MODIFICATIONS TO THE SPECIFICATIONS

TWO-YEAR GOVERNMENT OF CANADA BOND FUTURES CONTRACT (CGZ)

AMENDMENTS TO ARTICLES 6801 OF RULE SIX AND 15613 AND 15619 OF RULE FIFTEEN OF BOURSE DE MONTRÉAL INC.

On May 3, 2004, Bourse de Montréal Inc. (the Bourse) launched the Two-Year Government of Canada Bond Futures (CGZ). At the time, the CGZ contract size was C$100,000 with a notional coupon of 6%. The CGZ was introduced in an effort to capitalize on extending the Bourse's product coverage of the Government of Canada (GoC) yield curve, thereby providing participants with increased spread trading opportunities.

On November 17, 2004, the Bourse amended the delivery terms by 1. Including originally issued 10-year GoC bonds in the basket of deliverables due to the limited amount outstanding of 2-year GoC bond issues and 2. By reducing the minimum price fluctuation from C$0.01 to C$0.005.

On July, 24 2006, the Bourse modified the contract size from C$100,000 to C$200,000 for cost effectiveness considerations and to harmonize the contract size with international peer contracts (CBOT). The notional coupon was reduced from 6% to 4% and the minimum amount outstanding for GoC bond eligible for inclusion in the basket of deliverables was reduced from C$3.5 billion to C$2.4 billion.

Following a consultative process with market participants and to adapt to new market conditions, the Bourse proposes to:

A. Change the notional coupon rate of the CGZ contract from 4% to 6%, and
B. Exclude 5-year and 10-year GoC bonds from the basket of deliverable bonds.

These amendments are supported by the following considerations:

A. Coupon rate of the CGZ contract from 4% to 6% in order to:

- Harmonize the notional coupon rate of the CGZ at a level of 6% with the notional coupon of the 5-year CGF, 10-year CGB and 30-year LGB bond futures contracts listed at the MX);
- Harmonize the notional coupon rate of the CGZ with main international peer contracts;
- Reduce optionality (requested by buy-side clients and market makers) in anticipation of an increase in interest rates;
- Facilitate contract pricing.

B. Exclude 5-year and 10-year GoC bonds from the basket of deliverable bonds in order to:

- Remove illiquid issues (5-year and 10-year), especially when they are the cheapest-to-deliver bond as these bonds are difficult to get a hold of in the cash market, and
- Facilitate basis trades.

I. OVERVIEW

a) Proposed Regulatory Amendments

In order to:

i) change the notional coupon rate from 4% to 6%; and
ii) exclude 5- and 10-year from the basket of deliverable bonds,

The Bourse proposes to amend article 6801 of Rule Six and articles 15613 and 15619 of Rule Fifteen of the Bourse for the CGZ contract. The Bourse intends to make the proposed change effective starting with the **(contract maturity to be determined)** CGZ futures contract month. There is currently no volume or open interest in this contract month. The Bourse proposes these amendments in order to encourage an increase in the utilization of the CGZ contract.

As a result of the proposed changes, the Bourse will be better positioned to promptly react and adapt to changing market conditions in the underlying GoC bond market.

The Bourse intends to make the proposed changes effective starting with the **(contract maturity to be determined)** CGZ futures contract month as well as for all subsequent contract months. The Bourse proposes this amendment to encourage an increase in the utilization of the CGZ and make its market more efficient.

II. RATIONALE

A. Change the notional coupon rate of the CGZ contract from 4% to 6%.

Following a consultative process with market participants, the Bourse proposes to increase the notional coupon rate of the CGZ contract from 4% to 6%.

Several factors support modifying the notional coupon rate:

a) Harmonize with the notional coupon of 6% of the 5-Year Government of Canada Bond Futures Contract (CGF), 10-Year Government of Canada Bond Futures Contract (CGB) and 30-Year Government of Canada Bond Futures Contract (LGB).

Harmonization of the notional coupon to 6% across the GoC bond futures product line will facilitate inter-market spreading between the CGZ, CGF, CGB and the LGB contracts using the implied spread trading functionality for interest rate futures contracts.

