

1. Introduction

In Canada there is a very active financial market for common shares issued by companies, in order to finance their operations. In 2010, 104.6 billion common shares changed hands at the Toronto Stock Exchange, representing a total traded dollar value of C\$1.4 trillion¹.

Stocks are involved in two types of transactions: buying or selling. Derivatives add numerous other potential strategies. One example of derivatives is equity options, which were introduced to the Canadian market in 1975. These instruments are now well-known as a risk management tool, and are very popular in the financial community.

Today, the Montréal Exchange is proud to broaden its range of investment products available to investors with the introduction of futures contracts on single stocks.

Like many other types of exchange-traded futures contracts, share futures (also referred to as single stock futures) can be used not only to take a directional view on a stock, but to hedge an investment position as well. These instruments are also commonly used in arbitrage and pairs (spread trading between two stocks) trading operations.

The principal objective of this document is to explain how share futures are used at the Montréal Exchange. This document summarizes the specifications common to all exchange-traded futures contracts, and describes the specific characteristics of share futures listed on the Exchange, complete with examples of their use by individual and institutional investors.

¹ Source : *TSX eReview*, Toronto Stock Exchange, December 2010, available at <http://www.tmx.com/en/>.

Except where otherwise mentioned, the amounts in this publication are in Canadian dollars.

2. Exchange-traded futures contracts: The fundamentals

What are futures contracts?

A futures contract is a firm commitment to take delivery or to deliver a given underlying asset, at a date (expiry date) and a price (the futures price) established in advance. Exchange-traded futures contracts are standardized, meaning that their terms are established by an exchange.

An investor who buys a futures contract agrees to accept delivery of an underlying product at a particular time in the future, at a price agreed upon in advance—namely, at the time the contract is purchased. Conversely, when a futures contract is sold, the investor undertakes to deliver an underlying product on a later date, at the price that was agreed upon at the time of the contract's sale.

There are two types of futures contracts: exchange-traded contracts (standardized futures) and over-the-counter contracts (customized forwards)². Table 1 summarizes the similarities and differences between these two derivatives instruments.

Price of exchange-traded futures contracts

The price of exchange-traded futures is usually determined by supply and demand on the market during trading sessions. The price of a futures contract constantly fluctuates, driven mainly by changes in the price of the underlying instrument. The settlement price of the futures contract is calculated at the end of each trading day, and margin accounts are adjusted accordingly.

Before the contract expires, its price generally differs from that of the underlying asset, but on the expiration date the price of the futures contract is equal to the spot price.

Use of exchange-traded futures

Exchange-traded futures are mainly used in three ways:

- To take advantage of short-term stock market fluctuation
- To hedge an investment or a short sale
- To perform arbitrage with the spot market

² Customized forwards are known by other expressions, the most popular of which are “over-the-counter contracts” and “deferred shipment agreements”.

Table 1
Comparison of the main characteristics of the two types of futures contracts

MAIN CHARACTERISTICS	EXCHANGE-TRADED FUTURES CONTRACTS	OVER-THE-COUNTER CONTRACTS
Underlying	Same for all contracts in the same class.	Quantity and nature of underlying may vary between contracts.
Delivery (not the same for all futures contracts; for example, BAX contracts are cash settled, thus there is no delivery)	At expiry, it is the seller of the contract who decides exactly when delivery will take place (within a predetermined delivery period). To avoid delivery, the contract must be closed out prior to its expiry.	The place, date and delivery conditions are specified in the contract. To avoid delivery, the contract must be closed out before its expiry.
Expiration	All contracts in the same maturity have the same expiration date.	Any date agreed upon in the contract.
Liquidity	Because all contracts are standard, their liquidity is higher than that of over-the-counter futures. The commitment can be cancelled by inverting the initial transaction.	Because these contracts are customized, their liquidity may be very limited, even non-existent. To cancel the commitment, the contract must be terminated, generally with the initial counterparty.
Credit risk	The contract is cleared by a clearing corporation ³ . This negates the credit risk assumed by the principals.	Execution of the contract is usually the sole responsibility of both parties to the contract. This type of contract can therefore carry a fairly large credit risk.
Deposit	An initial amount must be deposited in a trust account (margin deposit). Margin adjustments are made daily, according to the fluctuations in the closing price (settlement price) of the contract. This system, managed by a clearing corporation, helps to limit credit risk.	Generally, no deposit is required as counterparties must capitalize their funds corresponding to the credit risk.

