☐	**Trading – Interest Rate Derivatives**	☐	**Back-office - Options**
☐	**Trading – Equity and Index Derivatives**	☐	**Technology**
☐	**Back-office – Futures**	☒	**Regulation**

CIRCULAR
October 5, 2007

NEW INTEREST RATE FUTURES CONTRACT

30-YEAR GOVERNMENT OF CANADA BOND FUTURES CONTRACT (LGB)

The Rules and Policies Committee of Bourse de Montréal Inc. (the Bourse) and the Autorité des marchés financiers approved amendments to articles 6801 and 6812 of Rule Six and to articles 15001, 15613 and 15619 of Rule Fifteen of the Rules of the Bourse. These amendments will enable the Bourse to offer a 30-year Government of Canada Bond futures contract represented by the symbol LGB. These amendments will be effective on **Friday, November 16, 2007** when the LGB futures contract will be listed for trading. The first LGB contract to be listed will have a March 2008 expiry.

You will find attached the amended Rules of the Bourse and the specifications of the LGB futures contract.

The margin requirements applicable to the LGB futures contract will be published by the Bourse at the beginning of November 2007.

A leaflet containing the contract specifications and a description of the LGB contract will also be available at the beginning of November 2007. An electronic version of this document will be available on the Bourse's web site at www.m-x.ca. Copies will also be available by calling Customer Relations at 1 (866) 871-7878 or by e-mail at info@m-x.ca.

Joëlle Saint-Arnault
Vice-President, Legal Affairs and Secretary

Circular no.: 157-2007
Amendment no.: 009-2007

6801 Standard Trading Unit
(24.01.86, 22.04.88, 08.09.89, 16.04.92, 19.01.95, 07.09.99, 31.01.01, 29.04.02, 14.06.02, 03.05.04, 24.07.06, *16.11.07*)

No futures contract shall be traded on the Bourse unless it has standardized terms and is issued by the appropriate clearing corporation in cooperation with the Bourse.

Unless otherwise determined by the Bourse, each trading unit shall consist of the following:

a) in the case of the 30-day overnight repo rate futures:
a nominal value of CAN$5,000,000.

b) in the case of the 1-month Canadian bankers' acceptance futures:

a nominal value of CAN$3,000,000 of 1-month Canadian bankers' acceptances.

c) in the case of the 3-month Canadian bankers' acceptance futures:

a nominal value of CAN$1,000,000 of 3-month Canadian bankers' acceptances.

d) i) in the case of the 2-year Government of Canada Bond futures:

CAN$100,000 nominal value of a notional Government of Canada Bond bearing a coupon of 6%

ii) in the case of the December 2006 2-year Government of Canada Bond futures and for subsequent contract months:

CAN$200,000 nominal value of a notional Government of Canada Bond bearing a coupon of 4%.

e) in the case of the 5-year Government of Canada Bond futures:

CAN$100,000 nominal value of a notional Government of Canada Bond bearing a coupon of 6%.

f) in the case of the 10-year Government of Canada Bond futures:

CAN$100,000 nominal value of a notional Government of Canada Bond bearing a coupon of 6 %.

g) in the case of the 30-year Government of Canada Bond futures:

CAN$100,000 nominal value of a notional Government of Canada Bond bearing a coupon of 4 %.

h) in the case of the futures contract on the S&P/TSX 60 Stock Index:

CAN $200 times the S&P/TSX 60 Stock Index level.

i) in the case of the futures contract on designated S&P/TSX sectorial stock indices:

The Bourse, in consultation with the Canadian Derivatives Clearing Corporation, shall establish the unit of trading for each futures contract that has been approved for trading.

j) in the case of the futures contract on Canadian and international stocks:

The Bourse, in consultation with the Canadian Derivatives Clearing Corporation, shall establish the unit of trading for each futures contract that has been approved for trading.

