

The Exchange

TORONTO STOCK



ANNUAL REPORT 1981

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THE COVER

The photograph on the cover is The Toronto Stock Exchange building at 234 Bay Street. The Exchange has been located on this site since 1912, and has operated in the current facilities since 1937.

When this building opened in 1937, it was acclaimed as the most modern stock exchange in the world, and the first building in Toronto to have air conditioning. It also incorporates some very fine examples of Art Deco architecture.

New facilities for The Toronto Stock Exchange are currently under construction at the corner of Adelaide Street and York Street. The new Exchange will open in April 1983.



THE TORONTO STOCK EXCHANGE
234 Bay Street
Toronto, Ontario
M5J 1R1
416-868-5100

HIGHLIGHTS

	1980	1981	Change
Stocks (one side)			
Share Value (\$ billions)	\$ 29.5	\$ 25.1	- 14.9%
Share Volume (billions)	2.0	1.5	- 25.0%
Transactions (thousands)	3,307	2,537	- 23.3%
Average Value Per Share Traded	\$ 14.69	\$ 16.62	+ 13.1%
Average Value Per Transaction	\$ 8,926	\$ 9,892	+ 10.8%
TSE '300' Composite Index	2,268.7	1,954.2	- 13.9%
New Companies Listed	39	73	+ 87.2%
Total Companies Listed	799	838	+ 4.9%
Total Issues Listed	1,144	1,220	+ 6.6%
Market Capitalization (\$ millions)	\$ 447,024	\$ 358,091	- 19.9%
Options (one side)			
Premium Value (\$ millions)	\$ 818	\$ 737	- 9.9%
Contract Volume (thousands)	1,881	2,804	+ 49.1%
Transactions (thousands)	385	418	+ 8.6%
Options Classes Listed (underlying securities)			
Call Options	37	43	+ 16.2%
Put Options	25	43	+ 72.0%
Interest Rate Futures (one side)			
Contract Volume	4,839*	33,004	not applicable
Membership			
Member Firms	79	81	+ 2.5%
Clearing Member Firms	66	65	- 1.5%
Seat Transactions	6	6	no change
Options Clearing Member Firms	46	48	+ 4.4%
Futures Clearing Member Firms	17	17	no change

* Sept.-Dec. 1980

BOARD OF GOVERNORS



Seated (left to right): Robert H. Canning; Murray J. Howe; Anne R. Dubin, Q.C.

*Standing (left to right): David T.C. Moore; Scott Davis; St. Clair Balfour; C. Robin Younger;
J. Pearce Bunting; James A. MacKnight; Donald H. Page; Bev Collombin; Kenneth A. Field.*

GOVERNORS

St. Clair Balfour

Chairman
Southam Inc.

J. Pearce Bunting

President and Chief Executive Officer
The Toronto Stock Exchange

Robert H. Canning

Director and President
Bell Gouinlock Limited

Bev Collombin

President and Chief Executive Officer
Research Securities of Canada, Ltd.

Scott Davis

Vice-President and Director
Moss, Lawson & Co. Limited

Anne Dubin, Q.C.

Tory, Tory, Deslauriers & Binnington

Kenneth A. Field

Director and Treasurer
McLean, McCarthy & Company Limited

Murray J. Howe

Director and Executive Vice-President
Greenshields Incorporated

James A. MacKnight

Deputy Managing Partner
Richardson Securities of Canada

David T.C. Moore

Director and Vice-President, Corporate Finance
McLeod Young Weir Limited

Donald H. Page

Executive Vice-President
Midland Doherty Limited

Brian J. Steck.

President and Chief Operating Officer
Nesbitt Thomson Bongard Inc.

C. Robin Younger

Executive Vice-President and Chief Operating Officer
Dominion Securities Ames Limited

OFFICERS

Murray J. Howe

Chairman

J. Pearce Bunting

President and Chief Executive Officer

C. Robin Younger

Vice-Chairman

Huntly W.F McKay

Vice-President
Markets and Market Development

Lawrence D. Pringle

Vice-President
Member Regulation

Arthur C. Puley

Vice-President
Administration and Treasurer

Pamela J. Sloan

Vice-President
Economic & Public Affairs

John Thornton

Vice-President
Management & Member Services

Donald R. Unruh

Vice-President
Operations

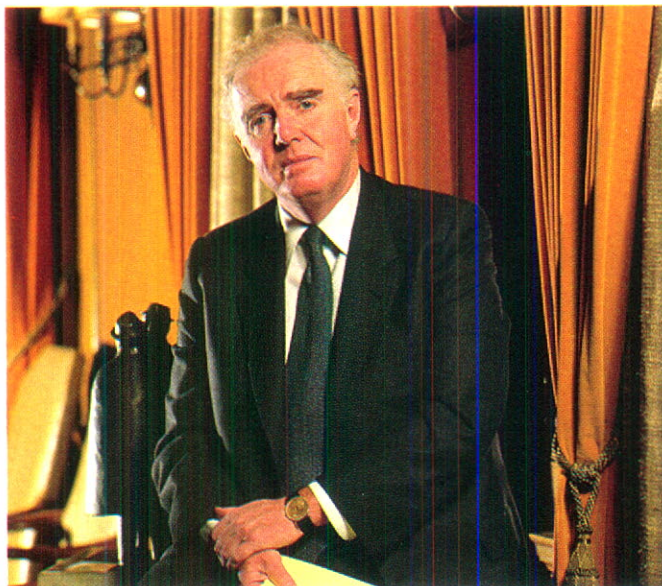
Ailsa M. Currie

Corporate Secretary

Leonard Petrillo

General Counsel

CHAIRMAN'S MESSAGE



The year 1981 was marked by strong markets, and by Board decisions that will establish the Exchange as a world leader among stock exchanges. It was a particularly demanding year. The Board of Governors of The Toronto Stock Exchange met 51 times during the year on a wide range of matters affecting the operations and development of the marketplace and the protection of the public interest.

In November 1981 the Board of Governors gave approval to the final plans and budget for the new Exchange premises. The decision to move the trading floor to a new site at the corner of Adelaide and York was made late in 1980, because of overcrowded conditions on the present trading floor and the need for major renovations to existing trading facilities. The Exchange entered into an agreement with Olympia and York to build a new trading floor and to lease five floors in the adjoining First Canadian Place Phase II, which is now called The Exchange Tower.

The design of the floor was based on four criteria. First, the new facilities of The Toronto Stock Exchange must provide an efficient, effective and comfortable working environment for trading floor personnel. Second, the design must ensure that the Exchange can use and adapt to rapid technological and information processing changes, and the rapidly changing requirements of member firms. The third criterion was that the new building must be able to accommodate and encourage the

visiting public. Finally, the structure must be flexible, so that it can be adapted to alternate uses, or variations in the relative size or operations of the markets.

A systematic review of requirements and design developments was carried out during 1981. By the end of the year, trading floor and office design layouts were completed and had received the approval of the Board. The overall cost for this project is \$24.5 million. The budget for construction of the trading floor and its support services and equipment is \$21 million, with the balance of \$3.5 million relating to office tenant improvements, furniture and fixtures.

The trading pavilion will have a floor area of 30,000 square feet, over three times as large as the present one, and will be able to accommodate approximately 1,500 floor personnel. The design, equipment and trading posts will allow a significant increase in the number of issues and instruments traded, with capacity for 1,200 equity stocks on five trading posts, 100 options classes on four trading posts, and six futures contracts in two pits.

The construction schedule calls for the structural steel, which will support the walls and roof of the pavilion, to be in place by mid-year. This will allow the Exchange to commence work on the plenum space, the floor beneath the trading floor where the communication and service systems for the pavilion will be housed. It is anticipated that the pavilion structure will be complete by mid-November, and that the posts, booths and trading floor equipment will be in place by the end of February 1983. This will provide sufficient time for testing before the official opening, in April 1983.

It is the belief of the Board that the new trading facility should incorporate substantive advances in technology. During 1981, testing for the new trading procedures progressed on the present floor at 234 Bay Street. An experimental trading face was added to one of the equity posts, allowing floor traders and staff to have hands on experience with the new trading system. The experimental face has an automated book, which allows odd lots to be executed automatically against the registered trader. The book also accepts limit orders that are outside the stipulated spread. In addition, a sophisticated paging system was successfully tested by traders on the Bay Street floor.

The Board decision to implement the recommendations of the Market Access Committee will fundamentally strengthen the role of The Toronto Stock Exchange in the Canadian capital markets. The Market Access Committee was struck by the Board in 1980 to review the financing needs of junior companies, and their ability to reach public equity markets.

A trading system and financing mechanism enabling companies to list on the Exchange at an earlier stage of development will be implemented. A second section of the Exchange will be created, having listing standards that permit younger and smaller enterprises to be listed. In addition, the use of a statement of material facts as a financing vehicle will be expanded. I expect the second section of the Exchange to be operational by the latter half of 1982.

The Market Access Committee also recommended that the Ontario Securities Commission Policy 3-02 be revoked, to improve remuneration for sponsoring underwriters and participation by principals, and that the Ontario Government provide incentives for investors purchasing new issues of Ontario junior companies listing on the Exchange.

Board approval was given to the expansion of the new market in financial futures. Plans are underway to introduce a contract based on an index of ten securities. This contract, to be known as the Toronto Equity Futures contract, will provide portfolio managers and large retail investors with the opportunity to hedge equity investment positions against the risk of adverse price swings in the stock market.

The future of the fixed minimum commission structure for brokerage transactions was reviewed at a public hearing convened by the Ontario Securities Commission. The Commission wished to determine whether it was in the public interest to maintain the present system or to move to a system of unfixed or non-regulated rates. The Committee struck by the Board of Governors to prepare a submission to the OSC surveyed members to establish their preference for either fixed or unfixed rates. The majority of members indicated preference for fixed minimum commission rates, and the Exchange representations at the hearings held between November 23 and December 8 supported this consensus opinion.

The commitment of the Exchange to fostering an economic climate that is favourable to investment and real growth was reflected in its role as an advocate for public policy. On behalf of the Exchange, I met with officials of the Department of Finance prior to the Federal Budget to discuss the Federal Government paper entitled "A Review of the Taxation of Capital Gains in Canada." Following the Budget on November 12, the Board telexed the Minister of Finance urging him to reconsider the proposal to limit the deductibility of interest by an individual or partnership to the amount of taxable investment income. The efforts of the Exchange were instrumental in achieving modifications to the provisions dealing with interest deductibility.

We continue our commitment of maintaining close co-operation between the other self-regulatory and regulatory bodies in our industry

The achievements of the Exchange over the past year would not have been possible without the commitment and dedication of my colleagues on the Board and the members of the Exchange. Mr. D.T.C. Moore and Mr. R.H. Canning will be retiring from the Board this year. On behalf of the members, I wish to sincerely thank them for their valuable assistance. I would especially like to thank Mr. Robin Younger, the Vice-Chairman, for his help throughout the year.

The Exchange has a total of 22 standing committees that report and make recommendations to the Board. These committees, whose members are drawn from the dealer community, give voluntarily of their time. The contribution of the committees is central to the success of the operations of the Exchange, and I wish to express my appreciation to them for their effort.

On behalf of the Board and members, I would like to express my gratitude to our President, Pearce Bunting, and the staff of the Exchange, for the excellent support and professional guidance throughout the year.

Murray J. Howe
Chairman

PRESIDENT'S REPORT



While 1981 was not the year of record-setting and record-breaking that 1980 was, it was still one of the most exciting in the history of The Toronto Stock Exchange.

Both value and volume of trading in 1981 were the second highest in Exchange history, following the record pace set in 1980. The total value of trading in the equity and options markets was \$25.8 billion, compared with \$30.3 billion in 1980. The volume of trading in the TSE options market rose by 49 per cent to 2,803,700 contracts. During the first full year of trading of financial futures in Toronto, volume reached 33,004 contracts.

The continued strength of the markets during 1981 had a positive effect on the financial position of the Exchange. I am pleased to report that operations for the year provided an Excess of Revenue over Expenses of \$6,445,000, as compared to \$7,686,000 for the prior year. The working capital position of the Exchange increased to \$21,131,000 at December 31, 1981, from \$14,620,000 at the end of 1980. As a result, the Exchange has made good progress toward a cash position which will allow a substantial part of the capital expenditure for its new premises to be financed from internal funds.

Looking back at 1981, we can be pleased with our accomplishments, for we have made significant progress toward achieving our objectives. There are three primary thrusts in the work of The Toronto Stock Exchange. The first relates to the maintenance and development of trading on the Exchange. The second concerns our regulatory responsibilities and the third addresses the need to work toward a political and tax environment in which free markets can be effective.

During 1981, a reorganization of the Exchange was effected, giving both focus and direction to these activities. Three new departments were created, each having a specific and defined mandate. The Markets and Market Development Department, which includes listings, market operations and surveillance, is responsible for market quality, new products and trading development. The Department of Member Regulation is responsible for member compliance, through examination, compliance and investigation activities. Economic and Public Affairs addresses the external constituencies including governments, investors, the media and the general public.

There was significant development of the equity market during 1981. One of the most positive aspects of the year's activities was the growth in new listings. Not since 1969 had listings on the Exchange reached the 1981 level of 73, reflecting, in part, the buoyancy of the market and the renewed emphasis of the Exchange on encouraging companies to seek listing. A new listing category, Real Estate Limited Partnerships, was created and the trading experiment in inter-listed non-resident issues was expanded. I am sure that development work done during 1981 will provide a solid basis for future growth in the equity markets.

Records were set in the options market, with the highest contract volume in the six-year history of the TSE market. Like the equity market, there was significant developmental work done, with the most notable achievement being the registration in November of the Trans Canada Options prospectus with the U.S. Securities and Exchange Commission. This registration allows U.S. residents to trade in Canadian listed options, and we anticipate that U.S. participation will substantially increase trading volume in 1982.

After the first full year of business, the Exchange's new market in financial futures showed promising results. By the end of 1981, three instruments were traded, reaching a volume of over 33,000 contracts. The proposal developed in 1981 for a new futures contract based on an index of 10 equity issues is an exciting one, and holds tremendous potential for the new market.