³ The main clearing corporations are financial establishments with very high financial integrity and very high credit rating standings. By implication, their risk of insolvency is very low. In Canada, the Canadian Derivatives Clearing Corporation (CDCC) acts as the central clearing counterparty for financial instruments traded on the Montréal Exchange.

Well-established futures contracts are very liquid, which makes them the instruments of choice for anyone who wants to take advantage of short-term fluctuations in stock markets. For example, as we will see in greater detail in the sections below, investors who foresee an imminent increase in the price of a stock can take advantage of this situation, over a fairly short-term horizon, by buying a futures contract on a stock rather than buying the stock itself. However, if investors expect the stock price to decrease, they can sell a futures contract instead of selling the stock short (when the investor does not hold the stock in his account). Although such speculative operations are fairly risky, they do offer a high profit potential.

Like forward contracts, standardized futures contracts can be used to hedge the value of an investment. Such operations are intended to reduce exposure to stock market fluctuations. For example, investors who have already realized a profit on previously acquired shares can protect themselves from stock market fluctuations by selling an appropriate number of futures contracts.

Lastly, futures contracts can be used in arbitrage⁴ strategies to profit from any mispricing between the price of the underlying stock and the price of the futures contract. For example, if the price of the share futures contract is quite high, compared to the market price of the underlying stock, it is possible to realize a profit with little or no risk by selling the futures contract and borrowing money to buy the stock. If several investors seize this opportunity, the arbitrage operation will lower the price of the futures contract, and simultaneously increase the price of the stock, to the point where the two prices will return to a level of equilibrium. This type of operation is usually restricted to institutional investors with very low transaction fees. While it carries almost no risk, it usually generates only slim profits on each trade.

3. Share futures at the Montréal Exchange

Share futures (or single stock futures) available at the Montréal Exchange represent interesting investment opportunities for both individual and institutional investors. In this section, we will summarize how these contracts work. The specifications of these contracts are described in detail in the Appendix.

Each contract represents 100 underlying shares. For example, an investor who buys a futures contract at \$35.25 on the shares of ABC Corp. that expires in June undertakes to purchase, on the expiration date of the contract⁵ (the third Friday of the delivery month), 100 common shares of the company at the price decided on the futures market at the time of the trade, say, at a price of \$35.25 per share.

Investors are not obligated to hold a futures contract until its expiration date. They can close out the initial position prior to the expiration of the futures contract. In the example above, the buyer of a futures contract on ABC Corp. stocks can close out the long futures position by selling the futures contract prior to the expiration of the contract. In doing so, the investor will realize either a capital gain or a capital loss that represents the difference between the price at which the futures contract is sold and the price at which the underlying shares were to be purchased. For example, if the investor initially agreed to buy a futures contract (that represents 100 shares of ABC Corp.) at \$35.25 per share, and subsequently sold the futures contract at \$37.75, the initial position would be closed out, and the investor would realize a profit of \$250 (specifically: $(\$37.75 - \$35.25) \times 100$ shares). This amount would then be deposited in their account. It must be noted that the investor had to deposit margin in the account when the long futures position was first initiated.

⁴ Understanding arbitrage operations requires an extensive knowledge of futures evaluation, a subject that is not covered in details in this guide.

⁵ The Exchange publishes expiration calendars for all derivative instruments offered. Consult the website www.m-x.ca to view the expiration calendars.

As mentioned in the previous section, the purchase or sale of a futures contract requires an initial deposit⁶. The account balance is then adjusted daily, according to fluctuations in the settlement price of the futures contract. If the market moves favourably on a given day, the resulting profit is paid into the account that evening, after the trading session ends, and the amount is added to the previous balance. If, however, a loss is incurred, the amount is withdrawn from the account and the balance decreases accordingly.

