

Technical Notice **11-019**

TO: Montréal Exchange Participants
FROM: Participant Connectivity Coordinator
SUBJECT: OIS - Overnight Index Swap Futures
DATE: September 28, 2011

This notice is to inform all clients that, subject to compliance with the conditions set forth in the self-certification process as established in the Derivatives Act (R.S.Q. chapter I-14.01), and pursuant to obtaining the consent of regulatory authorities in other jurisdictions where required, the Montréal Exchange Inc. (MX) plans to launch a new derivative product entitled OIS - Overnight Index Swap Futures in **November 2011**. The timing of the official launch will be communicated at a later date.

The OIS contract is a short-term interest rate futures contract that complements a similar contract currently listed at MX, namely, ONX - the 30-day Overnight Repo Rate futures contract. The principal features that distinguish OIS is the enhanced hedging and exposure opportunities it offers short-term money market traders, Government of Canada bond desks and cash managers.

Information on OIS - Overnight Index Swap Futures will be made available on the MX web site at <http://www.m-x.ca>. For all business related questions please contact our customer relations representative by telephone at 1-866-871-7878 or by e-mail at info@m-x.ca. The OIS contract specifications are mentioned below.

Technical Impact

The following are the MX services that will display the new OIS contract:

Service	Impact
HSVF	No change
SAIL	No change
FIX	No change
STAMP	No change
TMS	No change
ATR	No change
Clearing API	No change
Drop Copy	No change

Test Environment

The new contract is available in the MX testing environment should clients require testing. Application testing and support is available Mondays through Thursdays, from 8:00 am (EST) to 4:30 pm (EST) and on Fridays, from 8:00 am (EST) to 4:00 pm (EST). After-hour testing is available without support on Mondays through Thursdays, from 4:30 pm (EST) to 10:30 pm (EST)

Contact Information

For additional information on this notice, the OIS contract, or for any technical assistance, please do not hesitate to contact the Technical Help Desk by telephone at 1-877 588-8489, or by e-mail at samsupport@m-x.ca.

We thank you for your cooperation.

Participant Connectivity Coordinator

Contact Specifications

OIS – Overnight Index Swap Futures

Trading Unit	Each contract shall be for a nominal value of C\$5,000,000.
Underlying	Fixed for floating interest rate swap where a fixed rate is swapped against a floating rate. The floating rate is the compounded daily overnight repo rate (CORRA) over the period of the contract month.
Contract Months	Contract months will be listed to match the Bank of Canada's schedule of Fixed Announcement Dates.
Price Quotation	Index: 100 minus the compounded daily overnight repo rate for the contract month.
Last Trading Day	The day of a Bank of Canada Fixed Announcement Date.
Contract Type	Cash settlement.
Minimum Price Fluctuation	0.001 = C\$6.25 (one-tenth of 1/100 of one percent of C\$5,000,000 on a 45.625/365 day basis).
Reporting Limit	300 contracts.
Position Limits	Information on position limits can be obtained from the Exchange as they are subject to periodical changes.
Final Settlement Price	<p>The final settlement price shall be 100 minus the compounded daily overnight repo rate (CORRA) over the period of the contract month that begins the day following the last Bank of Canada Fixed Announcement Date to the day of the next Bank of Canada Fixed Announcement Date. Weekend and holiday rates are considered to be the rate applicable on the previous business day for which a rate was reported. For example, Friday's rate is used for Saturday and Sunday rates.</p> <p>The daily overnight repo rate (CORRA) is calculated and reported by the Bank of Canada.</p> <p>The final settlement price is rounded to the nearest 1/10th of one basis point (0.001). In the case a decimal fraction ends with 0.0005 or higher, the final settlement price shall be rounded up</p> <p>The final settlement price is determined on the first business day following the last day of trading.</p>
Minimum Margin Requirements	Information on minimum margin requirements can be obtained from the Exchange as they are subject to periodical changes.
Daily Price Limit	None
Trading Hours (Montréal time)	<p>Early session: 6:00 a.m. to 7:45 a.m. Regular session: 8:00 a.m. to 3:00 p.m. Extended session*: 3:09 p.m. to 4:00 p.m. * There is no extended session on the last trading day of the expiring contract month.</p> <p>Note: During early closing days, the regular session closes at 1:00 p.m., time at which the daily settlement price is established. In those circumstances, the extended session is from 1:09 p.m. to 1:30 p.m.</p>
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC).
Ticker Symbol	OIS

Specifications