Education of member firm employees is an important aspect of market development, and during 1981 the Exchange significantly increased its educational offerings. Approximately 1,200 employees of member firms attended Exchange courses such as "Orientation to the Securities Industry," the "TSE Operations Course" and "Commodity Futures" seminars.

The Exchange considers the maintenance of public confidence in its members as crucial to the long-term success of the market. As a self-regulatory organization, the Exchange governs its own conduct and has consistently demonstrated its intention and ability to effectively supervise its members.

The growth in the securities industry in recent years, and the increase in the numbers of categories of members' personnel that must be registered with the Exchange, created a need for technology that would expedite the processing of applications. Late in 1981, the registration records of the Exchange were transferred to a complete data base which will allow the Exchange to instantly recall the records of any approved persons.

A new emphasis has been placed on the importance of the external constituents of the Exchange. Recognizing the critical need for a positive economic environment, the Exchange took a leading role in public policy advocacy. Taxation and pension reform, two policy issues with immense impact on the health of the capital markets, were areas of research and advocacy by the Exchange.

The Exchange has played an active part for many years in fostering the understanding of the investment process by all Canadians. This role was invigorated during 1981 in a number of ways. Daily broadcasts providing market information to over 500 radio stations now reach over 5 million listeners. More than 19,000 individuals toured the Exchange during 1981, pushing the capacity of the physical premises to its limits. Three new educational films were released in January, and over the course of the year were seen and well-received by more than 12,500 viewers. The Exchange also published the

first edition of its Fact Book.

One of the most personally rewarding aspects of 1981 was the increase in the international stature of The Toronto Stock Exchange. During the year, we received many international visitors, coming from Japan, Brazil, Australia, Saudi Arabia, the People's Republic of China, Egypt, Switzerland, Taiwan and the United Kingdom. Their interests lie primarily in learning about the Computer Assisted Trading System, as well as regulation of the securities industry.

The Toronto Stock Exchange is a participating member of the Fédération Internationale des Bourses de Valeurs (FIBV), an association which represents principal stock exchanges around the world. I believe that the FIBV has an important role to play in the international growth and development of all stock exchanges, fostering equal rights for shareholders and co-ordinating the structures of securities markets. I am pleased to report that the FIBV has accepted the invitation of The Toronto Stock Exchange to hold its 1983 General Assembly in Toronto.

The work of the Exchange during 1981 was based on the premise that The Toronto Stock Exchange can look forward to an exciting future by creating a solid basis for growth, and by making a commitment to the future. Our past shows that it can be done; our future will depend on laying the groundwork today.

My sincere appreciation goes to the Board of Governors, committee members and staff of the Exchange for their contributions and dedicated efforts during 1981. The guidance and insight of the two public governors, Anne Dubin, Q.C. and St. Clair Balfour, have been particularly valuable and welcome.

I would like to thank David Moore and Bob Canning, who are retiring from the Board of Governors. They can be assured that their important contribution to the industry is recognized and appreciated. Finally, I would like to thank Murray Howe, with whom I look forward to working for another year. He has given wholehearted dedication of time and effort to the Exchange.

J. Pearce Bunting
President
Chief Executive Officer

MANAGEMENT COMMITTEE



*Seated (left to right): Pamela J. Sloan; J. Pearce Bunting; Ailsa M. Currie.
Standing (left to right): Lamy D. Pringle; Arthur C. Puley; Huntly W.F. McKay;
Leonard P. Petrillo; John Thornton.*

THE TORONTO STOCK EXCHANGE

The Toronto Stock Exchange was founded in 1852, when twelve businessmen met for half an hour each morning to trade securities. They operated as a partnership until 1878, when the Toronto Stock Exchange was incorporated by a special Act of the Ontario Legislature. In 1934, members of the Toronto Stock Exchange and of the Standard Stock and Mining Exchange amalgamated under the name The Toronto Stock Exchange. In 1937, the Exchange moved into the building at 234 Bay Street, which it still occupies.

Today, The Toronto Stock Exchange is Canada's largest public securities market. It operates an equity market, where stocks, rights and warrants are traded; an options market which was introduced six years ago; and a new financial futures market launched in 1980.

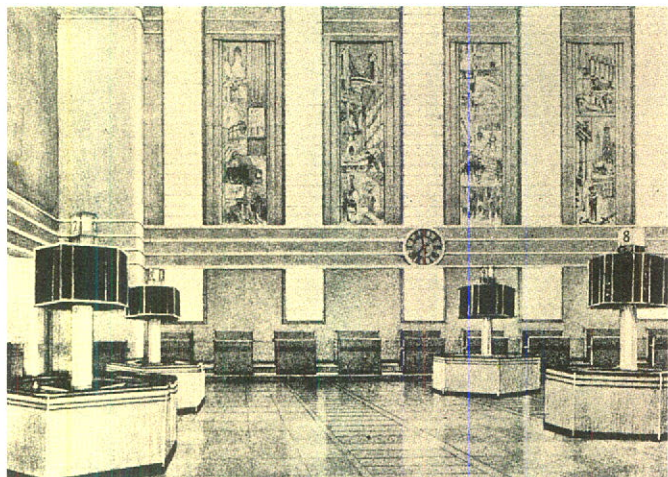
The trading floor is at the heart of the free enterprise system and is the meeting place for member firms, listed companies and the investing public. The Exchange is a self-regulatory organization, developing and administering policies and regulations which protect the interests of the public and enhance market liquidity and efficiency. Technological innovation further improves the marketplace and maintains Canada's international position in increasingly competitive capital markets.

The thirteen-member Board of Governors, consisting of ten persons elected annually from the membership, two appointed annually from outside the membership and the President of the Exchange, directs all the activities of the Exchange. The work of the Board is facilitated by standing committees, composed of representatives from the member firms. A full time staff is responsible for administering the policies and program established by the Board.

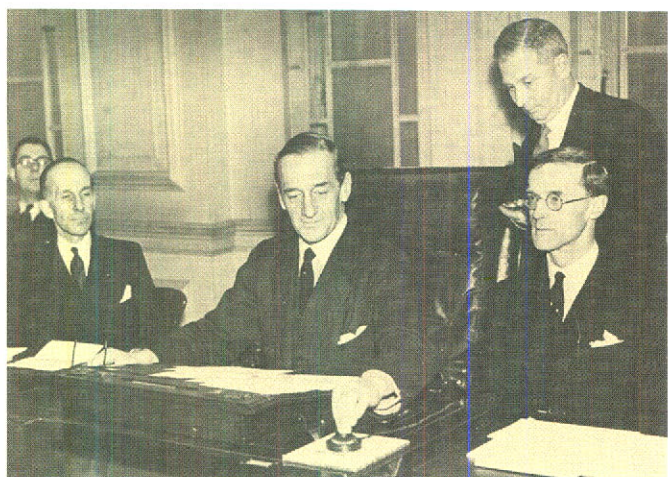
The Toronto Stock Exchange is a member of Joint Industry Committees which examine issues of common interest to the Canadian securities industry. The Exchange is also a sponsor of many organizations that provide services to the Canadian securities industry and is a member of the International Federation of Stock Exchanges.

In April 1983, The Toronto Stock Exchange will move to new premises, currently under construction at the corner of Adelaide Street and York Street.

MARKET ACTIVITY

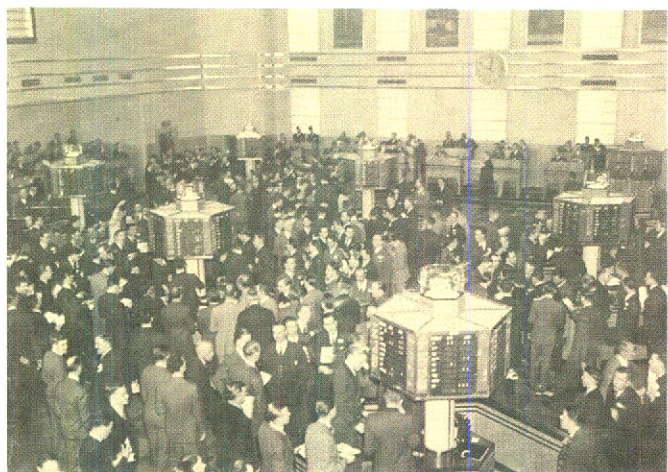


The architect's drawing on the left shows the trading floor of The Toronto Stock Exchange shortly before its official opening in March, 1937. The character of the room, as described by the architects, was "dictated by the swift pace at which business is conducted on the floor of the exchange."



Sir Robert P. Pearson, Chairman of the Stock Exchange Council, London, England, pressing a button on the floor of the London Stock Exchange to open The Toronto Stock Exchange building at 234 Bay Street, on March 30, 1937. On Mr. Pearson's right is the Hon. Vincent Massey, High Commissioner for Canada; on his left, Mr. R.P. Wilkinson, Deputy Chairman; standing, Mr. B.J. Seymour, Commercial Manager, Western Union Telegraph Company.

On receipt of the trans-Atlantic signal, an opening gong was sounded on the TSE trading floor. The first trade was executed between the President and Vice-President of the TSE.



This photograph of the trading floor was taken minutes after the exchange building was officially opened for trading in March, 1937.

Both value and volume of trading in 1981 were the second highest ever, following the record pace set in 1980. The total value of trading in the equity and options markets was \$25.8 billion, compared with \$30.3 billion in 1980. TSE options trading surpassed previous trading records for the sixth consecutive year, with the volume of trading rising by 49 per cent to 2,803,700 contracts. During the first full year of trading of financial futures in Toronto, volume reached 33,004 contracts.

Annual equity trading value of \$25.1 billion was down 15 per cent from 1980. The Toronto Stock Exchange maintained a level of 77 per cent of the total value of equity trading on all Canadian exchanges. In 1981, the number of shares traded on The Toronto Stock Exchange was 1.5 billion shares, down almost 25 per cent from the previous year's record volume of 2.0 billion shares.



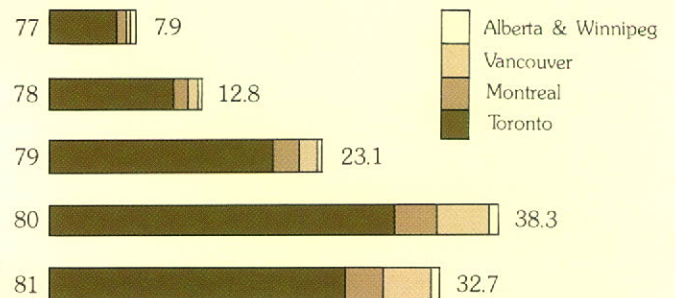
This is a scale model of the new facilities, including the trading floor, as designed by Bregman + Hamann, Architects.

The average daily value of trading on The Toronto Stock Exchange in 1981 was \$99.8 million, with an average daily volume of 5.9 million shares. This compares with record daily averages of \$116.7 million value and 7.9 million shares traded in 1980.

For the first time since 1974, the TSE 300 Composite Index failed to show a gain over the previous year. The Index closed the year at 1954, down 314 points, or almost 14 per cent from the final trading day in 1980. Thirteen of the fourteen major groups making up the Composite Index declined, with the only advance registered by the Real Estate and Construction Index. The sharpest declines were in the Gold Index, down a record 38 per cent, Management Companies, down 22 per cent, and the Metals and Minerals and Paper and Forest Product indices, both of which were down 21 per cent.

Trading in equities executed by members of The Toronto Stock Exchange originated in all areas of Canada, as well as the United States and abroad, with approximately 52 per cent from Ontario, 20 per cent from Western Canada, 16 per cent from Québec and 3 per cent from the Atlantic provinces. Three per cent of Toronto's value of trading was derived from sources in the United States and seven per cent from offshore investors.

SHARE VALUE TRADED ON CANADIAN EXCHANGES (\$ billions)



MARKET QUALITY AND DEVELOPMENT

The Exchange is responsible for maintaining and fostering public confidence in the market and has fulfilled this by effective and consistent regulation. The Exchange also constantly seeks ways to improve Canadian securities markets through its market development efforts.

Market Operations

Floor officials work closely with the floor governors in the administration of by-laws pertaining to floor trading. Administration of the timely disclosure policy is done by the Market Surveillance group. Trading activity is scrutinized to ensure adequate and timely disclosure of all events that materially effect listed companies.

The performance of registered traders is monitored so that reasonable spreads and liquidity are maintained for all market participants. In 1981 development work was initiated on a system that will provide registered traders with the results of their activities, so that they can be aware of the average spreads maintained on each of the securities for which they are responsible.



An experimental post, currently in use on the TSE trading floor, has provided floor personnel with "hands on" experience in the operation of new equipment and technical trading procedures that will be implemented on the new trading floor.

New Products

The creation of new products and investment instruments is an important element of market development. The Exchange monitors more than 110 new or proposed contracts on other exchanges, as well as changes in the services of brokerage firms.

In 1981 work began on a futures contract based on a basket of 10 securities. This contract will be formally known as the Toronto Equity Futures Contract, and will provide portfolio managers and large retail investors with the opportunity to hedge equity investment positions against the risk of adverse market-wide price changes. An application to commence trading in this vehicle was presented to the Ontario Securities Commission, and it is anticipated that trading will commence sometime in 1982.

New options contracts were considered during 1981. One of the proposed contracts in the planning stage is an Exchange traded option on silver bullion. This contract will provide added flexibility to those exposed to price volatility in the silver market and will also provide, through covered call writing, a means of earning income on silver holdings. Subject to approval by the OSC, trading in this instrument is expected to be introduced by mid-1982.

Trading Development

Market quality was improved under the revised Principal Trading rules. Late in 1980 a program to create more liquid markets for non-resident issues traded on The Toronto Stock Exchange was initiated, with General Motors as the first stock to trade under this system. Initially two member firms were designated as "Principal Trading Members." Both members were obligated to provide a bid/ask price competitive with the primary U.S. market for that security and were also permitted to trade as principals with their own clients. As a result of the change in Principal Trading rules, 1981 share trading in General Motors stock increased by 57 per cent over 1980, leading to the decision to increase the number of principal trading members and to expand the number of non-resident issues traded under the new rules.