If the cumulative daily losses exceed the gains, the account balance will fall below the minimum threshold permitted by the clearing corporation. In this case, the investor will receive a “margin call”, which means that the broker will ask the investor to replenish the margin account to bring the balance up to the minimum level or higher.

Given an initial margin deposit of \$2,500 and a minimum margin level of \$2,000, Table 2 provides an example of fluctuations of the margin deposit for the purchase of a June futures contract on ABC Corp. stocks. In this example, the operation yields a net profit of \$250, but a loss could have occurred if the price of the futures contract had plunged and the investor had decided to limit his loss. Note that, if the investor had not made an additional deposit on April 11, their broker would have been obligated to carry out an unsolicited transaction liquidating the position, and thus forcing the realization of a cumulative net loss. If the investor had not made an additional margin deposit, he would have been forced to incur a loss of \$575 (specifically: $(\$29.50 - \$35.25) \times 100$ shares). By making an additional margin deposit, the investor can and does benefit from an eventual upturn in the contract price, as shown in Table 2.

⁶ The clearing corporation asks broker members for a specified initial deposit. Brokers are nonetheless free to request larger amounts from their clients (if they request a smaller amount, they will be penalized). In this example, assume that the investor deposits the minimum amount required.

Table 2**Example of daily fluctuations in the balance of a margin account of the purchaser of a June futures contract on ABC Corp. stocks**

DAY	PRICE OF FUTURES CONTRACT*	MARGIN ACCOUNT BALANCE	COMMENTS
April 9	\$35.25	\$2,500	In this example, the initial deposit of \$2,500 is \$500 more than the required minimum deposit of \$2,000.
April 10	\$33.00	\$2,275	Initial balance reduced by \$225, the amount of the loss incurred $(\$33.00 - \$35.25) \times 100$ shares.
April 11	\$34.50	\$2,425	A credit of \$150 automatically made to the account, following the rise in the price of the futures contract.
April 12	\$29.50	\$1,925	A substantial loss pushes the balance below the required minimum level of \$2,000. The investor then receives a margin call of \$75. He must deposit this amount (or more) immediately. He deposits exactly the \$75 required.
April 13	\$30.00	\$2,050	New balance = $\$1,925 + \75 (additional deposit) + $\$50$ (day's earnings) = \$2,050
April 16	\$37.75	\$2,825	The profit (net of losses) accumulated since the contract purchase is \$250 or $(\$37.75 - \$35.25) \times 100$ shares. Suppose the investor decides to cancel his commitment (before the expiration date) by selling the futures contract at the current price. He can then withdraw the full account balance, equal to \$2,825.

* The price on April 9 is that at which the initial transaction was carried out during the trading session. For the following days, the price shown is the settlement price of the contract calculated at the end of the trading session.

4. Examples for individual investors

Although futures contracts are not for everyone, many investors should consider them when determining their investment objectives. You should also make sure you understand the concepts underlying the trading of futures, know the risks and advantages of the investment strategy you choose, and understand how you can manage your portfolio based on changes in the market. The Montréal Exchange recommends that you consult your financial advisor accordingly.

Using futures contracts for directional views

The preceding section contained an example of a share futures trade: the investor had purchased futures contracts because he expected the price of the underlying ABC Corp. stocks to increase.

By purchasing a futures contract at a price of \$35.25 on April 9, the investor locked in the price that he would have to pay for the shares. Between April 9 and the expiration date of the contract, if the futures price increases above this amount, the operation will generate a profit corresponding to the difference between the initial commitment price (\$35.25) and the contract price. In the example above, the operation yielded a net profit of \$250 in about six full business days. If the investor had decided to spend his \$2,500 on shares instead of futures, he would have realized a smaller profit. If the price of the ABC Corp. stock was \$33.75 on April 9, our investor could have purchased 74 shares. If the price then increased by \$2.50 per share (equal to the same increase as the futures contract), the profit realized would have been \$185 (specifically: $(\$36.25 - \$33.75) \times 74$ shares).

This example shows that futures contracts offer a type of financial leverage. For the same amount of risk capital, the potential profit or loss generated by futures contracts is greater than that of direct investments in the stock market.

