CIRCULAR 100-19
July 23, 2019

SELF-CERTIFICATION

AMENDMENTS TO ARTICLE 12.212 OF THE RULES OF BOURSE DE MONTRÉAL INC. TO MODIFY THE DELIVERY STANDARDS OF THE FIVE-YEAR GOVERNMENT OF CANADA BOND FUTURES (CGF)

On May 9, 2019, the Rules and Policies Committee of Bourse de Montréal Inc. (the "**Bourse**") approved amendments to article 12.212 of the Rules of the Bourse in order to modify the delivery standards of the CGF contract. The amendments will apply to the December 2019 CGF contract and all subsequent contract months. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached herewith will become effective on **July 24, 2019**, after market close. Please note that the revised article will also be available on the Bourse's website (www.m-x.ca). No orders will be accepted on the CGF contract until the amendments are effective.

The amendments described in the present circular were published for public comment by the Bourse on May 22, 2019 (see Circular 076-19). Further to the publication of this circular, the Bourse received comments. A summary of the comments received as well as responses from the Bourse to these comments is attached hereto.

Below is the list of deliverable bond issues with respect to the CGF Futures contracts for September 2019 and subsequent contract months. This list replaces the one distributed on June 27, 2019 (Circular 095-19).

FIVE-YEAR GOVERNMENT OF CANADA BOND FUTURES CONTRACTS – CGF

Government of Canada Bonds		Outstanding	September 2019	December 2019	March 2020	June 2020
Coupon	Maturity	(CAN $ million)				
2.25%	March 1, 2024	12000	0.8540			
1.5%	September 1, 2024	12000	0.8081	0.8164	0.8248	
TOTAL OUTSTANDING DELIVERABLE BONDS (CAN $ million)			24000	12000	12000	

Conversion factors computed with a yield equal to 6%.
Note: This list is produced in accordance with the Rules of Bourse de Montréal Inc. and of the Canadian Derivatives Clearing Corporation (CDCC).
Amounts outstanding are representative of the market as of the publication date of this document and are provided for information only.
Position limits determined and published by the Regulatory division of the Bourse may be based on different figures.

Please also find attached the CGF product specifications that will be effective July 25, 2019.

For additional information, please contact Alexandre Normandeau, Legal Counsel, at 514-787-6623 or by email at alexandre.normandeau@tmx.com.

Alexandre Normandeau
Legal Counsel
Bourse de Montréal Inc.

Chapter C—Five Year Government of Canada Bond Futures

[...]

Article 12.212 Delivery Standards

(a) For Five-year Government of Canada Bond Futures, shall be deliverable only those Government of Canada Bond issues which:

(i) have a remaining maturity of between four years and ~~three~~ six months and five years and ~~three~~ six months, as of the first day of the Delivery Month (for the purpose of determining the maturity of a Bond eligible for Delivery and for settlement, the time to maturity of a given issue shall be calculated in complete one month increments, by rounding down to the nearest entire one month period. e.g. four years five months and 14 days shall be considered four years and five months from the first day of the Delivery Month);

(ii) have an outstanding amount of $3~~.5~~ billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the Bond issue is deliverable);

(iii) are originally issued at five-year Government of Canada Bond auctions (an issue which has an original maturity of more than five years and nine months and which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery notice day of the Delivery Month, its re-openings total a minimum nominal amount of $3~~.5~~ billion);

(iv) are issued and delivered on or before the 15th day preceding the first Delivery notice day corresponding to the Delivery Month of the contract;

(v) have a face value at maturity in multiples of $100,000; and

(vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of Premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.

(b) The price of a deliverable Government of Canada Bond shall be determined according to the conversion factors tables published by the Bourse.

(c) The conversion factor of a deliverable issue is the actualized value of the deliverable issue to the notional yield of the Futures Contract considered on the first day of the Delivery Month, minus the interest accrued until Delivery day.

(d) The amount to be paid at Delivery is equal to $1,000 multiplied by the conversion factor of the deliverable issue and multiplied by the Settlement Price of the Futures Contract being delivered, plus accrued interests to the Delivery day. Accrued interest is charged to the Approved Participant taking Delivery.

(e) All Government of Canada Bonds being delivered in respect of a Futures Contract must be of the same issue.

(f) Before a contract is listed for trading, the Bourse shall have the right to exclude any deliverable Government of Canada Bond issue, even if it meets all the standards specified in this Article.

[...]

Chapter C—Five Year Government of Canada Bond Futures

[...]