6812 Last Day of Trading
(24.01.86, 22.04.88, 08.09.89, 16.04.92, 19.01.95, 13.07.98, 07.09.99, 31.01.01, 14.06.02, 03.05.04, *16.11.07*)

Unless otherwise determined by the Bourse, the business day on which trading for each contract will terminate shall be as follows:

a) 30-day overnight repo rate futures *contract*:

last business day of the contract month

b) 1-month and 3-month Canadian Bankers' Acceptance futures *contract*:

i) at 10:00 a.m. (Montréal time) on the second London (Great Britain) bank business day immediately preceding the third Wednesday of the contract month;

ii) if the day as determined by sub-paragraph i) is an exchange or bank holiday in Toronto or Montréal, futures trading shall terminate on the previous bank business day.

c) Government of Canada Bond futures *contracts*:

on the 7th business day preceding the last business day of the delivery month.

d) Futures contract of the S&P/TSX 60 Stock Index:

the exchange traded day preceding the final settlement day as defined in article 15721 of the Rules.

e) Canadian Share Futures Contracts:

at 4:00 p.m. (Montréal time) on the third Friday of the contract month or if not a business day, the first preceding business day

f) International Share Futures Contract:

the last day of trading on International share futures contracts shall coincide with the last day of trading of the corresponding stock index futures contract traded on a recognized exchange for which the underlying stock is a constituant, or such other day as prescribed by the Bourse.

g) Futures Contracts on S&P/TSX sectorial stock indices:

the exchange traded day preceding the final settlement day as defined in article 15771 of the Rules.

15001 Scope of Rule
(24.01.86, 22.04.88, 08.09.89, 16.04.92, 19.01.95, 07.09.99, 31.01.01, 14.06.02, 03.05.04, *16.11.07*)

This Rule is limited in application to futures trading of the following financial instruments :

a) the overnight repo rate;

b) 1-month Canadian bankers' acceptance;

c) 3-month Canadian bankers' acceptance;

d) 2-year Government of Canada Bond;

e) 5-year Government of Canada Bond;

f) 10-year Government of Canada Bond;

g) 30-year Government of Canada Bond;

h) the S&P/TSX 60 Stock Index;

i) designated S&P/TSX sectorial stock indices;

j) Canadian and International stocks.

The procedures for dealing with clients, trading, clearing, settlement, delivery and any other matters not specifically covered herein shall be governed by the regulations of the Bourse and the General Regulations of the clearing corporation.

15613 Delivery Standards
(08.09.89, 20.11.89, 05.03.90, 01.07.92, 01.10.92, 12.07.94, 19.01.95, 05.08.97, 06.11.97, 22.12.99, 03.05.04, 17.11.04, 24.07.06, *16.11.07*)

a) For the 10-year Government of Canada Bond Futures contract shall be deliverable only those Government of Canada bond issues which:

i) have a remaining maturity of between 8 and 10½ years, 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 periods of three months, by rounding down to the nearest entire three-month period, e.g. 10 years and seven months shall be considered 10½ years 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 10-year auctions (a bond not issued at a 10-year auction 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 contract month, its reopenings 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 CAN $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) For the 5-year Government of Canada Bond Futures contract, shall be deliverable only those Government of Canada bond issues which:

i) have a remaining maturity of between 3 years 6 months and 5 years 3 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. 4 years 5 months and 14 days shall be considered 4 years and 5 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) have an original maturity of not more than 5 years and 9 months (an issue which has an original maturity of more than 5 years and 9 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 contract month, its reopenings total a minimum nominal amount of $3.5 billion, or if it was deliverable in the 10-year Government of Canada Bond Futures contract);

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 CAN $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.

c) For the 2-year Government of Canada Bond Futures contract, shall be deliverable only those Government of Canada bond issues which:

i) have a remaining maturity of between 1 year 6 months and 2 years 6 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. 2 years 1 month and 14 days shall be considered 2 years and 1 month 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 2-year, 5-year or 10-year Government of Canada bond auctions (a bond which has not been originally issued at a 2-year, 5-year or 10-year Government of Canada bond auction 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 contract month, its reopenings total a minimum nominal amount of $3.5billion);

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 CAN $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.

d) For the December 2006 2-year Government of Canada Bond Futures contract and for subsequent contract months, shall be deliverable only those Government of Canada bond issues which:

i) have a remaining maturity of between 1 year 6 months and 2 years 6 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. 2 years 1 month and 14 days shall be considered 2 years and 1 month from the first day of the delivery month);

ii) have an outstanding amount of $2.4 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 2-year, 5-year or 10-year Government of Canada bond auctions (a bond which has not been originally issued at a 2-year, 5-year or 10-year Government of Canada bond auction 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 contract month, its reopenings total a minimum nominal amount of $2.4 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 CAN $200,000; and

vi) have a coupon of 4%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 4% 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 4% coupon and selling at par.