Using futures contracts to hedge

As previously mentioned, futures can also be used to hedge an existing stock investment.

Take the case of an investor who purchased 200 shares of ABC Corp. at \$30 per share, with the shares trading at \$36 as of November 10. The investor expects ABC Corp. to announce important news in mid-December. This may have a significant positive or negative impact on the stock price. The investor wants to protect the \$1,200 gain accumulated at November 10. Of course, he can sell the shares; however, the investor does not want to do so for tax reasons.

The investor can attain his objective by selling two March futures contracts on ABC Corp. stock. The futures contracts are currently trading at \$37 and the investor intends to keep the futures contracts until their expiration date. Table 3 shows the results of two potential scenarios. The first scenario assumes that the price of both the stock and the futures contracts decreases to \$22. In the second scenario, the price of both the stock and the futures contracts increases to \$43. We observe that in both cases, the result is a total gain of \$1,400 (corresponding to the cumulative gain of \$1,200 per share, plus the \$200 gain from the hedging strategy by using the futures contracts). Hence, by selling futures contracts to hedge his position in the shares, the investor has locked in a sale price of \$37 per share.

Table 3

Results of a hedging strategy consisting of the sale of two futures contracts on previously purchased ABC Corp. stocks

SCENARIO 1

THE STOCK AND FUTURES CONTRACTS ARE BOTH WORTH \$22 AT EXPIRATION ON MARCH 18

Loss incurred since November 10 on 200 shares held	$-\$2,800 = (\$22 - \$36) \times 200$
Gain on two futures contracts	$\$3,000 = (\$37 - \$22) \times 100 \times 2$ contracts
Net result (additional profit)	\$200

SCENARIO 2

THE STOCK AND FUTURES CONTRACTS ARE BOTH WORTH \$43 AT EXPIRATION ON MARCH 18

Additional gain since November 10 on 200 shares held	$\$1,400 = (\$43 - \$36) \times 200$
Loss on two futures contracts	$-\$1,200 = (\$37 - \$43) \times 100 \times 2$ contracts
Net result (additional profit)	\$200

5. Examples for institutional investors

The examples of the use of share futures described in the preceding section are of interest, not only to individual investors, but also to institutional investors such as pension fund or mutual fund managers. Bear in mind that these institutions have the expertise and investment experience to be able to consider more sophisticated means of using share futures. The remainder of this section provides an example of an arbitrage strategy⁷ based on inefficiencies in the marketplace and an example of basis trading.

To provide a better understanding of how to use these strategies, we briefly explain how to value a share futures contract⁸. When interest rates are fairly stable, the following formula provides a good approximation of the “theoretical value” of a futures contract:

$$F(t,T) = [S(t) - D(t,T)] \times e^{r(T-t)/365}$$

Where: $F(t,T)$ is the price on date t of a futures contract that expires on date T

$S(t)$ is the price of the underlying asset on date t

r is the interest rate (annual nominal) with no risk⁹

$D(t,T)$ is the present value on date t of the cumulative dividends from dates t to T

⁷ There is a wide variety of advanced strategies for the use of futures contracts; we will analyze only one example here.

⁸ For more details on evaluation of futures contracts, see, for example, Chapter 2. of J. Hull, *Options, Futures and other Derivatives*, 8th edition, Prentice Hall, 2011.

⁹ In general, Canadian financial institutions use the same annual nominal rate as repurchase agreements, commonly known as the “repo rate”.

Assume that the current price of the underlying shares ($S(t)$) is \$35.65, the annualized interest (r) is 1%, there are 21 days before expiration ($T - t$) and a dividend of \$0.46 per share will be paid in 10 days. In this case:

$$D(t,T) = 0.46 \$ \times e^{-0.01 \times 11/365} = \$0.4599$$

and

$$F(t,T) = (35.65 \$ - 0.4599 \$) \times e^{0.01 \times 21/365} = \$35.21$$

In this example, the theoretical value of the futures contract is \$35.21. If the price of the futures contract is higher than \$35.21, the futures contract is overvalued; and if the price of the futures contract is lower than \$35.21, the futures contract is undervalued. Hence, the mispricing of a futures contract provides arbitrage opportunities.