The regulation of non-voting, multiple voting and restricted voting common shares received public attention in 1981, when the Ontario Securities Commission placed a moratorium on the listing of these issues, and subsequently called for a hearing to determine future policy respecting them. Exchange representations were made at the September hearing which was held in Toronto before Commissioners from Alberta, British Columbia, Québec and Ontario. The Exchange was represented at a similar hearing of the Alberta Securities Commission in Calgary in October. At both hearings, the

Exchange proposed that new disclosure and related requirements be applied to all companies, but urged that the adoption of takeover bid protective provisions be mandatory only for new listings of special shares.

A new procedure for registering share certificates was implemented to facilitate the National Energy Program. The NEP offers substantial grants to organizations that meet specific Canadian Ownership Rates as set by the Canadian government. Member firms were unable to comply with the necessary declarations of ownership for securities registered in their name but not in their possession. The new system permits the use of nominee-certificates created by the Canadian Depository for Securities. The nominee facility was designed by the CDS and certain TSE member firms and is available to all CDS users, including members, banks and trust companies. Exchange by-laws enabling TSE members to use it were enacted in mid-1981.

Education and Training

Education of member firm employees is an important aspect of market development. During 1981 the Exchange significantly increased its educational offerings. Approximately 1,200 employees of member firms attended Exchange courses such as the "Orientation to the Securities Industry," the "TSE Operations Course" and "Commodity Futures" seminars.

During 1981 there were 579 participants in the "Orientation to the Securities Industry" course. This course was first offered in January in the form of three, two and one-half hour workshop sessions and was revised in September for presentation as a one and one-half day seminar.

The TSE Operations Course is structured to make specialized and flexible training available to the operations personnel of member firms. Part I of the TSE Operations Course, "Introduction to Operations," conducted in eight sessions, was held for the first time in March 1981. Part II is comprised of a series of specialized modules. The Equities, Clearing and Dividend modules were introduced in August and September.

The TCO Options Clearing and FCI Futures Clearing courses underwent significant revisions with new formats introduced in June. The Options Market Maker course is being revised and expanded to meet the increasingly demanding requirements for effective performance on the Options Floor.

The New Trading Floor

The design and layout of posts and booths of the new trading floor were completed in 1981. The trading floor will be capable of accommodating a floor population in excess of 1,500, and will provide capacity to trade approximately 1,200 equity stocks on five posts, 100 options classes on four trading posts and six futures contracts in two pits.

Testing for the new trading procedures progressed in 1981 on the present floor at 234 Bay Street. An experimental trading face was added to equity post number seven, allowing the floor traders and staff to have hands-on experience with the new trading system. The experimental face has an automated book, which allows odd lots to be executed automatically against the registered trader. The book also accepts limit orders that are outside the stipulated spread. In order to test the system under conditions of concentrated volume, the experimental post is being expanded. The enlarged post will have capacity for additional faces, which will allow all traders to gain experience with the new trading system.

A sophisticated paging system that gives coded LED (Light Emitting Diode) messages was tested on the floor and approved as a replacement for the current enunciator system which alerts traders to messages using lighted wall panels.



J.P. Bunting, President of The Toronto Stock Exchange, signing the diploma of the first graduate of the TSE Operations Course, Wenda Amos of Housser & Company Limited, as Huntly W.F. McKay, Vice-President of Markets & Market Development and James O. Finlay, Director of Education and Training look on.

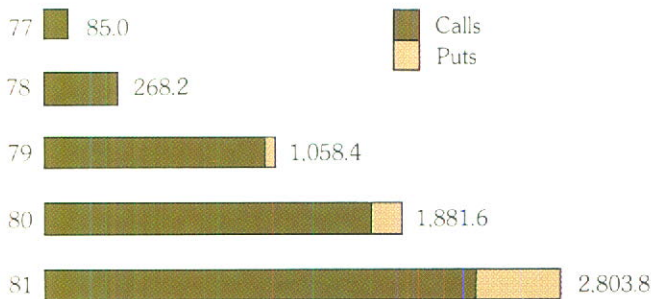
THE OPTIONS MARKET

The TSE options market successfully completed its sixth year by surpassing all previous records in contract volume. Options are securities that give holders the right to buy or sell underlying common stocks at a specific price within a specific time. In 1981 more than 2.8 million contracts were traded on the Exchange, an increase of 49 per cent from 1980. The dollar value in options trading was \$736.8 million in 1981, down 9.9 per cent from 1980.

During the year the number of underlying common stocks listed for options increased by nine to a total of 43. The Exchange also introduced Put Trading on all underlying securities currently listed for options trading at the TSE. Put options which give the right to sell common stocks, were first traded on the Exchange in 1979.

The prospectus filed by Trans Canada Options Inc., the Options Clearing Corporation of the Montreal and Toronto Stock Exchanges was cleared by the U.S. Securities and Exchange Commission on November 2, 1981. This registration allows U.S. residents to trade in Canadian listed options. The registration covers both put and call options on securities traded on The Toronto Stock Exchange and the Montreal Exchange and it is expected that U.S. participation will substantially increase trading volume in 1982.

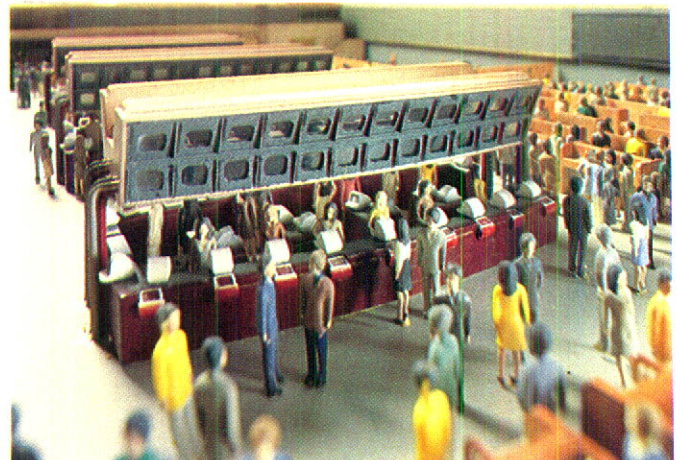
TRADING IN OPTIONS CONTRACTS ON THE TSE (Thousands)



In 1981 the Ontario Securities Commission approved a proposal by Trans Canada Options to have the TCO Prospectus supplemented by an Information Disclosure Document. At the time of the renewal of the current Prospectus TSE members may elect to distribute the Information Disclosure Document to new and existing clients in place of the Prospectus, creating a more efficient and less costly system.

The Exchange investigated several new options projects such as options on gold and silver and options on a stock index. This research is undertaken so that there may be a continuing diversification of the options market.

During 1981 it was decided to upgrade the computer support system of the options market, to accommodate both the normal growth of options in Canada, and also the additional business flow that is anticipated from the United States. The TOSS system (Tandem Options Support System) will result in the development of an independent processing system for the options market of the Exchange.



Options and equities will be traded at posts of the same design. There will be four posts, like the model pictured here, reserved for options trading on the new floor, and five for equity trading.

THE FINANCIAL FUTURES MARKET

In the first full year of operation, the Toronto Futures Market trading volume reached 33,004 contracts. The Exchange opened the market in financial futures in September of 1980 trading with two contracts, the 18-year Government of Canada Bond contract and the 91-Day Treasury Bill contract, and in February 1981, added the 5-year Canada Bond contract. Open interest, an indicator of market liquidity, reached 2,467 positions by year-end.

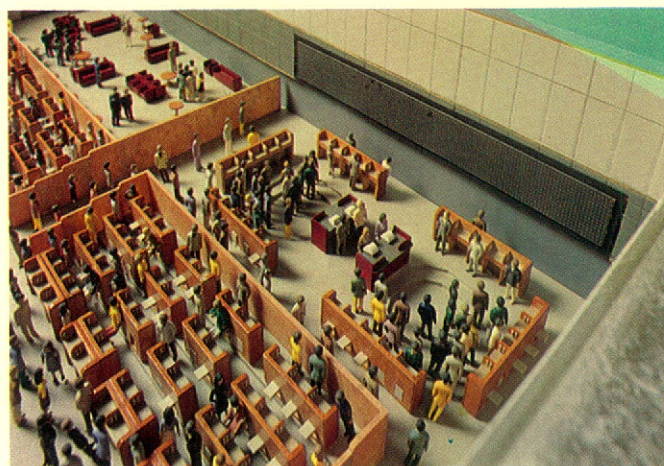
Futures are contracts for the future delivery of financial instruments. These can be used by financial institutions and corporations to reduce their exposure to adverse fluctuations in the financial markets. Other participants, such as securities dealers, bond traders and sophisticated individuals, enhance the liquidity of this market by speculating on the fluctuations.

Settlement of trades in financial futures is handled through Futures Clearing Inc., a subsidiary of TCO. There are 17 FCI members and two non-FCI members who have been approved to trade futures contracts on the Toronto market. More than 500 registered representatives have been given approval to deal in futures contracts.

During 1981 as a key part of its marketing and educational program, the Exchange held eight seminars in major Canadian cities. An accounting and legal seminar, as well as several strategy seminars for hedgers and speculators, attracted interest from member firms, institutions and the general public. The Exchange also participated in conferences sponsored by member firms and other organizations, including the First National Bank of Chicago, the Financial Times and York University.

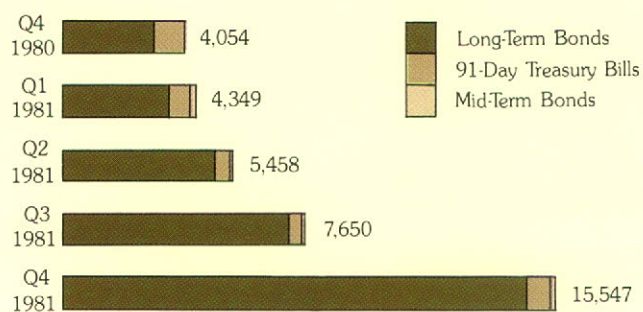
Plans are underway for the organization of The Toronto Futures Exchange, a separate entity from The Toronto Stock Exchange. Pending passage of The Toronto Futures Exchange Act in the Ontario Legislature and approval by the OSC, the TFE will commence operation by mid-1982. Until then, the futures market will continue as a division of the TSE.

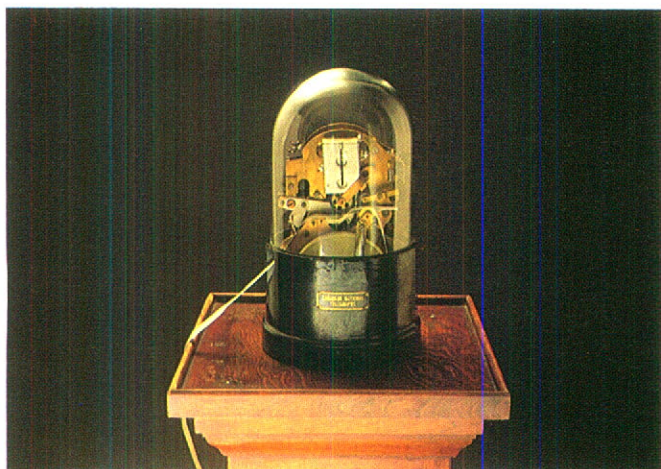
Upon completion of the new trading pavilion, The Toronto Futures Exchange will share the floor with the equity and options markets of the TSE. The futures area will consist of two trading pits with capacity for further expansion. Prices will be displayed on Ferranti-Packard wall boards, similar to the set-up of many U.S. commodity exchanges.



These models show the two trading pits for futures contracts in the new building. Prices of the contracts will be electronically displayed on Ferranti-Packard wall boards.

TRADING IN INTEREST RATE FUTURES ON THE TSE





The Self-Wind Ticker was developed by Thomas Alva Edison about 1926 and could produce 285 characters per minute. This doubled the speed at which stock transmissions could be disseminated. In 1927, the self-wind ticker was used extensively in Toronto and remained in service here until the early 1930's.



Pictured above is the Dial Ticker which in 1937 was unique to The Toronto Stock Exchange. It was designed for the Exchange by Canadian National Telegraphs and Teleregister Corp. For the first time, a stockbroker could obtain current market information on a specific stock by dialling the appropriate code number.

CANDAT Sale

Effective April 1, 1981 the Exchange sold the business and assets of the CANDAT System to Canquote Inc., a privately-owned company. Following the sale, the Exchange retained the IBM 3031 and Omega 480-3 as well as front-end and peripheral equipment. In addition, the ownership of the CATS terminal network in Toronto remains with the Exchange.

Reliability

During 1981, the Exchange central site reliability was 99.7 per cent during on-line hours of operation, 9:00 a.m. - 5:00 p.m. This compares favourably to the 1980 figure of 99.4 per cent.

Computer Assisted Trading – CATS

As of December 1981, 740 of the Exchange's less active stocks were traded in the Computer Assisted Trading System. During 1981 these stocks accounted for 16 per cent of TSE trades and 17 per cent of share volume, with 260 million shares traded for a dollar value in excess of \$2.2 billion.

A report on market quality of CATS traded stocks was reviewed by the CATS Steering Committee in October 1981 and was subsequently made available to the membership.

Trading Information

During 1981, the Exchange developed a high speed data feed for use by vendors, and members' in-house computer systems. The data feed disseminates all TSE data such as equities, options and futures trade data including open interest on options trades; quotations for equities, options and futures bulletins and TSE 300 Index values. Also included are the broker numbers for equities, options and futures.

In October the Exchange revised its policy on the distribution of its data. Members of the public are now able to receive all data in the new feed at the standard cost.

