and of the financial position of the Corporation, and shall perform such other duties as the President and the Board may prescribe.
- 6.08 Appointment of Other Officers.** - The Board may from time to time, appoint or remove one or more additional officers to carry out any and all duties specified by the President and the Board. All such officers shall be responsible to the President for the proper performance of their duties.
- 6.09 Fidelity Bonds.** – The Board may require such officers, employees and agents of the Corporation as the Board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the Board may prescribe.
- 6.10 Variation of Duties.** – The Board may from time to time vary, add to or limit the powers and duties of any officer.
- 6.11 Duties of Officers may be Delegated.** – In case of the absence or incapacity or refusal to act of any officer of the Corporation or for any other reason that the Board may deem sufficient, the Board may delegate any or all of the powers of such officer to any other officer or to any member of the Board for the period of time of such absence incapacity or refusal to act.
- 6.12 Terms of Office.** – The Board may remove at its pleasure any officer of the Corporation at any time in its absolute discretion. Otherwise, each officer elected or appointed by the Board shall hold office until his successor is elected or appointed.
- 6.13 Agents and Attorneys.** – The Board shall have the power from time to time to appoint agents or attorneys for the Corporation with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

ARTICLE SEVEN

PROTECTION OF DIRECTORS, OFFICERS, EMPLOYEES AND COMMITTEE MEMBERS

7.01 Limitation of Liability. – All directors, officers, employees and committee member of the Corporation, in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Corporation, and exercise the case, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director, officer, employee or committee member of the Corporation shall be liable for the acts, omissions, failures, neglects or defaults of any other director, officer, employee or committee member, or for any loss, damage or expense suffered or incurred by the Corporation through the insufficiency or deficiency of title to any property acquired on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any Person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss or damage resulting from any dealings with any monies, securities or other assets belonging to the Corporation, or for any loss occasioned by any error of judgment or oversight on his or her part, or of any other loss, damage or misfortune which shall happen in the execution of the duties of his or her office or in relation thereto, unless the same shall happen by or through his or her own wilful neglect or default; provided that nothing herein shall relieve any director of officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.02 Indemnity. – Subject to the Act, the Corporation shall indemnify a director, officer, employee or committee member of the Corporation, a former director, officer, employee or committee member, or a person who acts or acted at the Corporation's request as a director, officer, employee or committee member of a body corporate of which the Corporation is or was a shareholder or creditor and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director, officer, employee or committee member of the Corporation or such body corporate, if:

- a. he or she acted honestly and in good faith with a view to the best interests of the Corporation; and
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

The Corporation shall also indemnify such Persons in such other circumstances as the Act or law permits or requires. Nothing in this By-law shall limit the right of any Person entitled to, the claim indemnity apart from the provisions of this By-law.

7.03 Insurance. – Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any Person referenced to in section 7.02, as the Board may from time to time, by resolution determine.

ARTICLE EIGHT

SHARES AND SHAREHOLDERS

- 8.01 Allotment of Shares.** – Shares of the capital stock of the Corporation shall be allotted at such times and in such manner and on such terms and conditions and to such Persons or classes of Persons as the Board may from time to time, by resolution, determine, subject always to the provisions, if any, of the Articles of Incorporation, and any special agreements respecting the allotment of shares (if any) made between the Shareholders of the Corporation.
- 8.02 Dividends.** – The Board may from time to time, by resolution, declare dividends and pay the same out of any funds of the Corporation properly available for the purpose.
- 8.03 Annual Meetings.** – The annual meeting of the Shareholders shall be at such place and on such date in each year as the Board may, by Resolution, determine.
- 8.04 Other Meetings.** – Other meetings of the Shareholders may be convened at any time and any place by order of the President or by the Board on their own motion or on requisition of the Shareholders as provided for by the Act.
- 8.05 Notice.** – No public notice or advertisement of the annual or other meeting of the Shareholders shall be required.
- 8.06 Quorum.** – The quorum for the transaction of business at meetings of the Shareholders shall consist of not less than one (1) Shareholder present or represented by proxy and holding in all not less than Fifty (50%) percent plus one (1) of the issued stock of the Corporation carrying voting rights.
- 8.07 Voting.** – Questions arising at any meeting of Shareholders shall be decided by a majority of the votes cast by the Shareholders at the meeting. PROVIDED he is a Shareholder, the chairman at all meetings of the shareholders may move, second or vote upon any Resolution, By-Law or any other matter or thing, and may act in any matter whatsoever as if he were a Shareholder only and not chairman of the meeting. If he is not a Shareholder, the chairman shall not move, second or vote upon any Resolution, By-Law or any other matter or thing. In case of an equality of votes, the chairman at the meeting shall not have a second or casting vote.
- 8.08 Persons Entitled to be Present.** – The only Persons entitled to be present at a meeting of the Shareholders shall be those entitled to vote thereat, the members of the Board and the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, or of the Articles or By-Laws to be present at the meeting. Any other person may be admitted only on the invitation of the Chairman of the meeting or with the consent of the meeting.
- 8.09 Resolution in Writing.** – A resolution in writing signed by all of the Shareholders entitled to vote on that resolution at a meeting of the Shareholders is as valid as if it has been passed at a meeting of the Shareholders. Any such resolution in writing may be signed in one or more counterparts, all of which, together shall constitute one and the same resolution, and a facsimile of a signed counterpart of such resolution shall be deemed to be as valid as an originally signed counterpart, unless it is proven that such facsimile does not accurately reflect an authentic originally signed counterpart.
- 8.10 Only One Shareholder.** – Where the Corporation has only one Shareholder or only one holder of any class or series of shares, the Shareholder present in person or duly represented by proxy constitutes a meeting.

ARTICLE NINE

CLEARING PARTICIPANTS AND CLEARING PARTICIPANT AGREEMENTS

- 9.01 Status of Clearing Participants.** – Only Clearing Participants shall be entitled to clear contracts with the Corporation, except that, if the Board so determines, the Corporation may clear contracts, options or other instruments for any other clearing organization in connection with the linkage of the Exchange with another Board of trade, exchange or market. A Clearing Participant shall have the privilege of clearing with the Corporation all contracts traded on or subject to the Rules of the Exchange. Each Clearing Participant shall have the rights and obligations provided for in and pursuant to the By-Laws, the Rules of the Corporation and the Clearing Participation Agreement entered into between that Clearing Participant and the Corporation. Such privilege, and the rights, obligations and status of any person as a Clearing Participant, may be terminated or altered in any respect at any time as provided in the By-Laws, the Rules, or the Clearing Participant Agreement.
- 9.02 Conditions to Being a Clearing Participant.** – Conditional to becoming and remaining a Clearing Participant, a Person must:
- a. Meet such standards of eligibility as the Corporation may, from time to time, prescribe, subject to the provisions of the By-Laws;
 - b. Be approved by the Corporation;
 - c. Satisfy such operational requirements as the Corporation may from time to time prescribe in or pursuant to the By-Laws or the Rules; and
 - d. Have on file with the Corporation such agreements, undertakings and documents, and on deposit with the Corporation such amounts in the Clearing Fund or otherwise, as the Corporation may require.

Any Person desiring to become a Clearing Participant must file an application to the Corporation and sign a Clearing Participation Agreement with the Corporation in such form as the Corporation may prescribe. The filing of such application, and the action by the Corporation thereon, shall be as provided in the Rules.

- 9.03 Conditions of Admission.** – No applicant shall be admitted as a Clearing Participant until it has deposited with the Corporation its initial deposit with the relevant Clearing Fund in the amount and at the time required by the Rules and has signed and delivered to the Corporation a Clearing Participation Agreement in such form as the Board shall require, including agreements:
- a. to clear through the Corporation, all of its exchange transactions and all other transactions which the By-Laws or the Rules may require to be cleared through the Corporation;
 - b. to abide by all of the provisions of the By-Laws and the Rules and by all other procedures adopted pursuant thereto;
 - c. that the By-Laws and the Rules shall be a part of the terms and conditions of every transaction with the Exchange or other contract or transaction which the applicant, while a Clearing Participant, may make or have with the Corporation, or with other Clearing Participants in respect of options or futures, or which may be cleared or required to be cleared through the Corporation;
 - d. to grant the Corporation all liens, rights and remedies set forth in the By-Laws and the Rules;

- e. to pay to the Corporation all fees and other compensation provided by or pursuant to the By-Laws and the Rules for clearance and for all other services rendered by the Corporation to the applicant while a Clearing Participant;
- f. to pay such fines as may be imposed on it in accordance with the By-Laws and the Rules;
- g. to permit inspection of its books and records by the representatives of the Corporation in accordance with the By-Laws and Rules;
- h. to make such payments to or in respect of the Clearing Fund as may be required from time to time;
- i. to fulfil such conditions regarding withdrawal from Clearing Participant status as may be imposed by the Corporation; and
- j. to comply with the provisions of all laws applicable to the Corporation or the applicant.

ARTICLE TEN

NOTICES

- 10.01 Method of Giving Notices.** - Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the Articles of Incorporation, the By-laws or otherwise to a Shareholder, director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his Recorded Address or if mailed to him at his Recorded Address by prepaid ordinary or air mail or if sent to him at his Recorded Address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the Recorded Address as aforesaid; a notice so mailed shall be deemed to have been received when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when confirmation of transmission is noted. The Secretary may change or cause to be changed the Recorded Address of any Shareholder, director, officer, auditor or committee member in accordance with any information believed by him to be reliable or as notified by the Shareholder.
- 10.02 Computation of Time.** - In computing the date when notice must be given under any provision requiring a specified number of days' notice of any event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.
- 10.03 Omissions and Errors.** - The accidental omission to give any notice to any Shareholder, director, officer, auditor or committee member or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.
- 10.04 Waiver of Notice.** - Any Shareholder (or his duly appointed proxy holder), director, officer, auditor or committee member may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the Articles, of Incorporation, the By-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of Shareholders or of the Board, which may be given in any manner.
- 10.05 Signature to Notices.** – The signature or signatures to any notice to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.
- 10.06 Undelivered Notices.** – If any notice given to a Shareholder pursuant to paragraph 10.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such Shareholder until he informs the Corporation in writing of his new address.
- 10.07 Proof of Service.** – A certificate of the Secretary or other duly authorized officer of the Corporation in office at the time of the making of the certificate as to facts in relation to the mailing or delivery of any notice to any Shareholder, director, auditor or officer or publication of any notice shall be conclusive evidence thereof and shall be binding on every Shareholder, director, auditor or officer of the Corporation as the case may be.

ARTICLE ELEVEN

MISCELLANEOUS

11.01 Invalidity of Any Provision of this By-Law. – The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

11.02 Repeal. - Subject to Section 11.03, all previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and Persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the Shareholders or a committee of the Board with continuing effect passed under any repealed by-law shall continue good and valid except to the extent inconsistent with this by-law and until amended or repealed.

11.03 Transitional. – Nothing in this by-law shall render ineffective any by-law, rule, regulation, policy statement, decision, order, ruling or other instrument enforced prior to the adoption of this by-law, which instrument shall remain in force, mutatis mutandis, for the purpose of addressing acts, omissions, circumstances or events prior to the effective date of this by-law and former members of the Corporation shall remain subject thereto and the Corporation shall benefit therefrom.

11.04 Precedence of Statute -

- a. If any Government or agency thereof, in Canada, having jurisdiction, issues an order, rule, directive, or law that conflicts with or modifies the requirements of these By-laws, it shall have precedence over and become part of this By-law within the extent of its jurisdiction.
- b. If any such Government or agency requires, by written order, specific reports by the Corporation of its activities, or consolidated reports of the transactions of the Shareholders, the Board may authorize the Corporation Secretary or his or her delegate to provide such reports.

11.05 Information Sharing Agreement - The Corporation may enter into agreements with domestic or foreign self regulatory organizations, commodity futures or securities enforcement authorities or commodity futures or securities regulatory authorities providing for the exchange of information and other forms of mutual assistance for market surveillance, investigative, enforcement and other regulatory purposes.

MADE by the Board as of the 1st day of November 2001.

Chairman

Secretary

CONFIRMED by the sole Shareholder in accordance with the Act the 1st day of November 2001.

WCE Holdings Inc.

Per: _____
Chairman

WCE CLEARING CORPORATION

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WCE CLEARING CORPORATION

PART A - GENERAL RULE A-1 DEFINITIONS

Section A-101 Application

Unless the context otherwise requires or unless different meanings are specifically defined, for all purposes of Parts A, B and C of these Rules the capitalized terms used herein shall have the meanings given them in Section A-102.

Section A-102 Definitions

"Additional Deposit" - the additional amount which may be required to be added to a Clearing Fund deposit pursuant to Section A-606.

"American Option" (or American Style Option) - an Option which can be exercised at any time until its Expiration Date.

"Approved Depository" - a financial institution approved under Section A-613.

"Assigned Position" - the position of the Clearing Participant in any account for which such Clearing Participant is the assigned Clearing Participant in such account.

"Authorized Representative" – an individual for whom the Clearing Participant has filed evidence of authority pursuant to Section A-203.

"Base Deposit" - the minimum Clearing Fund deposit required of each Clearing Participant pursuant to Section A-603.

"Board" - the Board of Directors of the Corporation.

"Business Day" - any day on which any office of the Corporation is open for business

"By-laws" - the By-laws of the Corporation as the same may be amended from time to time.

"CDS" – The Canadian Depository for Securities Limited.

"Class Group" - all Options and Futures relating to the same Underlying Interest.

"Class of Futures" - all Futures covering the same Underlying Interest.

"Class of Options" - all Options of the same Type of Options covering the same Underlying Interest.

"Clearing Fund" - one of the funds established pursuant to Rule A-6.

"Clearing Participant" - a Person who has been approved by the Corporation as a Clearing Participant pursuant to the provisions of the Rules and By-laws.

"Client" - Those customers of a Clearing Participant, who are not On-Floor Professional Traders.

"Client Account" - the account or accounts required to be established for Exchange Transactions of the Clearing Participants' clients pursuant to Sections B-102 and C-102.

"Clients Settlement Account" - the account established by Section A-404.

"Closing Buy Transaction" - an Exchange Transaction the result of which is to reduce or eliminate a Short Position in the Series of Futures involved in such transaction.

"Closing Purchase Transaction" - an Exchange Transaction the result of which is to reduce or eliminate a Short Position in the Series of Options involved in such transaction.

"Closing Sell Transaction" - an Exchange Transaction the result of which is to reduce or eliminate a Long Position in the Series of Futures involved in such transaction.

"Closing Writing Transaction" - an Exchange Transaction the result of which is to reduce or eliminate a Long Position in the Series of Options involved in such transaction.

"Confirmation Transmission" - the submission made by a Clearing Participant to the Corporation confirming that the Expiry Report detailed in Section B-307 is accepted.

"Consolidated Activity Report" - daily report listing either Options or Futures transactions.

"Contract Specifications" - the specifications provided in these Rules and in the by-laws of the Exchange on which the Option or Future is traded.

"Corporation" - WCE Clearing Corporation.

"Delivery Month" - the calendar month in which a Future may be satisfied by making or taking delivery.

"Deposit Multiplier" - the amount of money used to calculate the Variable Deposit.

"Electronic Communication" - means, in respect of the Corporation, any one or more of the following: the posting of a notice, report or other information on the Exchange's website, the transmission of a notice, report or other information to a Clearing Participant by means of electronic mail and the making available on the Corporation's computer, in a form accessible to a Clearing Participant, a notice, report or other information.

"Exchange" - Winnipeg Commodity Exchange Inc.

"Exchange Transaction" - a transaction through the facilities of the Exchange for:

- (a) the purchase or writing of an Option or for the closing out of a Long or Short Position in an Option;
or
- (b) for the buying or selling of a Future or the reduction or elimination of a Long or Short Position in a Future.

"Exercise Notice" - a notice to the Corporation in the form prescribed by the Corporation, notifying the Corporation of the intent of the Clearing Participant executing such notice to exercise an Option.

"Exercised Position" - the position of a Clearing Participant in any account in respect of Options which have been exercised by such Clearing Participant in such account.

"Exercise Price" - the specified price per unit at which the Underlying Interest may be purchased (in the case of a call) or sold (in the case of a put) upon the exercise of an Option. (Sometimes referred to as the Strike Price).

"Exercise Settlement Date" - the date specified in Section B-402.

"Expiration Date" - unless otherwise specified the third Friday of the month and year in which the Option expires.

"Expiration Time" - the time on the Expiration Date, as fixed by the Corporation, at which the Option expires. Unless changed by the Corporation, the Expiration Time shall be 4:30 pm (ET) [3:30 pm CT]. on the Expiration Date.

"Expiry Response Print Out " - a report made available to Clearing Participants in connection with Rule B-3.

"Firm" - a Clearing Participant

"Firm Account" - the account or accounts required to be established for Exchange Transactions of the Clearing Participants pursuant to Sections B-102 and C-102.

"Future" - a contract:

- a) in the case of a Future settled by delivery of the Underlying Interest, to make or take delivery of a specified quantity and quality, grade or size of an Underlying Interest during a designated future month; or
- b) in the case of a Future settled in cash, to pay to or receive from the Corporation the difference between the final settlement price of the Underlying Interest and the trade price.

"Good Deliverable Form" - Underlying Interests shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of the Underlying Interests in such form would constitute good delivery under the Contract Specifications.

"Include", "includes" and "including" - where used in these Rules, mean "include", "includes" and "including", in each case, "without Limitation".

"Instrument" – means:

- (a) a bill, note or cheque within the meaning of the *Bills of Exchange Act (Canada)* or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsements or assignment;
or
- (b) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder;

but does not include a Security.

"In-the-Money-Option" - a call Option with an Exercise Price that is less than the Market Price of the Underlying Interest or a put Option where the Exercise Price exceeds the Market Price of the Underlying Interest.

"Liquidating Settlement Account" - the account established by Section A-404.

"Long Position" - a Clearing Participant's interest as:

- (a) the holder of one or more Options of a Series of Options; or
- (b) the buyer of one or more Futures of a Series of Futures.

"Margin" – any and all deposits required or made pursuant to Rules A-7 *Margin Requirements*.

"Margin Deposit" – means, collectively

- (a) any and all Securities, Money, Instruments, cheques, Underlying Interest, Long Positions and Short Positions;
- (b) any and all of the deposits required or made pursuant to Rules A-6 *Clearing Funds Deposit*, Rules A-7 *Margin Requirements*, Rule B-4 *Delivery and Payment with Respect to Options Exercised*, and Rules C-5 *Delivery of Underlying Interest of Futures* including Margin, Base Deposit, Additional Deposit, Variable Deposit, letters of credit, and any other form of deposit as from time to time are accepted by the Corporation and/or its agent; and
- (c) any and all securities pledged to the Corporation and/or its agent through the facilities of The Canadian Depository for Securities Limited deposited by or on behalf of the Clearing Participant with the Corporation and/or its agent.

"Market Price" - the aggregate price of the Unit of Trading of the Underlying Interest as determined by the Exchange.

"Money" – a medium of exchange authorised or adopted by the Parliament of Canada of the currency of Canada or by a foreign government as its currency;

"Monthly Financial Report" - the financial returns, documents and related information required to be filed by each Clearing Participant under the relevant rules of the Exchange and/or self-regulatory organization applicable to that Clearing Participant.

"Net Daily Premium" - when applied to any account of a Clearing Participant for any Settlement Time, means the net amount payable to or by the Corporation at such Settlement Time in respect of all Exchange Transactions of the Clearing Participant in Options in such account as a purchasing Clearing Participant and a writing Clearing Participant.

"On-Floor Professional Trader" - an individual who has been approved by the Exchange to trade for his own account or for the account of the Exchange member or non-member by which he is employed or for which he acts as agent in Options or Futures, and may include a futures floor trader, an options floor trader, a trader member, a market maker and a specialist.

"On-Floor Professional Trader Account" - the account or accounts required to be established for Exchange Transactions of the Clearing Participant's On-Floor Professional Traders pursuant to Sections B-102 and C-102.

"Open Position" - the position of a buyer or a seller of a Future or Option.

"Opening Buy Transaction" - an Exchange Transaction the result of which is to create or increase a Long Position in the Series of Futures involved in such transaction.

"Opening Purchase Transaction" - an Exchange Transaction the result of which is to create or increase a Long Position in the Series of Options involved in such Exchange Transaction.

"Opening Sell Transaction" - an Exchange Transaction the result of which is to create or increase a Short Position in the Series of Futures involved in such transaction.

"Opening Writing Transaction" - an Exchange Transaction the result of which is to create or increase a Short Position in the Series of Options involved in such Exchange Transaction.

"Option" - a contract which, unless otherwise specified, gives the buying Clearing Participant the right to buy (a call) or sell (a put) a specified quantity of an Underlying Interest at a fixed price during a specified time period and which obligates the writing Clearing Participant to sell (a call) or buy (a put) the Underlying Interest.

"Options Spread Position Report" - the report which may be filed in accordance with Section A-707.

"Out-of-the-Money Option" - a call Option with an Exercise Price that exceeds the Market Price of the Underlying Interest or a put Option where the Exercise Price is less than the Market Price of the Underlying Interest.

"Person" – an individual, cooperative, corporation, company, trust or other entity, as the context may require;

"Quarterly Financial Report" – the financial returns, documents and related information required to be filed by each Clearing Participant under the relevant rules of the Exchange and/or the Self Regulatory Organization applicable to that Clearing Participant.

"Rules" - the Rules of the Corporation as the same may be amended from time to time.

"Security" of "Securities" – has the meanings ascribed in *The Securities Act (Manitoba)*.

"SRO" – Self-Regulatory Organization, as recognized by the Corporation from time to time.

"Series of Futures" - all Futures covering the same Underlying Interest and having the same delivery month.

"Series of Options" - all Options of the same Type, covering the same Underlying Interest and having the same Exercise Price and Expiration Date.

"Settlement Amount" - the amount calculated in accordance with these Rules payable to the delivering Clearing Participant upon delivery of or cash settlement for the Underlying Interest in respect of a Future.

"Settlement of Gains and Losses" - the settlement with the Corporation of the gains and losses on Open Positions in Futures pursuant to Section C-302.

"Settlement Price" - the official daily closing price of a Future, as determined in accordance with Section C-301.

"Settlement Time" - Settlement Time in respect of an Exchange Transaction means the time established by the Corporation on the Business Day immediately following a trade day, by which time Settlement of Gains and Losses, premium payments and all margin requirements in respect of such trade day must be submitted to the Corporation.

"Short Position" - a Clearing Participant's obligation as:

- (a) the writer of one or more Options of a Series of Options; or
- (b) the seller of one or more Futures in a Series of Futures.

"Spread Position"

- (a) the situation in which there is carried in a Clearing Participant's Client Account both an Option in the Short Position and an Option of the same Class of Options in the Long Position; or
- (b) the assumption in the same account of a Long Position and a Short Position in the same class of Futures.

"Strike Price" – see Exercise Price.

"Tender Notice" - a notice to the Corporation in the form prescribed by the Corporation, notifying the Corporation of the intent of the Clearing Participant executing such notice to deliver the Underlying Interest of the Future.

"Trade Price" - the price agreed upon for the Future when the Contract is entered into on an Exchange.

"Type of Options" - the classification of an Option as either a "put" or a "call".

"Underlying Interest" -

(a) the Futures contract subject to being assumed upon the exercising of an Option; or

(b) the property interest subject to being delivered or settled upon tender in respect of a Future.

"Unit of Trading" - the number of units of Underlying Interest which have been designated by the Exchange as the number to be the subject of a single Option in such Series of Options.

"Variable Deposit" - the Clearing Fund deposit which may be required in addition to a Base Deposit pursuant to Section A-603.

RULE A-2 MISCELLANEOUS REQUIREMENTS

Section A-201 Offices

Every Clearing Participant shall maintain an office at a location approved by the Corporation in the vicinity of the office of the Corporation. A representative of the Clearing Participant authorized to sign all instruments and take all action necessary for conducting business with the Corporation shall be present at such office on every Business Day between such hours as may be specified from time to time by the Corporation. Such representative shall be subject to the approval of the Corporation and shall be authorized to act on behalf of the Clearing Participant by a written power of attorney in the case of a partnership or by a resolution of the board of directors in the case of a corporation. Such power of attorney or resolution, as the case may be, shall be in a form approved by the Corporation.

Section A-202 Evidence of Authority

- (1) Every Clearing Participant shall file with the Corporation a certified list of the signatures of the representatives of such Clearing Participant (including partners and officers) who are authorized to sign certificates, cheques, agreements, receipts, orders and other papers necessary for conducting business with the Corporation, together with an executed copy of the powers of attorney, resolutions or other instruments giving such authority.
- (2) Any Clearing Participant who has given a person a power of attorney or other authorization to transact business with the Corporation shall, immediately upon the withdrawal, retirement, resignation or discharge of such person or the revocation of his power to act, give written notice of such fact to the Corporation.
- (3)
 - (a) where a document is presented by a Clearing Participant to the Corporation which bears an authorization stamp of a Clearing Participant in the form approved by the Corporation or,
 - (b) where data is transferred electronically from a Clearing Participant to the Corporation the Corporation shall be entitled to assume the authenticity of the authorization stamp and the authority of the person presenting the document or initiating the electronic transfer to do so on behalf of the Clearing Participant.

Section A-203 Receipt of Documents

- (1) A box or other facility at an office of the Corporation (or of a designated agent of the Corporation) will be assigned to each Clearing Participant for the distribution of forms, papers, documents, notices, statements and such other items as the Corporation deems appropriate. An item deposited in a Clearing Participant's box shall be deemed received by the Clearing Participant when deposited.
- (2) Every Clearing Participant shall be responsible for sending an Authorized Representative to the designated office for receipt of cheques, drafts and all items placed in the box of the Clearing Participant at such intervals as may be necessary for the Clearing Participant to perform all obligations and duties required by these Rules.

Section A-204 Documents and Other Items Submitted to the Corporation

All reports, documents, papers, statements, notices, cheques, drafts, and other items required by the Rules to be submitted to the Corporation shall, except as may otherwise be specifically prescribed by the Rules, be delivered to the office of the Corporation or its agent at such times, on such forms and in such manner as the Corporation shall prescribe. Each item delivered to the Corporation shall clearly indicate the identity of the Clearing Participant making such submission.

