

Technical Notice

11- 020

TO: Montréal Exchange Participants

FROM: Participant Connectivity Coordinator

SUBJECT: Share Futures on Individual Canadian Stocks

DATE: October 20, 2011

This notice is to inform all clients that, subject to compliance with the conditions set forth in the self-certification process as established in the Derivatives Act (R.S.Q. chapter I-14.01), and pursuant to obtaining the consent of regulatory authorities in other jurisdictions where required, the Montréal Exchange Inc. (MX) plans to re-list futures contracts on Canadian shares on **December 2, 2011**.

Share futures contracts have been designed to meet the needs of a diversity of participants, mainly institutional investors, hedge funds, portfolio managers and retail investors. The re-listing of share futures contracts on Canadian single name stocks extends the MX's offering in the equity derivatives product complex.

Share futures contracts on Canadian shares will be traded in Canadian dollars and physically delivered. They will have a trading unit (contract size) of 100 shares.

Information on Share Futures will be made available on the MX web site at <http://www.m-x.ca>. For all business related questions please contact our customer relations representative by telephone at 1-866-871-7878 or by e-mail at info@m-x.ca. The Share Futures contract specifications are mentioned below.

Initial list of Underlying Canadian Stocks for Shares Futures that will be launched	Code
Bank of Montreal	FBO
Bank of Nova Scotia	FNS
Barrick Gold Corporation	FBA
BCE Inc	FBC
Canadian Imperial Bank of Commerce	FCB
Canadian National Railway Company	FCN
EnCana Corporation	FEA
IAMGOLD Corporation	FIM
Manulife Financial Corporation	FMF
National Bank	FNB
Royal Bank of Canada	FRY
Suncor Energy Inc	FSU
Sun Life Financial Inc	FLF
Thomson Reuters Corporation	FRT
TD Bank	FTD

Technical Impact

The following are the MX services that will display the new Share Future contract:

Service	Impact
HSVF	No change
SAIL	No change
FIX	No change
STAMP	No change
TMS	No change
ATR	No change
Clearing API	No change
Drop Copy	No change

Test Environment

The contracts will be made available in the MX testing environment by the end of October should clients require testing. Application testing and support is available Mondays through Thursdays, from 8:00 am (EST) to 4:30 pm (EST) and on Fridays, from 8:00 am (EST) to 4:00 pm (EST). After-hours testing is available without support on Mondays through Thursdays, from 4:30 pm (EST) to 10:30 pm (EST)

Contact Information

For additional information on this notice, share futures contracts, or for any technical assistance, please do not hesitate to contact the Technical Help Desk by telephone at 1-877 588-8489, or by e-mail at samsupport@m-x.ca.

We thank you for your cooperation.

Participant Connectivity Coordinator

Contact Specifications

		SHARE FUTURES ON INDIVIDUAL CANADIAN STOCKS
Specifications	Trading Unit	The trading unit shall be determined for each share futures contract.
	Underlying	Individual Canadian stocks.
	Contract Months	Quarterly and serials contract months.
	Price Quotation	Prices are quoted in Canadian cents and dollars per share for Canadian shares.
	Last Trading Day	Trading ceases at 4:00 p.m. (ET) on the third Friday of the contract month, providing it is a business day; if not, the first preceding business day.
	Contract Type	Delivery of the underlying stocks via the Canadian Depository for Securities Limited (CDS), on the third business day following the Last Trading Day.
	Minimum Price Fluctuation	CAN \$0.01 per share.
	Reporting Limit	The equivalence of 25,000 shares gross (long or short) in all contracts months combined.
	Position Limits	Varies between the equivalent of 1,350,000 shares and 7,500,000 shares net long or net short positions in all contract months combined. Information on position limits can be obtained from Bourse de Montréal Inc. as they are subject to periodical changes.

Final Settlement Price	The trading unit of the corresponding share futures contract times the last trade price of the underlying stock at the close of the last trading day.
Minimum Margin Requirements	Information on minimum margin requirements can be obtained from the Exchange as they are subject to periodical changes.
Exchange of Futures for Physicals (EFP) and Exchange for Risk (EFR)	Approved Participants may exchange a futures position for a physical position (EFP) or an over-the-counter derivative instrument (EFR) of equal quantity by submitting a notice to the Bourse. EFPs and EFRs may be used to either initiate or liquidate a futures position.
Daily Price Limit	<p>A trading halt of a share futures contract will be invoked in conjunction with the triggering of a trading halt in the underlying stock.</p> <ul style="list-style-type: none"> ▪ Early session: 6:00 A.M. to 9:15 A.M. (ET)* ▪ Regular session: 9:30 A.M. to 4:00 P.M. (ET) ▪ Extended session: 4:05 P.M. to 4:30 P.M. (ET)
Trading Hours (Montréal time)	<p>*During the early session when the underlying stock is not open for trading on a Recognized Exchange in Canada, the last traded price registered in the underlying stock during that session on a Recognized Exchange or an Alternative Trading System as this term is defined in Regulation 21-101 Respecting Marketplace Operation (“Canadian ATS”) shall be used to determine the No Cancel Range for futures contracts on Canadian shares. In case of a last traded price registered on a Recognized Exchange outside of Canada, the relevant exchange rate published by Bloomberg will be used to convert the price in CAN dollars and cents.</p> <p>However, if there is no trade registered in the underlying stock on a Recognized Exchange or Canadian ATS during the early session and in accordance with article 6393A of the Rules of the Bourse, a trading range of 5% price variation (upper price limit and lower price limit) from the previous day’s settlement price shall be applied to transactions on futures contracts on Canadian shares during the early session.</p>
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC).