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CIRCULAR
September 16, 2008

**NEW MECHANISM FOR LIQUIDATION OF DEEP OUT OF THE MONEY
INTEREST RATE OPTIONS (“CABINET TRADES”)**

**OPTIONS ON THREE-MONTH CANADIAN BANKERS’ ACCEPTANCE
FUTURES CONTRACT (OBX)**

The Rules and Policies Committee of Bourse de Montréal Inc. (the Bourse) and the Autorité des marchés financiers approved modifications to article 6755 of Rule Six of the Rules of the Bourse. These modifications will allow the Bourse to offer a mechanism that will enable market participants to liquidate deep out of the money OBX positions (Cabinet trades) at a minimum price fluctuation of 0.001. All OBX orders with a price inferior to 0.01 point (1 basis point) will be considered as deep out of the money options and will be automatically accepted by the SOLA trading system at this newly established minimal quoting level. These modifications will be effective on **Friday, October 3rd, 2008**.

You will find attached the contract specifications including the modifications above-mentioned in the sections entitled “Price quotation” and “Minimum price fluctuation”.

For further information in this regard, please contact the Market Operations at (514) 871-3548.

Joëlle Saint-Arnault
Vice-President, Legal Affairs

Circular no.: 151-2008
Amendment no.: 008-2008

6755 Minimum Price Fluctuation (Tick Size)
(07.04.94, 15.10.02, 03.10.08)

Unless otherwise determined by the Bourse, the minimum price fluctuation of the premium shall be 0.005 point representing CAN\$12.50 per contract.

In the case of cabinet trades, the minimum price fluctuation of the premium shall be 0.001 point representing CAN\$2.50 per contract.

For the purpose of this article, a cabinet trade is a trade that allows liquidating a deep out-of-the-money option at a premium that is lesser than 0.01 point. Options with a premium lesser than 0.01 point shall automatically be considered deep out-of the-money options consequently being able to be quoted and traded at a price (premium) ranging between 0.001 and 0.009 point.

Specifications

Option on Three-month Canadian Bankers' Acceptance Futures

Trading Unit	One Three-month Canadian Bankers' Acceptance Futures (BAX) contract.
Contract Months	Four nearest months in the BAX futures quarterly cycle (March, June, September and December).
Price Quotation	Quoted in points where each 0.01 point (1 basis point) represents C\$25. For example, a quote of 0.465 represents a total option premium of C\$1,162.50 (i.e. 46.5 basis points × C\$25). Cabinet trade (defined as options with a premium lesser than 0.01): Quoted in 0.001 point (0.1 basis point) where each 0.001 point represents C\$2.50.
Last Day of Trading	Trading ceases at 10:00 a.m. (EST) on the 2 nd London (Great Britain) banking day prior to the 3 rd Wednesday of the contract month. If the determined day is an exchange or banking holiday in Montreal or Toronto, the last trading day shall be the previous banking day.
Contract Type	American style.
Minimum Price Fluctuation	0.005 = C\$12.50 per contract. Cabinet trade: 0.001 = C\$2.50 per contract.
Reporting Limit	300 options or futures equivalent contracts. For the purpose of calculating this limit, positions in the options contracts are aggregated with positions in the underlying futures contracts. For aggregation purposes, one option contract is equivalent to one futures contract.
Position Limits	Information on Position Limits can be obtained from the Exchange as they are subject to periodic changes.
Strike Prices	Set at minimum point intervals of 0.125.
Minimum Margin Requirements	Information on Minimum Margin Requirements can be obtained from the Exchange as they are subject to periodic changes.
Daily Price Limits	None
Trading Hours	8:00 a.m. to 3:00 p.m. (EST/EDT).
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC).
Ticker Symbol	OBX.