Interpretation and Policies

1. Every Clearing Participant shall be required to use an authorization stamp, in a form approved by the Corporation, in lieu of manual signatures, on such reports, documents, papers, statements, notices, and other items as the Corporation shall from time to time prescribe.
2. The Corporation may provide each Clearing Participant with two authorization stamps at no charge. Any additional authorization stamps requested by a Clearing Participant will be charged based upon the Corporation's costs. In lieu of an authorization stamp provided by the Corporation, a Clearing Participant may use a member-selected authorization stamp, provided that the stamp meets such requirements as the Corporation may from time to time impose with respect to format and content and the Clearing Participant files with the Corporation such documentation as the Corporation may require authenticating the designated authorization stamp.
3. Each Clearing Participant shall be bound by all such reports, documents, papers, statements, notices and other items as the Corporation shall prescribe pursuant to Section 01 above, bearing the Clearing Participant's authorization stamp.

Section A-205 Records

- (1) Every Clearing Participant shall keep records showing with respect to each Exchange Transaction:
 - (a) the names of the parties to the transaction;
 - (b) the trade date;
 - (c) the name of the client;
 - (d) if in respect of a Future, the Class and Series of Futures the Underlying Interest, the number of contracts, the contract price, the delivery month and year, whether the transaction was a buy or sell transaction and whether it was an opening or closing transaction;
 - (e) if in respect of an Option, the Class and Series of Options, the Underlying Interest, the number of contracts, the premium, the Exercise Price, the expiry month, whether the transaction was a purchasing or a writing transaction and whether it was an opening or a closing transaction; and
 - (f) such other information as may from time to time be required by law, regulation, the Exchange or the Corporation.
- (2) Every Clearing Participant shall retain and keep readily accessible to the Corporation all records required by these Rules, including without limitation, the records referred to in Section A- 205(1), for at least 7 years from the date of the document in such form as the Corporation may authorize. The Corporation shall be entitled to inspect or take temporary possession of any such records at any time upon demand.

Section A-206 Notices and Reports

- (1)
 - (a) Unless otherwise specifically provided for in any other Rule, the Corporation may give notice to a Clearing Participant in such manner as the Corporation deems appropriate in the circumstances of the notice being given, including by telephone, by fax and by Electronic Communication.
 - (b) Each Clearing Participant shall provide to the Corporation the names of at least two individuals and their positions for the purposes of telephone communications. The Corporation shall attempt to contact such individuals (or any other person at the Clearing

Participant holding such position) (the "Contacts") in connection with all telephone communications during business hours. If the Contacts are not available, the Corporation shall be entitled, during business hours, to provide the notice to any person answering the telephones at the Clearing Participant. All notices given by telephone by the Corporation will be logged, electronically or manually, by the Corporation in one or more files ("Notice Files") kept for that purpose, recording the time and subject matter of the call, the individual at the Corporation who made the call and the individual at the Clearing Participant who received the call. The Notice File, absent manifest error, shall be deemed to be correct.

- (c) Telephone notification given in accordance with this Paragraph A-206(1)(b) or in accordance with Subsection A- 206(6) shall constitute full and proper notice notwithstanding the absence of any written or electronic confirmation of same.
 - (d) For the purposes of this Section A-206, "business hours" shall mean from 8:00 a.m. to 4:00 p.m. (CT) on any Business Day.
- (2) The Corporation may from time to time prescribe the form of reports to be given by the Corporation to Clearing Participants. These reports may be sent by hand delivery, fax or Electronic Communication.
 - (3) Each Clearing Participant shall have an obligation to review promptly each report, notice, instruction, data or other information made available by the Corporation through Electronic Communication or otherwise. Each Clearing Participant shall be responsible for advising the Corporation by telephone (confirmed in writing), fax or hand delivered notice on the Business Day on which a report is deemed to have been received or the Expiration Date of any item requiring change for any reason and the failure to report any such errors by such time shall constitute a waiver of the Clearing Participant's right to have such item changed.
 - (4) Upon the Corporation delivering or making available a notice or report in accordance with this Section A-206, the Corporation's obligation to furnish, issue or deliver such notice or report shall have been fulfilled.
 - (5) Subject to Subsection A- 206(6):
 - (a) a notice given by telephone shall be deemed to have been received by a Clearing Participant as of and to be effective from the time of the telephone call to an individual in accordance with Paragraph A-206(1)(b) or Subsection A-206(6), as the case may be, as recorded in the relevant Notice File, unless the notice or another Rule specifically provides otherwise;
 - (b) a notice given or report sent by fax shall be addressed to one or more of the Contacts and shall be deemed to have been received as of and to be effective from and after the time of the fax on the day it is sent, unless the notice or another Rule specifically provides otherwise;
 - (c) a notice or report given by Electronic Communication may be addressed to one or more of the Contacts and shall be deemed to have been received on and to be effective as of the day it is sent, unless the notice or another Rule specifically provides otherwise; and
 - (d) a notice given by mail shall be addressed to one or more of the Contacts and shall be deemed to have been received and to be effective on the fifth day after mailing and a notice given or report sent by hand delivery shall be addressed to one or more of the Contacts and shall be deemed to have been received and to be effective on the earlier of when it actually is received by the Clearing Participant and the next Business Day following the date it was sent.
 - (6) Where a notice is given or a report is sent by any means out of business hours or on a day that is not a Business Day, the notice or the report, as the case may be, shall be deemed to have been received on the earlier of

- (a) the time the Corporation confirms it has actually been communicated to a responsible individual with the Clearing Participant; and
- (b) the beginning of the next following Business Day.

For greater certainty, under subsection 6(b), where a notice is given or report is received prior to 8:00 a.m. (CT) on a Business Day, it shall be deemed to have been received not later than 8:15 am (CT) on that Business Day. The Corporation shall maintain a list of emergency contact telephone and/or fax numbers of not less than three responsible individuals employed by each Clearing Participant with whom the Corporation can communicate out of ordinary business hours if the Corporation determines such communication is necessary or advisable. It shall be the responsibility of each Clearing Participant to ensure that the individuals so selected can be readily contacted outside of ordinary business hours, and that the contact numbers for them are kept current.

Section A-207 Payment of Fees and Charges

- (1) The Corporation may levy such fees and charges related to such services provided to Clearing Participants as it deems appropriate. All or any part of the proceeds from such levy may be applied to such purposes as the Corporation shall determine from time to time.
- (2) Fees and charges owing by a Clearing Participant to the Corporation shall be due and payable within 15 days following the date of the invoice.

Section A-208 Force Majeure

- (1) The Corporation shall be subject to no penalty or other liability for non-performance or delay in performance of its obligations if performance is prevented or delayed by reason of force majeure.
- (2) For the purposes hereof, "force majeure" means any fortuitous event, act of governmental authority, act of public enemies, war (whether or not declared), invasion, insurrection, riot, civil disturbance, labour trouble, strike (under whatever euphemism described), flood, fire, shortage of labour, materials or transport, computer failure or malfunction (whether mechanical or through faulty operation) or other cause of inability to perform or delay in performing obligations which are beyond the reasonable control of the Corporation.

Section A-209 Time

All times are shown in Central Time.

Section A-210 Distribution of Information

The Corporation may provide, on a confidential basis, any information regarding a Clearing Participant to the exchange(s) of which the Clearing Participant is a member, the Clearing Participant's applicable self-regulatory organization or regulatory agency, as the case may be, other clearing organizations of which the Clearing Participant is a member, and such other persons and organizations as the Corporation may consider appropriate, when, in the opinion of the Corporation, such information is relevant to the preservation of the integrity of the securities and futures industry or the provision of such information is in the public interest.

The Corporation may also receive, on a confidential basis, any information regarding a Clearing Participant from the exchange(s), the Clearing Participant's applicable self-regulatory organization or regulatory agency, as the case may be, and such other persons and organizations as the Corporation may consider appropriate. Where in the opinion of the Corporation such information is relevant, the Corporation shall be entitled to rely upon such information for the purposes, among others, of Rule A-3, Capital Requirements.

Clearing Participants, by virtue of their membership in the Corporation, shall be deemed to have authorized the Corporation to provide any information regarding the Clearing Participant to the exchange(s) of which the Clearing Participant is a member, the Clearing Participant's applicable self-regulatory organization or regulatory agency, as the case may be, other clearing organizations of which the Clearing Participant is a member and such other persons and organizations as the Corporation may consider appropriate. This information will be provided and received in the manner contemplated in this section A-210 and the Clearing Participant, by virtue of its membership in the Corporation, shall be deemed to have released the Corporation and each of its directors, officers and employees from any and all liability whatsoever which may arise by virtue of information being furnished to the Corporation or any organization considered appropriate, for such purposes, by the Corporation.

Section A-211 Notice of Proposed Amendments to Rules

Where, in the sole discretion of the Board, it is practicable to do so, the Corporation shall provide all Clearing Participants with the text or a description of any proposed rule changes and a statement of its purpose and effect on Clearing Participants. This Section A-211 shall not require the Corporation to give notice of any subsequent modification that is made in a proposed rule change after the Corporation has given notice of such proposed rule change, although to the maximum extent practicable in the sole discretion of the Board, the Corporation shall also give notice of such subsequent modifications. The failure of the Corporation to provide any advance notice of rule changes pursuant to this Section A-211 shall not affect the validity, force or effect of any rules change or of any action taken by the Corporation pursuant thereto.

Section A-212 Deposits and Withdrawals

(1) General

- (a) From time to time, each Clearing Participant will be required to make payments, deposits or transfers of cash, securities, property or other interests or rights to the Corporation under these Rules, to assure the performance of the obligations of such Clearing Participant or to fulfil such Clearing Participant's obligations to the Corporation hereunder.
- (b) Each payment, deposit or transfer, whether of cash, securities, property, or other interests or rights (a "Deposit") shall be deemed to have been made at the time that (i) the Deposit has been delivered to and accepted by the Corporation, or (ii) where the Corporation has the authority or under these Rules is entitled to transfer or apply any monies, securities or position from any Clearing Participant's account, whether such account is held at the Corporation or elsewhere, at the time such transfer or application is effected by the Corporation.
- (c) At the time of any Deposit hereunder the Clearing Participant shall indicate on the appropriate form filed with the Corporation the details and purpose of the Deposit.

(2) The Clearing Participant shall deliver the Deposit to the Corporation (together with such covering forms as the Corporation may require), between the hours specified by the Corporation.

(3) A Deposit may be withdrawn by a Clearing Participant between the hours specified by the Corporation; provided, however, that the Corporation may continue to hold a Deposit;

- (a) following the Expiration Date of the relevant Options until all obligations of the Clearing Participant arising from the assignment of Exercise Notices have been performed; or
- (b) following the acceptance of a Futures Tender Notice until all obligations of the Clearing Participant arising from the delivery of or payment for the Underlying Interest have been performed; or
- (c) in relation to a Clearing Fund Deposit until all obligations of the Clearing Participants have been performed.

A Clearing Participant seeking to withdraw a submit a duly completed withdrawal request in the form prescribed by the Corporation.

(2) Deposits

- (a) No deposit held for the account of a Client may be deposited hereunder in respect of a position in any account other than a Client Account. No deposit held for any On-Floor Professional Trader may be deposited hereunder in respect of a position in any account other than such On-Floor Professional Trader Account.

- (b) The Deposit hereunder by a Clearing Participant of any deposit held for the account of any Client may be made only to the extent permitted by applicable law, regulations and policies and shall constitute the certification of the Clearing Participant to the Corporation that such Deposit does not contravene any provision of applicable law, regulations or policies.
- (c) The Clearing Participant shall not deposit hereunder more for the account of any Client than is fair and reasonable in light of the indebtedness of the Client to such Clearing Participant and the Client's positions with the Clearing Participant.
- (d) The Corporation shall not use any deposit in a Client Account or the proceeds therefrom, to satisfy any obligation of the Clearing Participant to the Corporation other than an obligation arising out of such Client Account.

Section A-213 Accounts with Financial Institutions

Every Clearing Participant shall designate an account or accounts established and maintained by it in a Canadian financial institution acceptable to the Corporation. Each Clearing Participant shall authorize the Corporation to withdraw funds from such account or accounts on an irrevocable basis in accordance with these Rules.

Section A-214 Electronic Interfaces

The words "access", "deliver", "furnish", "instruct", "issue", "make available", "notify", "receive", "submit" and "tender" shall include, where appropriate, the movement of information by electronic means between the Corporation and a Clearing Participant. All words generally understood as pertaining to the movement of information by electronic means shall also include, where appropriate, the movement of information by paper.

Section A-215 Liability

- (1) For the purposes of this section the term "Clearing System" shall mean both clearing systems and data transmission systems of whatever kind and includes all the facilities and services provided by the Corporation to Clearing Participants in connection with the acceptance and/or clearance of trades in Options and Futures including, but not limited to, clearing and settlement, margining, holding of deposits and the preservation or communication of data in or through any computer or electronic data transmission system.
- (2) The Corporation shall not be liable to a Clearing Participant for any losses, damage, cost, expense, or any other liability or claim suffered or incurred by or made against a Clearing Participant as a result of the use by the Clearing Participant of the Corporation's Clearing System. By making use of the Corporation's Clearing System, Clearing Participants expressly agree to accept all liability arising from the use of such Clearing System.
- (3) The Corporation shall not be liable to a Clearing Participant for any loss, damage, cost, expense, or other liability or claim arising from any failure of the Corporation's Clearing System or any act or omission of the Corporation, its directors, officers or employees, or members of any standing or ad hoc committee formed by the Corporation, regardless of whether such act or omission constitutes negligence.
- (4) In the event any legal proceeding is brought by any person against the Corporation seeking to impose liability on the Corporation as a direct or indirect result of the use by a Clearing Participant of the Corporation's Clearing System, the Clearing Participant shall reimburse the Corporation for:
 - (a) all expenses and legal fees (on a solicitor and own client basis) incurred by the Corporation in connection with the proceeding;
 - (b) any recovery adjudged against the Corporation in the event it is found to be liable; and

- (c) any payment made by the Corporation, with the consent of the Clearing Participant, in settlement of any such proceeding.
- (5) Notwithstanding anything to the contrary in the Rules, all obligations of the Corporation described in the Rules are solely to its Clearing Participant. The Rules are not to be interpreted or construed to imply that the Corporation has any obligation to any person or entity other than its Clearing Participant.

Section A-216 Rules - Application of Rules of Winnipeg Commodity Exchange Inc.

All Clearing Participants and their partners, officers, directors and employees, are bound by all applicable provisions of the Rules of Winnipeg Commodity Exchange Inc.

RULE A-3 CAPITAL REQUIREMENTS

Section A-301 Minimum Capital Requirements

- (1) Every Clearing Participant shall at all times meet the minimum capital requirements adopted from time to time by the Board.
- (2) Every Clearing Participant shall meet the minimum capital requirements provided for in the rules, by-laws and directions of the Exchange.
- (3) No Clearing Participant shall permit his minimum capital at any time to be less than the applicable amount determined in accordance with these requirements unless a specific temporary exception is made by the Corporation in the case of a particular Clearing Participant due to unusual circumstances.
- (4) Every Clearing Participant shall file with the Corporation, on request, a report covering the computation of the capital requirements.

Section A-302 Minimum Capital

No Exchange Transaction shall be cleared by the Corporation for any Clearing Participant at any time when such Clearing Participant does not meet the requirements prescribed in Section A-301.

Section A-303 Early Warning

A Clearing Participant shall notify the Corporation immediately if such a Clearing Participant has any indication or suspicion that it may not meet the requirements prescribed in Section A-301 or that any calculation of its capital requirement, as determined from time to time by the Corporation, reflects a capital deficiency or early warning situation as provided in this Section A-303.

A Clearing Participant shall advise the Corporation immediately if such Clearing Participant enters any early warning level as defined from time to time by the Member's SRO and/or any other regulatory body to which such Clearing Participant reports.

Section A-304 Audits

- (1) Unless otherwise agreed to by the Corporation, the audit of a Clearing Participant will take place on the fiscal year-end of such Clearing Participant.
- (2) The Audit of a Clearing Participant shall be conducted in accordance with generally accepted auditing standards and shall include a review of the accounting system, and the internal accounting control procedures. It shall include all audit procedures necessary under the circumstances to support the opinions which must be expressed to meet all legal and regulatory requirements applicable to such Clearing Participant.

Section A-305 Filing Procedures

- (1) Each Clearing Participant's auditor shall deliver to the Corporation the required financial reports in accordance with the Rules of the Exchange.

Section A-306 Special Examinations

- (1) The Corporation may at any time require an auditor appointed by the Corporation, to make any general or special examination of the financial affairs of any Clearing Participant or to report upon the whole or any aspect of the business or affairs thereof.

- (2) The auditor appointed by the Corporation for the purpose of this special examination shall be entitled to request from the Clearing Participant, or its auditors, any information pertinent and relevant to any transactions directly or indirectly related to the business of the Corporation and no person or Clearing Participant shall withhold, conceal, destroy or refuse to give any information or thing reasonably required by the auditor appointed by the Corporation for the purpose of this examination.

Section A-307 Board Action Relating to Capital Deficiency Concerns

- (1) If the Board determines as a result of any early warning notice under Section A-303, filing under Section A-305, general or special examination under Section A-306, or from any other information given to or obtained by it that a Clearing Participant is insolvent or does not have minimum capital satisfying the requirements hereinafter referred to or otherwise is in such financial condition that the Board in its discretion deems it is undesirable in the public interest or in the interest of the Corporation that the Corporation continue to accept and/or clear such Clearing Participant's Exchange Transactions, the Board pursuant to Rule A-4 may at any time suspend such Clearing Participant concerned for such period and on such terms and conditions as the Board may determine and notice thereof shall be forthwith mailed or delivered to every Clearing Participant and the Exchange.
- (2) The Board may as an alternative determine that it is in the interest of the public or in the interest of the Corporation that the Clearing Participant should continue to clear Exchange Transactions but that the Corporation's auditors should regulate and generally supervise the operations of the Clearing Participant, as they relate to its activities or performance as a Clearing Participant, for such period and in such manner as the Corporation may direct. Notice thereof shall be forthwith mailed or delivered to every Clearing Participant and the Exchange.
- (3) Any examination, report or supervision required by the Corporation pursuant to this Rule A-3 shall be conducted at the expense of the Clearing Participant involved.

Section A-308 Restrictions on Certain Transactions and Positions

- (1) If the Board shall at any time determine that the financial or operational condition of a Clearing Participant makes it necessary or advisable, for the protection of the Corporation, other Clearing Participants or the general public, to impose restrictions on such Clearing Participant's positions with the Corporation, the Board shall have the authority:
 - (a) to prohibit or to impose limitations on the acceptance and/or clearance of Opening Purchase Transactions or Opening Writing Transactions by such Clearing Participant;
 - (b) to require such Clearing Participant to reduce or eliminate existing Long Positions or Short Positions in such Clearing Participant's accounts with the Corporation; and/or
 - (c) to require such Clearing Participant to transfer any account maintained by such Clearing Participant with the Corporation, any position maintained in any such account, or any account carried by such Clearing Participant, to another Clearing Participant.

RULE A-4 SUSPENSION OF A CLEARING PARTICIPANT

Section A-401 Notice to Corporation

A Clearing Participant that is unable to meet its obligations or is insolvent shall immediately notify the Corporation, by telephone that it is unable to meet its obligations or is insolvent. Such notice shall be confirmed by notice in writing to the Corporation sent by facsimile transmission, as soon as possible thereafter by the Clearing Participant.

Section A-402 Suspension

- (1) Upon receipt from a Clearing Participant of the notice specified in Section A-401, or upon the suspension or expulsion of a Clearing Participant from membership in an Exchange, or whenever it shall appear to the Board or to the chairman of the Board together with any two directors of the Corporation that a Clearing Participant has failed to perform its obligations or is insolvent or is in such financial or operating condition that it cannot be permitted to continue in business with safety to its creditors, the Board, or the Chairman of the Board together with any two directors of the Corporation, shall suspend the Clearing Participant, unless it is determined by the Board, or by the Chairman of the Board together with any two directors, that, in their absolute discretion, the suspension of the Clearing Participant, is not necessary or advisable to protect the best interests of the Corporation and the integrity of the market. Upon suspension, the Corporation shall cease to act for the suspended Clearing Participant except as hereinafter specified.
- (2) A suspended Clearing Participant, notwithstanding its suspension, shall remain liable to the Corporation for all obligations, costs and expenses, including all margin (including intra-day margin calls whether occurring before or after suspension) and other requirements, arising out of or in connection with such Clearing Participant's positions, and shall cooperate fully with the Corporation in respect of all matters arising out of or relating to the settling of or dealing with such positions.

Section A-403 Notice of Suspension to Clearing Participants

Upon the suspension of a Clearing Participant, the Corporation shall as soon as possible notify all Clearing Participants, the Exchange, and the suspended Clearing Participant's applicable self-regulatory organization or regulatory agency, as the case may be, and such other persons and organizations as the Corporation may consider appropriate, of the suspension. Such notice shall state, in general terms, how pending Exchange Transactions, open positions, tendered Exercise Notices or Tender Notices, Exercised Positions, Assigned Positions and other pending matters will be affected and what steps are to be taken in connection therewith.

Section A-404 Creation of Liquidating Settlement Account

- (1) Upon the suspension of a Clearing Participant, the Corporation shall promptly convert to cash all margin deposited with the Corporation by such Clearing Participant in all accounts and all of such Clearing Participant's contributions to Clearing Funds; provided, however, that if the issuer of a letter of credit deposited by such Clearing Participant shall agree in writing to extend the irrevocability of its commitment thereunder in a manner satisfactory to the Corporation, the Corporation may, in lieu of demanding immediate payment of the face amount of such letter of credit, but reserving its right thereto, demand only such amounts as it may from time to time deem necessary to meet anticipated disbursements from the Liquidating Settlement Account provided for below. These and all other funds of the suspended Clearing Participant subject to the control of the Corporation shall be placed by the Corporation in a special account, to be known as the Liquidating Settlement Account, in the name of the suspended Clearing Participant, for the purposes hereinafter specified. Funds obtained from the issuer of a letter of credit shall be disbursed only after all other funds contained in the Liquidating Settlement Account, with the exception of funds derived from the suspended Clearing Participant's contributions to the Clearing Funds, have been exhausted. In the event the funds received as the proceeds from the sale of Underlying Interests and Underlying Interest Equivalents

held in bulk deposit in a Client Account should exceed the amount withdrawn by the Corporation from the Liquidating Settlement Account pursuant to Sections A-405(3)(c), A-406(2) and A-407 in respect of transactions or positions in such Client Account, the excess shall be remitted by the Corporation to the suspended Clearing Participant or its representative for distribution to the persons entitled thereto in accordance with applicable law.

- (2) Notwithstanding the provisions of Section A-404(1), if the President shall determine in his discretion, taking into account the size and nature of a suspended Clearing Participant's margin deposits, the market condition prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Corporation, and such other circumstances that the President deems relevant, that the conversion to cash of some or all of the suspended Clearing Participant's margin deposits would not be in the best interest of the Corporation, other Clearing Participants or the general public, such deposits need not be converted to cash, provided that any determination made pursuant to this paragraph shall be reported to the Board within 24 hours.

Section A-405 Pending Transactions

- (1) Unsettled processed Exchange Transactions of a suspended Clearing Participant shall be accepted or rejected by the Corporation in accordance with the by-laws and rules of the Exchange, and in the event that an Exchange Transaction is rejected, it shall be closed by the Clearing Participant thereto in accordance with the by-laws and rules of the Exchange.
- (2) With respect to Open Positions and accepted transactions in Futures:
 - (a) monies payable to the suspended Clearing Participant in Settlement of Gains and Losses in the Client Account shall be deposited by the Corporation in a Clients Settlement Account for remittance to the suspended Clearing Participant or its representative for distribution to the persons entitled thereto in accordance with applicable law;
 - (b) monies payable to the suspended Clearing Participant in Settlement of Gains and Losses in the respective On-Floor Professional Trader Accounts shall be held in such accounts pending the closing of all Open Positions and transactions in such accounts for distribution to the persons entitled thereto in accordance with applicable law;
 - (c) monies payable to the suspended Clearing Participant in Settlement of Gains and Losses in the Firm Account (as well as in the On-Floor Professional Trader Accounts) shall be credited by the Corporation to the Liquidating Settlement Account;
 - (d) monies owed to the Corporation in Settlement of Gains and Losses in any account shall be withdrawn by the Corporation from the Liquidating Settlement Account.
- (3) With respect to Options
 - (a) premiums payable to the suspended Clearing Participant on Closing Writing Transactions in the Client Account shall be deposited by the Corporation in a Clients Settlement Account for remittance to the suspended Clearing Participant or its representative for distribution to the persons entitled thereto in accordance with applicable law;
 - (b) premiums payable to the suspended Clearing Participant on Closing Writing Transactions in the respective On-Floor Professional Trader Accounts shall be held in such accounts, pending the closing out of all open positions and transactions in such accounts, for distribution to the persons entitled thereto in accordance with applicable law;
 - (c) premiums payable to the suspended Clearing Participant on Closing Writing Transactions in the Firm Account (as well as an On-Floor Professional Trader Account) shall be credited by the Corporation to the Liquidating Settlement Account;

- (d) premiums payable to the Corporation on those purchase transactions accepted by the Corporation in any account shall be withdrawn by the Corporation from the Liquidating Settlement Account; and
- (e) premiums receivable by the Corporation on Opening Writing Transactions in all accounts shall be credited by the Corporation to the Liquidating Settlement Account.