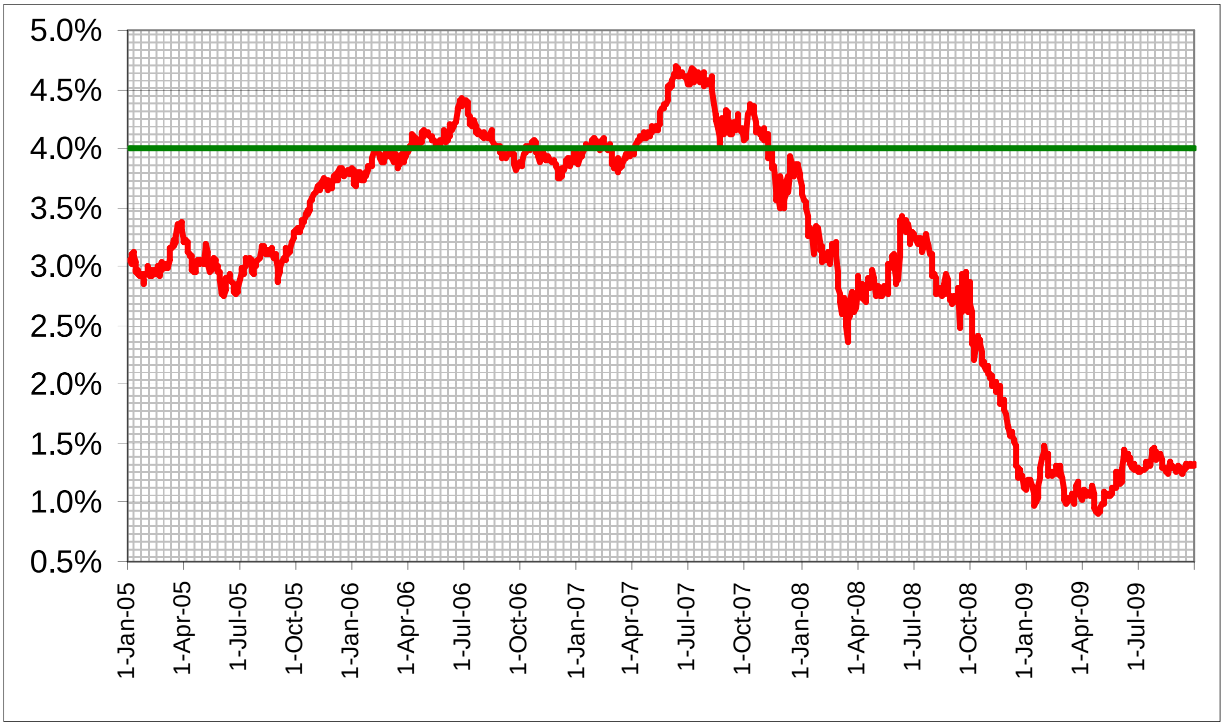
b) Harmonize with the notional coupon of 6% of international peer contracts.

Harmonization of the notional coupon to 6% across the 2-year international Government bond futures products will facilitate inter-market spreading with the Schatz (EUREX) and the 2-year U.S. Treasury Note (CBOT) futures contracts.

c) Problem of optionality and pricing

There have been too many changes of the cheapest-to-deliver bond resulting and too much optionality in the CGZ contract when 2-year Government of Canada yields were close to 4% between March 2006 and November 2007 (see Graph 1 below).

Graph 1: 2-Year GoC Bond Yield
Zero Coupon from January 2005 to December 2009



Source: Bank of Canada

Because yields of 2-year GoC bonds - currently hovering at 1.3% - were too close to the notional coupon rate of 4% of the CGZ contract between March 2006 and November 2007, it significantly increased the probability that the cheapest-to-deliver bond changed for a different bond (increase in optionality) following a small variation in the yields of 2-year GoC bonds. This adversely impacted hedgers since frequent changes in the cheapest-to-deliver bond meant that they had to constantly re-adjust their hedge ratios due to changes in the duration of the cheapest-to-deliver bond, thereby increasing costs. Consequently, hedgers did not actively use the CGZ contract.

