

TO: Montréal Exchange Participants

FROM: Participant Connectivity Coordinator

SUBJECT: Launch of Overnight Index Swap Futures Contracts (OIS)

DATE: February 6, 2012

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 (MX) will launch the new Overnight Index Swap Futures contract (OIS) on **Friday, February 24, 2012**.

The OIS contract is a short-term interest rate futures contract that complements a similar contract currently listed at MX, namely, the 30-Day Overnight Repo Rate Futures contract (ONX). The principal features that distinguish the OIS contract is the enhanced hedging and interest-rate exposure opportunities it offers short-term money market traders, Government of Canada bond desks and treasury risk managers.

Information on the OIS contract will be made available on the MX website 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 new and updated OIS contract specifications are presented on page 2.

Test Environment

The OIS contracts are available in the MX testing environment should clients require testing. Application testing and support is available Mondays through Thursdays, from 8:00 a.m. (EST) to 4:30 p.m. (EST) and on Fridays, from 8:00 a.m. (EST) to 4:00 p.m. (EST). After-hour testing is available without support on Mondays through Thursdays, from 4:30 p.m. (EST) to 10:30 p.m. (EST).

Contact Information

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

We thank you for your cooperation.

Participant Connectivity Coordinator

OIS – Overnight Index Swap Futures Contract Specifications

Specifications

OIS – Overnight Index Swap Futures Contracts

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| Trading Unit | Each contract shall be for a nominal value of C\$5,000,000. |
| Underlying | The compounded daily overnight repo rate (CORRA) quoted in terms of an overnight repo rate index. |
| Fixed Rate and Floating Rate of the Swap | Fixed for floating interest rate swap where a fixed rate is swapped against a floating rate. The floating rate is the compounded daily overnight repo rate (CORRA) over the period of the contract month. |
| Contract Months | Contract months will be listed to match the Bank of Canada's schedule of Fixed Announcement Dates. Index: 100 – R |

R = the compounded daily overnight repo rate (CORRA) for the contract month. It is calculated in accordance with the following formula:

$$R = \left[\prod_{i=1}^{d_o} \left(1 + \frac{ORR_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d} \times 100$$

where:

“ d_o ”, the number of Business Days in the calculation period;

Price Quotation

“ i ” is a series of whole numbers from one to d_o , each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Calculation Period;

ORR_i = Overnight Repo Rate (CORRA) on the i^{th} day of the calculation period (if the i^{th} day is not a business day, the previous available CORRA is used);

“ n_i ” is the number of calendar days in the relevant Calculation Period on which the rate is ORR_i ;

“ d ” is the number of calendar days in the relevant Calculation Period

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| Last Trading Day | The day of a Bank of Canada Fixed Announcement Date. |
| Contract Type | Cash settlement. |
| Minimum Price Fluctuation | 0.001 = C\$6.25 (one-tenth of 1/100 of one percent of C\$5,000,000 on a 45.625/365 day basis). |
| Reporting Limit | 300 contracts. |
| Position Limits | Information on position limits can be obtained from the Montréal Exchange as they are subject to periodical changes. |

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| | <p>The final settlement price shall be determined by the Montréal Exchange and shall be equal to 100 minus the compounded daily overnight repo rate (CORRA) expressed in terms of an overnight repo rate index and calculated over the period of the contract month that begins the day following the last Bank of Canada Fixed Announcement Date to the day of the next Bank of Canada Fixed Announcement Date. Weekend and holiday rates are considered to be the rate applicable on the previous business day for which a rate was reported. For example, Friday's rate is used for Saturday and Sunday rates.</p> |
| <p>Final Settlement Price</p> | <p>The daily overnight repo rate (CORRA) is calculated and reported by the Bank of Canada.</p> <p>The final settlement price is rounded to the nearest 1/10th of one basis point (0.001). In the case a decimal fraction ends with 0.0005 or higher, the final settlement price shall be rounded up.</p> <p>The final settlement price is determined on the first business day following the last day of trading.</p> |
| <p>Minimum Margin Requirements</p> | <p>Information on minimum margin requirements can be obtained from the Exchange as they are subject to periodical changes.</p> |
| <p>Daily Price Limit</p> | <p>None</p> |
| <p>Trading Hours (Montréal time)</p> | <p>Early session: 6:00 a.m. to 7:45 a.m. Regular session: 8:00 a.m. to 3:00 p.m. Extended session*: 3:09 p.m. to 4:00 p.m. * There is no extended session on the last trading day of the expiring contract month.</p> <p>Note: During early closing days, the regular session closes at 1:00 p.m., time at which the daily settlement price is established. In those circumstances, the extended session is from 1:09 p.m. to 1:30 p.m.</p> |
| <p>Clearing Corporation</p> | <p>Canadian Derivatives Clearing Corporation (CDCC).</p> |
| <p>Ticker Symbol</p> | <p>OIS</p> |