Section A-406 Open Positions

- (1) With respect to Futures, Open Positions of a suspended Clearing Participant may, at the Corporation's discretion, be closed by the Corporation at such price as the Corporation deems reasonable, transferred to another Clearing Participant or maintained by the Corporation. Amounts payable to the Corporation in Settlement of Gains and Losses as a result of closing transactions effected by the Corporation shall be withdrawn from the suspended Clearing Participant's Liquidating Settlement Account; provided, however, that amounts payable to the Corporation in Settlement of Gains and Losses in an On-Floor Professional Trader Account shall first be withdrawn from the funds available in such account and only the amount of any deficit therein shall be withdrawn from the Liquidating Settlement Account. Amounts receivable by the suspended Clearing Participant in Settlement of Gains and Losses as a result of a closing transaction effected by the Corporation or the transfer of an Open Position shall be credited to the suspended Clearing Participant's Liquidating Settlement Account. Clients affected by any closing or transfer of an Open Position shall be notified as promptly as possible.
- (2) With respect to Options
 - (a) Open Long Positions in the Client Account of a suspended Clearing Participant shall be maintained by the Corporation. The Corporation shall promptly use its best efforts to identify each person having a Long Position in such account, to transfer each such person's Long Position to another Clearing Participant, and to notify each such person of such transfer; in the event that notwithstanding the best efforts of the Corporation any Long Position in a Client Account of a suspended Clearing Participant cannot promptly be transferred to another Clearing Participant, such Long Position may be closed by the Corporation in the most orderly manner practicable and the proceeds shall be deposited in a Clients Settlement Account in accordance with Section A-405(3)(a);
 - (b) Open Long Positions in any On-Floor Professional Trader Account of a suspended Clearing Participant shall be closed by the Corporation in the most orderly manner practicable and the proceeds of such closing transactions shall be held in such account pending the closing out of all Open Positions and transactions for application in accordance with Section A-405(3)(b);
 - (c) Open Long Positions in a suspended Clearing Participant's Firm Account (as well as in the On-Floor Professional Trader Account) shall be closed by the Corporation in the most orderly manner practicable, and the proceeds of such closing transactions shall be credited by the Corporation to the suspended Clearing Participant's Liquidating Settlement Account; and
 - (d) Open Short Positions in any account of a suspended Clearing Participant may, at the Corporation's discretion, be closed by the Corporation at such price as the Corporation deems reasonable, transferred to another Clearing Participant, or maintained by the Corporation. Amounts payable to the suspended Clearing Participant in settlement of Closing Purchase Transactions effected by the Corporation shall be withdrawn from the suspended Clearing Participant's Liquidating Settlement Account; provided, however, that amounts payable to the suspended Clearing Participant in settlement of Closing Purchase Transactions in an On-Floor Professional Trader Account shall first be withdrawn from the

funds available in such account and only the amount of any deficit therein shall be withdrawn from the Liquidating Settlement Account. Clients affected by any closing or transfer of a Short Position, if known to the Corporation, shall be notified as promptly as possible.

- (3) If the Corporation elects or is required pursuant to this Section A-406 to close both Long Positions and Short Positions in the same series of Options or Futures carried by a suspended Clearing Participant, the Corporation may, in lieu of closing such positions through closing transactions on an Exchange, offset such positions against each other, reducing the Open, Long and Short Positions of the Clearing Participant in such series by the same number of Option contracts or Futures contracts. If the Corporation closes positions in any series of Options or Futures by offset pursuant to the foregoing sentence, the Corporation shall notify the suspended Clearing Participant or its representative thereof, and such positions shall be deemed to have been closed at a price equal to the closing Market Price as determined by the Exchange involved for such series on the date when the positions were offset.
- (4) Notwithstanding the provisions of Section A-406(3), if the President shall determine in his discretion, taking into account the size and nature of a suspended Clearing Participant's positions, the market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Corporation, and such other circumstances as the President deems relevant, that the closing out of some or all of the suspended Clearing Participant's Long Positions or Short Positions would not be in the best interests of the Corporation, other Clearing Participants or the general public, such positions need not be closed out, provided that any determination made pursuant to this paragraph shall be reported to the Board within 24 hours.
- (5) If the President shall:
 - (a) determine that the Corporation is unable, for any reason, to close out in a prompt and orderly fashion, any Long Positions or Short Positions or to convert to cash any margin deposits of a suspended Clearing Participant, or
 - (b) elect pursuant to Section A-406(4) not to close out any such Long Positions or Short Positions or pursuant to Section A-404(2) not to convert to cash any such margin deposits, the President may authorize the execution from time to time for the account of the Corporation, solely for the purpose of reducing the risk to the Corporation resulting from the continued maintenance of such positions or the continued holding of such margin deposits, of hedging transactions, including, without limitation, the purchase or sale of Underlying Interests or interests deemed similar thereto or Options or Futures on any such Underlying Interests or similar interests. The President may delegate to specified officers or agents of the Corporation the authority to determine, within such guidelines, if any, as the President shall prescribe, the nature and timing of such hedging transactions. Any authorizing of hedging transactions shall be reported to the Board within 24 hours, and any such transactions that are executed shall be reported to the Board on a daily basis. All premiums and other expenses incurred by the Corporation in connection with such transactions shall be charged against the Liquidating Settlement Account of the suspended Clearing Participant. Options purchased for the account of the Corporation pursuant to this paragraph shall be closed out or exercised promptly as the open Short Positions to which they relate are eliminated, whether by expiration, transfer, close out or assignment. Any cost or expenses, including losses sustained by the Corporation in connection with transactions affected for its account pursuant to this paragraph shall be charged to the Liquidating Settlement Account of the suspended Clearing Participant, and any gains realized on such transaction shall be credited to such Liquidating Settlement Account; provided, however, that costs, expenses and gains allocable to the hedging of positions in an On-Floor Professional Trader Account or a Firm Account shall be charged or credited, as the case may be, to that account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Liquidating Settlement Account. Reasonable allocations of costs, expenses and gains among accounts made by the Corporation for the purpose of

implementing the proviso to the preceding sentence shall be binding on the Clearing Participant and any persons claiming through the Clearing Participant and the respective successors and assigns.

Section A-407 Exercised Options and Tender Notices

Unless the Corporation stipulates otherwise in a particular case, exercised Options to which a suspended Clearing Participant is a party or Futures which have been the subject of Tender Notice to which a suspended Clearing Participant is a party shall be closed through the procedures set forth in Sections B-406, B-407, C-510 and C-511, respectively, except that the Corporation may decide not to buy-in or sell-out, as the case may be, in the event that the Corporation is informed that the Underlying Interest is in transit or transfer. All losses and gains on such buy-ins and sell-outs shall be paid from or credited to, as the case may be, the Liquidating Settlement Account of the suspended Clearing Participant; provided, however, that all losses on such buy-ins and sell-outs in an On-Floor Professional Trader Account shall first be paid from such account to the extent there are funds available in such account and only the amount of any deficit therein shall be paid from the Liquidating Settlement Account.

Section A-408 Amounts Payable to the Corporation

The Corporation shall be entitled promptly to recover from a suspended Clearing Participant, any amount payable to the Corporation in accordance with these Rules and the By-laws, including all costs and expenses, including legal expenses, incurred by the Corporation, from such Clearing Participant's Liquidating Settlement Account upon completion of the liquidation of such Clearing Participant's positions in accordance with this Rule A-4.

Section A-409 Participant Claims

All claims upon the Liquidating Settlement Account of a suspended Clearing Participant by other Clearing Participants resulting from losses incurred when closing pending transactions, or closing Open Positions or in the delivery of Underlying Interests or buying in or selling out exercised Options in accordance with this Rule A-4 shall be filed with the Corporation in the form prescribed. Such claims shall be paid as follows:

- (1) Claims for losses incurred when closing pending transactions with a suspended Clearing Participant that are rejected for clearance shall be subordinate to all other claims upon the Liquidating Settlement Account. The Corporation shall pay such claims, to the extent funds are available, from the Liquidating Settlement Account of the suspended Clearing Participant only after payment of all other applicable claims, and such claims shall not constitute a claim upon the Clearing Fund contributions of other Clearing Participants; and
- (2) Claims for losses incurred on buy-ins and sell-outs, and the closing of Open Positions, shall be senior to all other claims upon the Liquidating Settlement Account. If a buy-in, sell-out or closing transaction does not occur by the close of the first full Business Day following the issuance of the notice of suspension, the claim thereon shall be limited to the amount that would have been recoverable if, in the case of a buy-in or sell-out, the buy-in had been made at the highest price or the sell-out at the lowest price at which the Underlying Interest traded in the market in which it trades, on the first full Business Day or, in the case of the closing of Open Positions, if the positions had been closed by the close of the first full Business Day.

Section A-410 Right of Appeal

A Clearing Participant suspended pursuant to this Rule A-4 shall be entitled, upon request, to a written statement of the grounds for its suspension and shall have the right to appeal its suspension in accordance with the following procedure:

- (1) A suspended Clearing Participant may appeal its suspension by filing a written notice of appeal with the secretary of the Corporation within 48 hours after the date of the suspension;
- (2) Appeals of suspensions shall be considered and decided by the Board. Appeals of suspensions shall be heard as promptly as possible, and in no event more than 14 days after the filing of the notice of appeal. The appellant shall be notified of the time, place and date of the hearing not less than 3 days in advance of such date. At the hearing, the appellant shall be afforded an opportunity to be heard and to present evidence on its own behalf, and may, if it so desires, be represented by counsel. Notwithstanding any outcome of the appeal, all counsel and counsel-related costs are the sole obligation of the appellant Clearing Participant. As promptly as possible after the hearing, the Board shall, by the vote of a majority of its members, affirm or reverse the suspension and then instruct the secretary of the Corporation to notify the appellant in writing of the decision; and if the decision shall have been to affirm the suspension, the appellant shall be given a written statement of the grounds therefore;
- (3) The filing of an appeal of a suspension pursuant to this Section A-410 shall not impair the validity or stay the effect of the suspension appealed from. The reversal of a suspension shall not invalidate any acts of the Corporation taken prior to such reversal pursuant to such suspension and the rights of any person which may arise out of any such acts shall not be affected by the reversal of such suspension.
- (3) Nothing contained herein shall be construed as derogating or attempting to derogate from the right of any Clearing Participant the suspension of which has been affirmed by the Board to avail itself of any right of appeal which is provided to such Clearing Participant by applicable law.

RULE A-5 DISCIPLINARY PROCEEDINGS

Section A-501 Sanctions

- (1) The Corporation may reprimand, suspend, expel or limit the activities, functions or operations of any Clearing Participant for any violation of the By-laws or Rules, of any applicable law, or any order or direction of the Corporation, or of its agreements with the Corporation. The Corporation may, in addition to or in lieu of such sanctions, impose a fine or a penalty, not to exceed \$250,000, on, and assess any reasonable costs, including legal fees, incurred by the Corporation against any Clearing Participant for any violation of the By-laws or Rules, applicable laws, orders or directions or its agreements with the Corporation, or for any neglect or refusal by such Clearing Participant to comply with any applicable order or direction of the Corporation, or for any error, delay or other conduct embarrassing to the operations of the Corporation or for failure to provide adequate personnel or facilities for its transactions with the Corporation.
- (2) The Corporation shall be entitled to recover from any defaulting Clearing Participant, the amount of any penalties or sanctions assessed against it, plus the Corporation's reasonable costs and expenses, including legal expenses, incurred in connection with the matter giving rise to the penalty or sanction.
- (3) The Corporation may impose the following penalty(ies) against any Clearing Participant for failure to provide complete and accurate FIFO (First-In-First-Out) information as required by the Corporation, during the fiscal year of the Corporation:

First occurrence - \$250
Second occurrence - \$500
Third occurrence - \$750

The Corporation may require the Clearing Participant to appear before the Discipline Committee for any subsequent occurrences.

Section A-502 Procedures

- (1) Except as provided for in Section A-502(4), the nature and quantum of any sanction shall be determined and imposed by the Board. Before any sanction and/or penalty is imposed by the Board, the Corporation shall furnish the Clearing Participant, with a concise written statement of the charges. The written statement of charges shall contain any Section in these Rules which is alleged to have been violated; the facts alleged and intended to be relied upon by the Corporation and the penalty or remedy recommended by the Corporation for each violation.
- (2) In the event that a Clearing Participant commits a breach contemplated under any Section in these Rules, that Member is subject to the penalties provided for in respect of such Sections. Said penalties shall not be imposed against such Clearing Participant, until a hearing is held pursuant to subsection A-502(3).
- (3) The Clearing Participant shall have 10 days after the delivery of a statement under Section 502 (1) to file a written answer thereto. The answer shall admit or deny each allegation contained in the statement of charges and may also contain any defence which the Clearing Participant wishes to submit. The Board shall schedule a hearing as soon as reasonably practicable. The Clearing Participant shall be given not less than 10 days' advance notice of the place and time of such hearing. The notice of hearing shall contain a statement of the date, time and place of the hearing; a reference to the authority under which the hearing is being held; and the facts alleged and intended to be relied upon by the Corporation and the conclusions drawn by the Corporation based on the alleged facts. At the hearing, the Clearing Participant shall be afforded the opportunity to be heard and may be represented by counsel. Notwithstanding any outcome of the proceedings, all counsel

and counsel-related costs are the sole obligation of the Clearing Participant. A Clearing Participant, shall be deemed to have waived its right to contest the imposition of any sanctions and/or penalties if it fails to file a defence and shall be deemed to have accepted any allegations and/or penalties contained in the statement of charges which are not denied.

As soon as practicable after the conclusion of the hearing, the Board shall furnish the Clearing Participant with a written statement of its decision, which shall be final, conclusive and binding on the Clearing Participant.

- (4) Any action required to be taken under this Rule A-5 by the Board may be delegated to a committee (the "Disciplinary Committee"), which shall consist of not less than three directors and may include such officers as the Board may delegate. In the event an action is taken by the Disciplinary Committee, the Board shall be advised and such action may be reviewed by the Board, either upon its own motion made at or before its next regular meeting or upon a motion filed by any person directly affected within seven days after the Disciplinary Committee has rendered its final decision. The Board may, in its discretion, afford the Clearing Participant, a further opportunity to be heard or to present evidence.
- (5) Any time limit set forth in this Section may be extended by the Board, the Disciplinary Committee, or by any officer acting pursuant to authorization of the Board.
- (6) Nothing contained herein shall be construed as derogating or attempting to derogate from the right of any Clearing Participant who has been the subject of disciplinary action pursuant hereto to avail himself of any right of appeal which is provided to such Clearing Participant by applicable law.

Section A-503 Discipline by Exchange

Nothing in this Rule A-5 shall affect the right of the Exchange to discipline its members pursuant to the provisions of the By-laws, Rules, directions or orders of the Exchange for a violation of the By-laws, Rules, orders or directions of the Exchange, or its agreements with the Corporation.

RULE A-6 CLEARING FUND DEPOSIT

Section A-601 Clearing Fund Maintenance and Purpose

- (1) The Corporation shall establish a Clearing Fund relating to Classes of Options on Futures and Futures cleared by the Corporation. Each Clearing Participant admitted to clear Options on Futures and Futures shall maintain a deposit in the Clearing Fund of the amounts from time to time required by the Rules. The Clearing Fund shall be used for the purposes set out in Section A-609.
- (2) The Clearing Fund established pursuant to the By-Laws and this Rule A-6 shall have the following specifications:
 - (a) Currency Canadian Funds
 - (b) Futures Clearing Base Deposit \$75,000 Cash or acceptable Government securities with less than 1 year to maturity with a market value equal to or greater than \$75,000 calculated in accordance with A-608(2).
 - (c) Futures and Options Clearing Base Deposit \$100,000 cash or acceptable Government securities with less than 1 year to maturity with a market value equal to or greater than \$100,000 calculated in accordance with A-608(2).
 - (d) Classes Covered All Options and Futures contracts cleared by the Corporation

Section A-602 Level of Clearing Funds

The aggregate level of the Clearing Funds to be deposited by all Clearing Participants shall be an amount to be determined by the Corporation from time to time which will be based on a percentage of the largest aggregate daily margin requirement of all Clearing Participants, over the preceding calendar month. The amount of the Clearing Funds to be deposited by each Clearing Participant shall be calculated according to Section A-603.

Section A-603 Amount of Deposit

- (1) The required deposit of each Clearing Participant to the Clearing Fund for each Class of Options and Futures cleared shall be an amount equal to the greater of;
 - (a) a Futures Clearing Base Deposit, if the Clearing Participant has been accepted to clear Futures only;
 - (b) a Futures and Options on Futures Clearing Base Deposit, if the Clearing Participant has been accepted to clear Futures and Options on Futures;or:
 - (c) the Clearing Participant's maximum Open Interest weighting multiplied by the Clearing Fund Level.
- (2) For the purposes of this section, a Clearing Participant's maximum Open Interest weighting is determined by dividing that Clearing Participant's largest Open Interest in all classes, over the preceding month, by the sum of all Clearing Participants maximum Open Interest amounts over the preceding month.

- (3) During the first month of membership, the maximum Open Interest weighting will be determined by the average of the maximum number of contracts in a Clearing Participant's open Long and Short Positions in all Options and Futures classes, during membership, divided by the average of the maximum number of open Long and Short Positions in all Options and Futures classes, for all Clearing Participants, over the same period.

Section A-604 Changes in Requirement

The required amount of Base and Variable Deposits made by Clearing Participants may be altered from time to time by the Corporation. If the deposit to the Clearing Fund to be made by a Clearing Participant is increased as a result of an amendment to the Rules, the increase shall not become effective until the Clearing Participant is given 3 Business Days prior written notice of the amendment. Unless a Clearing Participant notifies the Corporation in writing that it wishes to terminate its membership and closes out or transfers all of its aggregate positions in the relevant instrument before the effective date of such amendment, such Clearing Participant shall be liable to make the increased deposit whenever it is required of all Clearing Participants.

Section A-605 Clearing Fund Statement

Within 10 days after the close of each calendar month, the Corporation shall issue to each Clearing Participant a Clearing Fund Statement that shall list the current amount of such Member's deposit to the Clearing Fund and the amount of deposit required of such Clearing Participant on the basis of the preceding month's positions. Any surplus over and above the amount required or any deficit to be satisfied will also be shown.

Section A-606 Additional Clearing Fund Deposit

Whenever a Clearing Participant's Clearing Fund Statement shows a deficit, such Clearing Participant shall satisfy the deficit by a deposit in a form approved by the Corporation within 3 Business Days of the date of issuance of such a Clearing Fund Statement.

Section A-607 Withdrawals

In the event that the Clearing Fund Statement of the Clearing Participant shows a surplus, such surplus may be withdrawn upon such notice as the Corporation shall specify by submission to the Corporation by the Clearing Participant, between the hours specified by the Corporation, of a withdrawal request in the form prescribed by the Corporation.

Section A-608 Forms of Deposits

Required funds may be deposited with the Corporation in one or more of the following forms:

- (1) **Cash** - Clearing Participants may deposit cash by way of an irrevocable funds transfer, a certified cheque or bank draft drawn on a bank acceptable to the Corporation and payable to the Corporation or such other funds as may be acceptable to the Corporation. Funds so deposited may, from time to time, be partially or wholly invested by the Corporation for its account and, to the extent not so invested, shall be deposited to the credit of the Corporation in such financial institutions as the Board may select. Any interest or gain received or accrued on the investment of such funds shall belong to the Corporation. Such funds shall not be used by the Corporation as working capital.
- (2) **Government Securities** - Clearing Participants may deposit, as hereinafter provided, such Government securities as may be specified by the Corporation which mature within one year of their deposit, which are freely negotiable and which shall be valued at 99% of market value for federal government of Canada securities; 98% of market value for provincial government securities and 99% of market value for securities of federal or 98% of market value for securities of provincial crown corporations guaranteed by the federal government or such provincial government. It is the

members' obligation to provide evidence sufficient to the Corporation of such guarantee before such security will be accepted. "Market value" as used in this section A-608 (2) shall be determined on the close of each Business Day by the Corporation through reference to one or more data supply services retained by the Corporation for such purpose. If a market value is required to be determined on a non-Business Day, and the data supply service does not provide a market value for such day, the market value on the immediately preceding Business Day shall be used. If no market value is generally available for any Government securities accepted by the Corporation as a form of margin, such securities shall be valued at 90% of their face amount.

The Government securities shall be deemed to be deposited with the Corporation at the time the Corporation confirms acceptance of such deposit. All interest or gain received or accrued on such Government securities prior to any sale or negotiation thereof shall belong to the depositing Clearing Participant.

Government securities deposited by the Clearing Participant with an Approved Depository shall be deposited under arrangements:

- (a) permitting the Government securities to be promptly sold by or upon the order of the Corporation for the account of the Clearing Participant without notice; and
- (b) requiring the Clearing Participant to pay all fees and expenses incidental to the ownership or sale of such Government securities or the arrangement with the Approved Depository.

Section A-609 Application of Clearing Fund

- (1) If, with respect to any Class of Options and Futures, any Clearing Participant shall fail to discharge any obligation on or arising from any Exchange Transaction accepted by the Corporation, or if the Clearing Participant fails to make any required payment to the Corporation, or if the Corporation suffers any loss or expense upon the liquidation of the Clearing Participant's position or the Clearing Participant's obligations in respect of exercised Options or tendered Futures for which settlement has not yet been made or in connection with hedging transactions effected for the account of the Corporation pursuant to Rule A-4 in respect of the Clearing Participant's positions in Options and Futures, then the Corporation shall apply the Clearing Participant's Clearing Fund deposit, to the discharge of such obligation, the making of such payment or the reimbursement of such loss and, for greater certainty, at the discretion of the Corporation, cash and securities deposited with the Corporation as Clearing Fund deposits by the Clearing Participant may be pledged, re-pledged, hypothecated or re-hypothecated as security for the Corporation's own indebtedness incurred to discharge or facilitate the discharge, in whole or in part, of such obligation and such securities may be loaned either separately or together with other securities for the purpose of discharging or facilitating the discharge of such obligations.
- (2) If the amount of the un-discharged obligation, payment, loss or expense exceeds the amount of the Clearing Participant's total Clearing Fund deposit, and if the Clearing Participant fails to pay the Corporation the amount of the deficiency on demand, the amount of the deficiency shall be paid out of the Clearing Fund and charged pro rata, based on the size of each of the other Clearing Participants' required Clearing Fund deposits at that time, against all other Clearing Participants' required deposits. The Clearing Participant who failed to pay the deficiency, shall remain liable to the Corporation for the full amount of such deficiency until repayment thereof and, for greater certainty, at the discretion of the Corporation, cash and securities deposited with the Corporation as Clearing Fund deposits by the Clearing Participant may be pledged, re-pledged, hypothecated or re-hypothecated as security for the Corporation's own indebtedness incurred to discharge or facilitate the discharge, in whole or in part, of such obligation and such securities may be loaned either separately or together with other securities for the purpose of discharging or facilitating the discharge of such obligations.
- (3) Whenever any pro-rata charges are made against Clearing Participants' deposits to the Clearing Fund, the Corporation shall promptly notify all Clearing Participants of the amount of the charge and the reasons therefor. For the purposes of this Section A-609, the amount of any loss sustained by the Corporation shall be determined without reference to the possibility of any subsequent recovery in

respect thereof, through insolvency proceedings or otherwise, but the net amount of any such recovery shall be applied in accordance with Section A-612.

Section A-610 Making Good on Charges to Clearing Fund

Whenever an amount is paid out of the Clearing Fund deposit of a Clearing Participant, whether by pro-rata charge or otherwise, such Clearing Participant shall be liable promptly to make good the deficiency, if any, in its deposit resulting from such payment. After making good the deficiency, the Clearing Participant has two choices:

- 1) If the Clearing Participant determines to remain a Clearing Participant, it must put up an additional 100% of the amount of its Base and Variable Deposits to the Clearing Fund then prescribed by the rules plus any additional amounts required to cover liabilities outstanding from the Clearing Fund as a result of the default; or
- 2) If the Clearing Participant does not wish to remain a Clearing Participant, it will be liable for up to an additional 100% of the amount of its Base and Variable Deposits to the Clearing Fund then prescribed by the Rules, but will not be liable for more than 100% in the event that:
 - i) within three business days following the pro rata charge notifies the Corporation in writing that it is terminating its clearing participant status;
 - ii) no Opening Purchase transaction or Opening Writing Transaction is submitted for clearance through any of the Clearing Participant's accounts after the giving of such notice;
 - iii) the Clearing Participant closes out or transfers all of its Open Positions as promptly as practicable after the giving of such notice; and
 - iv) the Clearing Participant immediately provides such notices and does all thing necessary and required to terminate its guarantee relationship with any participants of the Exchange who clear through it.

Section A-611 Deposit Refund

- (1) Whenever a Clearing Participant ceases to be a Clearing Participant with respect to all Classes of Options or Futures covered by the Clearing Fund, the amount of its Base deposit, related to the instrument ceased being cleared, to the Clearing Fund shall be returned, subject to the time limit specified in this Section A-611, but not until all Exchange Transactions, Options or Open Positions of the Clearing Participant from which losses or payments chargeable to the Clearing Fund might result have been fulfilled or closed, or with the approval of the Corporation, another Clearing Participant has been substituted thereon. All amounts chargeable against a Clearing Participant's deposit in the Clearing Fund on account of transactions effected while a Clearing Participant, including pro-rata charges, shall be deducted from the amount to be returned.
- (2) Thirty days after all outstanding items have been eliminated from the Clearing Participant's accounts with the Corporation the balance of the Clearing Fund owed to the former Clearing Participant will be paid to that Clearing Participant.

Section A-612 Recovery of Loss

- (1) If a loss charged pro-rata against the deposit of Clearing Participants in the Clearing Fund is afterward recovered by the Corporation, in whole or in part, the net amount of such recovery shall be paid or credited to the Clearing Participants against whose deposit the loss was charged in proportion to the amount charged against their respective deposits, whether or not they are still Clearing Participants.
- (2) Any Clearing Participant (a "Contributing Participant") that has had a loss charged against its deposit under Section A-609(2) or Section A-610, shall have the right to claim from the Clearing Participant, responsible for such loss ("the Responsible Participant"), and the Responsible Participant(s) shall be obligated to reimburse to such Contributing Participant, the amount so charged against the Contributing Participant's deposit.

Section A-613 Approved Depositories

Any financial institution that is and maintains full Participant status in CDS meets the conditions prescribed by the Corporation for an Approved Depository. The Corporation may, at any time, request such evidence as it deems necessary to satisfy itself of the financial institution's ongoing status at CDS.

RULE A-7 MARGIN REQUIREMENTS

Section A-701 Margin Maintenance and Purpose

- (1) Prior to the Settlement Time on every Business Day, every Clearing Participant shall be obligated to deposit with the Corporation margin, as determined by the Corporation, in respect of
 - (a) each Long Position,
 - (b) each Short Position,
 - (c) each Assigned Position,
 - (d) each exercised Option position, and
 - (e) each tendered Futures position

in each account maintained by such Clearing Participant with the Corporation at the opening of such Business Day, including each such position that arises out of an Exchange Transaction having a Settlement Time on such Business Day, but excluding Options Short Positions and Assigned Positions for which either the underlying Interest or the Underlying Interest Equivalent as specified in Section A-708 has been deposited with the Corporation.