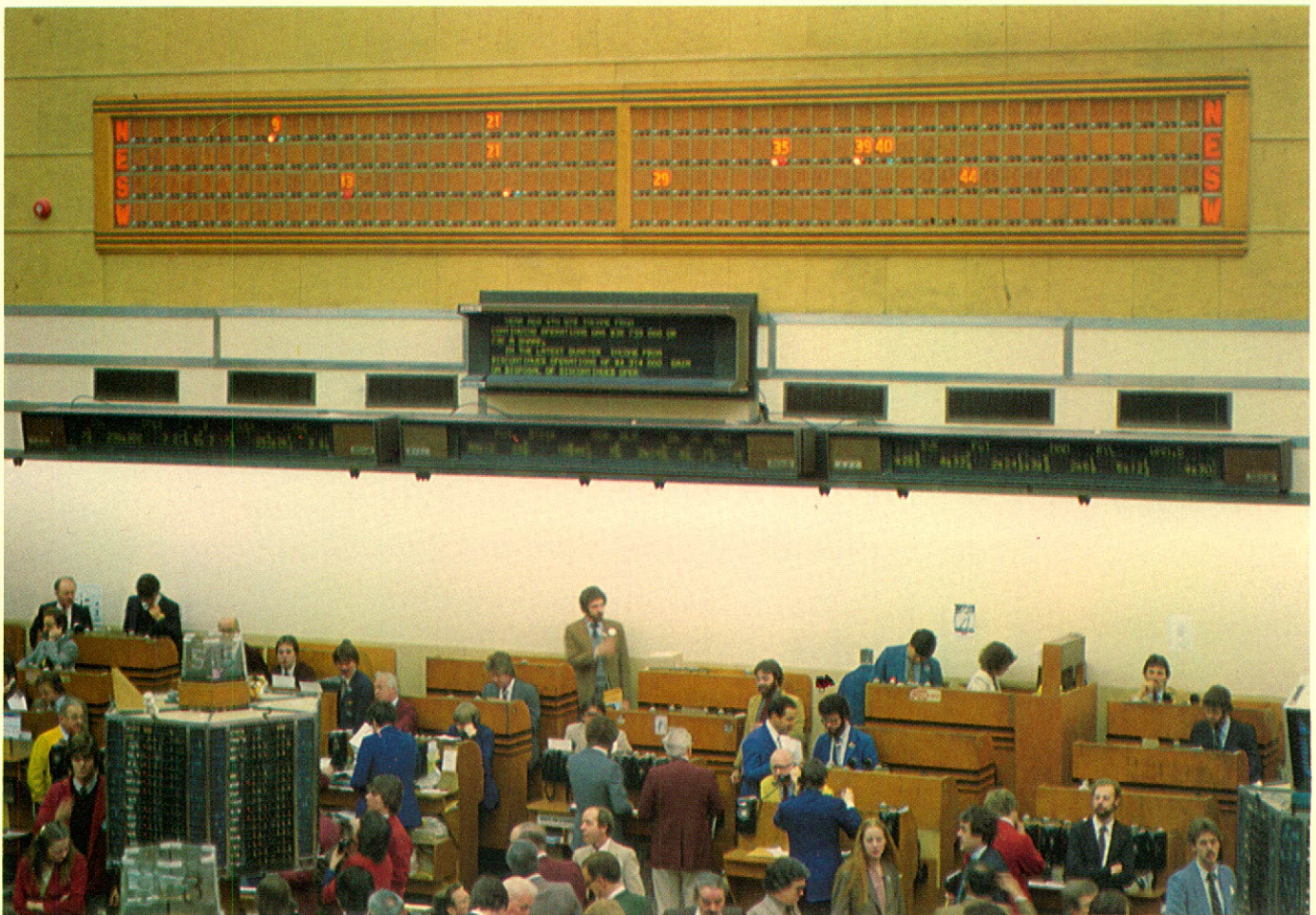
Special Projects

The implementation of a system to computerize the Exchange's registration system was completed in October 1981. This system allows the Exchange to instantly recall the registration records of any Approved Person through the use of a video display terminal attached to the central site computer.

The new post project using the Tandem T16 non-stop computer delivered in late 1980 is well under way. Ten stocks are currently trading using the new post technology with facilities for computer booking of limit orders and automatic odd lot executions. During 1981, the trade input system for equities was also transferred to the Tandem system.

A second Tandem system was purchased by the Exchange following the Board's approval of the funds to upgrade the options support system. Implementation of the system is anticipated in the third quarter of 1982 at a total cost of

between \$1 million and \$1.5 million. This is to be funded by a temporary surcharge of ten cents per options contract which was levied beginning December, 1981. The options support system will provide the TSE options floor with an automated book system which will eliminate a serious bottleneck on the current options floor and will permit the Exchange to handle expected U.S. order flow. The use of the Tandem system will allow option trading to continue in the event of central site failure.



The Translux, which has the capability of displaying approximately 50 characters at a time, receives trading information and market quotations from various stock exchanges across North America. Information from five exchanges will be shown on 26 Translux systems when the new trading floor opens. The enunciator or call board system of alerting floor traders of messages will be replaced in the new facilities by a paging system that gives coded LED messages.

THE MEMBERS

The Exchange considers the maintenance of public confidence in its members as crucial to the long-term success of the market. This is achieved through careful and effective regulation of the activities of member firms. The Exchange also responds to the changing needs of its members by a continuing program of policy development.

New Members

Seven firms were admitted as new members in 1981, bringing the total membership at the end of the year to 81. The new members, four of which were newly-formed companies, are Caldwell Securities Ltd.; Lafferty, Harwood & Partners Ltd.; J.D. Mack Limited; McCarthy Securities Limited; Saunders Hatt Limited; Sprott Securities Limited and D.W. Taylor & Company Limited. One of the new members already held a seat. The six remaining seats were traded at prices ranging from \$40,000 to \$166,000.

The member firms served their clients through 620 offices. In 1981 there were approximately 6,500 registered representatives, who advise upon and execute orders for individuals and institutions throughout Canada.

Member Registration and Compliance

As a self-regulatory organization, the Exchange has rules governing the registration of member firm personnel and their business practices. Members are assisted in meeting the Exchange requirements through an in-office review program, where supervisory control procedures and general sales practices are assessed. During 1981, forty-one members' head offices and branch offices were reviewed.

Member firm personnel requiring registration with the Exchange include registered representatives, directors/partners, officers, branch managers and shareholders. The increase in the number of registrant categories in the recent past created a need for technology capable of processing all member applications with both speed and efficiency. Late in 1981, the registration records of the Exchange were transferred to a computer data base. This facility provides for both the updating and retrieval of information through visual or hard copy output.

Member Firms Capital Requirements

To ensure that members meet and continue to meet the minimum capital requirements of the Exchange, the Exchange Examiners review monthly financial reports, quarterly operations questionnaires, and financial questionnaires, both audited and unaudited, which are submitted by member firms. Capital deficiencies are reported to the National Contingency Fund, giving reasons for the deficiencies as well as the corrective measures required.

In response to the volatility of interest rates in 1981, the Examiners implemented special monitoring and review activity in order to assess the sudden impact of these changes on members' financial positions. New margin rates for debt securities were developed as were regulations governing new products such as Financial Futures.

Investigations

The Exchange administers a Central Complaint Bureau to handle public and member firm complaints. When complaints are received, these are recorded and referred to the appropriate area within the Exchange for resolution.

The Exchange conducts investigations into alleged violations of its regulations, and other undesirable activities affecting the marketplace, member firms and the public. When violations of regulations are detected, the circumstances are reviewed by senior staff for referral to the Board for disciplinary action.

One hundred and fifteen formal investigations were completed in 1981, which led to disciplinary action against 38 individuals and three member firms.

Close cooperation is maintained with other regulatory bodies and law enforcement agencies. As a result of Exchange investigations and cooperation with police agencies, two attempts to manipulate issues traded in the United States through the facilities of member firms were prevented in the past year.

The Exchange also plays an important role in the prevention of offences. It does so by providing educational materials to member firms which assist them in protecting themselves, and by publishing a list of lost and stolen securities which is widely distributed to dealers and to industry members in Canada.

Public Ownership

One of the most important policy issues during 1981 was that of public ownership of securities firms. Early in 1981, a joint industry committee on Public Ownership was established to consider whether, and if so, under what conditions, members may go public. Two member firms had indicated that they would be making proposals to become publicly-owned. The committee recommended that under certain conditions, securities firms be permitted to offer their securities to the public. The recommendations were approved by the membership in June, and were subsequently presented to a joint public hearing held by the Ontario Securities Commission and the Superintendent of Brokers of British Columbia. The hearing was also attended by representatives of the Federal Department of Consumer and Corporate Affairs, the Manitoba Securities Commission and the Commission des Valeurs Mobilières du Québec. Following the decision of the OSC to allow public ownership an Exchange by-law was drawn up and enacted by the Board of Governors.

Commission Rates

A public hearing was held by the Ontario Securities Commission into the future of fixed commission rates. The OSC wished to determine whether it was in the public interest to maintain the fixed minimum commission rate structure of brokerage transactions, or whether to move to a system of “non-regulated,” or unfixed rates.

In preparation for the hearing, the Exchange surveyed members to determine their preference for either fixed or unfixed rates. The results indicated that the majority of the membership preferred fixed minimum commission rates. Subsequently, the Exchange prepared a submission representing this consensus and filed it with the OSC and other securities commissions in Canada. This view was represented at the OSC hearings, held between November 23 and December 8.

Capital Formula Review

The Securities Industry Capital Committee (SICC), on which The Toronto Stock Exchange is represented, is studying the appropriate basis for capital requirements for members of the Canadian securities industry's self-regulatory organizations. The goal of this project is to propose a uniform capital formula for the industry which serves to protect customer funds and securities held by member firms, while allowing member firms optional use of their capital. Three audit firms have been selected to participate in the project: Peat, Marwick, Mitchell & Co.; Clarkson Gordon; and Price Waterhouse. A questionnaire was sent out to the industry early in 1981, and the results were used to plan four sub-studies which will cover current capital formulas of Canada and other jurisdictions and related industries; protective devices in the Canadian securities industry; causes of failure in the Canadian securities industry; and industry evolution trends. The project is funded by the self-regulatory organizations, with The Toronto Stock Exchange providing the major contribution. The Exchange has also made considerable contributions of staff time to the planning and performance of the study.



On May 6, 1981, the Annual Meeting was held on the trading floor of The Toronto Stock Exchange.

THE LISTED COMPANIES

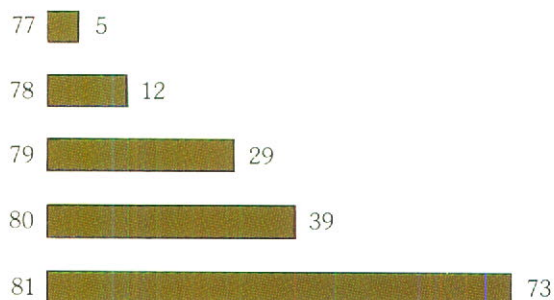
Listing Activity

During 1981, 73 companies listed 75 issues on The Toronto Stock Exchange, compared with 39 companies listing 41 issues in 1980. This is the highest number of new listings since 1969, when 86 new companies were listed.

Newly listed companies added an additional \$5.6 billion to The Toronto Stock Exchange Quoted Market Value, compared with \$6.3 billion in 1980.

At the end of 1981, there were 1,222 issues listed, 78 more than the 1,144 issues listed at the end of 1980. The number of companies listed at year-end totalled 838, an increase of 39 from the previous year.

NEW COMPANIES LISTED



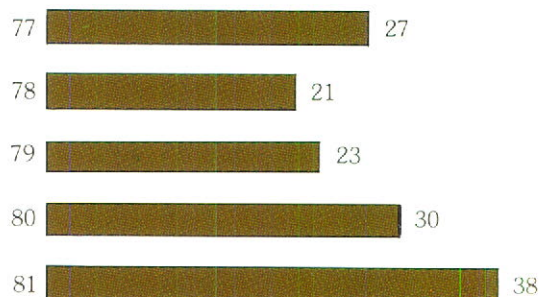
Market Access by Junior Companies

Throughout 1981, the Market Access Committee studied ways to improve the access to public equity markets by junior companies. In October, the Report of the Committee entitled "Proposal of The Toronto Stock Exchange to Foster Capital Formation for Junior Resource and Industrial Enterprises" was released for public discussion and comment.

The recommendations of the Market Access Report centred around the implementation of a trading system and financing mechanism which would enable companies to list on the Exchange at earlier stages of development. The Committee recommended the creation of a second section of the Exchange having listing standards that permit younger and smaller enterprises to be listed. The Committee also proposed that the use of a statement of material facts as a financing vehicle be expanded.

In addition, the Market Access Report recommended that the Ontario Securities Commission Policy 3-02 be revoked to improve remuneration for sponsoring underwriters and participation by principals, so that the number of resource financings in Ontario would increase. Recognizing that the viability of public financing for junior companies is contingent on the participation of individual investors, the Committee recommended that the Ontario Government provide investment incentives for investors purchasing new issues of Ontario junior companies that list on the Exchange under proposed regulations and procedures.

SUPPLEMENTAL ISSUES LISTED



Underlying all of the recommendations of the Committee was the premise that there must be no compromise of the integrity of the marketplace or the principles of disclosure and fair treatment of shareholders. It is expected that the second section of the Exchange will be operative by the latter half of 1982.

Private Placement Policy

In March 1981 a new policy respecting private placements of treasury securities of listed companies was enacted. The policy clarifies the Exchange's requirements for private placements and makes them consistent with those of the Ontario Securities Commission. Several concerns regarding the former policy and its enforcement had been expressed by listed companies, shareholders, law firms, industry representatives and various regulatory bodies. The new policy permits a higher discount from market price for private placements of senior companies and it clarifies the requirements for warrants issued through private placement transactions.

Stock Options Policy

In December, the Exchange revised its policy respecting employee stock option and stock purchase plans, as well as policy respecting options for services. Earlier in the year, the Exchange drafted certain revisions and distributed them for comment to listed companies and industry representatives. The new policy is less restrictive in some areas, but certain types of plans and options must now receive shareholder ratification.

Other Initiatives

In October 1981, the Exchange created a new listing category, Real Estate Limited Partnership, to enable Canadian limited partnerships holding real estate assets to have access to the public market and to provide the real estate industry with an alternative means of financing its growth. The first listing under this category were Units of Lehndorff Canadian Properties.

A revised edition of the Exchange's Company Manual was published in March. The manual is a reference book for listed companies and their advisors.



When a company lists on The Toronto Stock Exchange, an official welcome is arranged, generally at a breakfast meeting. This provides an opportunity for an informal discussion between the company and Exchange representatives, covering Exchange services available to a listed company. A photography session follows the meeting.

THE PUBLIC

Establishing strong lines of communications with investors and the general public is a central objective of the Exchange. To accomplish this, the Exchange has a comprehensive public information program and is actively involved in public affairs.

Public Information

The Exchange disseminates a variety of information to the public and press through its various public information programs. The function and operation of the Exchange is explained through public tours which were attended by more than 19,000 students and members of the general public in 1981. Visitors included a group of Assistant Trade Commissioner Trainees from the Department of Industry, Trade and Commerce, as well as educators attending the Board of Trade's Business Education Days program.

Market reports are carried daily by more than 500 radio stations across Canada. Radio Canada International broadcasts a three-minute stock report which can be heard across North America, Europe, Africa, the Middle East and the Caribbean. During the winter, a market report is carried by seventeen Florida stations with coverage extending across the State and into parts of the Bahamas.

Each year the Exchange holds a dinner for the press at the time of the Annual Meeting. Thirty representatives of the media attended the 1981 Press Dinner. This event gives the media an



There are two galleries where members of the public can view the trading floor of the Exchange. These galleries are both approximately 19 feet by 8 feet and can accommodate about 20 to 25 persons each. More than 19,000 students and members of the general public visited the Exchange in 1981.

opportunity to meet with the Board, including its new members and the Exchange staff who deal regularly with the public, and to discuss topical issues.

During 1981 the Exchange received many international visitors, coming from Japan, Brazil, Australia, Saudi Arabia, the People's Republic of China, Egypt, Switzerland, Taiwan and the United Kingdom. Their interests lie primarily in learning about the Computer Assisted Trading System, as well as regulation of the securities industry.

Special Projects

During the school year ending in June 1981, almost 20 per cent of the high schools in Ontario participated in the Wilfred Laurier Stock Market Game. The Stock Market Game makes it possible for high school students to establish a stock and option portfolio and to trade this portfolio on a daily basis. A computer record is maintained of all trades at the University, and at the end of the fall and winter terms the results of the individual high school teams are tabulated. Each team is informed of the results in its market trading. In the past the Exchange has contributed a cash award to the national and regional winners, and in May 1981 the Exchange announced its intention to increase support of the Stock Market Game.



The 1981 Press Dinner was held on May 5. This annual event gives the media an opportunity to meet the Exchange officials and staff with whom they deal regularly and to discuss issues pertinent to the securities industry.

In January 1981, the Exchange released three new films on investing. The films, entitled *Investing in Canada*, *Investing in the Stock Market*, and *The Market in Action*, were viewed by more than 12,500 people in the first year. The films were well-received with comments ranging from "An excellent, easy-to-follow account of investing in Canada and the role played by the Exchange in that investing" to "Film is very good in explaining market terms, trading procedures, etc. in a way that a novice investor can understand".

In 1981, the Exchange published the first edition of its *Fact Book*, designed as a reference manual for investors, the securities industry and the press. The *Fact Book* summarizes in one publication, a wide variety of useful statistical data generated by the Exchange, as well as additional investment information originated by other organizations.

During 1981, the Exchange took an active part in the work of the Joint Industry Federal Government Liaison Committee. On behalf of the Tax Committee, Exchange staff prepared a submission to the Minister of Finance of the Federal Government discussion paper, entitled "A Review of the Taxation of Capital Gains in Canada", which was released in November 1980. Exchange officials met with the Department of Finance, prior to the November 1981 budget.

Following the Federal Budget on November 12, the Board of the Exchange telexed the Minister of Finance urging him to reconsider the proposal to limit the deductibility of interest by an individual or partnership to the amount of taxable investment income. The members of the Tax Committee proposed that the

Federal Government should permit full deductibility of interest borrowings to finance equity investment in Canadian corporations, large and small, public and private. The provisions dealing with interest deductibility were subsequently modified by the Minister of Finance.

The Exchange also played an active role in the debate on reform of the pension system. In addition to being represented at the National Pensions Conference held in Ottawa, the Exchange assisted the Joint Industry Committee on Pension Reform in preparing a presentation to the Ontario Government Select Committee on Pensions.

Participation in key conferences is an important element of the public affairs program. The President of the Exchange was a panelist in the March 4-5, 1981, Tax Options Conference of the Canadian Tax Foundation and in April spoke at The First Western Capital Conference on the topic of "Market Access from the Perspective of The Toronto Stock Exchange". In May, the results of a cooperative study with Statistics Canada, analyzing corporate take-over activity, were presented at a joint session of the Canadian Economics Association and the Canadian Association of Business Economists in Halifax.



This photograph is taken from the gallery structure overlooking the trading floor in the new TSE trading pavilion. The new gallery will be 90 feet in length and 10 feet deep, with a raised platform at the back, accommodating more than 150 people.

EXCHANGE COMMITTEES



The Education Committee

Seated (left to right): D. Robert Brown; George C. Vilim; Huntly W.F. McKay.

Standing (left to right): Fred J. Troop; Trevor R. Dixon; James O. Finlay.



The Options Committee

Seated (left to right): Brian L. Minnes; D. Robert Brown; Jane Sibley.

Standing (left to right): K. Michael Simms; Trevor R. Dixon; Huntly W.F. McKay; John A. Vivash; Scott Davis; Robert L. McLeish.



The Stock List Committee

Seated (left to right): Fred M. Ryan; D'Arcy R. Doherty; George S. Dembroski.

Standing (left to right): Donald M. Ross; Lawrence S. Bloomberg; Michael J.H. Brown; W.O. North Cooper.

NOTE: The Chairman and the President are ex-officio members of all Committees.

BUDGET AND AUDIT COMMITTEE

Chairman	C.R. Younger	Dominion Securities Ames Limited
Vice-Chairman	D.T.C. Moore	McLeod Young Weir Limited
Members	St. Clair Balfour	Southam Inc.
	(Alternate —	
	Anne R. Dubin, Q.C.)	Tory, Tory, DesLauriers & Binnington
	M.J. Howe	Greenshields Incorporated
	D.H. Page	Midland Doherty Limited

BUILDING AND PREMISES COMMITTEE

Chairman	H.K. McMahon	Pitfield Mackay Ross Limited
Vice-Chairman	C.B. Loewen	Loewen, Ondaatje, McCutcheon & Co. Ltd.
Members	D.C. Bainbridge	R.A. Daly & Company Limited
	R.H. Canning	Bell Gouinlock Limited
	M.J. Howe	Greenshields Incorporated
	J.A. Vivash	Midland Doherty Limited
	W.R. Whitbeck	Wood Gundy Limited

CAPITAL AND MARGIN COMMITTEE

Chairman	D.O. Hawkey	Dominion Securities Ames Limited
Members	M.J. Chant	Wood Gundy Limited
	I.W. Delaney	McLeod Young Weir Limited
	K.W. McArthur	Nesbitt Thomson Bongard Inc.
	D.H. Page	Midland Doherty Limited
	J.A. Price	Osler, Wills, Bickle Limited
	P. Ruddy	Merrill Lynch, Royal Securities Limited
	R.B. Schultz	Davidson Partners Limited

COMMISSION RATE COMMITTEE

Chairman	G.R.P. Bongard	Nesbitt Thomson Bongard Inc.
Members	A.R.Y. Agnew	Gardiner, Watson Limited
	D.C. Bainbridge	R.A. Daly & Company Limited
	J.C. Caty	Pitfield Mackay Ross Limited
	C.B. Loewen	Loewen, Ondaatje, McCutcheon & Co. Ltd.
	H. Schnetzer	Merrill Lynch, Royal Securities Limited
	Roger Warren	Andras, Hatch & Hetherington Ltd.
	C.R. Younger	Dominion Securities Ames Limited

COMPUTER ASSISTED TRADING COMMITTEE

Chairman	B.M. Cooper	Burns Fry Limited
Members	A.D. Clouse	Richardson Securities of Canada
	Bev Collombin	Research Securities of Canada, Ltd.
	L.P. Haughton	McCarthy Securities Limited
	A.H. Hubbs	Brault, Guy, O'Brien Inc.
	C.H.J. McKnight	Loewen, Ondaatje, McCutcheon & Co. Ltd.
	D.S. Mowatt	Davidson Partners Limited

COMPUTER ASSISTED TRADING SYSTEM – GOVERNORS COMMITTEE

Members	D.F. Clarkson	Burgess Graham Securities Limited
	A.D. Clouse	Richardson Securities of Canada
	L.P. Haughton	McCarthy Securities Limited
	C.H.J. McKnight	Loewen, Ondaatje, McCutcheon & Co. Ltd.
	D.S. Mowatt	Davidson Partners Limited
	D. Munro	McLean, McCarthy & Co. Ltd.
	R.W. Varney	Jones, Gable & Company Limited

DIVERSIFICATION COMMITTEE

Chairman	C.R. Younger	Dominion Securities Ames Limited
Member	B.J. Steck	Nesbitt Thomson Bongard Inc.

EDUCATION COMMITTEE

Chairman	G.C. Vilim	Canavest House Limited
Members	R.D. Brown	R.A. Daly & Company Limited
	J.C. Caty	Pitfield Mackay Ross Limited
	T.R. Dixon	McLeod Young Weir Limited
	F.J. Troop	Burns Fry Limited

EXCHANGE OPENING COMMITTEE

Chairman	L.W. McCarthy	McCarthy Securities Limited
Members	J.C. Barron	Cassels Blaikie & Co. Limited
	D.G. Lawson	Moss, Lawson & Company Limited
	J.A. MacKnight	Richardson Securities of Canada

FLOOR PROCEDURE COMMITTEE

Chairman	D.C. Bainbridge	R.A. Daly & Company Limited
Vice-Chairman	T.E. Milligan	Midland Doherty Limited
Members	W.J. Barry	Burns Fry Limited
	R.M. Beggs	Richardson Securities of Canada
	T.C. Carley	Loewen, Ondaatje, McCutcheon & Co. Ltd.
	G.W. Chisholm	Hector M. Chisholm & Co. Ltd.
	J.M. Deegan	Levesque, Beaubien Inc.
	J.J. Duggan	Canavest House Limited
	A.F. Hawkins	Wood Gundy Limited
	H.L. Mayne	Memill Lynch, Royal Securities Limited
	D.S. Mowatt	Davidson Partners Limited
	G.T. O'Connell	Housser & Company Limited
	W.F. Pirie	F.H. Deacon, Hodgson Inc.
	J.M. Ryan	Goulding, Rose & Turner Limited
	J.F. Taugher	Burgess Graham Securities Limited

FUTURES MARKET COMMITTEE

Chairman	K.A. Field	McLean, McCarthy & Co. Limited
Members	G.R.P. Bongard	Nesbitt Thomson Bongard Inc.
	J.F. Carroll	Midland Doherty Limited
	R.L. Cockburn	Conti Commodity Services Limited
	A.D. Friedberg	Friedberg Mercantile Group
	D.C. Holmes	McLeod Young Weir Limited
	M.D. Kassirer	Burns Fry Limited
	L.J. Levy	Yorkton Securities Limited
	J.A. MacKnight	Richardson Securities of Canada
	J.G. McCartney	Merrill Lynch, Royal Securities Limited
	B.L. Minnes	Dominion Securities Ames Limited
	P.F. O'Donnell	Wood Gundy Limited
	R.L. Reeves	Greenshields Incorporated
	P.D. Sacks	Pitfield Mackay Ross Limited
	W.H. Steinbrenner	Bache Halsey Stuart Canada Ltd.

INDEX COMMITTEE

Chairman	W.B. Carter	Loewen, Ondaatje, McCutcheon & Co. Ltd.
Members	C.H. Brown	Alfred Bunting & Company Limited
	J.A. Hutton	

INSURANCE TRUSTEES

Chairman	P.G. Macdonnell	Loewen, Ondaatje, McCutcheon & Co. Ltd.
Members	J.R. Blaikie	Cassels Blaikie & Co. Limited
	E.B. Thomson	

INVESTMENT COMMITTEE

Chairman	M.J. Howe	Greenshields Incorporated
Vice-Chairman	C.R. Younger	Dominion Securities Ames Limited
Members	H.J. Jean-Marie	Greenshields Incorporated
	R.L. Reeves	Greenshields Incorporated
	J.R. Richards	Wood Gundy Limited

MARKET FUNCTIONS COMMITTEE

Chairman	R.A. Marcello	Davidson Partners Limited
Members	B.M. Cooper	Burns Fry Limited
	N.J. Kernaghan	Thomson, Kernaghan & Co. Limited
	F.M. Ketchen	McLeod Young Weir Limited
	C.H.J. MacKnight	Loewen, Ondaatje, McCutcheon & Co. Ltd.
	R.N. McKie	Caldwell Securities Ltd.
	P.A. Mitchell	Greenshields Incorporated
	L.J.W. Nijhuis	Merrill Lynch, Royal Securities Limited
	W.F. Pirie	F.H. Deacon, Hodgson Inc.
	J.A. Price	Osler, Wills, Bickle Limited

MEMBER CAPITAL COMPLIANCE COMMITTEE

Chairman	M.J. Howe	Greenshields Incorporated
Members	A.M.M. Cury Anne Dubin, Q.C. (Alternate — St. Clair Balfour) D.G. Lawson L.W. McCarthy H.K. McMahon	Walwyn Stodgell Cochran Murray Ltd. Tory, Tory, DesLauriers & Binnington Southam Inc. Moss, Lawson & Company Limited McCarthy Securities Limited Pitfield Mackay Ross Limited

MEMBER ORGANIZATIONS COMMITTEE

Chairman	C.R. Younger	Dominion Securities Ames Limited
Vice-Chairman	J.C. Caty	Pitfield Mackay Ross Limited
Members	J.R. Barton N.B. Bell B.H. MacDougall G.P. Nares T. J. O'Rourke E.J. Troop	Midland Doherty Limited Bell Gouinlock Limited MacDougall, MacDougall & MacTier Ltd. Richardson Securities of Canada Moss, Lawson & Company Limited Burns Fry Limited

NATIONAL CONTINGENCY FUND

Governor	H.K. McMahon	Pitfield Mackay Ross Limited
Deputy Governor	M.J. Howe	Greenshields Incorporated
Alternate	J.P. Bunting	The Toronto Stock Exchange

OPTIONS COMMITTEE

Chairman	R.D. Brown	R.A. Daly & Company Limited
Members	D.K. Blair Scott Davis T.R. Dixon H.P. McLean R.L. McLeish B.L. Minnes Jane Sibley K.M. Simms R.S. Sinclair J.A. Vivash	Pitfield Mackay Ross Limited Moss, Lawson & Company Limited McLeod Young Weir Limited Merrill Lynch, Royal Securities Limited Walwyn Stodgell Cochran Murray Ltd. Dominion Securities Ames Limited Canavest House Limited Nesbitt Thomson Bongard Inc. Wood Gundy Limited Midland Doherty Limited