Thus, when interest rates will start to increase (interest-rates are mean-reverting) and as long as 2-year yields will not go beyond 6%, the proposed increase of the notional coupon rate of the CGZ contract will favor shorter duration bonds and firmly position the off-the-run 2-year GoC bond as the cheapest-to-deliver bond. A notional coupon of 6% will greatly reduce the probability that the cheapest-to-deliver bond will change, which will benefit hedgers as it will result in much less frequent hedge re-adjustments. This will make the CGZ contract more efficient to use for hedgers.

The contract was too difficult to price with the current coupon of 4% when 2-year yields flirted close to 4%.

When market rates are close to the CGZ contract coupon rate, there is uncertainty in regards to which bond will become the cheapest-to-deliver. This uncertainty makes the contract more difficult to price (i.e., to determine a fair value price). Therefore with yields of 2-year GoC bonds close to 4%, market participants are unwilling to trade the CGZ contract as it becomes difficult to determine a fair value for the contract.

Consequently, as market participants sense that the cheapest-to-deliver bond is about to change, it becomes more difficult for market makers to post fair value bids and offers which in turn leads to inactivity from buy-side market participants who forego trading the CGZ contract as well.

B. Exclude 5- and 10-year GoC bonds from the basket of deliverable bonds.
Following a consultative process with market participants, they recommend to the Bourse that the delivery standards of the CGZ be changed by removing from the basket of deliverable bonds those bonds that were originally issued at 5-year and 10-year GoC bond auctions.

Several factors justify modifying the delivery standards for the CGZ contract.

a. There are liquidity issues with bonds in the CGZ basket of deliverables that were originally issued at 5- and 10-year GoC bond auctions.

The CGZ basket of deliverable bonds includes bonds that were originally issued at 5- and 10-year GoC bond auctions. Despite a large amount outstanding, old 5- and 10-year GoC bonds that are part of the CGZ basket of deliverable bonds are not actively traded in the cash market as they have been accumulated by institutional investors for the purpose of holding them until maturity. Consequently, a large part of these issues is not readily available in the market and it becomes difficult for participants to obtain these bonds for the purpose of executing basis trades or cash and carry trades using the CGZ contract.

For illustrative purposes, Table 1 lists the basket of deliverable bonds for the CGZ bond futures contract comprised of only 2-year GoC bonds that meets the delivery standards. This is a projection based on past issuances. We observe that the basket always includes 2 issues. Total outstanding amount varies between $12.5 billion and $20 billion.

Table 1: CGZ Basket of Deliverables with Only 2-Year GoC Bonds – Projected

	Dec. 2010	Mar. 2011	June 2011	Sept. 2011	Dec. 2011	Mar. 2012
Sept-2012	10.5					
Mar-2013	3.2	9	9			
June-2013		3.5	10	10		
Sept-2013				10	10	
Dec-2013					9.5	9.5
Mar-2014						9
Total outstanding (C$ billion)	13.7	12.5	19	20	19.5	18.5

Source: Montréal Exchange Research - forecasts based on 2009 issuances (source Bank of Canada)

b. The cheapest-to-deliver bond is often an old 5-year or 10-year GoC bond that suffer from liquidity issues.

Given current market conditions where yields of 2-year GoC bonds (at 1.28% as at January 11, 2010) are considerably below the notional coupon of 6%, shorter duration bonds are favoured as the cheapest-to-deliver bond for the CGZ contract.

Consequently, the cheapest-to-deliver bond is frequently an old 5- or 10-year GoC bond that does not actively trade in the cash market-reducing the efficiency of the CGZ, as illustrated in Table 2, where an originally issued at 5-year auction (i.e. CAN 3.75% 9/11) is the cheapest-to-deliver bond.

Table 2: CGZ Basket of Deliverables Bonds – March 2010 Contract - Current Situation