- (2) If any Clearing Participant fails to discharge any obligation on or arising from any Exchange Transaction accepted by the Corporation, or if the Clearing Participant fails to make any required payment to the Corporation, or if the Corporation suffers any loss or expense upon the liquidation of the Clearing Participant's position or the Clearing Participant's obligations in respect of exercised Options or tendered Futures for which settlement has not yet been made or in connection with hedging transactions effected for the account of the Corporation pursuant to Rule A-4 in respect of the Clearing Participant's positions in Options and Futures, then the Corporation may apply the Clearing Participant's margin on deposit to the discharge of such obligation, the making of such payment or the reimbursement of such loss or expense and, for greater certainty, at the discretion of the Corporation, cash and securities deposited with the Corporation as margin deposits by the Clearing Participant may be pledged, re-pledged, hypothecated or re-hypothecated as security for the Corporation's own indebtedness incurred to discharge or facilitate the discharge, in whole or in part, of such obligation and such securities may be loaned either separately or together with other securities for the purpose of discharging or facilitating the discharge of such obligation.

Section A-702 Discretionary Margin Rule

The amount of margin which a Clearing Participant may otherwise be required to deposit with the Corporation pursuant to this Rule A-7 may be varied by the Corporation at any time and from time to time without advance notice whenever the Corporation, in its sole discretion, considers such variation necessary or advisable for the protection of the Corporation, Clearing Participants or the investing public.

Section A-703 Daily Margin Activity Report

- (1) Each Business Day, the Corporation shall issue to each Clearing Participant for each account maintained by the Clearing Participant with the Corporation a Daily Margin Activity Report, which shall show the amount of margin required to be deposited with the Corporation by virtue of the Clearing Participant's positions. All margin requirements shall be satisfied by Settlement Time on each Business Day notwithstanding any error in such report.
- (2) If for any reason the Daily Margin Activity Report is not available to a Clearing Participant, it shall be the responsibility of that Clearing Participant to ascertain from the Corporation the amount of margin required to be deposited with the Corporation, so that the margin requirements are met before Settlement Time each Business Day.

Section A-704 Withdrawals of Margin

In the event that on any particular day the amount of a Clearing Participant's margin on deposit exceeds the amount required to be deposited by such Clearing Participant on such day pursuant to this Rule A-7, as shown by the Deposits/Withdrawals Report for such day, the Corporation shall authorize the withdrawal of the amount of the excess upon the submission to the Corporation, by such Clearing Participant during the hours specified by the Corporation, of a withdrawal request in the form prescribed by the Corporation.

Section A-705 Intra-Day Margin Calls

- (1) The Corporation may require the deposit of supplementary margin by any Clearing Participant in any account at any time during any Business Day which the Corporation, in its discretion, considers necessary or advisable to reflect changes during such day in the Market Price of any Underlying Interest, or changes in the financial position of the Clearing Participant or to protect the Corporation, Clearing Participants or the public.
- (2) If a Clearing Participant has excess margin on deposit with the Corporation, the Corporation shall be entitled, upon determining that supplementary margin is required, immediately to apply such portion of the excess margin as is necessary to meet the supplementary margin requirements. The Corporation shall notify the Clearing Participant by telephone or by fax as soon as practicable of such application. If there is no excess margin then on deposit, the Corporation will notify the Clearing Participant by telephone or by fax of the amount of supplementary margin required. Such supplementary margin shall be deemed to be owing upon a Clearing Participant receiving notice thereof and shall be deposited by the Clearing Participant within one hour of the Clearing Participant receiving such notice, or such longer time as may be permitted by the Corporation. Credit for all such supplementary margin deposits, shall be reflected on the Daily Settlement Summary on the following Business Day.

Section A-706 Margin Calculations

Margin calculations are done on a risk-based system which analyses Options and Futures positions in each account of each Clearing Participant. The system projects a liquidating value for each account and collects sufficient margin to cover the Corporations projected costs in the event that such a liquidation should be required. Offsetting positions are considered and where deemed prudent, the Corporation may reduce its margin requirements.

Note: A detailed explanation of the margin calculation methods is available on request.

Section A-707 Margin on Options Spread Positions Carried in Client Accounts

- (1) Where a Clearing Participant maintains an Options Spread Position in its Client Account, the Clearing Participant may inform the Corporation of this fact with a view to reducing the margin required on the Positions held in that account by filing an Options Spread Position Report with the Corporation.
- (2) Each Clearing Participant shall maintain a record of each Spread Position held for the account of a client, identifying the client, the account of the client in which the Spread Position is held, and the specified Long Positions and Short Positions making up the Spread Position.
- (3) Prior to the time established by the Corporation, on every Business Day, each Clearing Participant shall inform the Corporation, in the form prescribed, of the quantity and composition of any additions to or deletions from the Spread Positions carried for individual clients.

- (4) No Clearing Participant shall inform the Corporation of a Spread Position or permit a Spread Position to remain recorded by the Corporation unless the Clearing Participant is simultaneously carrying in such account for such client Long and Short Positions for an equal number of Options of the same Class of Options and the margin required to be deposited by such client in respect of such Positions has been reduced accordingly. The filing by a Clearing Participant of an Options Spread Position Report shall constitute the certification by the Clearing Participant to the Corporation that such filing is authorized, is in accordance with the foregoing and is in compliance with all applicable laws and regulations.
- (5) If a Client Account with the Corporation has Spread Positions for a Series of Options in respect of which the Corporation has been notified and the total Long Position in such Series of Options is reduced by the filing of an Exercise Notice or the execution of a Closing Transaction in such account, such reduction shall also be applied by the Corporation against the Spread Position in such account. If the Clearing Participant wishes such reduction to be applied in a different manner, it shall so instruct the Corporation by filing an appropriate spread instruction.

Section A-708 Forms of Margin

Required margin may be deposited with the Corporation in one or more of the following forms:

- (1) **Cash** - Clearing Participants may deposit cash by way of an irrevocable funds transfer, a certified cheque or bank draft drawn on a bank acceptable to the Corporation and payable to the Corporation or such other funds as may be acceptable to the Corporation. Funds so deposited may, from time to time, be partially or wholly invested by the Corporation for its account and, to the extent not so invested, shall be deposited to the credit of the Corporation in such financial institutions as the Board may select. Any interest or gain received or accrued on the investment of such funds shall belong to the Corporation. Such funds shall not be used by the Corporation as working capital.
- (2) **Government Securities** - Clearing Participants may deposit, as hereinafter provided, such Government securities as may be specified by the Corporation which mature within one year of their deposit, which are freely negotiable and which shall be valued at 99% of market value for federal government of Canada securities; 98% of market value for provincial government securities; and 99% of market value for securities of federal or 98% of market value for securities of provincial crown corporations guaranteed by the federal government or such provincial government. It is the members' obligation to provide evidence sufficient to the Corporation of such guarantee before such security will be accepted. "Market value" as used in this section A- 708(2) shall be determined on the close of each Business Day by the Corporation through reference to one or more data supply services retained by the Corporation for such purpose. If a market value is required to be determined on a non-Business Day, and the data supply service does not provide a market value for such day, the market value on the immediately preceding Business Day shall be used. If no market value is generally available for any Government securities accepted by the Corporation as a form of margin, such securities shall be valued at 90% of their face amount.

The Government securities shall be deemed to be deposited with the Corporation at the time the Corporation confirms acceptance of such deposit. All interest or gain received or accrued on such Government securities prior to any sale or negotiation thereof shall belong to the depositing Clearing Participant.

Government securities deposited by the Clearing Participant with an Approved Depository shall be deposited under arrangements:

- (a) permitting the Government securities to be promptly sold by or upon the order of the Corporation for the account of the Clearing Participant without notice; and
- (b) requiring the Clearing Participant to pay all fees and expenses incidental to the ownership or sale of such Government securities or the arrangement with the Approved Depository.

- (2) **Letters of Credit** - Clearing Participants may deposit with the Corporation Letters of Credit issued by banks or other organizations approved by the Corporation for this purpose. Such Letters of Credit:
- (a) shall be in such form as the Board may approve from time to time; and
 - (b) shall expire at 2:00 p.m. CT on the first day of either March, June, September or December.

Any expiring Letters of Credit must be replaced no later than two (2) full business days prior to the date of expiry. Failure to replace a Letter of Credit in accordance with these rules will result in presentation, by the WCECC, of the Letter of Credit to the bank for demand of payment.

Interpretation and Policy

The Corporation will accept letters of credit from Canadian chartered banks which have paid-up capital and reserves of at least \$20 million, and from duly authorized central credit unions or regional Caisse Populaires with paid-up capital and reserves in excess of \$100 million. The sum of letters of credit issued by and bankers' acceptances accepted by any one financial institution, on behalf of all Clearing Participants, shall not exceed 10% of the paid-up capital and reserves of such institution.

- (4) **Bankers' Acceptances** - Clearing Participants may deposit with the Corporation bankers' acceptances which are accepted by banks recognized by the Corporation as issuers of letters of credit. These bankers' acceptances shall be valued at 85% of their face value.

Interpretation and Policy

The Corporation will accept bankers' acceptances accepted by Canadian chartered banks which have paid-up capital and reserves of at least \$20 million. The sum of letters of credit issued by and bankers' acceptances accepted by any one financial institution, on behalf of all Clearing Participants, shall not exceed 10% of the paid-up capital and reserves of such institution.

- (5) **Other Forms of Margin Deposit** - The Corporation may from time to time accept other forms of margin deposit in accordance with its operating policies then in effect. The Corporation may alter any such accepted form of deposit and may at any time cease accepting any alternative form of deposit previously accepted by it. Where a previously accepted form of deposit is determined to be no longer acceptable by the Corporation, it shall notify all Clearing Participants who shall promptly replace all such unacceptable forms of deposit with forms of deposit acceptable to the Corporation.

RULE A-8 DAILY SETTLEMENT

Section A-801 Daily Settlement Summary

Each Business Day the Corporation shall issue to each Clearing Participant a Daily Settlement Summary which will summarize:

- (a) the debit and credit premium for each account as shown on Consolidated Activity Reports;
- (b) the net gains and losses for each account as shown on Consolidated Activity Reports;
- (c) the net settlement for Exercised and Assigned Positions of cash settled Options;
- (d) the net margin required for each account as shown on the Daily Margin Activity Report;
- (e) the total margin deposits held by the Corporation; and
- (f) the net amount due to or from the Corporation.

Section A-802 Daily Settlement

- (1) On or before Settlement Time on each Business Day, as determined by the Bank of Canada to be a settlement day, each Clearing Participant shall be obligated to pay the Corporation, in the currency applicable to the Option or Future, by irrevocable funds transfer or any other method as may be approved by the Corporation from time to time, the amount of any Net Daily Settlement in an account shown to be due to the Corporation on the Daily Settlement Summary for such account for such day (notwithstanding any error in such report nor any credit balance which may be due from the Corporation to the Clearing Participant in any other account). Notwithstanding the foregoing, at any Settlement Time the Corporation may, in its discretion, require any Clearing Participant to pay the gross amount of Options premiums or Futures losses due to the Corporation in respect of all of such Clearing Participant's Exchange Transactions in an account due to be settled on such Business Day (i.e., without credit for Options premiums or Futures gains payable to the Clearing Participant) and the Corporation shall be paid in the manner described herein by the Clearing Participant in such amount.
- (2) If for any reason the Daily Settlement Summary is not available to the Clearing Participant, it shall be the responsibility of that Clearing Participant to ascertain from the Corporation the amount of any Net Daily Settlement, so that payment may be made before Settlement Time each Business Day.
- (3) One hour after Settlement Time of each Business Day, the Corporation shall be obligated to pay a Clearing Participant the amount of any Net Daily Settlement in an account shown to be due from the Corporation to such Clearing Participant on the Daily Settlement Summary for such account for such day. The Corporation may make such payment to the Clearing Participant by uncertified cheque or electronic funds transfer in the amount of such Net Daily Settlement.
- (4) When the office of the Corporation is not open on a Business Day, or the banks in the city are closed on a Business Day, settlement shall nevertheless occur through the method of irrevocable funds transfer or any other method as may be approved by the Corporation from time to time on such Business Day if it has been determined by The Bank of Canada to be a settlement day.

Section A-803 Application of Settlement Credit

The Corporation may apply any funds payable to a Clearing Participant on a Business Day as reflected on such Clearing Participant's Options Daily Transaction Report and/or Futures Consolidated Activity Report for such Business Day in satisfaction of any margin required to be deposited by such Clearing Participant on such Business Day.

Section A-804 Application of Cash Margin Excess

The Corporation may apply any excess of margin reflected on a Clearing Participant's Daily Settlement Summary, not exceeding the amount of cash margin on deposit as shown in such statement, against the amount of the Net Daily Premium due to the Corporation and Settlement of Gains and Losses due to the Corporation.

**WCE CLEARING CORPORATION
PART B - OPTIONS**

Rule B-1 Clearing of Exchange Transactions in Options

The provisions of this Part B shall apply only to Exchange Transactions which are trades in Options pursuant to these Rules and to those Clearing Participants who are required to make deposits to the Clearing Fund.

Section B-101 Responsibility of Clearing Participants for Exchange Transactions

Every Clearing Participant shall be responsible for the clearance of its own Exchange Transactions and of the Exchange Transactions of each Exchange Participant which has agreed with the Clearing Participant that its transactions will be cleared by such Clearing Participant. A copy of such clearing agreement shall be provided to the Corporation upon its request.

Section B-102 Maintenance of Accounts

- (1) Every Clearing Participant shall establish and maintain with the Corporation the following accounts:
 - (a) One or more Firm Accounts which shall be confined to the Exchange Transactions in Options of such Clearing Participant.
 - (b) A separate On-Floor Professional Trader Account for each On-Floor Professional Trader employed or guaranteed by such Clearing Participant, and
 - (c) In addition to the foregoing accounts, every Clearing Participant conducting business with the public in Options shall also establish and maintain one or more Client Account(s), which shall be confined to the Exchange Transactions of such Clearing Participant's clients and non-clients.

Section B-103 Agreement Regarding Accounts

Every Clearing Participant, in consideration of its admittance to Clearing Participant status in the Corporation agrees that:

- (1) In respect of each Firm Account:
 - (a) the Corporation shall have a lien on, and security interest in, all Long and Short Positions, securities, margin and other funds in such account as security for all of the Clearing Participant's obligations to the Corporation;
 - (b) the Corporation shall have the right to net all writing transactions against all purchase transactions effected in such account in accordance with these Rules; and
 - (c) the Corporation may close out the positions in such account and apply the proceeds thereof to the obligations of the Clearing Participant to the Corporation, at any time, without prior notice to the Clearing Participant.
- (2) Each On-Floor Professional Trader Account shall be confined to the Exchange Transactions of the On-Floor Professional Trader for which it is established.
- (3) In respect of On-Floor Professional Trader Account:

- (a) the Corporation shall have a lien on, and a security interest in, all Long and Short Positions, securities, margin and other funds in such account with the Clearing Participant as security for the Clearing Participant's obligations to the Corporation in respect of all Exchange Transactions effected through such account, Short Positions maintained in such account and Exercise Notices assigned to such account;
 - (b) the Corporation shall have the right to net all writing transactions against all purchase transactions effected in such account in accordance with these Rules; and
 - (c) the Corporation may close out the positions in the account and apply the proceeds thereof to the obligations of the Clearing Participant to the Corporation in respect of all Exchange Transactions effected through such account, Short Positions maintained in such account and Exercise Notices assigned to such account, at any time, without prior notice to the On-Floor Professional Trader or the Clearing Participant.
- (4) In respect of a Client Account the Corporation shall not have a lien on the Long Positions in Options in such account but shall have a lien to the extent set forth in these Rules on all margin deposited with the Corporation in respect of such account.
- (5) In respect of client accounts, the corporation shall have a lien on the Short Position in Options in such accounts.

Section B-104 Obligation of Purchasing Clearing Participant

The Clearing Participant responsible for an Exchange Transaction which is either an Opening or Closing Purchase Transaction shall be obligated to pay the Corporation the amount of the premium agreed upon in such Exchange Transaction. Such payment shall be made as set forth in these Rules not later than the Settlement Time for such Exchange Transaction.

Section B-105 Obligations of the Corporation

An Exchange Transaction shall, subject to the fulfilment of the conditions precedent set forth in Sections B-107 and B-108, be deemed to have been accepted by the Corporation one hour following the Settlement Time for such Exchange Transaction. Upon the acceptance of an Exchange Transaction by the Corporation, the rights of the Clearing Participants to such transaction shall be solely against the Corporation and the Corporation shall be obligated to the Clearing Participants in accordance with the provisions of these Rules. Upon acceptance, the Corporation shall be obligated as follows:

- (a) In an Opening Purchase Transaction, the Corporation shall be obligated to issue to the purchasing Clearing Participant the Options purchased in such Exchange Transaction;
- (b) In a Closing Purchase Transaction, the Corporation shall be obligated to reduce the purchasing Clearing Participant's Short Positions in the Series of Options involved in the account in which the Exchange Transaction was effected by the number of Options purchased in such Exchange Transaction;
- (c) In an Opening or Closing Writing Transaction, the Corporation shall be obligated to pay, at the time and in the manner specified by the By-laws and Rules, to the writing Clearing Participant the amount of the premium agreed upon in such Exchange Transaction.

Section B-106 Issuance of Options

- (1) The Corporation shall be the issuer of all Options purchased in Exchange Transactions. Subject to the provisions of Sections B-105, B-107 and B-108, an Option shall be issued by the Corporation in every Opening Purchase Transaction one hour following the Settlement Time for such transaction.

- (2) An Option shall carry the rights and obligations set forth in Section B-109 and shall contain the variable terms as agreed upon by the purchasing Clearing Participant and writing Clearing Participant as shown on the trade information filed by them with the Exchange and which is transmitted to the Corporation. In the event of a discrepancy between the trade information filed with the Exchange and the information reported to the Corporation, the latter shall govern as between the Clearing Participant and the Corporation.
- (3) Unless and until an Option is issued by the Corporation in the manner contemplated by these Rules, the Corporation shall have no obligation whatsoever to any Clearing Participant in respect thereof. The obligations of the Corporation are effective solely upon the issuance of an Option.

Section B-107 Exchange Report

- (1) The acceptance of every Exchange Transaction and the issuance of every Option by the Corporation as provided in Sections B-105 and B-106 shall be subject to the condition that the Exchange shall have provided the Corporation with the trade information submitted by the purchasing Clearing Participant and the writing Clearing Participant as to:
 - (a) the identity of the purchasing Clearing Participant and the writing Clearing Participant and the accounts in which the transaction was effected;
 - (b) the Class and Series of Option;
 - (c) the premium per Unit of Trading;
 - (d) the number of contracts;
 - (e) in the case of a transaction in a Client Account, whether it is an opening or closing transaction. If no indication is made as to whether it is an opening or closing transaction, then by default it will be deemed to be an opening transaction; and
 - (f) such other information as may be required by the Corporation.
- (2) A closing transaction in a Client Account which has been reported to the Corporation at a time when the Corporation's records indicate no corresponding open position in such account shall be rejected by the Corporation and the condition precedent to the acceptance by the Corporation of such transaction set forth in subsection (1) of this Section B-107 shall not be considered to have been satisfied).
- (3) The Corporation shall have no obligation for any loss resulting from the untimely submission by an Exchange to the Corporation of the information described in subsection (1) of this Section B-107.

Section B-108 Payment to the Corporation

- (1) The acceptance of every Exchange Transaction and the issuance of every Option by the Corporation as provided in Sections B-105 and B-106 shall be subject to the condition precedent that the Corporation shall have received payment, at or prior to the Settlement Time, of all amounts due to the Corporation from the purchasing Clearing Participant in the account in which the Exchange Transaction is effected. In the event the Corporation fails to receive such payment by the Settlement Time, the Corporation may in its discretion accept all unpaid Opening and Closing Purchase Transactions of such Clearing Participant in such account; however, the Corporation shall have the right to apply any funds available in a Clearing Participant's Firm Account or to liquidate the positions in such Firm Account and apply the proceeds thereof to the payment of the premiums due in any other account of such Clearing Participant.

- (2) In the event any transaction is rejected as herein provided, the Corporation shall promptly notify, either orally or in writing, the purchasing Clearing Participant and all writing Clearing Participants involved.
- (3) In the event the Corporation shall in its discretion accept any Exchange Transaction at a time when the Corporation has not received payment of all amounts due to the Corporation from the purchasing Clearing Participant, the Corporation may apply any funds credited to accounts of such Clearing Participant with the Corporation or that are otherwise in the possession of or at the disposal of the Corporation to the payment of the premium on such Exchange Transaction. If the Corporation accepts an Opening Purchase Transaction at a time when the Corporation has not received payment of all amounts due to the Corporation from the purchasing Clearing Participant and the funds of the Clearing Participant (if any) applied by the Corporation to the payment of the premium of such transaction are insufficient to pay such premium in full, the Long Position resulting from the acceptance of such transactions by the Corporation shall be subject to a lien and security interest in favour of the Corporation and the Corporation shall have the right to close out or to exercise such Long Position and to apply the proceeds in satisfaction of the Clearing Participant's obligations to the Corporation.
- (4) The Corporation may in its discretion elect not to suspend the privileges of the Clearing Participant at Settlement Time because of late payment of premiums and in lieu thereof may levy fines. In any case, the privileges of a Clearing Participant shall be suspended one hour after Settlement Time if payment has not then been made.

Section B-109 General Rights and Obligations of Clearing Participants

- (1) Subject to the provisions of the Rules, a Clearing Participant holding a Long Position in a call Option has the right, beginning at the time such Option is issued pursuant to this Rule B-1 and expiring at the Expiration Time of such Option, to receive from the Corporation at the aggregate Exercise Price the number of Units of Trading of the Futures contract represented by such Option, all in accordance with the by-laws and rules of the Exchanges and these Rules.
- (2) A Clearing Participant holding a Short Position in a call Option is obligated, upon the assignment to the Clearing Participant of an Exercise Notice in respect of such Option, to receive a Short Futures Position all in accordance with the by-laws and rules of the Exchanges and these Rules.
- (3) Subject to the provisions of these Rules, a Clearing Participant holding a Long Position in a put Option has the right, beginning at the time such Option is issued pursuant to this Rule B-1 and expiring at the Expiration Time of such Option, to sell to the Corporation at the aggregate Exercise Price the number of Units of Trading of the Underlying Interest represented by such Option, all in accordance with the by-laws and rules of the Exchanges and these Rules.
- (4) A Clearing Participant holding a Short Position in a put Option is obligated, upon the assignment to the Clearing Participant of an Exercise Notice in respect of such Option to receive a Long Futures Position in accordance with the by-laws and rules of the Exchanges and these Rules.

Section B-110 Terms of Options

- (1) The Expiration Date and Exercise Price of Options of each Series of Options shall be determined by the Exchange in agreement with the Corporation at the time such Series of Options is first opened for trading on the Exchange. No Series of Options shall be opened for trading without the consent of the Corporation.
- (2) The Unit of Trading of each Series of Options shall be designated by the Corporation prior to the time such Series of Options is first opened for trading.

- (3) The applicable provisions of these Rules including, without limitation, the liens on and security interests in Options granted to the Corporation and the liquidation rights of the Corporation provided for therein, shall constitute part of the terms of each Option issued by the Corporation.

Section B-111 Long Positions

- (1) The Long Position of a Clearing Participant in a Series of Options in a particular account will be created upon the Corporation's acceptance of such Clearing Participant's Opening Purchase transaction in such account in respect of one or more Options of such Series of Options. The amount of such Long Position shall be the number of Options so issued and such Long Position shall remain in force from day to day thereafter unless and until changed in accordance with the following:
 - (a) The Long Position shall be increased by the number of Options of such Series of Options which are the subject of Opening Purchase Transactions in such account and are thereafter accepted by the Corporation;
 - (b) The Long Position shall be reduced by the number of Options of such Series of Options for which the Clearing Participant thereafter files an Exercise Notice with the Corporation in such account;
 - (c) The Long Position shall be reduced by the number of Options of such Series of Options which are the subject of Closing Writing Transactions in such account and which are thereafter accepted by the Corporation;
 - (d) The Long Position shall be eliminated at the Expiration Time for such Series of Options;
 - (e) The Long Position shall be increased by the number of Options of such Series of Options transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;
 - (f) The Long Position shall be reduced by the number of Options of such Series of Options transferred from such account, with the consent of the Clearing Participant and the Corporation, to another account of the Clearing Participant or to another Clearing Participant;
 - (g) The number of Options in the Long Position may be adjusted from time to time in accordance with these Rules; and
 - (h) The Long Position may be closed out or transferred by the Corporation in accordance with these Rules including, without limitation, upon the occurrence of any default by the Clearing Participant or upon the Clearing Participant's suspension, expulsion, termination of membership, or insolvency.
- (2) Subject to these Rules any American Option held in a Long Position may be exercised at any time between the time it is accepted by the Corporation and its Expiration Time.

Section B-112 Short Positions

- (1) The Short Position of a Clearing Participant in a Series of Options in a particular account will be created upon the Corporation's acceptance of such Clearing Participant's Opening Writing Transaction in such account in respect of one or more Options of such Series of Options. The amount of such Short Position shall be the number of such Options involved in such transaction, and the Short Position shall remain in force from day to day thereafter unless and until changed in accordance with the following:

- (a) The Short Position shall be increased by the number of Options of such Series of Options which are the subject of Opening Writing Transactions in such account and are thereafter accepted by the Corporation;
 - (b) The Short Position shall be reduced by the number of Options of such Series of Options which are the subject of Exercise Notices thereafter assigned to the Clearing Participant in such account in accordance with these Rules for application against such Short Position;
 - (c) The Short Position shall be reduced by the number of Options of such Series of Options which are the subject of Closing Purchase Transactions in such account and which are thereafter accepted by the Corporation;
 - (d) The Short Position shall be eliminated at the Expiration Time for such Series of Options;
 - (e) The Short Position shall be increased by the number of Options of such Series of Options transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;
 - (f) The Short Position shall be reduced by the number of Options of such Series of Options transferred from such account, with the consent of the Clearing Participant and the Corporation, to another account of the Clearing Participant or to another Clearing Participant;
 - (g) The number of Options in the Short Position may be adjusted from time to time in accordance with these Rules; and
 - (h) The Short Position may be closed out or transferred by the Corporation in accordance with these Rules including, without limitation, upon the occurrence of any default by the Clearing Participant or upon the Clearing Participant's suspension, expulsion, termination of membership, or insolvency.
- (2) The Corporation shall have the right to assign, in accordance with these Rules and its procedures, its obligations in respect of any Option upon the exercise of such Option to any Clearing Participant having a Short Position in the same Series of Options in any account.