OPTIONS FLOOR PROCEDURE COMMITTEE

Chairman	J.J. Hladysch	Greenshields Incorporated
Members	J.L. Del Genio P.G. Gemakas K.D. Johnson K.R. Lucas T. F. Milligan E.L. Rutland D.J. Walker	Burns Fry Limited Richardson Securities of Canada Burgess Graham Securities Limited Nesbitt Thomson Bongard Inc. Midland Doherty Limited Wood Gundy Limited Pitfield Mackay Ross Limited

STOCK LIST COMMITTEE

Chairman	E.D. Scott	Greenshields Incorporated
Members	L.S. Bloomberg	First Marathon Securities Limited
	D.H. Brown	Burns Fry Limited
	M.J.H. Brown	McLean, McCarthy & Company Limited
	D.H.L. Buntain	Merrill Lynch, Royal Securities Limited
	W.O.N. Cooper	Moss, Lawson & Co. Limited
	G.S. Dembroski	Dominion Securities Ames Limited
	D.R. Doherty	Midland Doherty Limited
	D.M. Ross	St. Lawrence Securities Limited
	F.M. Ryan	R.A. Daly & Co. Limited
	J.R. Woods	Merit Investment Corporation

SYSTEMS COMMITTEE

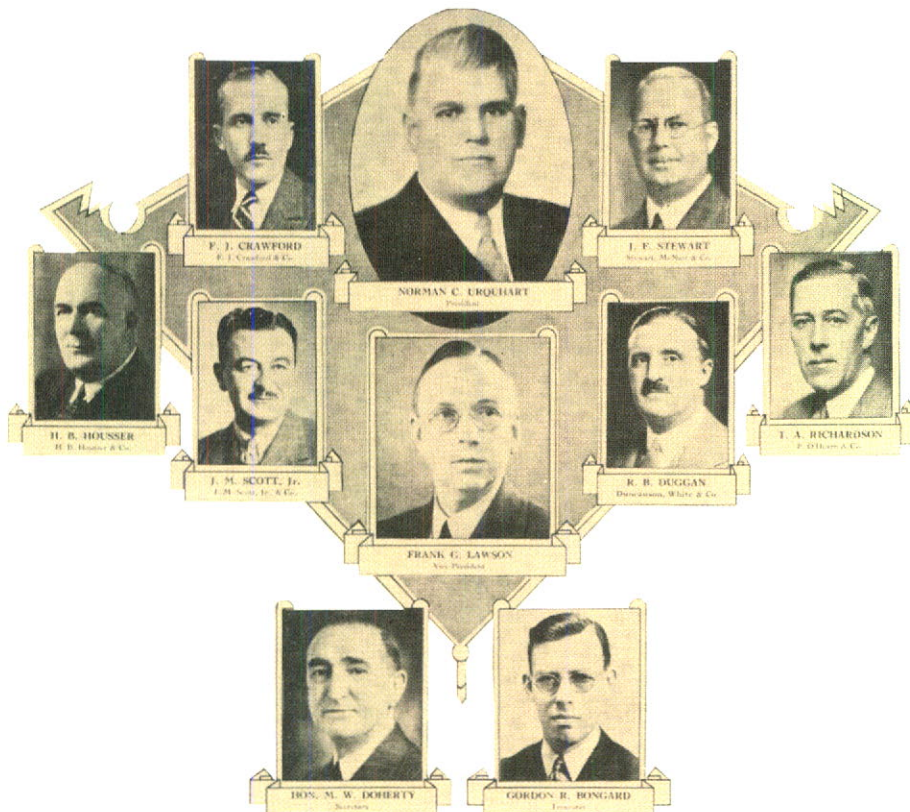
Chairman	L.J. Levy	Yorkton Securities Inc.
Members	M.R. Caceres	Pitfield Mackay Ross Limited
	Scott Davis	Moss, Lawson & Co. Limited
	J.S. Deacon	F.H. Deacon, Hodgson Inc.
	R. Hirsch	Merrill Lynch, Royal Securities Limited
	S.I. Kallos	Midland Doherty Limited
	R.E. Kyes	First Marathon Securities Limited
	D.G. Prince	R.A. Daly & Company Limited

JOINT INDUSTRY COMMITTEES

Joint Industry Committees are one of the most effective means of co-ordinating activities and resolving issues of common interest to the securities industry. The committees are made up of representatives of the Alberta, Montreal, Toronto and Vancouver Stock Exchanges, and the Investment Dealers Association.

In 1981, the Public Ownership Committee released its report recommending that, under certain conditions, securities firms be permitted to offer their securities to the public. The Diversification Committee was established in the summer of 1981, to consider whether, and if so, how, securities firms be able to diversify their operations.

The Joint Industry Federal Government Liaison Committee was created by expanding the mandate of the former Tax Incentives Committee. This was done so that a wider range of Federal Government policies affecting the securities industry and the investment process could be examined. The Committee will strike working committees to deal with major policy concerns as they develop. Four working committees were established in 1981, namely tax incentives, competition policy, energy policy and pension reform.



During 1937, the first year of operation at 234 Bay Street, representatives from member firms who formed The Toronto Stock Exchange's executive were Norman C. Urquhart, President; Frank G. Lawson, Vice-President; Hon. Manning W. Doherty, Secretary; and Gordon R. Bongard, Treasurer. At that time the TSE had 93 members.

JOINT INDUSTRY COMMITTEES

TORONTO STOCK EXCHANGE REPRESENTATIVES

CANADIAN DEPOSITORY FOR SECURITIES LIMITED

D.H. Page

Midland Doherty Limited

CANADIAN SECURITIES INSTITUTE REPRESENTATIVE

Alternate
B.J. Steck
F.J. Troop

Nesbitt Thomson Bongard Inc.
Burns Fry Limited

DIVERSIFICATION COMMITTEE

B.J. Steck
C.R. Younger *

Nesbitt Thomson Bongard Inc.
Dominion Securities Ames Limited

FEDERAL GOVERNMENT LIAISON COMMITTEE

J.P. Bunting
M.J. Howe

The Toronto Stock Exchange
Greenshields Incorporated

COMPETITION POLICY COMMITTEE

P.J. Sloan

The Toronto Stock Exchange

ENERGY POLICY COMMITTEE

W.R. Gazzard
W.R. Riedl

The Toronto Stock Exchange
Alfred Bunting & Co. Limited

PENSION REFORM COMMITTEE

P. Walsh

Canavest House Limited

TAX INCENTIVES COMMITTEE

J.P. Bunting
M.J. Howe

The Toronto Stock Exchange
Greenshields Incorporated

NATIONAL CONTINGENCY FUND

Governor
Deputy Governor
Alternate
H.K. McMahon *
M.J. Howe
J.P. Bunting

Pitfield Mackay Ross Limited
Greenshields Incorporated
The Toronto Stock Exchange

SECURITIES INDUSTRY CAPITAL COMMITTEE

I.W. Delaney
D.O. Hawkey

McLeod Young Weir Limited
Dominion Securities Ames Limited

* Committee Chairman

As of December 31, 1981

INDUSTRY ORGANIZATIONS

The Canadian Securities Institute

The Canadian Securities Institute is a separate educational organization, co-sponsored by the Alberta, Montreal, Toronto and Vancouver Stock Exchanges, and the Investment Dealers Association of Canada.

The Institute offers both basic and advanced courses on the Canadian securities business to personnel in the industry as well as to the general public. These are presented through correspondence, seminars or lectures. The Institute produces educational booklets, films, exhibits, and other means of communicating the investment process to the Canadian public.

All employees of member firms of the sponsoring organizations who deal with the investing public must first pass the basic Canadian Securities Course offered by the Institute.

Furthermore, no director, partner, officer, or principal contributor of capital may assume these positions until he or she has passed the Institute's qualifying course for senior personnel. This long-standing requirement was initiated to ensure a high standard of professional competence within the industry.

The Exchange works closely with the Institute in developing and maintaining materials and programmes. Negotiations are underway to create a joint TSE/CSI venture which would make The Exchange's Operations Course, suitably modified, available to the sponsors' employees across Canada. The goal is to maintain the proven workshop approach as well as the modular format.

Exchange employees are encouraged to enroll in the Canadian Securities Course and other Canadian Securities Institute courses. They are reimbursed for these courses when successfully completed.

Ermanno Pascutto, Director of Market Policy of the Exchange, was jointly awarded the H.L. Gassard Memorial Award. This award is made to the industry student who obtains the highest standing in the Canadian Securities Course in the June 1 to May 31 academic year.

Trans Canada Options Inc.

Trans Canada Options Inc., created in 1977, is the guarantor and clearing facility for options traded on the Montreal Exchange and The Toronto Stock Exchange. TCO is jointly owned by the two Exchanges and each has four representatives on the Board of Directors, who hold office for one year. There are currently 48 members of TCO.

TCO, as the issuer of options, is a principal in all transactions executed on the Montreal and Toronto Stock Exchanges. If a clearing member fails to discharge any obligation, TCO must do so. Standing behind the obligation of clearing members are, member's net capital, margin deposits with TCO and a clearing fund. Deposits to the clearing fund are in cash and government securities.

The prospectus filed by Trans Canada Options Inc., was cleared by the U.S. Securities and Exchange Commission in 1981. This registration allows U.S. residents to trade in Canadian listed options. Also in 1981, the Ontario Securities Commission approved a proposal by Trans Canada Options to have the TCO Prospectus supplemented by an Information Disclosure Document. At the time of renewal of the current prospectus, members may elect to distribute the summary disclosure statement to new and existing clients in place of the prospectus, creating a more efficient and less costly system.

A subsidiary of TCO, Futures Clearing Inc., was formed in 1980 to handle the settlement of trades in financial futures. Like TCO it guarantees and clears financial futures traded on both the Toronto and Montreal Exchanges.

National Contingency Fund

The National Contingency Fund was established in 1969 and is now co-sponsored by the Alberta, Montreal, Toronto and Vancouver Stock Exchanges and the Investment Dealers Association. At the discretion of the Fund, individual clients, who suffer bona fide losses through the financial failure of a securities firm associated with any of the sponsoring organizations, will receive compensation.

A major objective of the fund is to achieve an accepted minimum standard of member and examination audit in all jurisdictions of Canada. This approach makes surveillance and examination of the capital positions of securities firms more effective on a national scale and strengthens protection of the investing public. Member Firms of the sponsoring organizations file monthly capital and quarterly operational financial reports with the National Examiner of the Fund. These reports are consolidated into industry profiles against which each Exchange and the IDA can judge the condition of the industry on a continuing basis.

The Canadian Depository for Securities

The Canadian Depository for Securities Ltd. is sponsored by the Montreal and Toronto Stock Exchanges, The Investment Dealers Association, The Canadian Bankers Association, and seven major Trust Companies. Its main objective is to assist the financial community in the transfer, recording, clearing, lending and safekeeping of securities.

The Canadian Depository for Securities Ltd. operates the Securities Settlement Service, which is a centralized clearing facility for stocks and bonds trading on the Toronto and Montreal Exchanges.

Other Depository services include a Trade Reconciliation Service, an Intercity Clearing Service for participants in Montreal and Toronto, a Transfer Envelope Service covering Montreal, Toronto, Vancouver, and New York, a Correspondent Delivery and Collection Service, a Consolidated Courier Service, and the delivery of securities between Montreal, Toronto, Calgary, Winnipeg, Edmonton, Vancouver and New York.

The Depository is responsible for maintaining the nationally-recognized CUSIP standard security numbering and description system. The depository also provides special information services on selected securities, such as: a dividend reporting service, a stock pricing service, and a report of issues having privileges which must be exercised by a given date.

The Book Based System (BBS) providing automated certificateless procedures for handling post-trade operations was successfully introduced by the Depository as a pilot project in 1981 and further expansion of the system is contemplated.



The construction site of the new trading pavilion.

The International Federation of Stock Exchanges (FIBV)

The Toronto Stock Exchange is a participating member of the International Federation of Stock Exchanges (FIBV). The FIBV represents principal stock exchanges around the world. The Federation's main concerns as set out in its Statement of General Policy are to foster equal rights for all shareholders, and to coordinate the structures of the securities markets.

The 1981 Annual General Assembly was held in Paris last September. The Chairman and President of the Exchange attended this meeting, with representatives of 30 other stock exchanges from 23 nations. The work of the Assembly covered a broad agenda, with the effects of taxation on the rate of saving and the development of international accounting standards being important items. Mr. Yves Flornoy, Chairman of the Paris Stock Exchange, continues as President of the Federation, and Mr. Pearce Bunting as Vice-President.

The Federation has accepted the invitation of The Toronto Stock Exchange to hold its 1983 General Assembly in Toronto.



STATISTICAL REVIEW

SHARE VALUE TRADED ON WORLD EXCHANGES (U.S. \$ billions)

	1980	1981
New York	\$ 398.0	\$ 416.1
Tokyo	178.8	266.6
London *	36.5	36.8
Zurich *	23.0	27.6
American	34.9	26.5
Midwest	20.6	24.7
Toronto	24.7	20.9
Paris	12.7	13.4
Milan	8.6	12.3
Hong Kong	8.4	10.6
Frankfurt	7.2	8.4
Amsterdam *	5.0	5.2
Sydney	4.8	4.6
Johannesburg	5.4	3.1

* Figures reported by these exchanges included both sales and purchases, and have therefore been halved for better comparison with other exchanges. Off-floor dealings are included.

