

**TO:** Montréal Exchange Participants

**FROM:** Participant Connectivity Coordinator

**SUBJECT:** Reduction of the S&P/TSX 60 Index Options Contract Size

**DATE:** June 5, 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) has announced its intent to reduce the multiplier of the S&P/TSX 60 Index Option (SXO) contract from 100 per S&P/TSX 60 index point to 10 per S&P/TSX 60 index point on June 25, 2012.

Market makers, brokers, and end users of SXO options have requested a smaller contract multiplier with a view towards enhancing liquidity, improving investor accessibility, and providing more precise hedging and trading opportunities. In addition, the decrease in contract size will align the notional value of the SXO with equity index options listed on international exchanges. Finally, the expected improvements in bid - ask spreads and liquidity should provide for a more accurate measure for the Bourse's S&P/TSX 60 VIX® volatility index (VIXC) which measures the 30-day implied volatility of the Canadian stock market and for which volatility calculation is derived from market and trade data on the SXO.

Information on the SXO contract is 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](mailto:info@m-x.ca). The updated SXO contract specifications are presented on page 2.

### **Test Environment**

The SXO contracts are available in the MX testing environment should clients require testing. Application testing and support is available Mondays through Fridays, from 8:00 a.m. (EST) to 4:30 p.m. (EST). After-hour testing is available without support on Mondays through Fridays 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](mailto:samsupport@m-x.ca).

We thank you for your cooperation.

Participant Connectivity Coordinator

# SXO – S&P/TSX 60 Index Options Contract Specifications

## Specifications

### SXO – S&P/TSX 60 Index Options Contracts

<b>Underlying</b>	The S&P/TSX 60 is a capitalization-weighted index of the 60 largest companies in Canada, which have the most liquid stocks.
<b>Multiplier</b>	C\$10 times the S&P/TSX 60 Index point.
<b>Contract Months</b>	The nearest three months plus the next two months in the designated quarterly cycle March, June, September and December.
<b>Contract Months (Long Term)</b>	All options will be listed for expiry in December.
<b>Minimum Price Fluctuation</b>	<p><b>0.01 index points = C\$0.10 per contract for premiums of less than 0.10 index points</b></p> <p><b>0.05 index points = C\$0.50 per contract for premiums of 0.10 index points and up.</b></p>
<b>Strike Prices</b>	Set at a minimum of 2.5 index points.
<b>Strike Prices (Long Term)</b>	Set at a minimum of 5 index points.
<b>Contract Type</b>	European style.
<b>Last Trading Day</b>	The trading day prior to the Expiration Day.
<b>Expiration Day</b>	The 3 <sup>rd</sup> Friday of the contract month, providing it be a business day; if not, the 1 <sup>st</sup> preceding business day.
<b>Settlement upon Exercise</b>	Cash settlement. The final settlement price is the Official Opening Level of the underlying index on the Expiration day.
<b>Reporting Limit</b>	15 000 contracts on the same side of the market in all options contract months combined.
<b>Position Limits</b>	Information on Position Limits can be obtained from the Bourse as they are subject to periodical changes.
<b>Minimum Margin Requirements</b>	Information on Minimum Margin Requirements can be obtained from the Bourse as they are subject to periodical changes.
<b>Price Limits</b>	A trading halt will be invoked in conjunction with the triggering of “circuit breakers” in the underlying stocks.
<b>Trading Hours</b>	9:31 a.m. to 4:15 p.m.
<b>Clearing Corporation</b>	Canadian Derivatives Clearing Corporation (CDCC)