Section B-113 Agreements of Writing Clearing Participant in an Opening Writing Transaction

The Clearing Participant responsible for an Opening Writing Transaction agrees with the Corporation that:

- (a) upon the Corporation's acceptance of such transaction, the Short Position of the Clearing Participant in the account in which the transaction is effected shall be created or increased, and subsequently maintained, in accordance with Section B-112;
- (b) so long as such Short Position is thereafter maintained, the Clearing Participant responsible shall make all required initial and maintenance margin payments in accordance with these Rules; and
- (c) in the event that an Exercise Notice is assigned to such Clearing Participant, it shall perform, on behalf of the Corporation, the Option in accordance with its terms and with these Rules.

Section B-114 Closing Writing Transactions

- (1) A Clearing Participant shall not effect a Closing Writing Transaction in respect of a Series of Options in an account unless, at the time of such transaction, there exists a Long Position in such account for at least the number of Options of that Series of Options involved in such transaction.

- (2) A Clearing Participant responsible for a Closing Writing Transaction agrees that, upon the Corporation's acceptance of such transaction, the Corporation shall reduce the Clearing Participant's Long Position in the account through which the transaction was effected by the number of Options involved.

Section B-115 Closing Purchase Transactions

A Clearing Participant shall not effect a Closing Purchase Transaction in respect of a Series of Options in an account unless, at the time of such transaction, there exists a Short Position in such account for at least the number of Options of that Series of Options involved in such transaction.

Section B-116 Settlement When Delivery of Underlying Interest is Restricted

Notwithstanding anything contained in these Rules, the Board shall be empowered to impose such restrictions on the exercise of one or more Series of Options as the Board in its judgement deems necessary or advisable in the interest of maintaining a fair and orderly market in Options or in the Underlying Interest or otherwise deems advisable in the public interest or for the protection of investors.

Section B-117 Certificateless Trading

Certificates for Options will not be issued by the Corporation to evidence the issuance of Options.

Rule B-2 Trade Reporting

Section B-201 Trade Reporting of Options Transactions

- (1) Prior to the Settlement Time on each Business Day, the Corporation shall issue to each Clearing Participant a Consolidated Activity Report for each account maintained by the Clearing Participant with the Corporation. The Consolidated Activity Report shall list, among other things, all Exchange Transactions of the Clearing Participant in such account effected on the previous Business Day.
- (2) On each Expiration Date the Corporation shall issue to each Clearing Participant a Daily Transaction Report which shall list all Exchange Transactions of the Clearing Participant in such account effected on the last day of trading in Options which are expiring on such Expiration Date.
- (3) Every Consolidated Activity Report shall show for each Exchange Transaction in Options listed thereon:
 - (a) the Class and Series of Option;
 - (b) the premium per Unit of Trading;
 - (c) the number of contracts;
 - (d) in the case of a transaction in a Client Account whether it is an opening or closing transaction; and
 - (e) such other information as may be required by the Corporation.
- (4) It shall be the responsibility of each Clearing Participant to ensure that any report issued to it pursuant to subsections (1) or (2) is correct. If an error is thought to exist it shall be the further responsibility of each Clearing Participant, where possible, to reconcile such error with the Clearing Participant or executing broker on the opposite side of the Exchange Transaction and the Clearing Participant shall jointly report the corrected information to the Corporation. If the difference cannot be reconciled, the trade must be reported to the Corporation as a rejected trade by both Clearing Participants participating in it.
- (5) Each Clearing Participant shall have until 3:30 p.m. (CT) on Expiration Date for expiring Series of Options (or such other time as may be specified) and until 3:00 p.m. (CT) on the Business Day following the day on which the Exchange Transaction took place for non-expiring Series of Options to notify the Corporation, in the form prescribed, of any error. Unless such notification is received by the established deadline, the Exchange Transactions accepted by the Corporation as contained in the report shall be final and binding upon the Clearing Participants reported as parties to such transaction.
- (6) Each Clearing Participant shall be responsible to the Corporation in respect of each Exchange Transaction reported to the Corporation by the Exchange whether or not such Exchange report was correct, unless the Corporation is notified of any errors in compliance with this Rule.

Rule B-3 Tender and Assignment of Exercise Notices

Section B-301 Exercise of Options

Issued and unexpired American Options may be exercised only in the following manner:

- (a) on the Expiration Date in accordance with Rule B-307 hereof; or
- (b) on a Business Day other than the Expiration Date a Clearing Participant desiring to exercise an Option may tender an Exercise Notice to the Corporation until 3:00 p.m. (CT) on such Business Day.

Only the Clearing Participant who holds the relevant open position may tender an Exercise Notice on that position.

Section B-302 Tender of Exercise Notices

- (1) Every Exercise Notice must refer to a full Option and no Option is exercisable in part.
- (2) Every tender of an Exercise Notice in accordance with Section B-301(a) shall be irrevocable except that where an Exercise Notice is tendered in error, it may be cancelled by the Clearing Participant until 3:00 p.m. (CT) on the Business Day when the erroneous tender was made.
- (3) Every tender of an Exercise Notice in accordance with Section B-301 (b) shall be irrevocable.
- (4) Exercise Notices may be tendered in respect of Opening Purchase Transactions which have not yet been accepted by the Corporation, and shall be assigned by the Corporation at the same time and in the same manner as Exercise Notices filed on the same Business Day in respect of issued Options, provided that any such Exercise Notice shall be deemed null and void and of no force or effect if the Opening Purchase Transaction in respect of which it was tendered is not accepted by the Corporation on the earlier of the Expiration Date or the Business Day immediately following the date on which such Exercise Notice was filed.

Section B-303 Restrictions on the Tender of Exercise Notices

Whenever the Exchange, acting pursuant to its rules, imposes a restriction on the exercise of one or more series of American Options on the grounds that such restriction is deemed advisable in the interests of maintaining a fair and orderly market in Options or in the Underlying Interest or is otherwise in the interest of the market in general or for the protection of investors, Options of such Series of Options shall not be exercisable by any Clearing Participant which is a member of the Exchange except in accordance with the terms of such restriction. Notwithstanding the foregoing, no such restriction on exercise shall remain in effect during the ten days immediately prior to the Expiration Date of such series of Options.

Section B-304 Acceptance of Exercise Notices

An Exercise Notice properly tendered to the Corporation in accordance with Section B-301(b) or deemed to have been properly tendered in accordance with Section B-307 shall be accepted by the Corporation on the day of tender.

Section B-305 Random Assignment of Exercise Notices

- (1) Exercise Notices accepted by the Corporation shall be assigned, in accordance with the Corporation's procedures of random selection, to accounts with open Short Positions in the Series of Options involved. The Corporation shall treat the accounts of all Clearing Participants equally, provided, however, that an Exercise Notice for more than 10 Options will be randomly assigned to

accounts in blocks not exceeding 10 Options, except on the Expiration Date when an Exercise Notice may be randomly assigned in total.

- (2) Subject to Section B-309(2) Assignment of Exercise Notices shall be made at or before 8 a.m. on the Business Day next following the day on which the Exercise Notice was tendered in accordance with Section B-301(b) or was deemed to have been tendered in accordance with Section B-307.
- (3) If an Exercise Notice is tendered in accordance with Section B-301(b), the assignment of such Exercise Notice shall be effective as of the day on which the Exercise Notice was tendered. If an Exercise Notice is tendered in accordance with Section B-301(a), the assignment of such Exercise Notice shall be effective as of the Business Day preceding the Expiration Day.
- (4) Unless the Corporation stipulates otherwise in a particular case, a Exercise Notice shall not be assigned to any Clearing Participant which has been suspended for default or insolvency. An Exercise Notice assigned to a Clearing Participant which is subsequently so suspended shall be withdrawn and thereupon assigned to another Clearing Participant in accordance with this section.

Section B-306 Reporting of Exercises and Assignments

A Clearing Participant submitting an Exercise Notice and a Clearing Participant to whom an Exercise Notice is assigned shall be notified of the receipt and assignment of such Exercise Notice in:

- (a) the Options Exercised and Assigned Report and Options Unsettled Delivery Report issued on the following Business Day; or,
- (b) the Expiry Report issued for expiring Series of Options only on Expiration Date.

Section B-307 Expiration Date Exercise Procedure

The following rules shall apply to the exercise of an Option on its Expiration Date:

- (a) On each Expiration Date, the Corporation shall provide to each Clearing Participant a Futures Options Expiry Report (FOER) listing, by account, each expiring Option in each of the Clearing Participant's accounts with the Corporation. The FOER shall reflect the closing price (as herein defined) of the Underlying Interest for each Series of Options listed therein and shall include such further information as the Corporation may deem appropriate.
- (b)
 - (i) Each Clearing Participant shall be required to review the FOER immediately upon receipt of same. Each Clearing Participant must notify the Corporation of the number of Options of each series, if any, to be exercised for each account if not auto exercised as set out in subparagraph (e) (ii) hereto. If no Options of a particular series which are subject to auto exercise as set out in subparagraph (e) (ii) are to be exercised for a particular account, the Clearing Participant must notify the Corporation to this effect.
 - (ii) Each Clearing Participant shall provide the notifications required in the form prescribed no later than 3:30 pm (CT) on the Expiration Date. Instructions to exercise Options transmitted to the Corporation shall be irrevocable and may not thereafter be modified.
- (c) It shall be the duty of each Clearing Participant to review the FOER against the Clearing Participant's own position records and to verify the accuracy of the closing prices reflected on such FOER. If a Clearing Participant discovers any error or omission on an FOER, the Clearing Participant shall immediately notify the Corporation thereof and co-operate with the Corporation in reconciling any discrepancies. If a Clearing Participant's position records reflect expiring Options not listed in its FOER, and the Clearing Participant and the Corporation are unable to reconcile their respective position records, the Clearing Participant may exercise any Option not listed in its FOER (to the extent that such Options are subsequently determined to

have existed in the Clearing Participant's accounts) by input to the FOER , together with appropriate exercise instructions, or by tendering Exercise Notices with respect to such Options in accordance with subparagraph (d).

- (d) If, after the Clearing Participant has provided notification pursuant to subparagraph (b) (ii) hereto, but prior to the Expiration Time, a Clearing Participant desires to exercise Options expiring on such Expiration Date in addition to those which the Clearing Participant has previously instructed the Corporation to exercise, the Clearing Participant may do so by tendering a written Exercise Notice to the Corporation, prior to the Expiration Time, using such facilities as the Corporation may designate from time to time.
- (e) Each Clearing Participant shall be deemed to have properly and irrevocably tendered to the Corporation, immediately prior to the Expiration Time on such Expiration Date, an Exercise Notice with respect to
 - (i) each Option listed on the Clearing Participant's FOER which the Clearing Participant has instructed the Corporation to exercise in accordance with subparagraphs (b), (c) or (d), and
 - (ii) every Option of each series listed in the Clearing Participant's FOER which is of a Class of Options subject to automatic exercise and which has an exercise price below (in the case of a call) or above (in the case of a put) the closing price of the Underlying Interest by such amounts as may be specified by the Corporation from time to time, unless the Clearing Participant shall duly instruct the Corporation in accordance with subparagraph (b) to exercise none or fewer than all of the Options of such series carried in such account. If the Clearing Participant desires that such Option not be exercised, it shall be the responsibility of the Clearing Participant to give appropriate instructions to the Corporation in accordance with subparagraph (b).

Interpretation and Policies

The Predetermined Limits relevant to Rule B-307 (e) (ii) are as follows:

- a) Grains (wheat, barley) - \$5.00/tonne or (\$100/Contract)
- b) Oilseeds (flax, canola) - \$10.00/tonne or (\$200/Contract)
- (f) Every Clearing Participant shall ensure that an Authorized Representative is available by telephone to the Corporation between the hours stipulated by the Corporation on each Expiration Date.
- (g) The Corporation shall have no liability to any Clearing Participant in respect of any claims, costs, losses, damages or expenses resulting from the exercise or non-exercise of any Option due to any error or omission (whether relating to the inclusion of Options, the determination of closing prices, the making of computations or otherwise) on any FOER whether or not the Clearing Participant received and reviewed such FOER. Any Clearing Participant who fails to comply with subparagraphs (b) (i) and (ii) and paragraph (f) shall indemnify and hold the Corporation harmless from any costs, losses, expenses or claims which may arise, directly or indirectly, from the Clearing Participant's failure to comply with these provisions.
- (h) On any Expiration Date, the Corporation may, in its discretion, extend any or all of the times prescribed in paragraphs (a) to (f) provided that in no event, except pursuant to Section A-208 of these Rules, shall
 - (i) the deadline for notification to the Corporation be extended beyond the Expiration Time,

- (ii) the time of the availability of any FOER be extended to a time later than Expiration Time,
- (i) The term "closing price" as used with respect to any Underlying Interest in this section B-307, means the price of the Underlying Interest of any particular Option at the close of trading on the Expiration Date as reported to the Corporation by the Exchange.

Section B-308 Assignment of Exercise Notices to Clients

- (1) Assignment to an account other than that indicated on the Options Exercised and Assigned Report is not permitted.
- (2) Each Clearing Participant shall establish fixed procedures for the allocation of Exercise Notices assigned to it in respect of a Short Position in the Clearing Participant's Client Account. The allocation shall be on a "first in, first out" basis, on a basis of random selection, or another allocation method that is fair and equitable to the Clearing Participant's clients and consistent with the by-laws and rules of the Exchange. Such allocation procedures and any changes thereto shall be reported to the Corporation on request.
- (3) No Clearing Participant shall permit, unless there is no alternative, the allocation of an exercise against a Short Position that was opened on the day of such allocation.

Section B-309 Reassignment

- (1) With the exception of an Expiration Date, Clearing Participants have until 2:00 p.m. (CT) on the Business Day following the date on which an assignment of an Exercise Notice is effective pursuant to subsection (3) of Section B-305 to notify the Corporation of any condition which may make such assignment invalid.
- (2) The Corporation may reassign Exercise Notices when it considers it necessary or advisable to do so until 3:00 p.m. (CT) on the Business Day following the date on which such Exercise Notice was first assigned.

Section B-310 Advance Notice of Expiry

Two (2) Business Days before expiry day, Clearing Participants shall request instructions from each customer holding a long position regarding the exercise of the option. Clearing Participants shall maintain a complete file on this matter which may be reviewed by the Corporation at its request.

RULE B-4 DELIVERY AND PAYMENT WITH RESPECT TO OPTIONS EXERCISED

Section B-401 Delivery Advice

- (1) The Corporation will issue an Options Exercised and Assigned Report on the following Business Day to each Clearing Participant who submitted an Exercise Notice and to each Clearing Participant to whom an Exercise Notice has been assigned. Such report shall identify the Clearing Participant, the account in respect of which the Exercise Notice was tendered or to which the Exercise Notice is assigned, the number of contracts, by series, exercised or assigned and the value.
- (2) For each option being exercised, the corporation shall assign the appropriate Underlying Futures Contract on the succeeding trading day.
 - (i) In the case of a Call Option, the Seller shall receive a short futures position and the Buyer shall receive a long futures position of one unit of the Underlying Futures Contract at the exercise price of that series; or
 - (ii) In the case of a Put Option, the Seller shall receive a long position and the Buyer shall receive a short futures position of one unit of the Underlying Futures Contract at the exercise price of that series.

Section B-402 Settlement of Futures Options

Futures Options exercised and assigned will result in assignment/allocation of Futures positions without Options premium payments. The Futures positions will be marked to market daily.

RULE B-5 OPTIONS CONTRACT SPECIFICATIONS

Section B-501 Designation of Options

Options shall be designated by reference to the Underlying Interest, the month of expiration, the Exercise Price and the Type and Style of Options.

Section B-502 Approval of Underlying Interest

The Underlying Interest of an Option issued by the Corporation and the Unit of Trading of that Underlying Interest shall be approved by the Board following the recommendation of the Exchange.

Section B-503 Terms of Options

- (1) The month of expiration and Exercise Price of Options of each Series of Options shall be determined by the Exchange subject to the agreement by the Corporation. The Exercise Price of each Series of Options shall be fixed at a price which is reasonably close to the price at which the Underlying Interest is traded in the relevant markets at the time such Series of Options is first opened for trading. Additional Series of Options of the same Class of Options may be opened as the market price of the Underlying Interest moves substantially from the initial price or prices.
- (2) For particulars of the Option Contracts, reference should be made to the By-Laws and Rules of the Exchange.

WCE CLEARING CORPORATION

PART C - FUTURES

RULE C-1 CLEARING OF EXCHANGE TRANSACTIONS RESPECTING FUTURES

The provisions of this Part C shall apply only to Exchange Transactions which are trades in Futures pursuant to these rules and to those Clearing Participants who are required to make deposits to the Clearing Fund.

Section C-101 Responsibility of Members for Exchange Transactions

Every Clearing Participant shall be responsible for the clearance of its own Exchange Transactions and of the Exchange Transactions of each Exchange participant which has agreed with the Clearing Participant that its transactions will be cleared by such Clearing Participant. A copy of such clearing agreement shall be provided to the Corporation upon its request.

Section C-102 Maintenance of Accounts

Every Clearing Participant shall establish and maintain with the Corporation such of the following accounts as may be applicable to transactions in Futures carried out by it:

- (1) one or more Firm Accounts which shall be confined to the Exchange ; transactions in Futures of such Clearing Participants;
- (2) a separate On-Floor Professional Trader Account for each On-Floor Professional Trader employed or guaranteed by such Clearing Participant, and;
- (3) in addition to the foregoing accounts, every Clearing Participant conducting business with the public in Futures shall also establish and maintain one or more Client Accounts which shall be confined to the Exchange Transactions of such Clearing Participant's clients.

Section C-103 Agreement Regarding Accounts

Every Clearing Participant shall agree that:

- (1) In respect of a Firm Account:
 - (a) the Corporation shall have a lien on all positions, securities, Underlying Interest, margin and other funds in such account as security for all of the Clearing Participant's obligations to the Corporation;
 - (b) the Corporation shall have the right to net all selling transactions against all buying transactions effected in such account in accordance with the Rules; and
 - (c) the Corporation may close out the positions in the account and apply the proceeds thereof, at any time without prior notice to the Clearing Participant;
- (2) Each On-Floor Professional Trader Account shall be confined to the Exchange Transactions of the On-Floor Professional Trader for which it is established;
- (3) In respect of On-Floor Professional Trader Account:
 - (a) the Corporation shall have a lien on all positions, securities, Underlying Interest, margin and other funds in such account with the Clearing Participant as security for the Clearing

Participant's obligations to the Corporation in respect of all Exchange Transactions maintained in such account and Tender Notices assigned to such account;

- (b) the Corporation shall have the right to net all selling transactions against all buying transactions effected in such account in accordance with these Rules; and
 - (c) the Corporation may offset the positions in the account and apply the proceeds thereof, at any time without prior notice to the On-Floor Professional Trader or the Clearing Participant;
- (4) In respect of Client Account:
- (a) the Corporation shall have a lien on all positions, securities, Underlying Interest, margin and other funds in such account with the Clearing Participant as security for the Clearing Participant's obligations to the Corporation in respect of all Exchange Transactions maintained in such account and Tender Notices assigned to such account;
 - (b) the Corporation shall have the right to net all selling transactions against all buying transactions effected in such account in accordance with these Rules; and
 - (c) the Corporation may offset the positions in the account and apply the proceeds thereof, at any time without prior notice to the Clearing Participant.

Section C-104 Futures Consolidated Activity Report

- (1) The acceptance of every Exchange Transaction by the Corporation shall be subject to the condition that the Exchange shall have provided the Corporation with the following trade information respecting such Exchange Transaction:
- (a) the identity of the buying Clearing Participant and the selling Clearing Participant and the accounts in which the transaction is effected;
 - (b) the Series of Futures;
 - (c) the price of the Future;
 - (d) the number of Futures;
 - (e) in the case of a transaction in a Client Account, whether it is an opening or closing transaction; and
 - (f) such other information as may be required by the Corporation.
- (2) Following the receipt by the Corporation of the information referred to in subsection (1) with respect to each Exchange Transaction effected by a Clearing Participant in a day, the Corporation shall produce a Futures Consolidated Activity Report with respect to each account of a Clearing Participant containing the following information:
- (a) the incoming positions;
 - (b) the prior day's trades;
 - (c) the position changes;
 - (d) the closing positions; and
 - (e) the net dollar gain or net dollar loss for the day.

Section C-105 Obligations of the Corporation

An Exchange Transaction shall, subject to Sections C-104 and C-110 be deemed to have been accepted by the Corporation one hour following the Settlement Time for such Exchange Transaction. Upon the acceptance of an Exchange Transaction by the Corporation, the rights of the Clearing Participants to such transaction shall be solely against the Corporation and the Corporation shall be obliged to the Clearing

Participants in accordance with the provisions of the Rules. Upon acceptance, the Corporation shall be obligated as follows:

- (a) in an Opening Buy Transaction, the Corporation shall be obligated to increase the purchasing Clearing Participant's Long Position of such series in the account in which the Exchange Transaction was effected by the number of Futures purchased in such Exchange Transaction;
- (b) in an Opening Sell Transaction, the Corporation shall be obligated to increase the selling Clearing Participant's Short Position of such series in the account in which the Exchange Transaction was effected by the number of Futures sold in such Exchange Transaction;
- (c) in a Closing Buy Transaction, the Corporation shall be obligated to reduce the purchasing Clearing Participant's Short Position of such series in the account in which the Exchange Transaction was effected by the number of Futures purchased in such transaction;
- (d) in a Closing Sell Transaction, the Corporation shall be obligated to reduce the selling Clearing Participant's Long Position of such series in the account in which the Exchange Transaction was effected by the number of Futures sold in such transaction.

Section C-106 Limitation of Liability

The liability of the Corporation shall be limited to direct losses resulting from the substitution of the Corporation into the obligations of Clearing Participants to Exchange Transactions as set forth in Section C-105. The Corporation shall not be liable:

- (a) for obligations of a non-Clearing Participant;
- (b) for obligations of a Clearing Participant to another Clearing Participant who is acting for it as broker;
- (c) for obligations of a Clearing Participant to a client;
- (d) to make payments or deliveries to or accept payments or deliveries from a client of a Clearing Participant; or
- (e) to make deliveries to or accept and pay for deliveries from a Clearing Participant.

Section C-107 Closing Out of Open Positions

- (1) When any Clearing Participant is long or short any Futures and desires to close out such position, he shall sell, in the case of a Long Position, and buy, in the case of a Short Position, the same quantity of the same series of Futures.
- (2) A Long Position and a Short Position in the same series of Futures in a particular Firm Account or particular On-Floor Professional Trader Account shall be automatically netted in such account by the Corporation.
- (3) An open Long Position or an open Short Position in a Client Account shall be reduced by an Exchange Transaction only if the Corporation is informed specifically that it is a closing transaction.

Section C-108 General Rights and Obligations of Clearing Participants

- (1) Subject to the provisions of the Rules, a Clearing Participant holding a Short Position has the obligation, commencing at the time of acceptance of the Future by the Corporation pursuant to this Rule C-I, to deliver or pay as directed by the Corporation as the aggregate Settlement Amount

the amount or value of the Underlying Interest represented by such Future, all in accordance with the by-laws and rules of the Exchange and these Rules.

- (2) A Clearing Participant holding a long Futures position is obligated, upon the assignment to the Clearing Participant of a Tender Notice in respect of such Future, to pay the aggregate Settlement Amount against delivery of the amount or value of the Underlying Interest represented by such Future, all in accordance with the by-laws and rules of the Exchange and these Rules.

Section C-109 Amounts Owed in Futures Accounts

If the Daily Settlement Summary of a Clearing Participant shows an amount owing by such Clearing Participant to the Corporation, payment of such amount shall be made prior to the Settlement Time directly to the Corporation in the manner and form prescribed. If such Daily Settlement Summary shows an amount owing by the Corporation to such Clearing Participant, the Corporation shall be obligated to pay to such Clearing Participant the amount of such credit balance one hour after Settlement Time on each Business Day.

Section C-110 Payment of Credit Balances

- (1) The acceptance of every Exchange Transaction and the assumption by the Corporation of the obligations as provided in Section C-105 shall be subject to the condition that the Corporation shall have received payment, prior to the Settlement Time, of all amounts owed to the Corporation by the Clearing Participant in the account in which the Exchange Transaction is effected. In the event the Corporation fails to receive such payment by the Settlement Time, the Corporation may in its discretion reject all unpaid opening and closing transactions in such account; however, the Corporation shall have the right to apply any funds available in a Clearing Participant's Firm Account, or to liquidate the positions in such Firm Account and apply the proceeds thereof to the payment of the amount owed as shown in any other account of such Clearing Participant.
- (2) In the event any transaction is rejected as herein provided, the Corporation shall promptly notify the Clearing Participant and all other Clearing Participants involved.
- (3) In the event the Corporation shall in its discretion accept any Exchange Transaction in an account for which full payment of any amount owing has not been made, the Corporation may apply any funds of the Clearing Participant that are in the possession of or at the disposal of the Corporation to the payment of such debit balance; however, the Corporation shall not apply funds in a Client Account for the payment of an amount owing on transactions in any account other than the Client Account, and further, the Corporation shall not apply any funds in an On-Floor Professional Trader Account for the payment of any amount owing on transactions in any account other than that On-Floor Professional Trader Account.
- (4) The Corporation may, in its discretion, elect not to suspend the privileges of the Clearing Participant at Settlement Time because of late payment of all amounts owing to the Corporation and, in lieu thereof, may levy fines. In any case, the privileges of a Clearing Participant shall be suspended one hour after Settlement Time if payment has not been made.

Section C-111 Long Positions

The Long Position of a Clearing Participant in a Series of Futures in a particular account will be created upon the Corporation's acceptance of an Opening Buy Transaction of one or more Futures of such series in such account. The amount of such Long Position shall be the number of Futures so purchased and accepted, and such Long Position shall remain in force from day to day thereafter unless and until changed in accordance with the following:

- (a) the Long Position shall be increased by the number of Futures of such series bought in such account and accepted by the Corporation.