e) For the 30-year Government of Canada Bond Futures contract shall be deliverable only those Government of Canada Bond issues which:

i) have a remaining maturity of between 21 and 33 years, 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 periods of three months, by rounding down to the nearest entire three-month period, e.g. 30 years and seven months shall be considered 30½ years 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 30-year auctions (a bond not issued at a 30-year auction 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 contract month, its reopenings 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 CAN $100,000; and

vi) have a coupon of 4%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 4% 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 4% coupon and selling at par.

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

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.

g) The amount to be paid at delivery is equal to $1,000 ($2,000 for the December 2006 2-year Government of Canada Bond Futures contract and for subsequent contract months) 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.

h) All Government of Canada Bonds being delivered in respect of a futures contract must be of the same issue.

i) 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 Rule.

15619 Emergencies, Acts of God, Actions of Governments
(08.09.89, 19.01.95, 05.08.97, 22.12.99, 03.05.04, *16.11.07*)

a) In the eventuality that a delivery operation cannot be carried because of a strike, a fire, an accident, a Government action, an act of God or any other emergency situation, the holder of a buyer's position or a seller's position shall immediately notify the Bourse and the clearing corporation. In the eventuality that the Bourse or the clearing corporation finds that an immediate action is necessary, a special meeting of the Board of Directors shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties to futures contracts. If the Board of Directors decides that an emergency situation is in progress, the Board of Directors shall take all necessary actions in the circumstances, and the decision of the Board of Directors shall bind all parties to the futures contract. The Board of Directors could, for instance, extend the delivery period or indicate a different location for delivery operations.

b) In the eventuality where the Board of Directors decides that a shortage of deliverable Government of Canada Bond issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors could, for instance:

   i) designate as a deliverable issue any other Government of Canada Bond that does not meet the criteria in this Rule;

   ii) in addition to the normal delivery procedures, decide of a cash settlement based on the cash value of a Government of Canada Bond bearing a 6% coupon *in the case of* each designated *5-year or 10-year* Government of Canada Bond futures contract *and 4% in the case of each designated 2-year or 30-year Government of Canada Bond futures contract*, as determined by using the yield curve of Government of Canada Bonds on the last day of trading.

Thirty-Year Government of Canada Bond Futures Contract

Specifications

Trading Unit	C$100,000 nominal value Government of Canada Bond with 4% notional coupon
Contract Months	March, June, September and December.
Price Quotation	Quoted on a 100 points basis where 1 point equals C$1,000
Last Trading Day	Trading ceases at 1:00 p.m. (Montréal time) on the seventh business day preceding the last business day of the contract month.
Contract Type	Physical delivery of eligible Government of Canada Bonds.
Delivery Notices	Delivery notices must be submitted before 5:30 p.m. or before such time set by the clearing corporation on any business day, between the third business day preceding the first business day of the delivery month and the third business day preceding the last business day of the delivery month inclusively.
Delivery Date	Delivery must be made on the third 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.
Minimum Price Fluctuation	0.01 = C$10 per contract.
Reporting Level	250 contracts.
Position Limits	Information on position limits can be obtained from the Bourse as they are subject to periodic changes.
Minimum Margin Requirements	Information on minimum margin requirements can be obtained from the Bourse as they are subject to periodic changes.
Delivery Standards	Government of Canada Bonds which: i) have a remaining time to maturity of between 21 years and 33 years as of the first day of the delivery month, calculated by rounding down to the nearest entire three-month period; ii) have an outstanding amount of at least C$3.5 billion nominal value; iii) are originally issued at thirty-year Government of Canada Bond auctions; iv) are issued and delivered on or before the 15th day preceding the first delivery notice day of the contract month.
Daily Price Limit	Three points (C$3,000) per contract above or below the previous trading day settlement price.
Trading Hours (Montreal time)	Early session: 6:00 a.m. to 8:05 a.m. Regular session: 8:20 a.m. to 3:00 p.m. Curb trading session: the curb session begins once settlement prices have been determined and ends at 4:00 p.m.
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC).
Ticker Symbol	LGB