



CIRCULAR 032-21
February 22, 2021

Options Expiry Cycles Rollout Plan

Proposed Amendments

The Bourse de Montréal Inc. (the Bourse) is proposing modifications to the current listings procedures in order to comply with the recent self-certified amendments. This will allow the Bourse to transition from the current cycles to a single cycle with expiries of up to 24 consecutive months. The new cycle will be introduced on all classes and consist of four (4) consecutive months with two (2) quarterly expiries.

The Bourse is also planning to allow for the listing of long-term expiries of up to two (2) years on the current eligible classes.

Objectives

- Harmonization of options expiry cycles with share futures expiry cycles (4 near-term months + 4 quarterlies from March, June, September and December) to enhance market participants' ability to pursue hedging and strategy-based opportunities
- Reduction of client requests made to the Market Operations Department to add new options series intraday, leading to improved market maker performance
- Alignment with OTC market offerings, providing clients with exchange-listed alternatives
- Alignment with global peers such as Euronext, Borsa Italiana and ASX, where a single harmonized option cycle is present.

Overview

The introduction of the new expiry cycles will take place gradually on an incremental number of classes (from most active to least active, based on 2020 trading volumes) each month over a period of 6 months.

The table below displays the number of classes in each expiry cycle to be converted to the new options expiry cycle during each phase of the rollout. Note that the date of each rollout corresponds to the Monday following the monthly expiry. Beginning February 23, all new classes listed will automatically be enrolled in the proposed new cycle.

Long-Term Options

Long-term options will continue to be available in the options classes that are currently authorized for long-term expiry. The full list of long-term options can be viewed [here](#).

Long-Term Options	
Equity Options	Two years out, with the January and December expiries to be listed in May
Options on ETFs	Two years out, with the March and December expiries to be listed in July

Short Cycle

All options whose underlying stock price is trading below \$3 will be placed under a short cycle (three consecutive rolling months). Options that are currently under a short cycle should remain as such and be excluded from the Options Expiry Cycle Rollout Plan.

Options Expiry Cycle Rollout Plan

Current Expiry Cycles	
Cycle 1	2 NT + 2 from Jan Apr Jul Oct
Cycle 2	2 NT + 2 from Feb May Aug Nov
Cycle 3	2 NT + 2 from Mar Jun Sep Dec
Cycle 4	3 NT + 2 from Mar Jun Sep Dec
Short Cycle	3 NT

Proposed Expiry Cycles, Phase 1

		Proposed Expiry Cycles									
New		Apr	May	Jun	Jul		Sep				Dec
Current	Cycle 1	Apr	May		Jul				Oct		
	Cycle 2	Apr	May			Aug				Nov	
	Cycle 3	Apr	May	Jun			Sep				
	Cycle 4	Apr	May	Jun			Sep		Dec		

- Existing expiry cycle that will remain listed
- New expiry cycle that will be added

Phase	Date	Total Number of Classes	Cycle 1	Cycle 2	Cycle 3	Cycle 4	Short Cycle
1	Mar 22	5	2	-	1	2	-
2	Apr 19	10	8	1	-	1	-
3	May 17	25	13	4	3	5	-
4	Jun 21	50	35	4	7	4	2
5	Jul 19	100	85	5	5	5	6
6	Aug 23	97	72	0	2	23	3
Total		301	215	14	18	40	11



To review the list of options classes included in each phase and the impact of the rollout in terms of additional expiries, consult the document [here](#).

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