

# joining forces

A MONTHLY UPDATE ON THE CANADIAN CAPITAL MARKET RESTRUCTURING: OCTOBER 1999

## Canadian Venture Exchange prepares for November launch

The merger of the Vancouver and Alberta stock exchanges to form the foundation of the Canadian Venture Exchange (CDNX) is scheduled to take place next month.

Plans are underway for a Friday, November 26, special members' meeting to ratify the merger of the Vancouver and Alberta exchanges and create the Canadian Venture Exchange. The following Monday, November 29, would then mark CDNX's first day of operations and trading.

CDNX's initial roster will include nearly 2,500 listings from the ASE and VSE. It will combine the best of existing ASE and VSE systems and practices and will feature harmonized trading, corporate finance and compliance rules in Alberta and British Columbia, as well as regional service offices in Calgary and Vancouver, and a variety of world-class market information services and products.

It is anticipated that listings from Montreal and Winnipeg will be phased in between November and March, and the Canadian Dealing Network's quotations are planned for January.

The regional service centres in Montreal, Toronto and Winnipeg are expected to follow the Calgary and Vancouver models, with each centre providing expertise in corporate finance, surveillance and marketing.

Regional service operations will commence as listings are transferred and regulatory approvals received.

Information on all listed companies will be available through InfoCDNX, a comprehensive database accessible to anyone with internet access.

For more information about the Canadian Venture Exchange, please visit the interim website at [www.cdnx.ca](http://www.cdnx.ca).

### merger schedule

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|----------|---|
| October  | ◆ ASE listings transfer to the VCT platform to trade under a partition  |
| November | ◆ ASE and VSE merge   |
|          | ◆ New exchange operations commence; removal of ASE trading partition on VCT; trading and downstream systems integration |
|          | ◆ ME listings transfer to CDNX to trade under a partition   |
|          | ◆ Regional servicing commences in Toronto and Montreal  |
| January  | ◆ Canadian Dealing Network's operations assumed by CDNX   |

*Schedule represents anticipated dates for approvals and implementations*

## Committee examines tier three options

A new CDN Tier 3 Advisory Committee, representing a cross section of industry participants, has been formed to generate recommendations for the new Canadian Venture Exchange's (CDNX) Tier 3 structure.

The policies and requirements for CDNX's Tier 1 and Tier 2 (for advanced and venture companies, respectively) have been developed.

Tier 3, a quoted market, will primarily consist of existing Canadian Dealing Network quotations. The issues being examined by the new Tier 3 Advisory Committee include:

- ♦ the trading mechanism for Tier 3
- ♦ the appropriate entry point for companies into the public market
- ♦ Investment Dealers Association and exchange membership for the Canadian Dealing Network's non-SRO broker/dealer users.

"Our consultations to date have revealed a strong and varied set of opinions on the future direction for the CDN/Tier 3 market," notes Gerry Romanzin, executive vice president.

The Advisory Committee is comprised of a broad range of industry participants, many of whom have vast experience with the Canadian Dealing Network. Some of the participants include issuers, market makers, traders, corporate finance sponsors and non-member users.

Following the consultation period, the CDN Tier 3 Advisory Committee will develop recommendations for review by the Steering Committee in early November.

If you are interested in providing



input on the future direction of Tier 3, please contact Gerry Romanzin at (403) 974-7400 or send an e-mail to [gerry.romanzin@ase.ca](mailto:gerry.romanzin@ase.ca).

## Formalizing the WSE's participation in CDNX

Executives of the ASE and VSE met with the Winnipeg Stock Exchange Board of Governors late last month to formalize the participation agreement between the WSE and the new Canadian Venture Exchange (CDNX).

"We have been advised that all of Winnipeg's key issues have been addressed and satisfied," explains Lloyd Costley, executive vice president. "The Winnipeg board meeting gave us an opportunity to provide details on the new market including harmonization, regional servicing and the Canada-wide structure," Costley continues.

The WSE's listings have been trading through a partition on the VSE's VCT system since 1996. Once the WSE's participation is approved, arrangements will be made to transfer its listings to CDNX and a regional service centre will be set up in Winnipeg. The Winnipeg office will be one of five regional service centres across Canada providing corporate finance, marketing and surveillance services.

It is expected that the WSE's Board of Governors will vote on its participation by the end of October.

For more information, please contact Lloyd Costley at (604) 689-3334.

## ASE listings begin trading on VCT

On October 12, listings from the Alberta Stock Exchange will begin trading through a partition on Vancouver Computerized Trading.

Since late September, Alberta traders have been training on the VCT workstations and participating in market simulation tests to gain VCT experience and certification.

Once the ASE and VSE are merged in November, the partitions will be removed and trading under the new Canadian Venture Exchange (CDNX) will begin. Included in the November 29th launch will be securities from nearly 2,500 listed companies.

Also in November, approximately 150 junior listings from the Montreal Exchange are slated for partitioning on CDNX (subject to regulatory approval). During the partitioning phase, ME's listings will follow the trading rules of the new exchange. Pre-trade control and surveillance will be provided by ME staff, located in Vancouver.

### in control



*Alberta and Vancouver control staff monitor trading activity during the second of two weekend market simulation exercises, held on September 25 and October 2.*



VCT workstations will be installed in the Montreal Exchange later this month and VCT Control staff will be on-site during the last week of October to train ME traders and staff. Similar to the ASE trader trainer program, ME traders will have the opportunity to participate in a simulated market session, designed to provide practice trading on VCT.

For more information on partitioning, please contact Marc Foreman, vice president of trading, at (604) 689-3334.

## VCT becomes TradeCDNX

When the Canadian Venture Exchange commences trading on November 29th, the trading engine currently called Vancouver Computerized Trading or VCT will be renamed TradeCDNX.

The new name will also apply to workstations (formerly known as VCT workstations).

## Special meeting for members planned

Members of the Alberta and Vancouver stock exchanges will be asked to ratify a number of key issues at special member meetings currently being planned.

On the tentative agenda is the proposed transfer of member regulation from the ASE and VSE to the Investment Dealers Association, and ratification of the Canadian capital market restructuring memorandum of agreement.

Approval of the member regulation issue will result in the transfer of member registration, examinations and conduct investigations to the IDA. The exchanges will maintain responsibility for surveillance and market investigations.

Additionally, members will be updated on the issues involved in the Canadian capital market restructuring and will be asked to ratify the MOA.

A meeting notice will be issued to

all seatholders prior to the meeting.

For more information about the special member meetings, please contact John Forbes, VSE vice president, corporate affairs and secretary, at (604) 689-3334, or Maryn Sigurdson, ASE corporate secretary, at (403) 974-7400.

## Board sets strategic direction

Later this month, the nominee board of directors of the Canadian Venture Exchange will participate in a strategic planning session designed to set the strategic course for the new exchange.

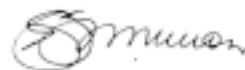
Following the nominee board's session, ASE and VSE senior management will build upon the board's recommendations and develop a comprehensive business plan for CDNEX. It is anticipated that the plan will be completed by mid-December.

For more information, please contact Jeff Meyer, vice president of strategic planning, at (403) 974-7400.

## Joining Forces: A monthly update

*Joining Forces* is a monthly newsletter published by the Merger Steering Committee. The newsletter is designed to update industry participants on the Canadian capital market restructuring.

For more information, please contact the Committee Co-Chairs Chris Lay or Jim Sorenson at (604) 687-2699 or (403) 265-4000, respectively, or visit the Canadian Venture Exchange's interim website at [www.cdnx.ca](http://www.cdnx.ca).



Jim Sorenson



Chris Lay