TSE TEN-YEAR STATISTICAL SUMMARY

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
STOCKS										
Share value traded (\$ billions)	\$6.3	\$6.7	\$4.5	\$4.1	\$5.1	\$6.0	\$10.4	\$18.7	\$29.5	\$ 25.1
Share volume traded (billions)	.6	.7	.6	.5	.5	.7	1.0	1.4	2.0	1.5
Transactions (millions)	1.9	1.9	1.4	1.2	1.3	1.4	1.8	2.5	3.3	2.5
AVERAGES										
Daily value (\$ millions)	\$24.9	\$26.7	\$18.0	\$16.3	\$20.1	\$23.9	\$41.3	\$74.6	\$116.7	\$99.8
Daily volume (millions)	2.5	2.6	2.3	1.9	2.2	2.7	3.9	5.5	7.9	6.0
Daily Transactions (thousands)	7.7	7.6	5.6	4.6	5.0	5.6	7.2	10.0	13.1	10.1
Value/Share	\$9.84	\$10.15	\$7.96	\$8.71	\$9.27	\$8.89	\$10.52	\$13.46	\$14.69	\$16.62
Value/Transaction	\$3,225	\$3,541	\$3,235	\$3,504	\$4,005	\$5,311	\$5,733	\$7,498	\$8,926	\$9,892
STOCK LIST										
New companies listed	65	68	23	13	7	5	12	29	39	73
Total companies listed	937	974	964	940	905	885	821	799	799	838
New issues listed	80	85	36	31	31	32	33	52	71	113
Total issues listed	1185	1246	1265	1279	1277	1254	1208	1143	1144	1220
Market capitalization (\$ billions)	\$223.4	\$194.8	\$156.1	\$194.9	\$227.1	\$234.0	\$256.1	\$325.7	\$447.0	\$358.1
Outstanding shares (billions)	6.6	7.2	7.8	7.7	8.0	8.2	8.2	9.4	11.5	13.6
NEW EQUITY FINANCING RAISED										
By TSE listed companies (\$ millions)	\$321.7	\$195.2	\$283.5	\$329.0	\$735.6	\$1,204.6	\$1,476.3	\$1,514.3	\$4,229.4	\$3,589.5

NEW LISTINGS IN 1981

COMPANY NATURE OF BUSINESS	DATE LISTED	COMPANY NATURE OF BUSINESS	DATE LISTED
AZL RESOURCES INC. oil & gas exploration	Nov 3	CONSOLIDATED SUMMIT MINES LTD. mining exploration & development	June 12
AERO ENERGY LTD. oil & gas exploration & development	Nov 11	DOME CANADA LTD. oil & gas exploration	Apr 8
AGASSIZ RESOURCES LTD. oil & gas exploration & development	July 10	DRUMMOND PETROLEUM LTD. oil & gas exploration & development	May 25
ANTHES INDUSTRIES INC. construction products	Sept 11	ECHO BAY MINES LTD. mining exploration & development	Mar 2
AUGMITTO EXPLORATIONS LTD. mining & exploration development	Jan 23	FISHER OIL & GAS CORP. oil & gas exploration & development	Nov 13
BOW VALLEY RESOURCE SERVICES LTD. research, production of drilling equipment	Feb 23	GANE PETROLEUM CORP. oil & gas exploration & development	Aug 28
BRASCADE RESOURCES INC. investment management	Nov 23	GEOCRUDE ENERGY INC. oil & gas exploration & development	Apr 13
CAMPEAU CORPORATION real estate	June 12	GLENCAIR RESOURCES INC. oil & gas exploration & development	Nov 25
CANADIX RESOURCES LTD. oil & gas exploration & development	Sept 16	HALE RESOURCES LTD. oil & gas exploration & development	Dec 16
CANUC RESOURCES INC. mining exploration & development	Sept 4	HALEY INDUSTRIES LTD. high technology	Feb 11
CANUSA ENERGY LTD. oil & gas exploration & development	Apr 29	IMPERIAL LIFE ASSURANCE CO. OF CANADA (THE) industrial development & management	Aug 20
CANWEST FINANCIAL HOLDINGS LTD. holding company	Feb 6	INVERNESS PETROLEUM LTD. oil & gas exploration & development	Feb 9
CERES RESOURCES LTD. oil & gas exploration & development	June 22	JOFFRE RESOURCES oil & gas exploration & development	July 10
CINEQUITY CORPORATION motion picture distribution	Nov 24	L.K. RESOURCES LTD. beef & grain product	Apr 6
COASTAL INTERNATIONAL LTD. oil shipping & development	Apr 14	LEHNDORFF CANADIAN PROPERTIES A LIMITED PARTNERSHIP real estate	Oct 20
COHO RESOURCES LTD. oil & gas exploration	Feb 25	LONG LAC MINERALS LTD. mining exploration & development	Nov 2
CONSOLIDATED COPPER-LODE DEVELOPMENTS INC. mining exploration & development	May 8	LYNX-CANADA EXPLORATIONS LTD. mining exploration & development	Jan 15
CONSOLIDATED LOUANNA GOLD MINES LTD. mining exploration & development	Oct 27	MACKENZIE FINANCIAL CORP. investment advisory	Jan 9

COMPANY NATURE OF BUSINESS	DATE LISTED	COMPANY NATURE OF BUSINESS	DATE LISTED
MACQUEST RESOURCES LTD. oil & gas exploration & development	Aug 17	ROYEX STURGEX MINING LTD. mining exploration & development	Dec 4
MANNVILLE OIL & GAS LTD. oil & gas exploration & development	Sept 4	SAGEBRUSH RESOURCES LTD. oil & gas exploration & development	Nov 10
MARK'S WORK WEARHOUSE LTD. retail clothing store	June 29	SANTA MARIA RESOURCES LTD. oil & gas exploration & development	Dec 7
MAYNARD ENERGY INC. oil & gas exploration & development	May 25	SCINTILORE EXPLORATIONS LTD. mining exploration & development	July 31
MCPHAR INSTRUMENT CORP. manufacturer geophysical instruments	June 19	SHAWNEE PETROLEUMS LTD. oil & gas exploration & development	Jan 5
MESTON LAKE RESOURCES INC. mining exploration & development	Feb 16	SHELTER HYDROCARBONS LTD. oil & gas exploration & development	Feb 26
METALORE RESOURCES LTD. oil & gas exploration & development	July 27	SILVERTON RESOURCES LTD. oil & gas exploration & development	Jan 9
MOUNT JAMIE MINES LTD. mining exploration & development	June 26	STANFORD RESOURCES LTD. mining development	Apr 6
NABISCO BRANDS, INC. food product manufacturer	July 6	STATES EXPLORATION LTD. oil & gas exploration & development	Dec 1
NEARCTIC RESOURCES INC. oil & gas exploration & development	Oct 16	STRAND OIL & GAS LTD. oil & gas producer	May 29
NICKEL OFFSETS, LTD. mining exploration & development	May 4	TECTONIC ENERGY CORP. oil & gas exploration & development	Feb 17
NORTHLAND BANK banking	Nov 19	TINTINA MINES LTD. mining exploration & development	Mar 30
NORTHUMBERLAND MINES LTD. mining exploration & development	July 3	TWIN RICHFIELD OILS LTD. oil & gas exploration & development	Aug 31
ODYSSEY INDUSTRIES INC. public cold storage	June 24	WASABI RESOURCES LTD. mining exploration & development	Aug 14
PETROLEUM ROYALTIES LTD. oil & gas exploration & development	Oct 1	WESTFORT PETROLEUMS LTD. oil & gas exploration & development	Aug 25
POCO PETROLEUMS LTD. oil & gas exploration & development	Sept 22	WESTMOUNT RESOURCES LTD. oil & gas exploration & development	June 19
QUARTET ENERGY RESOURCES LTD. oil & gas exploration & development	Feb 24	WHARF RESOURCES LTD. mining exploration & development	Mar 12
RAMBLER OIL COMPANY oil & gas exploration & development	Aug 5	ZEPHYR RESOURCES LTD. oil & gas exploration & development	Mar 2
ROXY PETROLEUMS LTD. oil & gas exploration & development	Mar 27		

MEMBERSHIP PROFILE

	1977	1978	1979	1980	1981
Member Firms	75	76	75	79	81
Clearing Member Firms	61	62	63	66	65
Price of TSE Seat: High	\$20,000	\$20,000	\$29,000	\$55,000	\$166,000
Low	\$15,000	\$12,000	\$15,000	\$26,000	\$ 40,000
Seat Transactions	7	7	7	6	6
Head and Branch Offices	426	462	423	456	620
Registered Representatives	4,432	4,636	4,999	5,695	6,500*
Options Clearing Member Firms	30	33	42	46	48
Futures Clearing Member Firms	—	—	—	17	17

* Estimated

TRADING RECORDS

EQUITY TRADING RECORDS SET ON TSE

	Volume		Value		Transactions	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
All-Time Daily Record	28,704,246 4-17-64	711,080 1-3-72	\$440,445,807 3-6-81	\$2,508,763 4-18-60	24,013 1-31-80	1,914* 1-2-76
Weekly Record	89,796,382	4,991,298	\$1,191,249,451	\$15,109,323	107,547**	11,643**
Week Ending (Since 1959)	4-24-64	8-8-75	2-1-80	8-5-60	2-1-80	7-10-76
Monthly Record	277,201,991 1-80	1,956,225 8-42	\$3,697,210,176 1-80	\$3,177,627 8-42	412,787 1-80	7,128 10-76
Yearly Record	2,009,091,282 1980	38,805,347 1942	\$29,514,529,845 1980	\$58,287,507 1942	3,306,577 1980	141,484 1942

* Since 1965 ** Since 1969

OPTIONS TRADING RECORDS SET ON TSE

	Number of Contracts		Value		Transactions	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
All-Time Daily Record	30,275 5-14-81	25 4-2-76	\$12,746,245 2-21-80	\$5,515 4-2-76	4,668 5-14-81	19 4-2-76
Weekly Record	106,339	388	\$45,211,773	\$70,700	16,744	224
Week Ending	5-15-81	4-15-76	2-22-80	10-15-76	5-15-81	7-2-76
Monthly Record	332,246 9-81	1,289 3-76	\$138,154,146 2-80	\$402,768 3-76	46,760 9-81	779 3-76
Yearly Record	2,803,724 1981	41,889 1976	\$817,756,342 1980	\$9,068,240 1976	418,395 1981	17,332 1976

FINANCIAL REVIEW

Operations for the year provided an Excess of Revenue over Expenses of \$6,445,000 as compared to \$7,686,000 for the prior year.

The CANDAT Information System was sold during the year at a loss of \$350,000. This reduced the Excess of Revenue over Expenses for the year to \$6,095,000.

Revenue for the period was \$19,688,000 as compared to \$18,008,000 for the prior year. Revenue from members totalled 47.6%, listed companies 31.9% and other 20.5% of total revenue as compared to 59.0%, 28.3% and 12.7% respectively for the prior year.

Cash and Investments increased by \$6,749,000 to \$20,312,000 while Working Capital increased by \$6,511,000 to \$21,131,000.

The Exchange has made good progress toward a cash position which will allow a substantial part of the capital expenditure for its new premises to be financed from internal funds.

Ten-Year Review – Periods ended March 31st and December 31st – Thousands of Dollars

	Revenues	Expenses	Net Revenue	Working Capital
March 31, 1973	\$ 4,640	\$ 4,478	\$ 162	\$ 4,395
March 31, 1974	4,487	4,243	244	4,728
March 31, 1975	3,679	4,642	(963)	3,950
March 31, 1976	4,650	4,634	16	3,321
March 31, 1977	4,744	5,118	(374)	2,601
March 31, 1978	5,318	5,403	(85)	2,565
March 31, 1979	8,930	6,755	2,175	4,144
December 31, 1979 (9 months)	9,293	5,636	3,657	8,484
December 31, 1980	18,021	10,335	7,686	14,620
December 31, 1981	19,450	13,355	6,095	21,131

STATEMENT OF REVENUE AND EXPENSES

	YEAR ENDED DECEMBER 31	
	1981	1980
REVENUE	(Thousands of dollars)	
Member fees		
Transaction and service revenues	\$ 8,078	\$ 9,384
Options and futures transactions	1,294	1,250
Fees from listed companies	6,281	5,109
Income from investments	3,008	1,618
Computer services	908	569
Other	119	78
	<u>19,688</u>	<u>18,008</u>
EXPENSES		
Administration	2,185	1,758
Research and special projects	457	73
Member regulations	1,685	1,328
Markets and market development		
Market operations	\$ 2,332	\$ 2,001
Market development	672	479
Listings and distributions	701	518
Options and futures trading	<u>1,679</u>	<u>1,302</u>
	5,384	4,300
Operations		
Data processing	2,299	1,858
Systems development	<u>471</u>	<u>279</u>
Economic and public affairs	874	739
	<u>13,355</u>	<u>10,335</u>
	<u>6,333</u>	<u>7,673</u>
OTHER REVENUE — CANDAT Information System		
Revenues	1,011	3,083
Less related expenses		
Operating	632	1,868
Depreciation	65	361
Amortization of equipment under capital lease	170	663
Interest on obligation under capital lease	<u>32</u>	<u>178</u>
	<u>899</u>	<u>3,070</u>
	<u>112</u>	<u>13</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE EXTRAORDINARY ITEM	6,445	7,686
Loss on sale of CANDAT Information System (note 5)	<u>350</u>	
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 6,095</u>	<u>\$ 7,686</u>

BALANCE SHEET AT DECEMBER 31, 1981

ASSETS	1981	1980
	(Thousands of dollars)	
CURRENT ASSETS		
Cash	\$ 65	\$ 91
Marketable securities, at cost which approximates market value (note 2)	20,247	13,472
Accounts and accrued interest receivable	1,952	2,552
Prepaid expenses	162	160
	<u>22,426</u>	<u>16,275</u>
 INVESTMENT IN TRANS CANADA OPTIONS INC., at cost	 <u>100</u>	 <u>100</u>
 FIXED ASSETS (note 3)		
Land, buildings and equipment, at cost	11,409	11,744
Less accumulated depreciation	6,963	7,489
	<u>4,446</u>	<u>4,255</u>
 EQUIPMENT UNDER CAPITAL LEASE	 <u> </u>	 <u>1,192</u>
	<u>\$26,972</u>	<u>\$21,822</u>
 LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,295	\$ 1,004
Obligation under capital lease	<u> </u>	<u>651</u>
	1,295	1,655
 LONG-TERM PORTION OF OBLIGATION UNDER CAPITAL LEASE	 <u> </u>	 853
 RESERVE FOR CONTINGENCIES	 1,119	 933
 CAPITAL	 <u>24,558</u>	 <u>18,381</u>
	<u>\$26,972</u>	<u>\$21,822</u>
 Lease commitments (note 6)	 <u> </u>	 <u> </u>

