

Advisory Notice A21-004

LISTING OF OPTIONS ON THE TWO-YEAR AND FIVE-YEAR GOVERNMENT OF CANADA BOND FUTURES (OGZ AND OGF)

Bourse de Montréal Inc. (the “Bourse”) wishes to inform market participants that pursuant to [Circular 074-21](#), options on two-year Government of Canada (“GoC”) bond futures (OGZ) and options on five-year Government of Canada bond futures (OGF) will be listed.

The launch date for the products is **Monday May 31, 2021**. The Bourse invites market participants to test their systems in preparation for launch. The new contract specifications can be found below.

The contracts will be added to the High Speed Vendor Feed (HSVF) and Order Book Feed (OBF) using the current messaging protocol.

General Test Environment (GTE)

The options on the two-year and five-year GoC bond futures are available for testing in GTE1 under the following symbols:

Product	Product Symbol	Strike range available for testing purposes	Symbol examples (Call and Put for the September (U) contract month)
Options on two-year GoC bond futures	OGZ	[109.50 - 110.50], in increment of 0.10 cents	OGZU21C10950 OGZU21P10950
Options on five-year GoC bond futures	OGF	[123 - 127], in increment of 0.25 cents	OGFU21C12325 OGFU21P12325

For additional information on this notice, or if you require technical assistance, please contact the Technical Help Desk.

Technical Help Desk

Toll-free: 1-877-588-8489

Local: 514-871-7872

Email: MarketOps@tmx.com

Contract Specifications

OGZ Options on Two-Year Government of Canada Bond Futures

Underlying	Two-Year Government of Canada Bond Futures.
Trading Unit	One Two-Year Government of Canada Bond Futures contract.
Expiry Cycle	Quarterlies: March, June, September and December. Monthlies: Based on the next quarterly futures contract that is nearest to the options contract
Premium Quotation	Quoted in points where each 0.005 point (0.5 basis points) represents C\$5.
Minimum Fluctuation of the Option Premium	0.005 = C\$5 per contract.
Strike Prices	Set at a minimum of 0.10 point intervals per Two-Year Government Bond Futures contract.
Contract Type	American style.
Last Trading Day	Trading ceases on the third Friday of the month preceding the option contract month, provided however that such Friday is a business day and precedes by at least two business days the first notice day of the underlying futures contract. If it is not a business day, trading will cease on the first preceding business day.
Expiration Day	Expiration occurs on the last trading day.
Position Reporting Threshold	250 options or equivalent futures contracts. For the purpose of calculating the reporting limit, positions in the options contracts are aggregated with positions in the underlying futures contracts with each option aggregated as the equivalent of a futures contract.
Position Limit	Information on position limits can be obtained from the Bourse as they are subject to periodic changes.
Minimum block threshold	Outrights: 2,000 contracts (regular hours); 500 (extended hours) CGZ/OGZ strategy: Sum of the strategy legs must be 2,000 contracts (regular hours) or 500 contracts (extended hours) in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs.
Maximum Price Variation Thresholds	None.
Minimum Margin Requirements	Information on minimum margin limits can be obtained from the Bourse as they are subject to periodic changes.
Trading Hours	Regular session: 2:00 a.m.** to 4:30 p.m. ET ** +/- 15 seconds Note: During early closing days, the regular session closes at 1:30 p.m. ET.
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC).
Ticker Symbol	OGZ

OGF Options on Five-Year Government of Canada Bond Futures

Underlying	Five-Year Government of Canada Bond Futures.
Trading Unit	One Five-Year Government of Canada Bond Futures contract.
Expiry Cycle	Quarterlies: March, June, September and December. Monthlies: Based on the next quarterly futures contract that is nearest to the options contract
Premium Quotation	Quoted in points where each 0.005 point (0.5 basis points) represents C\$5.
Minimum Fluctuation of the Option Premium	0.005 = C\$5 per contract.
Strike Prices	Set at a minimum of 0.25 point intervals per Five-Year Government Bond Futures contract.
Contract Type	American style.
Last Trading Day	Trading ceases on the third Friday of the month preceding the option contract month, provided however that such Friday is a business day and precedes by at least two business days the first notice day of the underlying futures contract. If it is not a business day, trading will cease on the first preceding business day.
Expiration Day	Expiration occurs on the last trading day.
Position Reporting Threshold	250 options or equivalent futures contracts. For the purpose of calculating the reporting limit, positions in the options contracts are aggregated with positions in the underlying futures contracts with each option aggregated as the equivalent of a futures contract.
Position Limit	Information on position limits can be obtained from the Bourse as they are subject to periodic changes.
Minimum block threshold	Outrights: 2,000 contracts (regular hours); 500 (extended hours) CGF/OGF strategy: Sum of the strategy legs must be 2,000 contracts (regular hours) or 500 contracts (extended hours) in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs.
Maximum Price Variation Thresholds	None.
Minimum Margin Requirements	Information on minimum margin limits can be obtained from the Bourse as they are subject to periodic changes.
Trading Hours	Regular session: 2:00 a.m.** to 4:30 p.m. ET ** +/- 15 seconds Note: During early closing days, the regular session closes at 1:30 p.m. ET.
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC).
Ticker Symbol	OGZ

Initial Listing Guidelines

Product	Strike range	Underlying rate move covered (approx)	Expiry*
Options on Two-Year Government of Canada Bond Futures (OGZ)	At-the-money +/- C\$2.5	100 basis points	Next 2 quarterly contracts
Options on Five-Year Government of Canada Bond Futures (OGF)	At-the-money +/- C\$9.5	150 basis points	Next 2 quarterly contracts

*The initial listing will include the September 2021 and December 2021 quarterly contract months. Monthly expiries could be made available eventually. The complete initial contract listing will be communicated prior to launch.

The information contained in this document is for information purposes only and shall not be construed as legally binding. This document is a summary of the product's specifications which are set forth in the Rules of Bourse de Montreal Inc. ("Rules of the Bourse"). While Bourse de Montreal Inc. endeavors to keep this document up to date, it does not guarantee that it is complete or accurate. In the event of discrepancies between the information contained in this document and the Rules of the Bourse, the latter shall prevail. The Rules of the Bourse must be consulted in all cases concerning product's specifications.

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