Using futures contracts to arbitrage

When the futures contract is undervalued and the price of the underlying is in an uptrend, an institution can simply purchase the futures contract and speculate on upcoming price fluctuations, as shown in one of the examples in Section 3.

Nonetheless, such a strategy carries a high risk. Alternatively, an institution can reduce its risk and make a profit on an overpriced futures contract by executing an arbitrage strategy that consists of selling a futures contract and borrowing money to purchase the underlying stock. The position is held until the futures contract expires, at which point the investor delivers the shares to fulfill the obligation on the short position of the futures contract.

In the original example above, if we assume that the price of the futures contract is currently \$35.51 (versus a theoretical value of \$35.21). We can conclude that the futures contract is overvalued by \$0.30. The arbitrage operation therefore consists of selling futures contracts and simultaneously purchasing an equivalent number of shares of the underlying stock.

Table 4 summarizes the results of two potential scenarios. The results show that regardless of whether the price of the underlying stock moves up or down, the initial arbitrage profit is preserved.

Table 4
Results of the arbitrage strategy

INITIAL POSITION

DESCRIPTION	CASH FLOW
Sale of futures contract at \$35.51	\$0
Purchase of 100 shares at \$35.65 per share	-\$3,565
Loan to finance the stock purchase	\$3,565
Net initial cash flow	\$0

SCENARIO 1

PRICE OF UNDERLYING STOCK FALLS TO \$30.45 AT EXPIRATION OF THE FUTURES CONTRACT

DESCRIPTION	CASH FLOW
Sale of 100 shares at \$30.45 per share (deliver the 100 shares purchased to meet the obligation of the short position of the futures contract)	\$3,045
Gain/loss on the sale of the futures contract and the delivery of the 100 shares at the expiration of the futures contract ($\$35.51 - \30.45) x 100	\$506
Dividend income (reinvested at 1% per year for 11 days)	\$46
Repayment of loan (principal and interest at 1% per year for 21 days)	-\$3,567
Net cash flow at expiration	\$30
Net profit (initial cash flow + cash flow at expiration)	\$30

SCENARIO 2

PRICE OF UNDERLYING STOCK RISES TO \$35.60 AT EXPIRATION OF THE FUTURES CONTRACT

DESCRIPTION	CASH FLOW
Sale of 100 shares at \$35.60 per share (deliver the 100 shares purchased to meet the obligation of the short position of the futures contract)	\$3,560
Gain/loss on the sale of the futures contract and the delivery of the 100 shares at the expiration of the futures contract ($\$35.51 - \35.60) x 100	-\$9
Dividend income (reinvested at 1% per year for 11 days)	\$46
Repayment of loan (principal and interest at 1% per year for 21 days)	-\$3,567
Net cash flow at expiration	\$30
Net profit (initial cash flow + cash flow at expiration)	\$30

Hence, whether the price of the stock rises or falls, there is an arbitrage profit (excluding transaction fees) of \$30 when the futures contract expires. Therefore, an institutional investor will realize a risk-free profit by taking advantage of the mispriced futures contract. Such arbitrage operations offer a lower potential return when compared to outright speculative positions; however they carry almost no risk.

Using futures contracts to reduce carrying costs

Many financial institutions favour the use of buy-and-hold strategies. Notwithstanding the current environment of low interest rates, this type of approach can lead to substantial financing costs considering the high notional amount of positions held. Thus, managers should carefully evaluate alternatives available to them in order to reduce fees related to the carrying cost of shares.

Financial institutions can reduce efficiently the interest costs on their stock positions. Based on market conditions, the basis (difference between the price of the futures contract and the price of the underlying stock) allows financial institutions to finance themselves at a much more advantageous rate than the average cost on the money market (Canadian Dealer Offered Rate or CDOR¹⁰). Through the execution of an exchange-for-physical (EFP) transaction, a financial institution holding shares exchanges the stock position for futures contracts. By exchanging the stock position for a position in share futures contracts, the institution can finance the position at a more favourable interest rate without the need to alter its market exposure.

