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**CIRCULAR 059-16**  
May 12, 2016

## **SELF-CERTIFICATION**

### **UPDATING ARTICLES 15905 AND 15922 OF RULE FIFTEEN OF BOURSE DE MONTREAL INC. REGARDING SPECIFICATIONS OF THE 30-DAY OVERNIGHT REPO RATE FUTURES CONTRACT (ONX)**

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) has approved amendments to articles 15905 and 15922 of Rule Fifteen of the Bourse in order to update these rules respecting the price quotation and final settlement price of the 30-Day Overnight Repo Rate Futures Contract (ONX).

The attached amendments were self-certified in accordance with the self-certification process as defined in the *Derivatives Act* (CQLR, Chapter I-14.01). They will come into effect and be incorporated into the version of the Rules of the Bourse on the Bourse’s website ([www.m-x.ca](http://www.m-x.ca)) after market close on **May 12, 2016**.

For additional information, please contact Joanne Elkaim, Director, Fixed Income Derivatives, at 514-871-7891 or by email at [jelkaim@m-x.ca](mailto:jelkaim@m-x.ca).

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Vice President, Market Operations  
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## 15905 Price Quotation

(14.06.02, 18.01.16, 00.00.00)

Unless otherwise determined by the Bourse, bids and offers for the 30-day overnight repo rate futures are quoted in terms of an index equal to 100 points minus the compounded daily monthly average overnight repo rate for the contract month.

## 15922 Cash Settlement Procedures

(14.06.02, 03.11.03, 00.00.00)

In the case of 30-day overnight repo rate futures contracts:

- a) On the last day of trading, open contracts will be marked to market based on the daily settlement price. A final settlement price will be determined on the Final Settlement Date.
- b) The Final Settlement Price as determined below by the Bourse shall be used to settle all open 30-day overnight repo rate futures:
  - i) on the Final Settlement Date, the Bourse shall determine the overnight repo reference rate;
  - ii) Final Settlement Price for the 30-day overnight repo rate futures shall be 100 minus the overnight repo reference rate;
  - iii) the overnight repo reference rate:
    - 1) means the compounded daily arithmetic average of the overnight repo rate (CORRA), expressed in terms of an overnight repo rate index, and calculated over the period of the contract month that begins on the first calendar day of the contract month and ends on the last calendar day of the contract month. during the contract month. For example, on the final settlement day, during a month when the overnight repo rate averaged 2%, the 30-day overnight repo rate futures contract would settle at 98.00. The arithmetic monthly average of the overnight repo rate will be rounded to the nearest tenth of a basis point. The decimal fraction ending in a five (5) or higher shall be rounded up.
    - 2) ~~The average is a simple arithmetic average corresponding to the sum of the daily overnight repo rates divided by the number of calendar days in the month.~~ Weekend and holiday rates are considered to be the rate applicable on the previous business day. For example, Friday's rate is used for Saturday and Sunday rates.
    - 3) In view of the rapidly changing structure of the Canadian money markets, the Bourse reserves the right to change the above selection process in the determination of the overnight repo reference rate.

**15905 Price Quotation**

(14.06.02, 18.01.16, 12.05.16)

Unless otherwise determined by the Bourse, bids and offers for the 30-day overnight repo rate futures are quoted in terms of an index equal to 100 points minus the compounded daily overnight repo rate for the contract month.

**15922 Cash Settlement Procedures**

(14.06.02, 03.11.03, 12.05.16)

In the case of 30-day overnight repo rate futures contracts:

- a) On the last day of trading, open contracts will be marked to market based on the daily settlement price. A final settlement price will be determined on the Final Settlement Date.
- b) The Final Settlement Price as determined below by the Bourse shall be used to settle all open 30-day overnight repo rate futures:
  - i) on the Final Settlement Date, the Bourse shall determine the overnight repo reference rate;
  - ii) Final Settlement Price for the 30-day overnight repo rate futures shall be 100 minus the overnight repo reference rate;
  - iii) the overnight repo reference rate:
    - 1) means the compounded daily overnight repo rate (CORRA), expressed in terms of an overnight repo rate index, and calculated over the period of the contract month that begins on the first calendar day of the contract month and ends on the last calendar day of the contract month. The decimal fraction ending in a five (5) or higher shall be rounded up.
    - 2) Weekend and holiday rates are considered to be the rate applicable on the previous business day. For example, Friday's rate is used for Saturday and Sunday rates.
    - 3) In view of the rapidly changing structure of the Canadian money markets, the Bourse reserves the right to change the above selection process in the determination of the overnight repo reference rate.