Cheapest to Deliver Trade 1/11/10 Dlv 3/31/10

CAN 2YR BOND FUT Mar10 **CVHO** 103.910 Set 1/13/10 Cheapest IRP= .60

77 Days Act/365

Order DR re-sort? Y	(Mid) Price	Source	Conv. Yield	C.Factor	DECIMAL Gross Basis	Implied Repo%	Actual Repo%	DECIMAL Net Basis
MASTER:							.42	
1) CAN 3 ¾ 09/01/11	104.210	RBCS	1.135	.996400	.674	.60	.42	-.039
2) CAN 1 09/01/11	99.767	RBCS	1.145	.956700	.356	-.67	.42	.230
3) CAN 1 ¼ 12/01/11	99.890	RBCS	1.309	.953900	.770	-2.40	.42	.596
4) CAN 5 ¼ 06/01/12	108.527	RBCS	1.587	1.026600	1.853	-3.24	.42	.843
5) CAN 1 ½ 03/01/12	100.054	RBCS	1.474	.952400	1.090	-3.66	.42	.863
6) CAN 3 ¾ 06/01/12	105.014	RBCS	1.596	.994600	1.665	-3.93	.42	.968
7) CAN 2 09/01/12	100.598	RBCS	1.766	.952900	1.582	-5.41	.42	1.242

Source: Bloomberg L.P

c. The supply of 2-year GoC bonds is sufficiently large to support a basket of deliverables without the inclusion of old 5-year and 10-year GoC bonds.

In light of the Government of Canada's substantial increase in bond issuances as part of its debt program for 2010/11 to finance the forecasted financial requirement of over C$100 billion there has been a considerable increase in the supply of GoC bonds targeted at each segment of the curve.

Gross GoC bond issuance for 2009-10 is projected to be about 25% higher than the $82 billion announced in the *Debt Management Strategy* 2009-10. This is higher than the $75 billion issued in 2008-09, and the $34 billion in 2007-08.

In 2009-10, additional March and September maturities have been added in the 2-year sector.

With the benchmark target size of 2-year GoC bonds maintained by the GoC at between C$7-C$10 billion, the CGZ basket of deliverable bonds is sufficiently large if it was designed to include only GoC bonds that were originally issued at 2-year GoC bond auctions - thereby, excluding old 5- and 10-year GoC bonds from the basket of deliverable bonds. Please refer to Table 1.

III. SUMMARY OF THE PROPOSED AMENDMENTS TO THE RULES OF THE BOURSE

Article 6801 of Rule Six

The Bourse proposes to modify paragraph d) of article 6801 called “Standard Trading Unit” of Rule Six by deleting sub-paragraph i), replace it by the modified sub-paragraph ii) and create a new sub-paragraph ii), to change the notional coupon rate of the CGZ contract from 4% to 6%.
We would like to take the opportunity to remove from article 6801, dispositions relative to contract specifications in application before December 2006, since these dispositions are out-of-date.

Articles 15613 and 15619 of Rule Fifteen

The Bourse proposes to modify article 15613 of Rule Fifteen by deleting paragraph c), replacing it by paragraph d) modified and adding a paragraph d), and to modify sub-paragraph b) ii) of article 15619 to change the notional coupon rate of the CGZ contract from 4% to 6% and to allow the Bourse to exclude from the basket of deliverable bonds, bonds that were originally issued at auctions for 5- and 10 years GoC bonds.

We would like to take the opportunity to remove from article 15613, dispositions relative to contract specifications in application before December 2006, since these dispositions are out-of-date.

Concerning article 15613, paragraph g) also contains references to specifications that are out-of-date since 2006 and that we propose to remove.

IV. OBJECTIVE OF THE PROPOSED AMENDMENTS TO THE RULES OF THE BOURSE

The objectives of the proposed amendments of article 6801 of Rule Six and articles 15613 and 15619 of Rule Fifteen of the Bourse are to allow the Bourse to be able to change the notional coupon rate of the CGZ contract from 4% to 6% and to remove from the CGZ basket of deliverable bonds illiquid bonds that were originally issued at 5- and 10-year GoC bond auctions to make the CGZ more efficient for market participants.

V. PUBLIC INTEREST

The proposed amendments to the Rules of the Bourse are proposed in order to make the use of the CGZ contract more efficient for market participants who have expressed their support to change the notional coupon rate of the CGZ contract from 4% to 6% and to remove from the basket of deliverable bonds those bonds that were originally issued at 5- and 10-year Government of Canada bond auctions for the purpose of improving their trading and/or risk management strategies.

VI. PROCESS

The proposed amendments to Rules Six and Fifteen are submitted for approval to the Rules and Policies Committee and will then be transmitted to the Autorité des marchés financiers (Autorité) in accordance with the self-certification process and to the Ontario Securities Commission for information. They will also be published by the Bourse for a 30-day comment request period.