Approved by The Board of Governors:

M.J. Howe, Chairman

J.P. Bunting, President and Chief Executive Officer

STATEMENT OF CAPITAL

	YEAR ENDED DECEMBER 31	
	<u>1981</u>	<u>1980</u>
	(Thousands of dollars)	
BALANCE AT BEGINNING OF YEAR	\$18,381	\$10,695
Excess of revenue over expenses	6,095	7,686
Sale of member's seat net of \$29,000 recovery of prior year's charges to reserve for contingencies	82	
BALANCE AT END OF YEAR	<u>\$24,558</u>	<u>\$18,381</u>

STATEMENT OF RESERVE FOR CONTINGENCIES

	YEAR ENDED DECEMBER 31	
	<u>1981</u>	<u>1980</u>
	(Thousands of dollars)	
BALANCE AT BEGINNING OF YEAR	\$ 933	\$ 804
Add:		
Assessment on transactions	51	66
Fines levied by the Exchange	103	63
Prior year's charges recovered through sale of member's seat and other credits	32	
BALANCE AT END OF YEAR	<u>\$ 1,119</u>	<u>\$ 933</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

	YEAR ENDED DECEMBER 31	
	1981	1980
FUNDS DERIVED FROM	(Thousands of dollars)	
Operations		
Excess of revenue over expenses before extraordinary item	\$ 6,445	\$ 7,686
Items not involving working capital		
Depreciation	1,167	1,529
Amortization of equipment under capital lease	170	663
	7,782	9,878
Increase in reserve for contingencies	186	129
Proceeds on sale of seat, net	82	
Proceeds on sale of CANDAT Information System, net of expense of \$29,000	1,691	
	9,741	10,007
FUNDS APPLIED TO		
Purchase of fixed assets	2,414	3,175
Increase in equipment under capital lease		310
Reduction in long-term obligation under capital lease, net of gain on retirement of \$37,000 in 1981	816	386
	3,230	3,871
INCREASE IN WORKING CAPITAL	6,511	6,136
WORKING CAPITAL AT BEGINNING OF YEAR	14,620	8,484
WORKING CAPITAL AT END OF YEAR	\$21,131	\$14,620

NOTES TO FINANCIAL STATEMENTS

December 31, 1981

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) International Accounting Standards

The accompanying financial statements of the Exchange are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with the statements issued by the International Accounting Standards Committee. No disclosure is provided with respect to current cost accounting.

(b) Investment in Trans Canada Options Inc.

The Exchange has a 50% interest in Trans Canada Options Inc. (T.C.O.) and options issued by T.C.O. are traded through the facilities of the Montreal Exchange and The Toronto Stock Exchange. The by-laws of T.C.O. provide that its operations shall be carried on without purpose of gain for its shareholders or its clearing members and that any gains shall be used in promoting its objects. Accordingly the Exchange carries the investment on a cost basis.

(c) Depreciation

Depreciation is provided at the following rates:

- (i) Buildings and improvements — The net book value of buildings and improvements as at December 31, 1980 and additions subsequent to December 31, 1980 are being depreciated on a straight line basis to December 31, 1982.
- (ii) CANDAT equipment — Depreciation was provided on CANDAT equipment on a straight line basis over four years to the date of sale.
- (iii) Data processing equipment — Declining balance method at a rate of 30% per annum.
- (iv) Fixtures and other Equipment — Declining balance method at a rate of 20% per annum.

Depreciation for the year, excluding CANDAT, amounted to \$1,102,000 (1980 — \$1,168,000).

(d) Pension plan

The Exchange has a pension plan covering substantially all of its employees. The Exchange's policy is to fund and expense pension costs as incurred. The total pension expense for the year was approximately \$328,000 (1980 — \$237,000).

At December 31, 1980, the date of the most recent actuarial valuation, the pension plan was fully funded.

2. MARKETABLE SECURITIES

As part of an overall industry commitment of approximately \$2,800,000 the Exchange has undertaken to contribute to the National Contingency Fund an amount of \$1,243,188 upon demand. The Exchange has secured its undertaking by depositing a portion of its marketable securities having a realizable value of at least \$1,243,188 (1980 — \$1,431,360) with an escrow agent.

Under the terms of escrow agreement, the Exchange may substitute other marketable securities or an irrevocable letter of credit for the securities held in escrow. Any income from the securities retained in escrow accrues to the Exchange.

3. FIXED ASSETS

	1981		1980
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 573,000		\$ 573,000
Buildings and improvements	1,696,000	\$1,411,000	285,000
CANDAT equipment			749,000
Data processing equipment	5,965,000	4,622,000	1,343,000
Fixtures and other equipment	1,865,000	930,000	935,000
Construction in progress (note 4)	1,310,000		1,310,000
	<u>\$11,409,000</u>	<u>\$6,963,000</u>	<u>\$4,446,000</u>

4. CONSTRUCTION IN PROGRESS

The Exchange is in the final stages of negotiations with a developer for the acquisition of new premises consisting of a new trading floor and office facilities. Under the proposal, the Exchange would dispose of its existing property on Bay Street in return for a similar amount of land in the new location which it would hold in its own right.

The Exchange would be responsible for certain costs of the new project. These costs are estimated to be approximately \$24.5 million for the trading floor, leasehold improvements, computer facilities and equipment. To December 31, 1981, the Exchange has incurred approximately \$1.3 million of these costs. The intention is that these costs will be substantially financed through the use of internal funds.

Until such time as the Exchange moves to the new premises, it will retain and use the existing facilities.

5. EXTRAORDINARY ITEM — LOSS ON SALE OF CANDAT INFORMATION SYSTEM

On March 31, 1981 the Exchange sold the CANDAT information system for \$1,720,000, extinguished its obligation under capital lease and acquired the equipment under capital lease not included in the sale. These transactions resulted in a loss of \$350,000.

6. LEASE COMMITMENTS

The Exchange leases office space under operating leases which expire in 1983.

The following is a schedule by years of future minimum rental payments required under the operating leases as of December 31, 1981:

1982	\$ 702,000
1983	527,000
	<u>\$1,229,000</u>

7. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the year ended December 31, 1981.

AUDITORS' REPORT

To the Members of
The Toronto Stock Exchange

We have examined the balance sheet of The Toronto Stock Exchange as at December 31, 1981 and the statements of revenue and expenses, capital, reserve for contingencies and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Exchange as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 12, 1982

Thorne Riddell
Chartered Accountants



The Exchange
TORONTO STOCK

New Premises for the Toronto Stock Exchange 

Olympia & York Developments Limited
 Architects: Bragman + Hamann
 Consultants:
 Bonnyville Dyson & MacNeil P.C.
 M.S. Kline & Partners Limited
 Andrew Hill & Associates Ltd.
 E.A. Reer & Associates Ltd.
 Exchange Consultant: Gwynn Harbison & Associates Limited

MEMBER FIRMS

ALLEN, (JOHN C.L.) LIMITED Suite 2185, Royal Bank Plaza	Toronto	LOEWEN, ONDAATJE, McCUTCHEON & COMPANY LIMITED 7 King Street East, 20th Floor	Toronto
ANDRAS, HATCH & HETHERINGTON LTD. 4 King Street West	Toronto	MacDOUGALL, MacDOUGALL & MacTIER INC. First Canadian Place, P.O. Box 11	Toronto
ARACHNAE SECURITIES LIMITED Buttonville Airport	Markham	MACK, (J.D.), LIMITED P.O. Box 2052-1813 Granville Street	Halifax
ATLANTIC SECURITIES LIMITED 1521 Dresden Row	Halifax	MAISON PLACEMENTS CANADA INC. 11 King Street West	Toronto
BACHE HALSEY STUART CANADA LTD. 18 King Street East	Toronto	McCARTHY SECURITIES LIMITED 55 Yonge Street, Suite 509	Toronto
BEGG SECURITIES LTD. 120 Adelaide Street West	Toronto	McCONNELL & COMPANY LIMITED 8 King Street East	Toronto
BELL GOUINLOCK LIMITED P.O. Box 110, First Canadian Place	Toronto	McDERMID, MILLER & McDERMID LIMITED 1401-120 Adelaide Street West	Toronto
BRAULT, GUY, O'BRIEN INC. P.O. Box 279, Commerce Court Postal Station	Toronto	McEWEN EASSON LIMITED P.O. Box 72, Royal Bank Plaza	Toronto
BRAWLEY CATHERS LIMITED 11 King Street West	Toronto	McLEAN, McCARTHY & COMPANY LIMITED 11 King Street West	Toronto
BRENZEL (L.A.) SECURITIES LTD. 10 Temperance Street	Toronto	McLEOD YOUNG WEIR LIMITED P.O. Box 433, Commercial Union Tower	Toronto
BRINK, HUDSON & LEFEVER LTD. 700 West Pender Street	Vancouver	MERRILL LYNCH, ROYAL SECURITIES LIMITED P.O. Box 31, Toronto Dominion Centre	Toronto
BROWN BALDWIN, NISKER LIMITED 365 Bay Street, 8th Floor	Toronto	MIDLAND DOHERTY LTD. P.O. Box 25, Commercial Union Tower	Toronto
BUNTING, (ALFRED) & CO. LIMITED 155 University Avenue	Toronto	MOLSON, ROUSSEAU & CO. LIMITED P.O. Box 77, Toronto Dominion Centre	Toronto
BURGESS GRAHAM SECURITIES LIMITED P.O. Box 175, Royal Bank Plaza	Toronto	MOSS, LAWSON & CO. LIMITED 48 Yonge Street	Toronto
BURNS FRY LIMITED P.O. Box 150, First Canadian Place	Toronto	NESBITT THOMSON BONGARD INC. P.O. Box 35, Royal Trust Tower	Toronto
CALDWELL SECURITIES LTD. P.O. Box 162, Toronto Dominion Centre	Toronto	ODLUM BROWN & T.B. READ LTD. 8 King Street East	Toronto
CANAVEST HOUSE LIMITED Box 13, Commerce Court Postal Station	Toronto	OSLER, WILLS, BICKLE LIMITED P.O. Box 60, Royal Bank Plaza	Toronto
CASSELS BLAIKIE & CO. LIMITED 110 Yonge Street	Toronto	PEMBERTON SECURITIES LIMITED P.O. Box 121, First Canadian Place	Toronto
CHISHOLM, (HECTOR M.) & CO. LIMITED 11 Adelaide Street West	Toronto	PETERS & CO. LIMITED 312-4th Avenue S.W.	Calgary
CONNOR, CLARK & COMPANY LTD. 390 Bay Street	Toronto	PITFIELD MACKAY ROSS LIMITED P.O. Box 54, Royal Bank Plaza	Toronto
DALY, (R.A.) & COMPANY LIMITED 130 Adelaide Street West	Toronto	RADEMAKER, MACDOUGALL & COMPANY 400-409 Granville Street	Vancouver
DAVIDSON PARTNERS LIMITED P.O. Box 122, First Canadian Place	Toronto	RASMUSSEN, SHARP & COMPANY LTD. 1200 McGill College Avenue	Montréal
DEACON (E.H.), HODGSON INC. 105 Adelaide Street West	Toronto	RESEARCH SECURITIES OF CANADA, LTD. 4 King Street West	Toronto
DEAN WITTER REYNOLDS (CANADA) INC. Suite 1102, 181 University Avenue	Toronto	RICHARDSON SECURITIES OF CANADA 130 Adelaide Street West	Toronto
DOMINICK CORPORATION OF CANADA LIMITED P.O. Box 272, Royal Trust Tower	Toronto	ST. LAWRENCE SECURITIES LIMITED 401 Bay Street	Toronto
DOMINION SECURITIES AMES LIMITED P.O. Box 21, Commerce Court South	Toronto	SAUNDERS HATT LIMITED 60 Yonge Street	Toronto
FIRST MARATHON SECURITIES LIMITED 1400-130 Adelaide Street West	Toronto	SCOTIA BOND COMPANY LIMITED P.O. Box 666	Halifax
FRASER, DINGMAN & CO. LTD. 199 Bay Street	Toronto	SECURITY TRADING LIMITED Manulife Centre, 44 Charles Street West	Toronto
GARDINER, WATSON LIMITED 11 Adelaide Street West	Toronto	SPROTT SECURITIES LIMITED 372 Bay Street	Toronto
GEOFFRION, LECLERC INC. 800 Dorchester Boulevard West	Montréal	STANDARD SECURITIES LIMITED 185 Bay Street	Toronto
GORDON SECURITIES LIMITED P.O. Box 67, Toronto Dominion Centre	Toronto	TASSE & ASSOCIÉS, LIMITÉE 630 Dorchester Blvd. West	Montréal
GOULDING, ROSE & TURNER LIMITED 11 King Street West	Toronto	TAYLOR, D.W. & COMPANY LIMITED Suite 1215, 800 Dorchester Blvd. West	Montréal
GREENSHIELDS LTD. Suite 3000, 1 First Canadian Place	Toronto	THOMSON, KERNAGHAN & CO. LIMITED 365 Bay Street	Toronto
HERITAGE SECURITIES CORPORATION 7 King Street East	Toronto	WALWYN STODGELL COCHRAN MURRAY LIMITED York Centre, 145 King Street West	Toronto
HOUSSER & COMPANY LIMITED Suite 1200, 60 Yonge Street	Toronto	WATT CARMICHAEL SECURITIES LIMITED P.O. Box 88, First Canadian Place	Toronto
HOUSTON WILLOUGHBY LIMITED 1825 Cornwall Street	Regina	WESTFIELD SECURITIES LIMITED 2300-300-5th Avenue, S.W.	Calgary
JONES, GABLE & COMPANY LTD. 110 Yonge Street	Toronto	WOOD GUNDY LIMITED P.O. Box 274, Royal Trust Tower	Toronto
JONES HEWARD & COMPANY LTD. 909-141 Adelaide Street West	Toronto	YORKTON SECURITIES INC. 11 King Street West	Toronto
LAFFERTY, HARWOOD & PARTNERS LTD. 500 St. Jacques Street	Montréal		
LATIMER, (W.D.) CO. LIMITED P.O. Box 96, Toronto Dominion Centre	Toronto		
LEVESQUE, BEAUBIEN INC. P.O. Box 85, Royal Bank Plaza	Toronto		