- (b) the Long Position shall be reduced by the number of Futures of such series which are the subject of Tender Notices assigned to the Clearing Participant for such account;
- (c) the Long Position shall be reduced by the number of Futures of such series which are the subject of Closing Sell Transactions in such account which are accepted by the Corporation;
- (d) the Long Position shall be increased by the number of Long Positions of such Series of Futures transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant.
- (e) the Long Position shall be reduced by the number of Long Positions of such Series of Futures transferred from such account, with the consent of the Clearing Participant and the Corporation, to another account of the Clearing Participant or to another Clearing Participant; and
- (f) the Long Position shall be reduced by the number of Short Positions transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;
- (g) the Long Position may be closed out or transferred by the Corporation in accordance with these Rules, including but not limited to the occurrence of any default by the Clearing Participant or upon the Clearing Participant's suspension, expulsion, termination of Clearing Participant status, or insolvency.

Section C-112 Short Positions

The Short Position of a Clearing Participant in a Series of Futures in a particular account will be created upon the Corporation's acceptance of such Clearing Participant's Opening Sell Transaction in such account in respect of one or more Futures of such series. The amount of such Short Position shall be the number of such Futures involved in such transaction, and the Short Position shall remain in force from day to day thereafter unless and until changed in accordance with the following:

- (a) the Short Position shall be increased by the number of Futures of such series which are the subject of Opening Sell Transactions in such account and accepted by the Corporation;
- (b) the Short Position shall be reduced by the number of Futures of such series for which the Clearing Participant files a Tender Notice with the Corporation;
- (c) the Short Position shall be reduced by the number of Futures of such series which are the subject of Closing Buy Transactions in such account which are accepted by the Corporation;
- (d) the Short Position shall be increased by the number of Futures of such series transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;
- (e) the Short Position shall be reduced by the number of Futures of such series transferred from such account, with the consent of the Clearing Participant and the Corporation, to another account of the Clearing Participant or to another Clearing Participant; and
- (f) the Short Position shall be reduced by the number of Long Positions transferred to such account, with the consent of the Clearing Participant and the Corporation, from another account of the Clearing Participant or from another Clearing Participant;
- (g) the Short Position may be closed out or transferred by the Corporation in accordance with these rules including, without limitation, upon the occurrence of any default by the Clearing Participant or upon the Clearing Participant's suspension, expulsion, termination of membership, or insolvency.

Section C-113 Agreements of a Selling Clearing Participant in an Opening Sell Transaction

The selling Clearing Participant in an Opening Sell Transaction agrees with the Corporation that:

- (a) upon the Corporation's acceptance of such transaction, the Short Position of the Clearing Participant in the account in which the transaction is effected shall be created or increased, and subsequently maintained, in accordance with Section C-112.
- (b) so long as such Short Position is thereafter maintained, the selling Clearing Participant shall make all required margin payments in accordance with these rules; and
- (c) in the event that such Clearing Participant submits a Tender Notice in respect of such Short Position, the Clearing Participant will meet its obligations as specified in Section C-108.

Section C-114 Agreements of a Buying Clearing Participant in an Opening Buy Transaction

The buying Clearing Participant in an Opening Buy Transaction agrees with the Corporation that:

- (a) upon the Corporation's acceptance of such transaction, the Long Position of the Clearing Participant in the account in which the transaction is effected shall be created or increased and subsequently maintained in accordance with Section C-111;
- (b) so long as such Long Position is thereafter maintained, the buying Clearing Participant shall make all required margin payments in accordance with these rules; and
- (c) in the event that any Tender Notice is assigned to such Clearing Participant, it shall meet its obligations as specified in Section C-108.

Section C-115 Closing Transactions

- (1) A Clearing Participant shall not effect a closing transaction in respect of a Long Position in a series of Futures in an account unless, at the time of such transaction, such Clearing Participant has a Long Position in such account for at least the number of Futures of that series involved in such transaction.
- (2) A Clearing Participant shall not effect a closing transaction in respect of a Short Position in a Series of Futures in an account unless, at the time of such transaction, such Clearing Participant has a Short Position in such account for at least the number of Futures of that series involved in such transaction.
- (3) The Clearing Participant in a closing transaction agrees that, upon the Corporation's acceptance of such transaction, the Corporation shall reduce the Clearing Participant's Long or Short Position, as the case may be, in the account through which the transaction was effected by the number of Futures involved.

RULE C-2 TRADING REPORTING

Section C-201 Trade Reporting

- (1) On the morning of the following Business Day, the Corporation shall issue to each Clearing Participant who engaged in one or more Exchange Transactions in Futures or who clears for another Exchange Member who engaged in one or more Exchange Transactions in Futures, as reported to the Corporation by an Exchange, a Futures Consolidated Activity Report, covering each Exchange Transaction in Futures made on such Exchange during such previous Business Day and cleared through a Clearing Participant. The report shall show for each transaction:
 - (a) the Class and Series of these Futures;
 - (b) the price of the Future;
 - (c) the number of Futures;
 - (d) whether it is a buy or sell transaction;
 - (e) in the case of a transaction in a Client Account, whether it is an opening or closing transaction; and
 - (f) such other information as may be required by the Corporation.
- (2) The Corporation shall add to the Futures Consolidated Activity Report with respect to each account of a Clearing Participant the following:
 - (a) the incoming positions;
 - (b) the prior day's trades;
 - (c) the position changes;
 - (d) the closing positions; and
 - (e) the net dollar gain or net dollar loss for the day.
- (3) It shall be the responsibility of each Clearing Participant to ensure that the Futures Consolidated Activity Report is correct. If errors exist it shall be the further responsibility of each Clearing Participant where possible to reconcile such errors with the executing broker on the opposite side of the Exchange Transaction. If the difference cannot be reconciled, the trade must be reported to the Corporation as a rejected trade by both Clearing Participants participating in it.
- (4) Each Clearing Participant shall have until 3:00 p.m. (CT) of the Business Day following the day on which the trade took place to notify the Corporation, in the form prescribed, of any error. Unless such notification is received by the established cut-off hour, the Exchange Transactions accepted by the Corporation and as contained in the Futures Consolidated Activity Report shall be final and binding upon the Clearing Participants reported as parties to such transactions.
- (5) Each Clearing Participant shall be responsible to the Corporation in respect of each Exchange Transaction in Futures reported to the Corporation by an Exchange in which such Clearing Participant is identified as a purchasing Clearing Participant or selling Clearing Participant whether or not such Exchange report was correct unless the Corporation is notified of any errors in compliance with this Section C-201.
- (6) Each Clearing Participant shall be responsible for the prompt reporting to the Corporation of any subsequent information, relating to the trade data listed in paragraph C-201 (1), which becomes known and which will change the positions of that Clearing Participant as recorded by the Corporation.

RULE C-3 SETTLEMENT

Section C-301 Settlement Price

The Settlement Price of a Series of Futures for each day shall be the amount determined by the Exchange.

Section C-302 Settlement of Gains and Losses

- (1) The gain or loss on a Futures position which was opened on that Business Day shall be the difference between the Trade Price and the Settlement Price of that Series of Futures for that day.
- (2) The gain or loss on a Futures position which was both opened and closed on that Business Day shall be the difference between the two Trade Prices.
- (3) The gain or loss on a Futures position which was opened on a previous Business Day shall be the difference between the Settlement Price of that Series of Futures for the immediately preceding Business Day and the Settlement Price of that Series of Futures for that day.

Section C-303 Advance Call for Settlement of Losses

If the market conditions or price fluctuations are such that the Corporation deems it necessary, it may call upon any Clearing Participant which in its opinion is affected to deposit with the Corporation by such time as it shall specify, a certified cheque, bank transfer, wire transfer of funds or letter of credit (to the order of the Corporation in a form and from an issuer acceptable to the Corporation), for the amount of funds that it estimates will be needed to meet such losses as the Corporation considers may be necessary or advisable. Credit shall be given to the Clearing Participant for all such funds on the following Business Day.

Rule C-4

This section intentionally left blank

RULE C-5 DELIVERY OF UNDERLYING INTEREST OF FUTURES

Section C-501 Definitions

Notwithstanding Section A-102 for the purposes of Delivery of Underlying Interest of Futures the following terms shall have the following meanings respectively:

"Delivery" for purposes of the clearinghouse, delivery is one (1) day following tender when cash is exchanged for the Delivery Certificate.

"Delivery Certificate" - the certificate issued by the Exchange and guaranteed for physical delivery by Warrants on deposit at the Exchange.

"Security Funds" means any additional deposit(s) by a Clearing Participant required by the Corporation to be placed with the Corporation to ensure performance of a Clearing Participant's obligations; and

"Time of Delivery" means the time specified in the Exchange Rules by which a Clearing Participant must make delivery of, or accept delivery and make payment in respect of, an Underlying Interest without being considered to have failed in its obligations under these Rules.

Section C-502 Delivery Through the Corporation

Unless otherwise specified by the Corporation, delivery of the Delivery Certificate and payment therefor shall be made through the Corporation pursuant to the forms and procedures prescribed by it, having regard to the Contract Specifications and the by-laws and rules of the Exchange.

Section C-503 Submission of Tender Notice

- (1) A Clearing Participant acting on behalf of the seller of a Future may, subject to the Contract Specifications and the by-laws and rules of the Exchange, make delivery of the Delivery Certificate. A Clearing Participant desiring to make delivery shall submit to the Corporation a Tender Notice in such form and containing such information as the Corporation may prescribe. A Tender Notice shall be accepted only upon verification with the Exchange that all documentation is in place. Upon that verification, the Tender Notice will be irrevocable only at the request of the Exchange.
- (2) Every Clearing Participant holding a Short Position in a series of Futures at the close of business on the second last delivery day, in such series of Futures shall tender a Tender Notice in respect of such Short Position in accordance with the rules of the Exchange.
- (3) Where the day of submitting a Tender Notice or the day of Delivery is a holiday, the Corporation shall determine the day on which a Tender Notice may be submitted.
- (4) If a Clearing Participant fails to deliver a Tender Notice as required by these Rules, the Corporation will submit a Tender Notice on behalf of that Clearing Participant and, in addition to any other sanction which may be imposed by the Corporation under Rule A-5, a penalty of \$1,000 shall be assessed against and shall be payable by that Clearing Participant.

Section C-504 Acceptance of Tender Notice

A Tender Notice properly submitted to the Corporation in accordance with Section C-502, and where the underlying interest is properly secured by a letter of credit posted with, and verified by, the Exchange, shall be accepted by the Corporation for assignment at the end of such Business Day.

Section C-505 Assignment of Tender Notice

- (1) Tender Notices accepted by the Corporation shall be assigned, at the end of each Business Day on which the Contract Specifications permits Tender Notices to be tendered, in accordance with the Corporation's procedures of First In First Out ("FIFO") selection, to Clearing Participants with open Long Positions as of the close of trading on the day on which the Tender Notice is submitted.
- (2) A Tender Notice shall not be assigned to any Clearing Participant which has been suspended for default or insolvency. A Tender Notice assigned to a Clearing Participant which is subsequently so suspended shall be withdrawn and thereupon assigned to another Clearing Participant in accordance with this Section.

Section C-506 Notification of Tender and Assignment

The Corporation will issue a Futures Tenders and Assignments Report on the following Business Day to each Clearing Participant who submitted, or on whose behalf was submitted, a Tender Notice that was assigned and to each assigned Clearing Participant. Such Report shall identify the delivering Clearing Participant, the assigned Clearing Participant, the quantity and description of the Underlying Interest to be delivered, the delivery date, the Settlement Amount and the account.

Section C-507 Assignment of Tender Notices to Customers

Each Clearing Participant shall establish fixed procedures for the allocation of Tender Notices assigned to it in respect of a Long Position in the Clearing Participant's Client Account. The allocation shall be on a basis that is fair and equitable to the Clearing Participant's clients and consistent with the by-laws and rules of the Exchange and the Clearing Participant's SRO. Such allocation procedures and any changes thereto shall be reported to the Corporation on request.

Section C-508 Restriction on Allocation

No Clearing Participant shall permit, unless there is no alternative, the allocation of a Tender Notice in respect of a Long Position that was opened on the day of such allocation.

Section C-509 Evidence of Intent to Deliver

Prior to the last day of trading, each Clearing Participant shall require for each account on its books evidence sufficient for its purposes, that all positions in Futures which will not be offset on the last day of trading will be completed by delivery. If a customer of a Clearing Participant is unwilling or unable to provide such evidence, the Clearing Participant must liquidate the position on or before the last day of trading.

Section C-510 Obligation to Deliver

The Clearing Participant making delivery pursuant to a Future (the "delivering Clearing Participant") shall deliver such documents as are required by the Rules of the Exchange, to the assigned Clearing Participant (as defined below) against receipt of payment. The Clearing Participant who has been assigned to take delivery shall notify the Corporation, in writing, of non-delivery on or before 3:00 p.m. (CT) on the Delivery day. Delivery shall be made at such times as is provided in the by-laws, rules and

policies of the Exchange. Failure to provide such written notification deems delivery to have been properly completed.

Section C-511 Obligation to Take Delivery

A Clearing Participant who has been assigned to take delivery pursuant to a Future (the "assigned Clearing Participant") shall accept delivery of such documents as are required by the Rules of the Exchange, from the delivering Clearing Participant. The Clearing Participant delivering the required documents shall notify the Corporation, in writing, of non-acceptance of delivery on or before 3:00 p.m. (CT) on the Delivery Day. Failure to provide written notification deems delivery to have been properly completed.

Section C-512 Failure to Deliver

If the Clearing Participant required to make delivery under Section C-510 fails to complete such delivery by the time required for delivery in the by-laws, rules and policies of the Exchange and these Rules, the delivering Clearing Participant will be in default of its obligations. The Corporation may take or cause, authorize or require to be taken whatever steps it may deem necessary to effect delivery to or otherwise settle with, the assigned Clearing Participant. Without limiting the generality of the foregoing, the Corporation may acquire and deliver the Underlying Interest or a Delivery Certificate to the assigned Clearing Participant, reimburse or pay to the assigned Clearing Participant any additional financial costs incurred as a result of the assigned Clearing Participant acquiring the Underlying Interest on the open market, enter into an agreement with the assigned Clearing Participant and the delivering Clearing Participant relating to the failed delivery, and/or take such other action as the Corporation may, in its absolute discretion, deem appropriate or necessary in order to ensure that a Clearing Participant's obligations are fulfilled. In the event the cost of effecting delivery to, or otherwise settling with, the assigned Clearing Participant exceeds the settlement price at which the delivery was to be made, the defaulting Clearing Participant shall be liable for and shall promptly pay to the Corporation or the assigned Clearing Participant as the case may be, the amount of such difference.

Section C-513 Failure to Accept Delivery and Make Payment

If the Clearing Participant who is assigned a Tender Notice shall fail to accept delivery and make payment of the Settlement Amount to the delivering Clearing Participant, or shall fail to pay the Settlement Amount for the documents of conveyance in respect thereof delivered to it in Good Deliverable Form in fulfillment of a Tender Notice, and such refusal or failure shall continue beyond the time required for delivery in the By-laws, Rules and policies of the Exchange and these Rules, the assigned Clearing Participant shall be in default of its obligations. The Corporation, in addition to anything the Exchange may do, may take or cause, authorize or require to be taken whatever steps it deems necessary to effect payment to, or otherwise to settle with, the delivering Clearing Participant. Without limiting the generality of the foregoing, the Corporation or the delivering Clearing Participant may, upon notice to the defaulting assigned Clearing Participant and, if such action is taken by the delivering Clearing Participant, to the Corporation, sell out in the best available market, for the amount and liability of the defaulting assigned Clearing Participant, all or any part of the undelivered Underlying Interest. The defaulting assigned Clearing Participant shall be liable for and shall promptly pay to the delivering Clearing Participant or the Corporation as the case may be, the difference, if any, between the Settlement Amount of the undelivered Underlying Interest and the price at which such Underlying Interest was sold-out.

Section C-514 Penalties and Restrictions

- (1) The Board shall set by resolution, from time to time, the penalties payable in the event that a Clearing Participant fails to make delivery or fails to accept delivery and make payment when required to do so in accordance with the Rules and By-law; provided, however, that the penalty for any single failure shall not exceed \$250,000. The amount of these penalties shall be in addition to any other sanctions that may be imposed by the Corporation under Rule A-4 or Rule A-5 in respect of such a default. If a Clearing Participant fails to make delivery or accept delivery and make payment, as required under the Rules and By-law, such penalty shall be assessed against it

commencing as of the Time of Delivery and continuing until the defaulting Clearing Participant's obligations to the Corporation are fulfilled or the defaulting Clearing Participant is suspended pursuant to Rule A-4, whichever is the sooner.

- (2) Where at the Time of Delivery a delivering Clearing Participant fails to make delivery or an assigned Clearing Participant fails to accept delivery and make payment (a "defaulting Clearing Participant"), the defaulting Clearing Participant's clearing activities shall immediately be restricted to closing transactions as defined in these Rules, unless the Corporation determines that it is not necessary to impose such restriction, in whole or in part. This restriction shall continue until the defaulting Clearing Participant deposits Security Funds with the Corporation in accordance with Sections C-516 and C-517, or, if such funds are not deposited, until otherwise determined by the Chairman and any two directors. Nothing in this Section C-514(2) shall prevent the Corporation from immediately suspending a defaulting Clearing Participant under Rule A-4.

Section C-515 Notification of Failure to Make Delivery/Make Payment

- (1) The Corporation shall report a defaulting Clearing Participant, and all circumstances surrounding the transaction that the Corporation deems relevant or appropriate, to the Exchange, any appropriate SRO or regulatory agency, and to any other entity considered appropriate or necessary by the Corporation. Such notice may include, but is not restricted to, the following information: the identities of the delivering Clearing Participant and the assigned Clearing Participant, the notional value of the transaction, the issue to be delivered, the settlement amount and any other information considered appropriate or relevant by the Corporation.

Section C-516 Security Funds

For the purposes of these Rules, "Security Funds" shall mean cash or Government of Canada Securities with less than 1 year to maturity. In determining the amount required for deposit, Government of Canada Securities with less than 1 year to maturity shall be valued at 90% of their face value. Any interest earned on cash deposits will accrue to the Corporation.

Section C-517 Deposit of Security Funds

- (1) Where a Clearing Participant has defaulted on the delivery of provisions of the required document, it must provide to the Corporation, within one hour after the Time of Delivery, Security Funds in an amount equal to not less than 110% of the market value of the Underlying Interest to be delivered. Upon such delivery, the calculation of penalties and implementation of restrictions, as provided for in Section C-514, shall end. The deposit of the Security Funds with the Corporation as herein provided does not discharge any obligation of such Clearing Participant to the Corporation including the payment of any penalties or the payment of costs incurred by the Corporation in connection with the Clearing Participant's default, and does not preclude the suspension of such Clearing Participant under Rule A-4 or the assessment of additional sanctions under Rule A-5.
- (2) Where a Clearing Participant has failed to accept the delivery of the required documentation and make payment therefor, it must deliver to the Corporation, within one hour after the Time of Delivery, Security Funds equal to the settlement value, or, in the absolute discretion of the Corporation, in an amount equal to the difference between the liquidating value of the Underlying Interest and the settlement value, or such other amount as the Corporation may determine. Upon such delivery, the calculation of penalties and implementation of restrictions, as provided for in Section C-514, shall end. The deposit of the Security Funds with the Corporation, after the required delivery time, does not discharge any obligation of such Clearing Participant to the Corporation including the payment of any penalties or payment of costs incurred by the Corporation in connection with the Clearing Participant's default, and does not preclude the suspension of such Clearing Participant under Rule A-4 or the assessment of additional sanctions under Rule A-5.

- (3) The Security Funds deposited by a Defaulting Clearing Participant shall be used, together with the Defaulting Clearing Participant's margin or clearing fund deposits, any excess margin and clearing fund deposits placed by that Clearing Participant with the Corporation, and any other Clearing Participants' funds held by the Corporation for such purposes, by the Corporation to effect delivery of or make payment in respect of the Underlying Interest, or otherwise meet the Corporation's obligations in respect of the transaction.

Section C- 518 Effecting Delivery/Payment

- (1) Where a delivering Clearing Participant has failed to make a delivery or an assigned Clearing Participant has failed to accept a delivery and make payment therefor, the Corporation shall use any funds available to it for such purposes, in such manner as it shall, in its absolute discretion, consider appropriate, to effect delivery of or make payment in respect of the Underlying Interest, or otherwise settle such failed transaction. The Corporation will endeavour to effect delivery or make payment as soon as practicable, given the nature of the Underlying Interest and all of the circumstances of the particular transaction.
- (2) Where the Corporation has effected delivery of or made payment for the Underlying Interest, or otherwise settled the transaction, and the cost of so doing exceeds the Security Funds (if any) deposited under Section C-517, and the defaulting Member's margin or clearing fund deposits, the defaulting Clearing Participant shall be liable to and shall promptly pay the Corporation the amount of the excess, in addition to any penalties and other sanctions that may be assessed, and the Corporation's reasonable expenses, including legal fees.
- (3) Where the Corporation has effected delivery of or made payment for the Underlying Interest, or otherwise settled the transaction, and the cost of so doing is less than the Security Funds (if any) deposited under Section C-517, any excess, less all assessed penalties and reasonable expenses, including legal fees, incurred by the Corporation, will be promptly returned to the Clearing Participant.

Section C-519 Other Powers of the Corporation

Notwithstanding the foregoing, the Corporation shall have the power to require a defaulting Clearing Participant to deposit such other funds or security as the Corporation may, in its discretion, determine is necessary or advisable given the nature and value of the Underlying Interest and all of the circumstances of the failed transaction. A defaulting Clearing Participant shall cooperate fully with the Corporation in respect of the failed transaction and shall promptly provide the Corporation with such information relating thereto and to the defaulting Clearing Participant, as the Corporation may request.

Section C- 520 Suspension and Other Disciplinary Action

As provided for in Rules A-4 and A-5 and notwithstanding any penalties or restrictions imposed on the defaulting Clearing Participant pursuant to Section C-514, the Corporation may suspend or impose additional sanctions on a defaulting Clearing Participant.

Section C-521 Force Majeure

If delivery, settlement or acceptance or any precondition or requirement of either is prevented by strike, fire, accident, act of government, act of God or other emergency the affected Clearing Participant shall immediately notify the Exchange involved and the Corporation. The Exchange involved and the Corporation shall take such action as they deem necessary under the circumstances and their decision shall be binding upon all parties to the contract. Without limiting the generality of the foregoing, they may modify the Settlement Time and/or the settlement date; designate alternate delivery and settlement points or procedures in the event of conditions interfering with the normal operations of approved facilities or delivery and settlement process; and/or fix a Settlement Price.

RULE C-6 FUTURES SPECIFICATIONS

Section C-601 Designation of Futures

The Futures cleared through the Corporation shall be designated by reference to the Underlying Interest and the delivery or settlement day, month and year.

Section C-602 Approval of Underlying Interests and Contract Specifications

The Underlying Interest and Contract Specifications of Futures cleared through the Corporation shall be approved by the Board following the recommendation of the Exchange.

Section C-603 Government Orders, Rulings

Specifications shall be fixed as of the first day of trading of a Future except that all deliveries and settlements must conform to government regulations in force at the time of delivery or settlement. If any Canadian governmental agency or body issues an order, ruling, directive or law pertaining to the trading, government auction, delivery or settlement of the Underlying Interest of a Future, such order, ruling, directive, or law shall be construed to take precedence and become part of these rules and all Open Positions and new Futures shall be subject to such government order.

Section C-604 Contract Specifications

For particulars of the Futures Contracts, reference should be made to the By-Laws and Rules of the Exchange.

**WCE CLEARING CORPORATION (“WCECC”)
CLEARING PARTICIPANT PACKAGE**

This package contains:

- WCECC fee structure outline
- Application for Clearing Participant status in WCECC (2 copies)
- Corporate resolution to enter into the Application for Clearing Participant status
- Electronic data interchange agency agreement (ediaa) (2 copies)
- Corporation resolution to enter into agency agreement
- Form A-211 Application and Clearing Participant Agreement
- Form A-201 Designation of Clearing Office and Process Agent
- Form A-203 Certified List of Signatures or Representatives
- Form A-207 Certified List of WCECC Contacts
- Direction and Authorization (re: diaa) to Royal Bank and the Canadian Derivatives Clearing Corporation (2 copies)

Please ensure that you have received a copy of the WCECC By-law and Rules (Parts A, B, and C) and the Operations Manual and the By-law and Rules of Winnipeg Commodity Exchange Inc. (collectively the “WCECC Rules”) and have reviewed these documents thoroughly prior to completing the application. The application for membership incorporates the rules and operational manual by reference.

If you have any questions on this Clearing Participant Package, please contact Mike Gagné (925-5005) or Linda Cox Vincent (925-5009).

REQUIREMENTS FOR CLEARING PARTICIPANT STATUS IN WCECC

1. Maintain the capital requirements and file financial reports as required by the WCECC Rules and the requirements of any other SRO that the Clearing Participant is a member of.
2. Agree to abide by the terms and conditions of the WCECC Rules, as amended from time to time. This includes the maintenance of minimum deposits to Clearing Funds and payment of minimum monthly fees.
3. Have operations department staff capable of meeting all the requirements of the WCECC Rules.
4. Be approved by WCECC’s Board using the designated Application forms and Agreements.

NOTE: The minimum base deposits to the Clearing Fund are; \$75,000 for Clearing Participants that are approved for trading Futures only and \$100,000 for Clearing Participants that are approved for trading both Options and Futures.