VII. ATTACHED DOCUMENTS

- Rule Six: amendments to article 6801
- Rule Fifteen: amendments to articles 15613 and 15619
- For information: CGZ specifications

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, 30.05.08, 15.05.09, 00.00.00)

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%.~~

~~i~~i) in the case of ~~the December 2006~~ 2-year Government of Canada Bond futures ~~and for subsequent contract months~~before **(contract maturity to be determined)**:

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

ii) in the case of the **(contract maturity to be determined)** 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 6%.

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 Index:

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

i) in the case of the mini futures contract on the S&P/TSX Composite Index:

CAN $5 times the level of the S&P/TSX Composite Index mini futures.

j) in the case of the futures contract on designated S&P/TSX sectorial 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.

k) 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.

l) in the case of the futures contract on carbon dioxide equivalent (CO_2e) units with physical settlement:

100 carbon dioxide equivalent (CO_2e) units. Each unit is an entitlement to emit one metric ton of carbon dioxide equivalent (CO_2e).

m) in the case of the futures contract on carbon dioxide equivalent (CO_2e) units with cash settlement:

100 carbon dioxide equivalent (CO_2e) units. Each unit is an entitlement to emit one metric ton of carbon dioxide equivalent (CO_2e).

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, 00.00.00)

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.~~

c~~d~~) For the ~~December 2006~~ 2-year Government of Canada Bond Futures contract expiring before **(contract maturity to be determined)**~~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.

d~~e~~) For the **(contract maturity to be determined)** 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);

iii) 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 Government of Canada bond auctions (a bond which has not been originally issued at a 2-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 $2~~1~~00,000; 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.

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, 00.00.00)

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%~~ the coupon rate specified in the contract specifications~~in the case~~ of each designated 2-year, 5-year ~~or,~~ 10-year or 30-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.

15613 Normes de livraison
(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, 00.00.00)

a) Pour le contrat à terme sur obligations du gouvernement du Canada de 10 ans, seules peuvent faire l'objet d'une livraison les obligations du gouvernement du Canada qui :

i) ont un terme à courir entre 8 ans et 10½ ans, à partir du premier jour du mois de livraison (dans le but de déterminer l'échéance d'une obligation livrable et pour les fins de règlement, le temps à courir à l'échéance d'une émission donnée est calculé en périodes entières de trois mois en arrondissant au trimestre entier le plus rapproché, par ex., 10 ans et sept mois sera considéré comme étant 10½ ans, à partir du premier jour du mois de livraison) ;

ii) ont un montant nominal en cours, déduction faite de tout rachat possible par le gouvernement du Canada d'au moins 3,5 milliards de dollars jusqu'à la fin de la période durant laquelle l'obligation est livrable ;

iii) sont à l'origine vendues par adjudication comme des émissions à 10 ans (une obligation n'ayant pas été adjugée comme une émission à 10 ans et respectant par ailleurs toutes les autres normes de livraison de la présente règle est réputée livrable, si, au cours des 12 derniers mois précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison, le montant total de ses réouvertures est d'au moins 3,5 milliards de dollars) ;

iv) sont émises et livrées le ou avant le 15e jour précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison ;

v) ont une valeur nominale à l'échéance en multiples de 100 000 $ CAN ; et

vi) ont un coupon de 6 %. Toutefois, au gré du vendeur, une émission d'obligations du gouvernement du Canada ayant un coupon autre que 6 % peut être livrée. Le montant de prime ou d'escompte à l'égard de chaque émission livrable est calculé en fonction d'un rendement équivalent à celui d'une obligation du gouvernement du Canada portant un intérêt de 6 % se vendant au pair.