For simplicity purposes, the following example does not account for dividend payment, transaction fees, margin variations and profit generated from the sale of the stock.

INTEREST PAID BY THE STOCK HOLDER

DESCRIPTION	CASH FLOW
Finance the purchase of 100,000 stocks at \$54.00 per share for a one-month period (30 days)	-\$5,769.86
Assuming an average one-month CDOR equal to 1.30%	

INTEREST PAID BY THE FUTURES HOLDER

DESCRIPTION	CASH FLOW
Long basis:	-\$5,000.00
• Futures leg: purchase 1,000 futures contracts expiring in one month at \$54.05	
• Cash leg: sale of 100,000 shares at \$54.00	
Share futures margin interest	\$866.28
Assuming a 15% margin and an average one-month CDOR of 1.30%	
Total out-of-pocket cost	-\$4,133.72

Exchange-for-physical transactions may provide managers with a more attractive financing rate compared to the money market average rate, thereby reducing the carrying costs of the position. In the above example, the financing cost generated by the EFP transaction (including interest from the required margin on share futures) is 0.93% compared to 1.30% for CDOR. This financing alternative should be carefully evaluated by managers since it may provide attractive possibilities.

¹⁰ For more details on the Canadian Dealer Offered Rate, consult the Exchange's website at http://www.m-x.ca/marc_terme_bax_cdor_en.php.

6. Conclusion

To broaden the universe of investment products linked to the common stocks issued by major Canadian companies, the Montréal Exchange now offers share futures contracts, intended for the use of both experienced investors and institutional investors.

Share futures contracts enable such investors to profit from short-term fluctuations in stock prices. Strategies involving futures contracts can be risky; however, the profit potential is high; therefore only well-informed investors should consider using them. These futures contracts can also be used to lock-in the profit realized on an investment, or to limit a loss. Lastly, for institutional investors with low transaction costs, futures contracts are the centrepiece of arbitrage strategies intended to restore equilibrium between the spot market of the underlying asset and the futures market.

7. Canadian Derivatives Clearing Corporation (CDCC)

The Canadian Derivatives Clearing Corporation is the clearing house of exchange-traded derivative contracts listed on the Montréal Exchange. CDCC also clears over-the-counter (OTC) products through its *Converge* clearing service.

CDCC requires each clearing member to maintain margin deposits with the clearing house in order to cover the market risk associated with each participant's position. The assessment of this risk is based on a set of well-defined criteria established by the clearing house. Margins are collected daily or more frequently during periods of market volatility.

As a clearing house for exchange-traded derivative instruments and Converge products, CDCC ensures the integrity and stability of the derivatives market. CDCC provides stability to the market place by assuming the derivative related obligations of a defaulting clearing member towards counterparty clearing members. To ensure its ability to fulfill its obligations, the Corporation maintains a rigorous risk management process.

APPENDIX

Contract specifications for share futures on individual canadian stocks

Underlying	Individual Canadian stocks.
Trading Unit	The trading unit shall be determined for each share futures contract. Generally, 100 shares.
Contract Months	Quarterly and serial contract months.
Price Quotation	Prices are quoted in Canadian cents and dollars per share for Canadian shares.
Minimum Price Fluctuation	C\$0.01 per share.
Last Trading Day	Trading ceases at 4:00 p.m. on the 3rd Friday of the contract month, providing it is a business day; if not, the 1st preceding business day.
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.
Contract Type	Delivery of the underlying stocks via the Canadian Depository for Securities Limited (CDS), on the 3rd business day following the last trading day.
Reporting Level	The equivalence of 25,000 shares gross long or gross short in all contract 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 the Montréal 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 Exchange. EFPs and EFRs may be used to either initiate or liquidate a futures position.
Daily Price Limit	A trading halt of a share futures contract will be invoked in conjunction with the triggering of a trading halt in the underlying stock.
Trading Hours (Montréal time)	Early session: 6:00 a.m. to 9:15 a.m.* Regular session: 9:30 a.m. to 4:00 p.m. Extended session: 4:05 p.m. to 4:30 p.m.
Clearing Corporation	Canadian Derivatives Clearing Corporation

* 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.

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.



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