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CIRCULAR
August 13, 2007

MARGIN AND CAPITAL OFFSETS FOR OPTIONS STRATEGIES

CLARIFYING AMENDMENTS TO ARTICLES 9105 AND 9205

AMENDMENTS TO ARTICLES 9107 AND 9207

The Rules and Policies Committee of Bourse de Montréal Inc. (the Bourse) has approved amendments to articles 9105, 9205, 9107 and 9207 of the Rules of the Bourse. These amendments are effective immediately.

The amendments to articles 9105 and 9205 of the Rules of the Bourse allow to clarify the intent of paragraph a) of each of these articles and to eliminate any risk of an incorrect interpretation or application by adding in this paragraph a provision identical to the one that already existed in paragraphs b) to e) of these two articles, and which specifies that the options constituting the spread positions must be on the same number of trading units and on the same underlying interest.

For what regards the amendments to articles 9107 and 9207 of the Rules of the Bourse, their purpose is to :

- eliminate the limitation to index products of the following capital and margin offsets :
 - a) box spread;
 - b) long butterfly spread; and
 - c) short butterfly spread.Capital and margin offsets for these three strategies will now be available for any type of option and no longer limited only to index options index participation units options.

Circular no.: 133-2007
Amendment no.: 007-2007

- In the case of short butterfly spread positions (paragraph c) of articles 9107 and 9207), allow that the proceeds from the sale of the short options be used to reduce the required capital or margin.
- Add three new complex option strategies for capital and margin calculation purposes;
 - a) long condor spread (new paragraph d) of articles 9107 and 9207);
 - b) short iron butterfly spread (new paragraph e) of articles 9107 and 9207); and
 - c) short iron condor spread (new paragraph f) of articles 9107 and 9207).

For further information, please contact Mr. Jacques Tanguay, Vice-President, Regulatory Division, at 514 871-3518 or by e-mail at jtanguay@m-x.ca .

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