

CALL FOR INTEREST

Market Making of S&P/TSX 60 Index Option
(SXO[®])

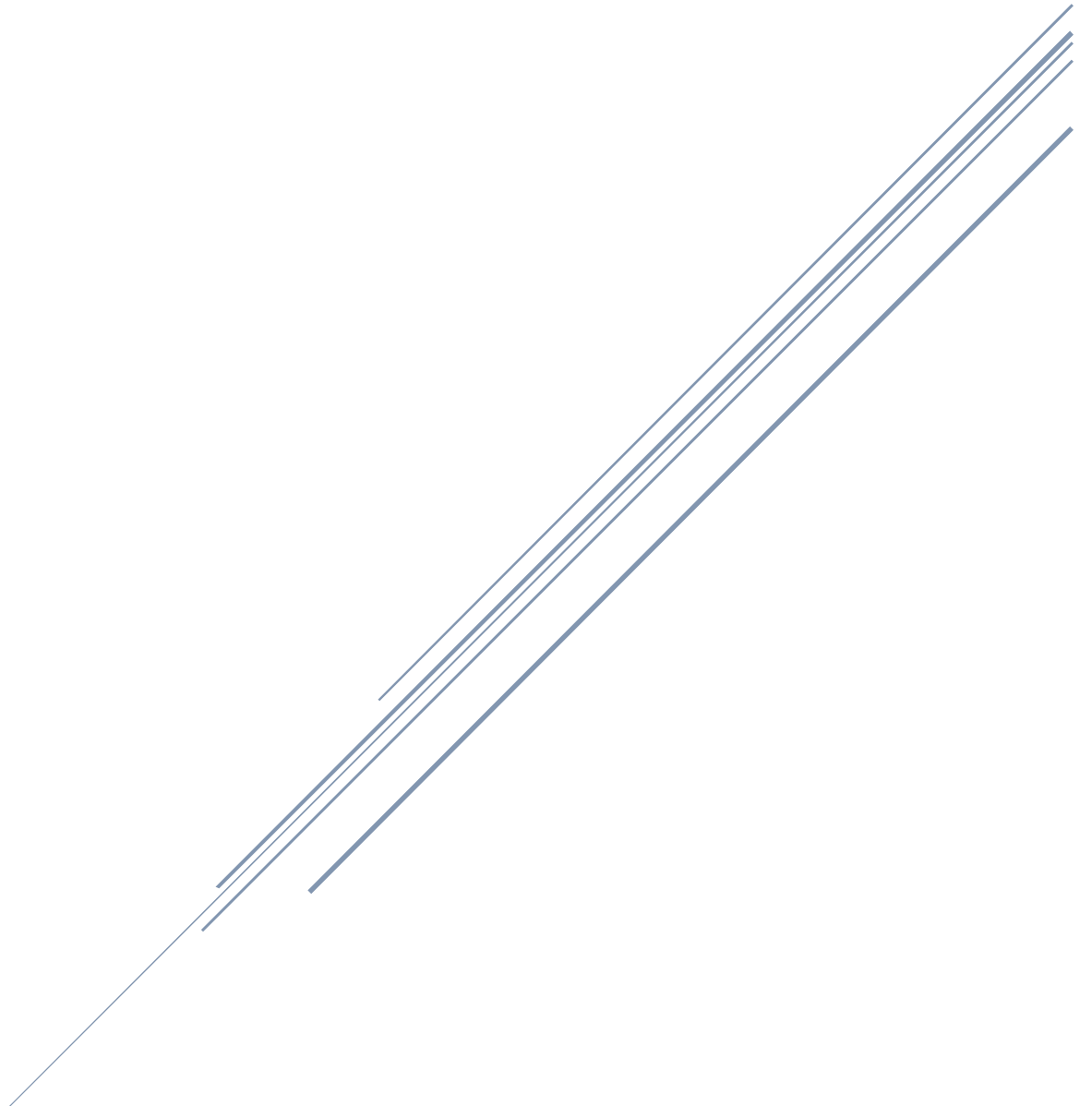


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Overview

As stated in circular 027-19 published on the Montréal Exchange (the Bourse) website on 2019-02-18, the Bourse is planning to increase the multiplier of the S&P/TSX 60 index option contract (“SXO”) from C\$10 per S&P/TSX 60 index point to C\$100 per S&P/TSX 60 index point. This initiative aims at improving the liquidity and price quality of the contract, by keeping it cost efficient for institutional investors. In order to foster and promote market liquidity for SXO, the Bourse will also be implementing a market making program.

The Bourse is calling upon interested parties to provide feedback, before April 12, 2019, with regards to the potential program in order to achieve an optimal overall structure. As such, the Bourse is seeking:

1. An indication of what type of market the interested party would be able to provide (size & spread);
2. Feedback from market participants with regards to the potential incentive scheme;
3. Any other comments/suggestions.

Interested firms are asked to indicate the spreads that they could potentially post in the tables below and provide feedback for the following requirements:

Market Maker Proposal:

Rate of Presence: 80% of the time

Maturity	Minimum Size	Maximum Spread
First 3 calendar expiries		
From the fourth to the twelfth calendar expiration		
Long term expiries (>12months)		

Incentives

Fixed compensation

MX is offering an amount of \$100,000 annually in terms of stipends to be shared among two market makers.

Transaction and Clearing Fee Waivers

Market maker will be exempted of trading and clearing fees.

Potential Revenue Sharing

Should the net revenues generated be higher than \$100,000 the Bourse will share 50% of the exceeding revenues with the market makers.

Duration of the Program

The program is going to be offered for a 3 years period.

Please provide any feedback, suggestions or comments in the space below:

CONTACT

For any questions or information, please contact:

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This document was drafted for informational purposes only and may not be reflective of final program specifications, incentives or features. The information provided in this document and in any response to this Call for Interest is non-binding and subject to the content of published market making programs documentation and the signature of a definitive market making agreement between Bourse de Montréal Inc. and potential market marker(s). All documents submitted by respondents and the information contained in the responses shall be treated as confidential by the Bourse.