Article 12.212 Delivery Standards

(a) For Five-year Government of Canada Bond Futures, shall be deliverable only those Government of Canada Bond issues which:

(i) have a remaining maturity of between four years and six months and five years and six months, as of the first day of the Delivery Month (for the purpose of determining the maturity of a Bond eligible for Delivery and for settlement, the time to maturity of a given issue shall be calculated in complete one month increments, by rounding down to the nearest entire one month period. e.g. four years five months and 14 days shall be considered four years and five months from the first day of the Delivery Month);

(ii) have an outstanding amount of $3 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the Bond issue is deliverable);

(iii) are originally issued at five-year Government of Canada Bond auctions (an issue which has an original maturity of more than five years and nine months and which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery notice day of the Delivery Month, its re-openings total a minimum nominal amount of $3 billion);

(iv) are issued and delivered on or before the 15th day preceding the first Delivery notice day corresponding to the Delivery Month of the contract;

(v) have a face value at maturity in multiples of $100,000; and

(vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of Premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.

(b) The price of a deliverable Government of Canada Bond shall be determined according to the conversion factors tables published by the Bourse.

(c) The conversion factor of a deliverable issue is the actualized value of the deliverable issue to the notional yield of the Futures Contract considered on the first day of the Delivery Month, minus the interest accrued until Delivery day.

(d) The amount to be paid at Delivery is equal to $1,000 multiplied by the conversion factor of the deliverable issue and multiplied by the Settlement Price of the Futures Contract being delivered, plus accrued interests to the Delivery day. Accrued interest is charged to the Approved Participant taking Delivery.

(e) All Government of Canada Bonds being delivered in respect of a Futures Contract must be of the same issue.

(f) Before a contract is listed for trading, the Bourse shall have the right to exclude any deliverable Government of Canada Bond issue, even if it meets all the standards specified in this Article.

[...]

C | G | F FIVE-YEAR GOVERNMENT OF CANADA BOND FUTURES

SPECIFICATIONS	
Underlying	C$100,000 nominal value of a Government of Canada bond with a 6% notional coupon.
Expiry Cycle	March, June, September and December.
Price Quotation	Per C$100 nominal value.
Minimum Price Fluctuation	0.01 = C$10 per contract.
Contract Type	Physically-delivered: delivery of eligible Government of Canada bonds.
Last Trading Day	Trading ceases at 1:00 p.m. ET on the seventh business day preceding the last business day of the delivery month.
Delivery Notices	Delivery notices should be submitted before 5:30 p.m. ET or before such time set by the clearing corporation on any business day, between the second business day preceding the first business day of the delivery month and the second business day preceding the last business day of the delivery month, inclusively.
Delivery Day	Delivery should be made on the second business day following the submission of the delivery notice by the member holding a seller's position or on any other day as determined by the clearing corporation. Delivery shall be completed no later than the last business day of the delivery month.
Delivery Standards	Government of Canada bonds which: • have a remaining time to maturity of between 4½ years and 5½ years as of the first day of the delivery month, calculated by rounding down to the nearest whole month period; • have an outstanding amount of at least C$3 billion nominal value; • are originally issued at five-year Government of Canada bond auctions; • are issued and delivered on or before the fifteenth day preceding the first delivery notice day of the contract. More information on delivery standards is available in Article 12.212 of the Rules of the Bourse.
Position Reporting Threshold	250 contracts.
Position Limit	Information on position limits can be obtained from the Bourse as they are subject to periodical changes.
Maximum Price Variation Thresholds	None.
Minimum Margin Requirements	Information on minimum margin requirements can be obtained from the Bourse as they are subject to periodic changes.

SPECIFICATIONS

Trading Hours	• Regular session: 2:00 a.m.** to 4:30 p.m. ET ** +/- 15 seconds Note: During early closing days, the regular session closes at 1:30 p.m. ET.
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC).
Ticker Symbol	CGF

[2019-07-25]

Circular 076-19: Summarized comments and responses

AMENDMENTS TO ARTICLE 12.212 OF THE RULES OF BOURSE DE MONTRÉAL INC. TO MODIFY THE DELIVERY STANDARDS OF THE FIVE-YEAR GOVERNMENT OF CANADA BOND FUTURES (CGF)

No.	Date comments received	Participant Category	Summary of comments	Summary of responses
1.	June 14, 2019	Broker Dealer	We support the amendments to the delivery standard of the CGF proposed by the Bourse.	We thank you for your comments.