WCECC FEE STRUCTURE

CLEARING FEES

	NON-CLEARING PARTICIPANT	CLEARING PARTICIPANT	ON FLOOR PROFESSIONAL
FUTURES			
Fees/per Contract	\$0.20	\$0.12	\$0.09
Tenders per contract	\$0.33	\$0.33	\$0.33
EFP	\$0.20	\$0.20	\$0.20
OPTIONS			
Fees/per Contract	\$0.20	\$0.12	\$0.09
Exercise Fees per contract	\$0.33	\$0.33	\$0.33

Minimum Monthly Clearing Fee is \$450 per month

FEES FOR SERVICES

Additional reports	\$15.00 per report plus \$0.15 per page per day.
Data Service:	
Series Information file	\$450.00/month (Clearing Participant) \$800.00/month (non-Clearing Participants)
Trade Rec.	\$450.00/month (Clearing Participants)
Directory of Clearing Organizations	\$10.00
Replacement Authorization Stamps	\$50.00
Lock Box Keys	\$10.00
Operations Manual	Two free to Clearing Participants Additional \$25.00 Non-Clearing Participants \$100.00
Notice to Clearing Participants	First is free; thereafter \$100.00 per name per month
Rules	Clearing Participants – 1 free copy Non-Clearing Participants \$200.00 Updates - \$100.00

WCE CLEARING CORPORATION

Application for Clearing Participant Status

TO: WCE Clearing Corporation
#400 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z4

The undersigned, (type Clearing Participant full legal name & full address)

(herein the “Clearing Participant”), applies for Clearing Participant status with WCE Clearing Corporation (“WCECC”) and acknowledges that, upon acceptance by WCECC, this application shall constitute a binding agreement between WCECC and the Clearing Participant upon the terms and subject to the conditions set forth herein.

1. **Definitions**

- 1.1 All capitalized terms used and not defined herein shall have the respective meanings ascribed thereto in the Rules of WCECC, as the Rules may from time to time be amended. In this application, the following terms will mean:
- (a) **“Collateral”** shall mean all securities, money, instruments, cheques, margin, Underlying Interest, all Positions which may from time to time be in the possession or control of WCECC or in the possession of a person acting on behalf of WCECC other than the Clearing Participant or an agent of the Clearing Participant, to secure the performance by the Clearing Participant of any of its obligations to WCECC under this Clearing Participant Agreement or the WCECC Rules;
 - (b) **“Exchange”** shall mean Winnipeg Commodity Exchange Inc.
 - (c) **"Clearing Participant Agreement"** shall mean the agreement which results from the acceptance by WCECC of this application;
 - (d) **“money”** shall mean a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

- (e) “person” shall include an individual, a corporation, a partnership, a co-operative, a trust and an unincorporated organization or association;
- (f) “WCECC Rules” shall mean the Rules of WCECC, the By-Law of WCECC and the Operations Manual of WCECC, as any such rules, by-laws and manual may from time to time be amended, changed, supplemented or replaced in whole or in part.

2. **Agreement of Clearing Participant to be Bound by WCECC By-law and Rules and Exchange By-law and Rules**

- 2.1 The WCECC Rules and the Exchange By-law and Rules are hereby incorporated in the Clearing Participant Agreement by reference, and shall form part of the Clearing Participant Agreement as though they were reproduced herein in their entirety. The said By-law and Rules are also incorporated by reference in each contract or transaction that the Clearing Participant, while a Clearing Participant, conducts or is required to conduct through the facilities of WCECC.
- 2.2 The Clearing Participant acknowledges receipt from WCECC of a copy of the WCECC Rules and the Exchange By-law and Rules, as in effect at the time of submission to WCECC of this application, and agrees to be bound by the provisions thereof. WCECC agrees that it will provide the Clearing Participant from time to time with notice of amendments, changes or supplements to the WCECC Rules and the Exchange By-law and Rules on a timely basis, on the Exchange website, provided however, that the failure of WCECC to provide the Clearing Participant with notice of any such amendments, changes or supplements shall not relieve the Clearing Participant of its obligation to comply with the said By-law and Rules as so amended, changed or supplemented.
- 2.3 In providing its services, WCECC is subject to certain domestic and foreign laws, rules, regulations and treaties, and to agreements entered into, instruments and declarations made and acts done by WCECC. The Clearing Participant must comply therewith upon release of the text or being informed by WCECC of the provisions thereof.

3. **Conduct of Transactions Through the Facilities of WCECC**

- 3.1 The Clearing Participant shall directly clear or settle through WCECC every Exchange Transaction to which it may be a party.

4. **Counterpart Substitution**

- 4.1 Where the WCECC Rules provide for counterpart substitution, then upon WCECC recording its acceptance of an Exchange Transaction, such transaction and the obligation and right between Clearing Participants or with WCECC arising thereunder, are replaced through novation by two new contracts whereby:

- (a) WCECC is substituted as, and assumes the position of, seller to the buyer and buyer to the seller in the relevant transaction on the long and short sides; and
- (b) upon this substitution, each Clearing Participant is deemed to have bought the contract from or sold the contract to WCECC, as the case may be, and WCECC and each Clearing Participant have all the rights and all the liabilities of their respective contract with respect to such transaction.

These new contracts are subject to this Agreement and otherwise to the same terms as the original Exchange Transaction, Exercise Notice or Tender Notice replaced by them.

In any case of default of any Clearing Participant, the Corporation as a substituted counterpart does not have any obligation other than to make or receive any payment, credit or delivery to or from any Clearing Participant for any amount of funds, Series of Options, Series of Futures, Delivery Certificates or Underlying Interest. This obligation of the Corporation is strictly limited to those financial resources reasonably and immediately available to it pursuant to the Rules. The Corporation is expressly discharged from any obligation beyond such resources, any net amount of funds or quantity of Series or Options, Series of Futures, Delivery Certificates, or Underlying Interest payable by or receivable from a Clearing Participant shall be charged back to any Clearing Participant.

This substitution by novation is effective in law for all purposes.

5. **Security Interest.**

5.1 To guarantee the due payment and performance of all its financial and other obligations arising under this Agreement, Clearing Participant pledges, hypothecates and gives to WCECC a security interest in the Margin Deposits dealt with pursuant to the Rules.

- (a) Clearing Participant shall execute and deliver to WCECC such financing statements and other documents as the Corporation may request for the purpose of confirming or perfecting this pledge, hypothec and security interest.
- (b) The Clearing Participant will assure that all securities and other assets furnished or deposited by the Clearing Participant to or with the Corporation or through an Approved Depository, in pledge, hypothec or as security interest:
 - (i) are the sole legal and beneficial property of the Clearing Participant or are furnished or deposited with the legal and beneficial owner's unconditional consent and free of such owner's interest. The Clearing Participant shall not furnish or deposit securities or other

assets to or with the Corporation in pledge, hypothec or as security interest and Margin Deposits otherwise than in conformity to this Agreement. It shall be accepted by every person dealing on the terms of this Agreement that the Clearing Participant has such person's unconditional consent to furnish or deposit to or with the Corporation in pledge, hypothec or as security interest and Margin Deposits for the purposes hereof any securities or other assets of such person and free of any person's interest; and

- (ii) are negotiable and meet the rules of good delivery, and the Clearing Participant shall indemnify and save harmless the Corporation against any claim, action, demand, loss or expense which may be made against or suffered or incurred by the Corporation in the event that any securities deposited by the Clearing Participant are not negotiable and do not meet the rules of good delivery.

6. The Clearing Participant, forthwith upon the acceptance by WCECC of this application, shall establish arrangements satisfactory to WCECC for the conduct of business with WCECC.
7. The Clearing Participant shall pay to WCECC the fees provided for in the WCECC Rules for clearing and other services rendered to the Clearing Participant and such fines as may be imposed in accordance with the WCECC Rules for the failure of the Clearing Participant to comply therewith while a Clearing Participant.
8. Upon the acceptance by WCECC of this application, the Clearing Participant shall make such payments to or in respect of the Clearing Fund as may be required from time to time pursuant to the WCECC Rules (including any initial deposit required as a condition to the acceptance by WCECC of this application), and shall maintain any minimum capital requirements required to be maintained by the Clearing Participant pursuant to the WCECC Rules.
9. The Clearing Participant's books and records specified in WCECC Rules shall at all times be open for the inspection by the duly authorized representatives of WCECC or its agents, and WCECC shall furnish on request all such information in its possession in respect of the Clearing Participant's business and transactions as the Clearing Participant may require. The right of WCECC to inspect such books and records of the Clearing Participant and to require information concerning the Clearing Participant's business shall continue for seven (7) years following the termination of the Clearing Participant's status as a Clearing Participant of WCECC but shall be limited to the books, records and business dealings of the Clearing Participant maintained or entered into while the Clearing Participant was a Clearing Participant of WCECC.
10. The Clearing Participant shall establish a separate bank account for each currency in which Exchange Transactions that it enters into are settled, prior to trading in that currency.

11. The Clearing Participant hereby authorizes WCECC to withdraw funds from a bank account to be established and designated by the Clearing Participant pursuant to the WCECC Rules to satisfy settlement of premiums, margin, clearing fund payments and clearing fees in accordance with the WCECC Rules.
12. **Additional Representations and Warranties of the Clearing Participant**
 - 12.1 The Clearing Participant represents and warrants to WCECC as follows, and acknowledges that WCECC is relying upon such representations and warranties and all other representations and warranties of the Clearing Participant contained herein in connection with this application:
 - (a) the Clearing Participant has all necessary power and authority to enter into this Agreement, and neither the execution nor delivery of this Agreement, nor any act to be performed pursuant thereto by WCECC or by or on behalf of the Clearing Participant, will violate the Clearing Participant's constating documents or by-laws or any other agreements to which the Clearing Participant is a party or by which the Clearing Participant's property is bound or any provision of law applicable to the Clearing Participant;
 - (b) the Clearing Participant has operations department staff capable of meeting all the requirements of the WCECC Rules.
13. The rights of the Clearing Participant under this Agreement shall not be assignable without the prior written consent of WCECC. WCECC may assign all or part of it rights and obligations under this Agreement.
14. **Survival.** Notwithstanding a suspension, termination, withdrawal, arbitration or other proceedings, the Clearing Participant remains bound by this Agreement as to all matters and Exchange Transactions occurring while a Clearing Participant and thereafter occurring with or through WCECC.
15. **Jurisdiction.** With respect to any suit, action or proceeding relating to this Agreement, the Clearing Participant and WCECC irrevocably:
 - (a) submit to the jurisdiction of the Court of Queen's Bench Manitoba, in the City of Winnipeg, Province of Manitoba;
 - (b) waive any objection that the Clearing Participant or WCECC may have to the laying of venue of any suit, action or proceeding brought in any such Court, and any claim that such suit, action or proceeding have been brought in an inconvenient forum and further waive the right to object that such court does not have any jurisdiction over such party;
 - (c) waive with respect to themselves and their revenues and assets, irrespective of their use or intended use, all immunity on the grounds of sovereignty or

other similar grounds from suit, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets whether before or after judgement, and execution or enforcement of any judgement to which it or its revenues or assets might otherwise be entitled in any suit, action or proceeding in the courts of any jurisdiction; and

(d) waive the right to claim any such immunity.

16. **Governing Laws.**

In consideration of the uniform application of all rights and obligations of WCECC and the Clearing Participant arising pursuant to this Agreement, and for the processing of all services by WCECC from a single location servicing a computer network, all such rights and obligations and this Agreement are governed and construed exclusively in accordance with the laws of the Province of Manitoba and of Canada applicable therein, as if all parties were residents of and the Clearing Agreement obligations were performed in Manitoba, without regard to applicable conflict of laws doctrine or provisions.

17. For the purposes of this Clearing Participant Agreement and the WCECC Rules, WCECC shall be entitled to rely and act upon written instructions signed or purporting to be signed on behalf of the Clearing Participant by any one of its authorized signatories named on any list of authorized signatories furnished by the Clearing Participant to WCECC at any time or from time to time or stamped with a stamp in a form designated by the Clearing Participant as being an authorized form of stamp. WCECC shall be under no obligation to ensure the genuineness or validity of any signature purporting to be that of an authorized signatory of the Clearing Participant or any stamp purporting to be an authorized stamp, and WCECC shall have no responsibility in the event that any such signature or stamp is forged or unauthorized or in the event that the written instructions signed or purporting to be signed or stamped on behalf of the Clearing Participant are otherwise invalid or ineffective.

18. (a) The office of the Clearing Participant, for the purpose of day-to-day operations, shall be at the following location:

Address: _____

Telephone Number(s): _____

Facsimile Number(s): _____

Operational Contact Person: _____

(for day to day contact) _____
(phone) (cell phone)

- (b) The self-regulatory organization responsible for audits, where applicable, shall be:

- (c) Each Clearing Participant must appoint a Company Representative who has the authority to decide matters of policy and to bind the Clearing Participant with respect to all matters. Our Company Representative will be:

(Name, phone and cell phone number)

19. Time shall be of the essence of this Agreement.
20. The parties hereto have expressly requested that this Agreement and all documents, instruments, notices and agreements relating hereto be drawn up in the English language. Les parties aux présentes ont demandé expressément que la présente convention ainsi que tous les documents, actes, avis et conventions s’y rattachant soient rédigés en langue anglaise.
21. **Invalid Provision.** Any prohibited, unenforceable or invalid provision in this Agreement is ineffective and deemed severed from this Agreement without affecting the enforceability of the remaining provisions thereof.
22. **Interpretation.** In case of any inconsistency in this Agreement between its provisions and those of the WCECC Rules, the Agreement prevails, and between the Rules and the Operations Manual, the Rules prevail for the purpose of the relevant Exchange Transaction.
23. **CDCC as Agent of:** The Clearing Participant acknowledges that WCECC and the Exchange have entered into a services agreement with the Canadian Derivatives Clearing

Corporation (CDCC) to provide certain clearing and risk management services to WCECC. Any requests made of the Clearing Participant by CDCC pursuant to the provisions of its service agreement with WCE and WCECC shall be dealt with and responded to by the Clearing Participant as if such request(s) had been made by WCECC or WCE.

24. The Clearing Participant acknowledges receipt of a copy of this Clearing Participant Agreement.

Dated as of this _____ day of _____, 20 _____.

(Type full correct legal name of Clearing Participant)

(Complete mailing address of Clearing Participant)

per _____
(Authorized Signatory)

(Name and Title of Authorized Signatory)

per _____
(Authorized Signatory)

(Name and Title of Authorized Signatory)

Accepted and agreed to this _____ day of _____, 20 _____.

WCE CLEARING CORPORATION

per _____

(Name and Title of Authorized Signatory)

NOTES:

Clearing Participant status in WCECC does not confer trading rights on the Exchange. A Separate application to qualify as a Trading Participant with trading privileges must be made and approved by the Exchange before trading can commence.

Trading in futures and/or options cannot commence under the Clearing Participant's trading numbers until Clearing Participant status has been confirmed in writing and all relevant Clearing Fund deposits have been received by WCECC.

The base deposits to the Clearing Fund(s) are currently \$75,000 for Futures and \$100,000 for Futures and Options.

Upon withdrawal from Clearing Participant status, deposits to the Clearing Fund(s) will be returned only after all clearing fees and other moneys owed to WCECC have been paid and a thirty (30) day period has elapsed, all in accordance with the Rules.

WCE CLEARING CORPORATION

Application for Clearing Participant Status

TO: WCE Clearing Corporation
#400 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z4

The undersigned, (type Clearing Participant full legal name & full address)

(herein the “Clearing Participant”), applies for Clearing Participant status with WCE Clearing Corporation (“WCECC”) and acknowledges that, upon acceptance by WCECC, this application shall constitute a binding agreement between WCECC and the Clearing Participant upon the terms and subject to the conditions set forth herein.

1. **Definitions**

- 1.1 All capitalized terms used and not defined herein shall have the respective meanings ascribed thereto in the Rules of WCECC, as the Rules may from time to time be amended. In this application, the following terms will mean:
- (a) **“Collateral”** shall mean all securities, money, instruments, cheques, margin, Underlying Interest, all Positions which may from time to time be in the possession or control of WCECC or in the possession of a person acting on behalf of WCECC other than the Clearing Participant or an agent of the Clearing Participant, to secure the performance by the Clearing Participant of any of its obligations to WCECC under this Clearing Participant Agreement or the WCECC Rules;
 - (b) **“Exchange”** shall mean Winnipeg Commodity Exchange Inc.
 - (c) **"Clearing Participant Agreement"** shall mean the agreement which results from the acceptance by WCECC of this application;
 - (d) **“money”** shall mean a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

- (e) “person” shall include an individual, a corporation, a partnership, a co-operative, a trust and an unincorporated organization or association;
- (f) “WCECC Rules” shall mean the Rules of WCECC, the By-Law of WCECC and the Operations Manual of WCECC, as any such rules, by-laws and manual may from time to time be amended, changed, supplemented or replaced in whole or in part.

2. **Agreement of Clearing Participant to be Bound by WCECC By-law and Rules and Exchange By-law and Rules**

- 2.1 The WCECC Rules and the Exchange By-law and Rules are hereby incorporated in the Clearing Participant Agreement by reference, and shall form part of the Clearing Participant Agreement as though they were reproduced herein in their entirety. The said By-law and Rules are also incorporated by reference in each contract or transaction that the Clearing Participant, while a Clearing Participant, conducts or is required to conduct through the facilities of WCECC.
- 2.2 The Clearing Participant acknowledges receipt from WCECC of a copy of the WCECC Rules and the Exchange By-law and Rules, as in effect at the time of submission to WCECC of this application, and agrees to be bound by the provisions thereof. WCECC agrees that it will provide the Clearing Participant from time to time with notice of amendments, changes or supplements to the WCECC Rules and the Exchange By-law and Rules on a timely basis, on the Exchange website, provided however, that the failure of WCECC to provide the Clearing Participant with notice of any such amendments, changes or supplements shall not relieve the Clearing Participant of its obligation to comply with the said By-law and Rules as so amended, changed or supplemented.
- 2.3 In providing its services, WCECC is subject to certain domestic and foreign laws, rules, regulations and treaties, and to agreements entered into, instruments and declarations made and acts done by WCECC. The Clearing Participant must comply therewith upon release of the text or being informed by WCECC of the provisions thereof.

3. **Conduct of Transactions Through the Facilities of WCECC**

- 3.1 The Clearing Participant shall directly clear or settle through WCECC every Exchange Transaction to which it may be a party.

4. **Counterpart Substitution**

- 4.1 Where the WCECC Rules provide for counterpart substitution, then upon WCECC recording its acceptance of an Exchange Transaction, such transaction and the obligation and right between Clearing Participants or with WCECC arising thereunder, are replaced through novation by two new contracts whereby:

- (a) WCECC is substituted as, and assumes the position of, seller to the buyer and buyer to the seller in the relevant transaction on the long and short sides; and
- (b) upon this substitution, each Clearing Participant is deemed to have bought the contract from or sold the contract to WCECC, as the case may be, and WCECC and each Clearing Participant have all the rights and all the liabilities of their respective contract with respect to such transaction.

These new contracts are subject to this Agreement and otherwise to the same terms as the original Exchange Transaction, Exercise Notice or Tender Notice replaced by them.

In any case of default of any Clearing Participant, the Corporation as a substituted counterpart does not have any obligation other than to make or receive any payment, credit or delivery to or from any Clearing Participant for any amount of funds, Series of Options, Series of Futures, Delivery Certificates, Bills of Lading or Underlying Interest. This obligation of the Corporation is strictly limited to those financial resources reasonably and immediately available to it pursuant to the Rules. The Corporation is expressly discharged from any obligation beyond such resources, any net amount of funds or quantity of Series or Options, Series of Futures, Delivery Certificates, or Underlying Interest payable by or receivable from a Clearing Participant shall be charged back to any Clearing Participant.

This substitution by novation is effective in law for all purposes.

5. **Security Interest.**

5.1 To guarantee the due payment and performance of all its financial and other obligations arising under this Agreement, Clearing Participant pledges, hypothecates and gives to WCECC a security interest in the Margin Deposits dealt with pursuant to the Rules.

- (a) Clearing Participant shall execute and deliver to WCECC such financing statements and other documents as the Corporation may request for the purpose of confirming or perfecting this pledge, hypothec and security interest.
- (b) The Clearing Participant will assure that all securities and other assets furnished or deposited by the Clearing Participant to or with the Corporation or through an Approved Depository, in pledge, hypothec or as security interest:
 - (i) are the sole legal and beneficial property of the Clearing Participant or are furnished or deposited with the legal and beneficial owner's unconditional consent and free of such owner's interest. The Clearing Participant shall not furnish or deposit securities or other

assets to or with the Corporation in pledge, hypothec or as security interest and Margin Deposits otherwise than in conformity to this Agreement. It shall be accepted by every person dealing on the terms of this Agreement that the Clearing Participant has such person's unconditional consent to furnish or deposit to or with the Corporation in pledge, hypothec or as security interest and Margin Deposits for the purposes hereof any securities or other assets of such person and free of any person's interest; and

- (ii) are negotiable and meet the rules of good delivery, and the Clearing Participant shall indemnify and save harmless the Corporation against any claim, action, demand, loss or expense which may be made against or suffered or incurred by the Corporation in the event that any securities deposited by the Clearing Participant are not negotiable and do not meet the rules of good delivery.

6. The Clearing Participant, forthwith upon the acceptance by WCECC of this application, shall establish arrangements satisfactory to WCECC for the conduct of business with WCECC.
7. The Clearing Participant shall pay to WCECC the fees provided for in the WCECC Rules for clearing and other services rendered to the Clearing Participant and such fines as may be imposed in accordance with the WCECC Rules for the failure of the Clearing Participant to comply therewith while a Clearing Participant.
8. Upon the acceptance by WCECC of this application, the Clearing Participant shall make such payments to or in respect of the Clearing Fund as may be required from time to time pursuant to the WCECC Rules (including any initial deposit required as a condition to the acceptance by WCECC of this application), and shall maintain any minimum capital requirements required to be maintained by the Clearing Participant pursuant to the WCECC Rules.
9. The Clearing Participant's books and records specified in WCECC Rules shall at all times be open for the inspection by the duly authorized representatives of WCECC or its agents, and WCECC shall furnish on request all such information in its possession in respect of the Clearing Participant's business and transactions as the Clearing Participant may require. The right of WCECC to inspect such books and records of the Clearing Participant and to require information concerning the Clearing Participant's business shall continue for seven (7) years following the termination of the Clearing Participant's status as a Clearing Participant of WCECC but shall be limited to the books, records and business dealings of the Clearing Participant maintained or entered into while the Clearing Participant was a Clearing Participant of WCECC.
10. The Clearing Participant shall establish a separate bank account for each currency in which Exchange Transactions that it enters into are settled, prior to trading in that currency.

11. The Clearing Participant hereby authorizes WCECC to withdraw funds from a bank account to be established and designated by the Clearing Participant pursuant to the WCECC Rules to satisfy settlement of premiums, margin, clearing fund payments and clearing fees in accordance with the WCECC Rules.
12. **Additional Representations and Warranties of the Clearing Participant**
 - 12.1 The Clearing Participant represents and warrants to WCECC as follows, and acknowledges that WCECC is relying upon such representations and warranties and all other representations and warranties of the Clearing Participant contained herein in connection with this application:
 - (a) the Clearing Participant has all necessary power and authority to enter into this Agreement, and neither the execution nor delivery of this Agreement, nor any act to be performed pursuant thereto by WCECC or by or on behalf of the Clearing Participant, will violate the Clearing Participant's constating documents or by-laws or any other agreements to which the Clearing Participant is a party or by which the Clearing Participant's property is bound or any provision of law applicable to the Clearing Participant;
 - (b) the Clearing Participant has operations department staff capable of meeting all the requirements of the WCECC Rules.
13. The rights of the Clearing Participant under this Agreement shall not be assignable without the prior written consent of WCECC. WCECC may assign all or part of it rights and obligations under this Agreement.
14. **Survival.** Notwithstanding a suspension, termination, withdrawal, arbitration or other proceedings, the Clearing Participant remains bound by this Agreement as to all matters and Exchange Transactions occurring while a Clearing Participant and thereafter occurring with or through WCECC.
15. **Jurisdiction.** With respect to any suit, action or proceeding relating to this Agreement, the Clearing Participant and WCECC irrevocably:
 - (a) submit to the jurisdiction of the Court of Queen's Bench Manitoba, in the City of Winnipeg, Province of Manitoba;
 - (b) waive any objection that the Clearing Participant or WCECC may have to the laying of venue of any suit, action or proceeding brought in any such Court, and any claim that such suit, action or proceeding have been brought in an inconvenient forum and further waive the right to object that such court does not have any jurisdiction over such party;
 - (c) waive with respect to themselves and their revenues and assets, irrespective of their use or intended use, all immunity on the grounds of sovereignty or

other similar grounds from suit, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets whether before or after judgement, and execution or enforcement of any judgement to which it or its revenues or assets might otherwise be entitled in any suit, action or proceeding in the courts of any jurisdiction; and

(d) waive the right to claim any such immunity.

16. **Governing Laws.**

In consideration of the uniform application of all rights and obligations of WCECC and the Clearing Participant arising pursuant to this Agreement, and for the processing of all services by WCECC from a single location servicing a computer network, all such rights and obligations and this Agreement are governed and construed exclusively in accordance with the laws of the Province of Manitoba and of Canada applicable therein, as if all parties were residents of and the Clearing Agreement obligations were performed in Manitoba, without regard to applicable conflict of laws doctrine or provisions.

17. For the purposes of this Clearing Participant Agreement and the WCECC Rules, WCECC shall be entitled to rely and act upon written instructions signed or purporting to be signed on behalf of the Clearing Participant by any one of its authorized signatories named on any list of authorized signatories furnished by the Clearing Participant to WCECC at any time or from time to time or stamped with a stamp in a form designated by the Clearing Participant as being an authorized form of stamp. WCECC shall be under no obligation to ensure the genuineness or validity of any signature purporting to be that of an authorized signatory of the Clearing Participant or any stamp purporting to be an authorized stamp, and WCECC shall have no responsibility in the event that any such signature or stamp is forged or unauthorized or in the event that the written instructions signed or purporting to be signed or stamped on behalf of the Clearing Participant are otherwise invalid or ineffective.