b) Pour le contrat à terme sur obligations du gouvernement du Canada de 5 ans, seules peuvent faire l'objet d'une livraison les obligations du gouvernement du Canada qui :

i) ont un terme à courir entre 3 ans 6 mois et 5 ans 3 mois, à partir du premier jour du mois de livraison (dans le but de déterminer l'échéance d'une obligation livrable et pour les fins de règlement, le temps à courir à l'échéance d'une émission donnée est calculé en périodes entières d'un mois en arrondissant au mois le plus rapproché, par ex., 4 ans et 5 mois et 14 jours sera considéré comme étant 4 ans et 5 mois, à partir du premier jour du mois de livraison) ;

ii) ont un montant nominal en cours d'au moins 3,5 milliards de dollars (déduction faite de tout rachat possible par le gouvernement du Canada jusqu'à la fin de la période durant laquelle l'obligation est livrable) ;

iii) ont une échéance originale d'au plus 5 ans et 9 mois (une émission ayant une échéance originale de plus de 5 ans et 9 mois et respectant par ailleurs toutes les autres normes de livraison de la présente règle est réputée livrable, si, au cours des 12 derniers mois précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison, le montant total de ses réouvertures est d'au moins 3,5 milliards de dollars, ou si l'émission était livrable pour le contrat à terme sur obligations du gouvernement du Canada de 10 ans) ;

iv) sont émises et livrées le ou avant le 15e jour précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison ;

v) ont une valeur nominale à l'échéance en multiples de 100 000 $ CAN ; et

vi) ont un coupon de 6 %. Toutefois, au gré du vendeur, une émission d'obligations du gouvernement du Canada ayant un coupon autre que 6 % peut être livrée. Le montant de prime ou d'escompte à l'égard de chaque émission livrable est calculé en fonction d'un rendement équivalent à celui d'une obligation du gouvernement du Canada portant un intérêt de 6 % se vendant au pair.

~~c) Pour le contrat à terme sur obligations du gouvernement du Canada de 2 ans, seules peuvent faire l'objet d'une livraison les obligations du gouvernement du Canada qui :~~

~~i) ont un terme à courir entre 1 an 6 mois et 2 ans 6 mois, à partir du premier jour du mois de livraison (dans le but de déterminer l'échéance d'une obligation livrable et pour les fins de règlement, le temps à courir à l'échéance d'une émission donnée est calculé en périodes entières d'un mois en arrondissant au mois le plus rapproché, par ex., 2 ans et 1 mois et 14 jours sera considéré comme étant 2 ans et 1 mois, à partir du premier jour du mois de livraison) ;~~

~~ii) ont un montant nominal en cours d'au moins 3,5 milliards de dollars (déduction faite de tout rachat possible par le gouvernement du Canada jusqu'à la fin de la période durant laquelle l'obligation est livrable) ;~~

~~iii) ont été initialement émises à des adjudications d'obligations du gouvernement du Canada de 2 ans, de 5 ans ou de 10 ans (une obligation qui n'a pas été initialement émise à une adjudication d'obligations du gouvernement du Canada de 2 ans, de 5 ans ou de 10 ans et respectant par ailleurs toutes les autres normes de livraison de la présente règle est réputée livrable, si, au cours des 12 derniers mois précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison, le montant total de ses réouvertures est d'au moins 3,5 milliards de dollars);~~

~~iv) sont émises et livrées le ou avant le 15e jour précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison ;~~

~~v) ont une valeur nominale à l'échéance en multiples de 100 000 $ CAN ; et~~

~~vi) ont un coupon de 6 %. Toutefois, au gré du vendeur, une émission d'obligations du gouvernement du Canada ayant un coupon autre que 6% peut être livrée. Le montant de prime ou d'escompte à l'égard de chaque émission livrable est calculé en fonction d'un rendement équivalent à celui d'une obligation du gouvernement du Canada portant un intérêt de 6 % se vendant au pair.~~

c~~d~~) Pour le contrat à terme sur obligations du gouvernement du Canada de 2 ans échéant avant **(échéance du contrat à déterminer)**~~en décembre 2006 et les mois subséquents~~, seules peuvent faire l'objet d'une livraison les obligations du gouvernement du Canada qui :

i) ont un terme à courir entre 1 an 6 mois et 2 ans 6 mois, à partir du premier jour du mois de livraison (dans le but de déterminer l'échéance d'une obligation livrable et pour les fins de règlement, le temps à courir à l'échéance d'une émission donnée est calculé en périodes entières d'un mois en arrondissant au mois le plus rapproché, par ex., 2 ans et 1 mois et 14 jours sera considéré comme étant 2 ans et 1 mois, à partir du premier jour du mois de livraison) ;

ii) ont un montant nominal en cours d'au moins 2,4 milliards de dollars (déduction faite de tout rachat possible par le gouvernement du Canada jusqu'à la fin de la période durant laquelle l'obligation est livrable) ;

iii) ont été initialement émises à des adjudications d'obligations du gouvernement du Canada de 2 ans, de 5 ans ou de 10 ans (une obligation qui n'a pas été initialement émise à une adjudication d'obligations du gouvernement du Canada de 2 ans, de 5 ans ou de 10 ans et respectant par ailleurs toutes les autres normes de livraison de la présente règle est réputée livrable, si, au cours des 12 derniers mois précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison, le montant total de ses réouvertures est d'au moins 2,4 milliards de dollars);

iv) sont émises et livrées le ou avant le 15e jour précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison ;

v) ont une valeur nominale à l'échéance en multiples de 200 000 $ CAN ; et

vi) ont un coupon de 4%. Toutefois, au gré du vendeur, une émission d'obligations du gouvernement du Canada ayant un coupon autre que 4% peut être livrée. Le montant de prime ou d'escompte à l'égard de chaque émission livrable est calculé en fonction d'un rendement équivalent à celui d'une obligation du gouvernement du Canada portant un intérêt de 4% se vendant au pair.

~~d~~e) Pour le contrat à terme sur obligations du gouvernement du Canada de 2 ans échéant en **(échéance du contrat à déterminer)** et les mois subséquents, seules peuvent faire l'objet d'une livraison les obligations du gouvernement du Canada qui :

i) ont un terme à courir entre 1 an 6 mois et 2 ans 6 mois, à partir du premier jour du mois de livraison (dans le but de déterminer l'échéance d'une obligation livrable et pour les fins de règlement, le temps à courir à l'échéance d'une émission donnée est calculé en périodes entières d'un mois en arrondissant au mois le plus rapproché, par ex., 2 ans et 1 mois et 14 jours sera considéré comme étant 2 ans et 1 mois, à partir du premier jour du mois de livraison) ;

ii) ont un montant nominal en cours d'au moins 2,4 milliards de dollars (déduction faite de tout rachat possible par le gouvernement du Canada jusqu'à la fin de la période durant laquelle l'obligation est livrable) ;

iii) ont été initialement émises à des adjudications d'obligations du gouvernement du Canada de 2 ans (une obligation qui n'a pas été initialement émise à une adjudication d'obligations du gouvernement du Canada de 2 ans et respectant par ailleurs toutes les autres normes de livraison de la présente règle est réputée livrable, si, au cours des 12 derniers mois précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison, le montant total de ses réouvertures est d'au moins 2,4 milliards de dollars);

iv) sont émises et livrées le ou avant le 15e jour précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison ;

v) ont une valeur nominale à l'échéance en multiples de 2~~1~~00 000 $ CAN ; et

vi) ont un coupon de 6%. Toutefois, au gré du vendeur, une émission d'obligations du gouvernement du Canada ayant un coupon autre que 6% peut être livrée. Le montant de prime ou d'escompte à l'égard de chaque émission livrable est calculé en fonction d'un rendement équivalent à celui d'une obligation du gouvernement du Canada portant un intérêt de 6% se vendant au pair.

e) Pour le contrat à terme sur obligations du gouvernement du Canada de 30 ans, seules peuvent faire l'objet d'une livraison les obligations du gouvernement du Canada qui :

i) ont un terme à courir entre 21 ans et 33 ans, à partir du premier jour du mois de livraison (dans le but de déterminer l'échéance d'une obligation livrable et pour les fins de règlement, le temps à courir à l'échéance d'une émission donnée est calculé en périodes entières de trois mois en arrondissant au trimestre entier le plus rapproché, par ex., 30 ans et sept mois sera considéré comme étant 30½ ans, à partir du premier jour du mois de livraison) ;

ii) ont un montant nominal en cours d'au moins 3,5 milliards de dollars (déduction faite de tout rachat possible par le gouvernement du Canada jusqu'à la fin de la période durant laquelle l'obligation est livrable) ;