18. (a) The office of the Clearing Participant, for the purpose of day-to-day operations, shall be at the following location:

Address: _____

Telephone Number(s): _____

Facsimile Number(s): _____

Operational Contact Person: _____

(for day to day contact) _____
(phone) (cell phone)

- (b) The self-regulatory organization responsible for audits, where applicable, shall be:

- (c) Each Clearing Participant must appoint a Company Representative who has the authority to decide matters of policy and to bind the Clearing Participant with respect to all matters. Our Company Representative will be:

(Name, phone and cell phone number)

19. Time shall be of the essence of this Agreement.
20. The parties hereto have expressly requested that this Agreement and all documents, instruments, notices and agreements relating hereto be drawn up in the English language. Les parties aux présentes ont demandé expressément que la présente convention ainsi que tous les documents, actes, avis et conventions s’y rattachant soient rédigés en langue anglaise.
21. **Invalid Provision.** Any prohibited, unenforceable or invalid provision in this Agreement is ineffective and deemed severed from this Agreement without affecting the enforceability of the remaining provisions thereof.
22. **Interpretation.** In case of any inconsistency in this Agreement between its provisions and those of the WCECC Rules, the Agreement prevails, and between the Rules and the Operations Manual, the Rules prevail for the purpose of the relevant Exchange Transaction.
23. **CDCC as Agent of:** The Clearing Participant acknowledges that WCECC and the Exchange have entered into a services agreement with the Canadian Derivatives Clearing

Corporation (CDCC) to provide certain clearing and risk management services to WCECC. Any requests made of the Clearing Participant by CDCC pursuant to the provisions of its service agreement with WCE and WCECC shall be dealt with and responded to by the Clearing Participant as if such request(s) had been made by WCECC or WCE.

24. The Clearing Participant acknowledges receipt of a copy of this Clearing Participant Agreement.

Dated as of this _____ day of _____, 20 _____.

(Type full correct legal name of Clearing Participant)

(Complete mailing address of Clearing Participant)

per _____
(Authorized Signatory)

(Name and Title of Authorized Signatory)

per _____
(Authorized Signatory)

(Name and Title of Authorized Signatory)

Accepted and agreed to this _____ day of _____, 20 _____.

WCE CLEARING CORPORATION

per _____

(Name and Title of Authorized Signatory)

NOTES:

Clearing Participant status in WCECC does not confer trading rights on the Exchange. A Separate application to qualify as a Trading Participant with trading privileges must be made and approved by the Exchange before trading can commence.

Trading in futures and/or options cannot commence under the Clearing Participant's trading numbers until Clearing Participant status has been confirmed in writing and all relevant Clearing Fund deposits have been received by WCECC.

The base deposits to the Clearing Fund(s) are currently \$75,000 for Futures and \$100,000 for Futures and Options.

Upon withdrawal from Clearing Participant status, deposits to the Clearing Fund(s) will be returned only after all clearing fees and other moneys owed to WCECC have been paid and a thirty (30) day period has elapsed, all in accordance with the Rules.

**Application and
Clearing Agreement**

**Certified Copy of a Resolution
of the Applicant's Board of Directors**

Clearing Participant status in WCECC and Collateral Obligation

RESOLVED THAT

The Corporation be and its is hereby authorized to apply to become a Clearing Participant of WCE Clearing Corporation (WCECC) and to complete the Application and forms prescribed by WCECC and to grant to WCECC a pledge and the security interests in the Collateral contemplated therein;

Any two directors or officers of the Corporation be and they are hereby authorized to execute for and in the name of an on behalf of the Corporation the Application required by WCECC and to execute such other agreements, documents or instruments as they may consider necessary or desirable for the purposes of the Corporation becoming a Clearing Participant of WCECC; and

Upon acceptance, execution and delivery of the Application by WCECC, this Agreement of WCECC will constitute a binding and enforceable agreement of the Corporation pursuant to its terms and conditions.

The undersigned, _____, being the
of _____ (the "Corporation") hereby certifies that the
foregoing is a true and correct copy of the resolution passed by the Board of Directors of the
Corporation at a meeting duly called and held on _____, 20 _____ at
which a quorum was present and acting throughout, and that such resolution remains in full force
and effect, unchanged.

Dated the _____ day of _____, 20 _____ .

(Signature)

(Name – Please Print)

(Title)

ELECTRONIC DATA INTERCHANGE AGENCY AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 20 _____ .

B E T W E E N:

WCE Clearing Corporation
a corporation existing under the laws of Manitoba,

(hereinafter referred to as "WCECC")

OF THE FIRST PART,

- and -

a corporation incorporated under the laws of _____,

(hereinafter referred to as the "Clearing Participant"),

OF THE SECOND PART.

WHEREAS the Clearing Participant is a WCECC Clearing Participant and clears and settles through WCECC every Exchange Transaction (as such term is defined in the Rules) to which the Clearing Participant is a party;

AND WHEREAS the Clearing Participant's membership in WCECC is governed by its Clearing Participant Agreement with the WCECC ("Clearing Participant Agreement") the By-law and Rules of WCECC and the By-law and Rules of the Exchange (collectively the "Rules");

AND WHEREAS the Clearing Participant has established a separate bank account for settling Exchange Transactions in each currency in which the Clearing Participant trades (the "Settlement Accounts");

AND WHEREAS the Clearing Participant is required pursuant to the Rules to satisfy settlement of premiums, margin and clearing fund payments in accordance with the Rules, and pursuant to the Clearing Participant Agreement, the Rules and otherwise to make payments and satisfy obligations of the Clearing Participant to WCECC;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereby covenant and agree as follows:

1. **Definitions**

Unless otherwise defined in this Agreement, words shall have the meanings ascribed to them in the Rules and the Clearing Participant Agreement.

2. **Appointment of Agent**

- (a) The Clearing Participant hereby appoints WCECC to act as its agent solely for the purpose of making electronic payments from its Settlement Accounts in settlement of premiums, margin and clearing fund payments in accordance with the Rules, and any other payments and obligations owed to WCECC by the Clearing Participant in accordance with the Clearing Participant Agreement, the Rules or otherwise, and WCECC hereby accepts such appointment upon the terms and conditions hereinafter set forth.
- (b) WCECC is authorized by the Clearing Participant to authorize and effect by electronic data interchange from the Settlement Accounts payment of all premiums, margin and clearing fund payments of the Clearing Participant to WCECC in accordance with the Rules and any other payments and obligations owed by the Clearing Participant to WCECC in accordance with the Clearing Participant Agreement, the Rules or otherwise. This includes, but is not limited to:
 - (i) authorizing and effecting the debiting of the Settlement Accounts as required, to the extent such accounts have sufficient funds, for the purpose of enabling the Clearing Participant to comply with its obligations to make settlement and other payments under the Rules; and
 - (ii) generally carrying out all such other actions as are necessary or desirable to enable the Clearing Participant to fulfil its obligations to WCECC under the Rules, the Clearing Participant Agreement or otherwise.
- (c) The Clearing Participant hereby authorizes WCECC to take possession of and control access to its electronic data interchange security key and password for the Settlement Accounts. WCECC agrees to keep secure such electronic data interchange security key and password by exercising the same degree of care as WCECC exercises over its own electronic data interchange security key and password.
- (d) Nothing in this agreement shall abrogate from the Clearing Participant's obligations under its Clearing Participant Agreement, the Rules or otherwise to maintain sufficient funds in the Settlement Accounts for the purposes of ensuring complete and timely settlement of the Clearing Participant's obligations under the Clearing Participant Agreement, the Rules and otherwise.

3. Representations and Warranties

The Clearing Participant represents and warrants to WCECC, and acknowledges that WCECC is relying upon these representations and warranties, that:

- (a) the Clearing Participant has all necessary power and authority to enter into this Agreement and to appoint WCECC as its agent in respect of the Settlement Accounts, and neither the execution nor delivery of this Agreement, nor any act to be performed pursuant thereto by WCECC or by or on behalf of the Clearing Participant, will violate the Clearing Participant's constating documents or by-laws or any other agreement to which the Clearing Participant is a party or by which the Clearing Participant's property is bound or any provision of law applicable to the Clearing Participant;
- (b) the Clearing Participant has not appointed any agents in respect of the Settlement Accounts other than WCECC; and
- (c) the electronic data interchange security key and password provided by the Clearing Participant to WCECC is currently effective in respect of the Settlement Accounts. In the event it becomes necessary to change the Clearing Participant's electronic data interchange security key or password, the Clearing Participant hereby authorizes and consents to WCECC making such a change. If the Clearing Participant itself makes such a change to its electronic data interchange security key or password, it agrees to provide WCECC with reasonable notice of the change and with the new or replacement electronic data interchange security key and password prior to the change taking effect.

4. Limits on Liability

- (a) Except in the case of negligence or fraud by WCECC, WCECC shall not be liable for any act or any omission of any act performed in accordance with its duties as Agent pursuant to the terms of this Agreement, including, but without limiting the generality of the foregoing, any claims for liability arising with respect to the settlement or payment of any amount WCECC believes is payable by the Clearing Participant under the Clearing Participant Agreement, the Rules or otherwise, regardless of whether the Clearing Participant may dispute the obligation to make such settlement or payment, or the amount of such settlement or payment.
- (b) WCECC may act upon any signature, certificate or other document believed by it to be genuine and believed by it to have been signed by the properly authorized person or persons on behalf of the Clearing Participant, or on any verbal instructions received by WCECC from any person WCECC believes to be the properly authorized person acting on behalf of the Clearing Participant.
- (c) The Clearing Participant acknowledges that WCECC also transmits electronic data interchange payments on behalf of other WCECC Clearing Participants. The

Clearing Participant further acknowledges that, for ease of operations, a common electronic data interchange security key and password may be shared among the Clearing Participants of WCECC who are customers of one financial institution. The Clearing Participant consents to such arrangement and waives all claims against WCECC arising by reason of the use of a common electronic data interchange security key or password, except in the case of negligence or fraud on the part of WCECC.

5. Indemnities

The Clearing Participant hereby agrees to indemnify WCECC and its directors, officers and employees and hold them harmless from any losses, claims, damages, liabilities, costs and expenses which may arise, directly or indirectly, from any acts performed or omitted in accordance with the provisions of this Agreement or with the provisions of the Rules.

6. Termination

- (a) The appointment of WCECC as agent for the Clearing Participant under this Agreement shall terminate immediately upon the termination of the Clearing Participant's Clearing Participant status in WCECC under the Clearing Participant Agreement or the Rules.
- (b) The appointment of WCECC as agent for the Clearing Participant under this Agreement may be terminated by either party upon such party giving three business days notice of its intent to terminate to the other party in accordance with the notice provisions set out in section 7 of this Agreement.

7. Notice

Any notice required or permitted to be given under this Agreement shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

- (i) If to WCECC:
WCE Clearing Corporation
#400 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z4

Attention: M.J. Gagné or Linda Cox Vincent
Facsimile No. (204) 943-5448
- (ii) If to the Clearing Participant:

Attention: _____
Facsimile No.: _____

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted by facsimile (or, if such day is not a business day, on the next following business day) or, if mailed, on the third business day following the date of mailing; provided, however, that if at the time of mailing or within three business days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.

Any party may at any time change its address for service from time to time by giving notice to the other party in accordance with this section 7.

8. General

- (a) This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns. This Agreement may not be assigned by the Clearing Participant without the prior written consent of the WCECC.
- (b) This Agreement may be amended only if the parties hereto so agree in writing.
- (c) This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Manitoba and the laws of Canada applicable therein, and each party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF this Agreement has been executed as of the date first written above.

WCE Clearing Corporation

Per: _____

Per: _____

(Type legal name of Clearing Participant)

Per: _____

Per: _____

(affix corporate seal over signature of authorized signatory)

ELECTRONIC DATA INTERCHANGE AGENCY AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 20 _____ .

B E T W E E N:

WCE Clearing Corporation

a corporation existing under the laws of Manitoba,

(hereinafter referred to as "WCECC")

OF THE FIRST PART,

- and -

a corporation incorporated under the laws of _____,

(hereinafter referred to as the "Clearing Participant"),

OF THE SECOND PART.

WHEREAS the Clearing Participant is a WCECC Clearing Participant and clears and settles through WCECC every Exchange Transaction (as such term is defined in the Rules) to which the Clearing Participant is a party;

AND WHEREAS the Clearing Participant's membership in WCECC is governed by its Clearing Participant Agreement with the WCECC ("Clearing Participant Agreement") the By-law and Rules of WCECC and the By-law and Rules of the Exchange (collectively the "Rules");

AND WHEREAS the Clearing Participant has established a separate bank account for settling Exchange Transactions in each currency in which the Clearing Participant trades (the "Settlement Accounts");

AND WHEREAS the Clearing Participant is required pursuant to the Rules to satisfy settlement of premiums, margin and clearing fund payments in accordance with the Rules, and pursuant to the Clearing Participant Agreement, the Rules and otherwise to make payments and satisfy obligations of the Clearing Participant to WCECC;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereby covenant and agree as follows:

1. **Definitions**

Unless otherwise defined in this Agreement, words shall have the meanings ascribed to them in the Rules and the Clearing Participant Agreement.

2. **Appointment of Agent**

- (a) The Clearing Participant hereby appoints WCECC to act as its agent solely for the purpose of making electronic payments from its Settlement Accounts in settlement of premiums, margin and clearing fund payments in accordance with the Rules, and any other payments and obligations owed to WCECC by the Clearing Participant in accordance with the Clearing Participant Agreement, the Rules or otherwise, and WCECC hereby accepts such appointment upon the terms and conditions hereinafter set forth.
- (b) WCECC is authorized by the Clearing Participant to authorize and effect by electronic data interchange from the Settlement Accounts payment of all premiums, margin and clearing fund payments of the Clearing Participant to WCECC in accordance with the Rules and any other payments and obligations owed by the Clearing Participant to WCECC in accordance with the Clearing Participant Agreement, the Rules or otherwise. This includes, but is not limited to:
 - (i) authorizing and effecting the debiting of the Settlement Accounts as required, to the extent such accounts have sufficient funds, for the purpose of enabling the Clearing Participant to comply with its obligations to make settlement and other payments under the Rules; and
 - (ii) generally carrying out all such other actions as are necessary or desirable to enable the Clearing Participant to fulfil its obligations to WCECC under the Rules, the Clearing Participant Agreement or otherwise.
- (c) The Clearing Participant hereby authorizes WCECC to take possession of and control access to its electronic data interchange security key and password for the Settlement Accounts. WCECC agrees to keep secure such electronic data interchange security key and password by exercising the same degree of care as WCECC exercises over its own electronic data interchange security key and password.
- (d) Nothing in this agreement shall abrogate from the Clearing Participant's obligations under its Clearing Participant Agreement, the Rules or otherwise to maintain sufficient funds in the Settlement Accounts for the purposes of ensuring complete and timely settlement of the Clearing Participant's obligations under the Clearing Participant Agreement, the Rules and otherwise.

3. Representations and Warranties

The Clearing Participant represents and warrants to WCECC, and acknowledges that WCECC is relying upon these representations and warranties, that:

- (a) the Clearing Participant has all necessary power and authority to enter into this Agreement and to appoint WCECC as its agent in respect of the Settlement Accounts, and neither the execution nor delivery of this Agreement, nor any act to be performed pursuant thereto by WCECC or by or on behalf of the Clearing Participant, will violate the Clearing Participant's constating documents or by-laws or any other agreement to which the Clearing Participant is a party or by which the Clearing Participant's property is bound or any provision of law applicable to the Clearing Participant;
- (b) the Clearing Participant has not appointed any agents in respect of the Settlement Accounts other than WCECC; and
- (c) the electronic data interchange security key and password provided by the Clearing Participant to WCECC is currently effective in respect of the Settlement Accounts. In the event it becomes necessary to change the Clearing Participant's electronic data interchange security key or password, the Clearing Participant hereby authorizes and consents to WCECC making such a change. If the Clearing Participant itself makes such a change to its electronic data interchange security key or password, it agrees to provide WCECC with reasonable notice of the change and with the new or replacement electronic data interchange security key and password prior to the change taking effect.

4. Limits on Liability

- (a) Except in the case of negligence or fraud by WCECC, WCECC shall not be liable for any act or any omission of any act performed in accordance with its duties as Agent pursuant to the terms of this Agreement, including, but without limiting the generality of the foregoing, any claims for liability arising with respect to the settlement or payment of any amount WCECC believes is payable by the Clearing Participant under the Clearing Participant Agreement, the Rules or otherwise, regardless of whether the Clearing Participant may dispute the obligation to make such settlement or payment, or the amount of such settlement or payment.
- (b) WCECC may act upon any signature, certificate or other document believed by it to be genuine and believed by it to have been signed by the properly authorized person or persons on behalf of the Clearing Participant, or on any verbal instructions received by WCECC from any person WCECC believes to be the properly authorized person acting on behalf of the Clearing Participant.
- (c) The Clearing Participant acknowledges that WCECC also transmits electronic data interchange payments on behalf of other WCECC Clearing Participants. The

Clearing Participant further acknowledges that, for ease of operations, a common electronic data interchange security key and password may be shared among the Clearing Participants of WCECC who are customers of one financial institution. The Clearing Participant consents to such arrangement and waives all claims against WCECC arising by reason of the use of a common electronic data interchange security key or password, except in the case of negligence or fraud on the part of WCECC.

5. Indemnities

The Clearing Participant hereby agrees to indemnify WCECC and its directors, officers and employees and hold them harmless from any losses, claims, damages, liabilities, costs and expenses which may arise, directly or indirectly, from any acts performed or omitted in accordance with the provisions of this Agreement or with the provisions of the Rules.

6. Termination

- (a) The appointment of WCECC as agent for the Clearing Participant under this Agreement shall terminate immediately upon the termination of the Clearing Participant's Clearing Participant status in WCECC under the Clearing Participant Agreement or the Rules.
- (b) The appointment of WCECC as agent for the Clearing Participant under this Agreement may be terminated by either party upon such party giving three business days notice of its intent to terminate to the other party in accordance with the notice provisions set out in section 7 of this Agreement.

7. Notice

Any notice required or permitted to be given under this Agreement shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

- (i) If to WCECC:
WCE Clearing Corporation
#400 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z4

Attention: M.J. Gagné or Linda Cox Vincent
Facsimile No. (204) 943-5448
- (ii) If to the Clearing Participant:

Attention: _____
Facsimile No.: _____

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted by facsimile (or, if such day is not a business day, on the next following business day) or, if mailed, on the third business day following the date of mailing; provided, however, that if at the time of mailing or within three business days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.

Any party may at any time change its address for service from time to time by giving notice to the other party in accordance with this section 7.

8. General

- (a) This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns. This Agreement may not be assigned by the Clearing Participant without the prior written consent of the WCECC.
- (b) This Agreement may be amended only if the parties hereto so agree in writing.
- (c) This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Manitoba and the laws of Canada applicable therein, and each party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF this Agreement has been executed as of the date first written above.

WCE Clearing Corporation

Per: _____

Per: _____

(Type legal name of Clearing Participant)

Per: _____

Per: _____

(affix corporate seal over signature of authorized signatory)

Authorizing Resolution for WCE Clearing Corporation (“WCECC”) Clearing Participants

RESOLUTION OF THE DIRECTORS OF

_____ (the “Company”)
(Type the full, correct legal name of the company)

WHEREAS the Company is a WCECC Clearing Participant and as such employs the services of WCECC in connection with its clearing and settling of derivative products on Winnipeg Commodity Exchange Inc.;

AND WHEREAS in connection with its services provided to the Company, WCECC effects fund settlements from time to time on behalf of the Company;

AND WHEREAS the Company may execute electronic data interchange payments pursuant to the terms of the Payment Services Agreement and the Receivables Service Agreement with Royal Bank of Canada (“Bank”) to and from its designated EDI accounts;

NOW THEREFORE BE IT RESOLVED THAT:

1. WCECC is hereby irrevocably authorized, on behalf of the Company, to initiate electronic data interchange payments to the accounts of WCECC and for all purposes the originator of the payment shall conclusively be deemed to be the Company.
2. The Company authorizes and directs the Bank to rely upon all electronic data interchange instructions received from WCECC on its behalf. The Bank shall have no obligations whatsoever to verify the content of such payment instructions with the Company.
3. The Company hereby appoints WCECC as its security custodian for the purpose of taking possession of and controlling access to its security key.
4. The Company acknowledges that the WCECC transmits electronic data interchange payments on behalf of other WCECC Clearing Participants to effect payment upon their respective accounts. The Company further acknowledges that, for ease of operations, a common security key is shared between itself and such other WCECC Clearing Participants who are also customers of the Bank. The Company hereby consents to such arrangement and waives all claims against the Bank arising by reason of the use of a common security key.

The undersigned officer of the Company hereby certifies that the foregoing resolutions were duly passed by the directors of the Company and remain in full force and effect.

Dated the _____ day of _____, 20 _____.

(Type name of Company)

per: _____
(Authorized Signatory)

**APPLICATION AND CLEARING PARTICIPATION AGREEMENT
DIRECTION WCECC Form A-210**

TO: Winnipeg Commodity Exchange Inc.,
The Canadian Investor Protection Fund,
The Investment Dealers Association of Canada Limited.

Dear Sirs:

You are hereby irrevocably authorized and directed to provide to WCE Clearing Corporation (WCECC) and/or Winnipeg Commodity Exchange Inc. (WCE) such information as WCECC and/or WCE may from time to time and at any time request about the undersigned.

WCECC and/or WCE may request, without limitation, copies of any early warning report or of a report on capital deficiencies of the undersigned in your possession or control.

This Direction and the request of WCECC and/or WCE constitute your good and sufficient authority for so doing. It is provided to you as a requirement of our becoming or continuing as a Clearing Participant of WCECC. It remains effective notwithstanding any resignation or suspension of the undersigned as a Clearing Participant of WCECC. We will pay your applicable fees for providing WCECC and/or WCE what is requested.

DATED the _____ day of _____, 20 _____ .

(Name of Firm)

per: _____
(Authorized Signatory)

(Type name and title of Authorized Signatory)

cc: Participant Services - WCECC
WCE

(Put on Clearing Participant Letterhead)

**WCECC – Form A-201
Designation of Clearing Office and Process Agent**

WCE Clearing Corporation
400 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z4

Office. The office of the undersigned Clearing Participant, for the purpose of day-to-day operations, shall be at the following location:

(Address)

(Phone Number) (Cell Number)

Fax Numbers(s):

Operational Contact Person

Phone Number) (Cell Number)

SRO. The self-regulatory organization responsible for audits, where applicable, is:

Process Agent (or Agent for Service). Our Process Agent is:

Name: _____
Title: _____
Address: _____
Telephone: _____
Fax: _____

DATED the _____ day of _____, 20 _____.

(Type full, correct legal name of Clearing Participant)

per _____
(Authorized Signatory)

WCE CLEARING CORPORATION

Per: _____
(Authorized Signatory)

Accepted and agreed to this _____ day of _____, 20 _____.

(Put on Clearing Participant Letterhead)

WCECC Form A-202
Certified list of Signatures of Representatives Authorized to bind the
Clearing Participant

WCE Clearing Corporation
400 – 360 Main Street
Winnipeg, Manitoba R3C 3Z4

The undersigned, in his/her capacity as the Secretary of the Clearing Participant, certifies that each one of the following persons is duly authorized as a Clearing Participant Representative for the purposes of conducting business with WCECC pursuant to the Rules and is someone who is authorized to bind the Clearing Participant with respect to all business with WCECC .

Name and Office*	Signature
1. _____ _____	_____
2. _____ _____	_____
3. _____ _____	_____
4. _____ _____	_____

Dated as of this _____ day of _____, 20 _____.

The undersigned certifies that he/she is the Secretary of the Clearing Participant and that the signatures appearing above are the true and lawful signatures of the persons identified above.

Dated as of this _____ day of _____, 20 _____.

Signature of Secretary of Clearing Participant

(Type full legal name of Secretary)

*Note: You must have a minimum of 2 persons.

(Put on Clearing Participant Letterhead)

WCECC Form A-206

Certified list of WCECC telephone contacts

To: WCE Clearing Corporation
400 – 360 Main Street
Winnipeg, Manitoba R3C 3Z4

The undersigned, who is one of the Clearing Participant’s Representatives, designates each one of the following persons as a WCECC contact for the purpose of telephone communications.

Name and Office	Telephone and Fax Numbers
1. _____ _____	_____
2. _____ _____	_____
3. _____ _____	_____
4. _____ _____	_____

Dated as of this _____ day of _____, 20 _____.

(type the full legal name of the Clearing Participant)

Per: _____
(type the full legal name and position of authorized signatory)

DIRECTION AND AUTHORIZATION

**To: Canadian Derivatives Clearing Corporation
700 – 65 Queen Street West
Toronto, Ontario
M5H 2M5**

**And to: The Royal Bank of Canada
2nd Floor, 220 Portage Ave.
Winnipeg, MB R3C 0A5**

**And to: WCE Clearing Corporation
400-360 Main Street
Winnipeg, Manitoba
R3C 3Z4**

Dear Sirs:

WHEREAS:

- (I) _____, (the "Clearing Participant") is a Clearing Participant of WCE Clearing Corporation (WCECC);
- (II) as a condition of membership the Clearing Participant has also entered into an electronic interchange agency agreement (the "EDIA") with WCECC, a copy of which is attached to this Direction and Authorization as Appendix "A";
- (III) the Clearing Participant acknowledges that the Canadian Derivatives Clearing Corporation (CDCC) is the service provider to WCECC and will be carrying out certain risk management and clearing functions for WCECC pursuant to a written service agreement:

THEREFORE:

CDCC is hereby irrevocably authorized and enabled to act in the place and stead of WCECC for all purposes whatsoever relating to the EDIA. In particular, and without in any way restricting the generality of the forgoing, it is acknowledged and understood that CDCC will be acting as agent for the Clearing Participant pursuant to Article 2 of the EDIA, that the limitation of liability section (article 4) includes the same limited liability protection for CDCC and that the Clearing Participant is indemnifying CDCC and its directors, officers and employees pursuant to Article 5.

Royal Bank of Canada is hereby authorized and directed to rely on and act upon any and all electronic data instructions and wire transfer instructions received from CDCC on the Clearing Participant's behalf and to allow CDCC access to the Clearing Participant's accounts for the initiation of payments to and from such accounts. The Clearing Participant hereby indemnifies,

releases and saves Royal Bank of Canada harmless from and against any and all claims arising from its acting on this Direction and Authorization.

This Direction and Authorization is provided as a requirement of the Clearing Participant becoming or continuing as a Clearing Participant of WCECC. It remains effective notwithstanding any resignation or suspension of the undersigned as a Clearing Participant of WCECC.

Dated as of this _____ day of _____, 20 _____.

(Type full legal name of Clearing Participant)

per:

(Signature of Authorized Representative of Clearing Participant)

(Type full legal name of Authorized Representative)