iii) sont à l'origine vendues par adjudication comme des émissions à 30 ans (une obligation n'ayant pas été adjugée comme une émission à 30 ans et respectant par ailleurs toutes les autres normes de livraison de la présente règle est réputée livrable, si, au cours des 12 derniers mois précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison, le montant total de ses réouvertures est d'au moins 3,5 milliards de dollars) ;

iv) sont émises et livrées le ou avant le 15e jour précédant la première journée à laquelle un avis de livraison est soumis pour un mois de livraison ;

v) ont une valeur nominale à l'échéance en multiples de 100 000 $ CAN ; et

vi) ont un coupon de 4 %. Toutefois, au gré du vendeur, une émission d'obligations du gouvernement du Canada ayant un coupon autre que 4 % peut être livrée. Le montant de prime ou d'escompte à l'égard de chaque émission livrable est calculé en fonction d'un rendement équivalent à celui d'une obligation du gouvernement du Canada portant un intérêt de 4 % se vendant au pair.

f) Le prix d'une obligation du gouvernement du Canada livrable sera déterminé selon les tables de facteurs de concordance publiées par la Bourse.

Le facteur de concordance est la valeur actualisée au taux notionnel du contrat à terme de l'obligation livrable considérée au premier jour du mois de livraison, moins l'intérêt couru, jusqu'au jour de livraison.

g) Le montant de règlement à la livraison est de ~~1 000 $ (~~2 000 $ ~~pour le contrat à terme sur obligations du gouvernement du Canada de 2 ans échéant en décembre 2006 et les mois subséquents)~~ multiplié par le facteur de concordance de l'émission d'obligations qui est livrée et par le prix de règlement de ladite série de contrats à terme et additionné des intérêts courus jusqu'au jour de livraison. L'intérêt couru est à la charge du participant agréé qui prend livraison.

h) Toutes les obligations du gouvernement du Canada livrées en vertu d'un contrat doivent faire partie de la même émission.

i) Avant qu'un contrat soit inscrit pour négociation, la Bourse a le droit d'exclure toute émission livrable, même si elle est conforme aux normes stipulées dans la présente Règle.

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a) Dans le cas où une opération de livraison ne peut s'effectuer, due à une grève, un incendie, un accident, une action d'un gouvernement, une force majeure ou autre situation d'urgence, le détenteur de positions acheteurs ou de positions vendeurs devra immédiatement avertir la Bourse et la corporation de compensation. Si la Bourse ou la corporation de compensation détermine qu'une action urgente est nécessaire, une réunion spéciale du Conseil d'administration sera convoquée à ce sujet et toute décision prise dans les circonstances liera toutes les parties aux contrats à terme. Si le Conseil d'administration juge, de son propre chef, qu'une situation urgente est en cours, il prendra toutes les mesures nécessaires dans les circonstances et sa décision liera toutes les parties aux contrats à terme. Le Conseil d'administration pourra, par exemple, prolonger la période de livraison ou désigner des endroits différents pour les opérations de livraison.

b) Dans le cas où le Conseil d'administration détermine qu'il existe ou qu'il peut exister une pénurie d'obligations du gouvernement du Canada livrables, il pourra à sa discrétion prendre action afin de corriger ou prévenir la situation. Le Conseil d'administration pourra, par exemple :

   i) désigner comme obligation livrable, toute autre obligation du gouvernement du Canada qui ne satisfait pas aux caractéristiques et aux conditions établies à la Règle ;

   ii) en plus des procédures normales de livraison, déterminer un règlement au comptant basé sur la valeur au comptant d'une obligation du gouvernement du Canada portant ~~un~~ intérêt au taux spécifié dans les caractéristiques~~de 6% dans le cas~~ des contrats à terme sur obligations du gouvernement du Canada de 2 ans, 5 ans~~30 ans~~, ~~de~~ 10 ans ~~et ,de 5 ans~~ ou~~et de 2~~30 ans désignés~~ et de 4% pour les contrats à terme sur obligations du gouvernement du Canada de 2 ans et de 30 ans désignés~~, tel qu'il sera déterminé en utilisant la courbe de rendement des obligations du gouvernement du Canada le dernier jour de négociation.