



**Bourse
de Montréal Inc.**

<input checked="" type="checkbox"/>	Trading – Interest Rate Derivatives	<input checked="" type="checkbox"/>	Back-office - Options
<input checked="" type="checkbox"/>	Trading – Equity and Index Derivatives	<input checked="" type="checkbox"/>	Technology
<input checked="" type="checkbox"/>	Back-office – Futures	<input checked="" type="checkbox"/>	Regulation

CIRCULAR

June 6, 2007

AMENDMENT TO THE MINIMUM QUANTITY THRESHOLDS

Bourse de Montréal Inc. (the Bourse) would like to inform its participants that there has been amendments made to the minimum quantity thresholds for block transactions on the following products: Three-Month Canadian Bankers' Acceptance Futures Contract (BAX), Options on the Three-Month Canadian Bankers' Acceptance Futures Contract (OBX), the Ten-Year Government of Canada Bond Futures (CGB) and the Two-Year Government of Canada Bond Futures (CGZ) as of **July 3, 2007**. The changes are as follows:

DERIVATIVE INSTRUMENTS	CURRENT THRESHOLD	NEW THRESHOLD
Three-month Canadian Bankers' Acceptance Futures Contracts (BAX):	5,000 contracts	<i>*removed from the procedure</i>
Ten-year Government of Canada Bond Futures Contracts (CGB):	1,500 contracts	2,000 contracts
Two-year Government of Canada Bond Futures Contracts (CGZ):	1,000 contracts	500 contracts
Options on Three-month Canadian Bankers' Acceptance Futures Contracts (OBX):	500 contracts	2,000 contracts

* In the case in which the need arises for a market participant to execute a large order, the market participant can resort to the previous method and cross its order between the bid and offer prices or displace the market to the range that is required to transact that particular order.

These thresholds are determined by the Bourse on the basis of the market liquidity conditions. They represent the minimum quantity of an order beyond which a significant market disturbance could be observed if the order was directly sent to the central order book.

Circular no.: 091-2007

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Also, the following changes were made to the Procedures applicable to the execution of cross transactions and the execution of prearranged transactions.

ELIGIBLE PRODUCTS	CURRENT DELAY	NEW DELAY	CURRENT THRESHOLD	NEW THRESHOLD
Options on Three-month Canadian Bankers' Acceptance Futures Contracts (OBX) : All expiry months	15 seconds	0 second	----	250 contracts
All expiry months and strategies	----	5 seconds	----	1 contract
Bond Options : All expiry months and strategies	15 seconds	<i>Removed from the procedures</i>	50 contracts	<i>Removed from the procedures</i>

Furthermore, please note that currency options were added to the eligible products and sponsored options were removed.

You will find enclosed the Procedures for the execution of block transactions and cross transactions as amended to reflect the changes to the minimum quantity thresholds.

For additional information, please contact Richard Bourbonnière, Vice-President, Market Operations, 1-888-693-6366 or (514) 871-3548.

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



PROCEDURES FOR THE EXECUTION OF BLOCK TRADES

- a) Once a block trade has been arranged, in accordance with the predetermined minimum quantity threshold level as determined and published by the Bourse, details of the block trade must be reported to the Bourse by contacting a market official of the Bourse's Market Monitoring Department at 1-888-693-6366 or at (514) 871-7871 within the period of time prescribed by the Bourse.
- b) Approved participants for both the seller and buyer must complete and submit the Block Trade Reporting Form (Attachment I) or such other notification as prescribed by the Bourse to a market official of the Bourse's Market Monitoring Department for validation.
- c) A market official will check the validity of the block trade details submitted by the approved participant(s).
- d) Confirmation by a market official of a block trade transaction will not preclude the Bourse from initiating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the rules.
- e) Once the block trade has been validated, the following information with respect to the block trade will be disseminated by the Bourse:
 - i) date and time of transaction;
 - ii) security(ies) or derivative instrument(s) and contract month(s);
 - iii) price of each contract month(s) and strike price(s) (as applicable); and
 - iv) volume of each contract month.
- f) Upon request by the Bourse the approved participant who arranges a block trade must provide satisfactory evidence that the block trade has been arranged in accordance with the Rules of the Bourse. Failure to provide satisfactory evidence of compliance with these Rules may result in the initiation of disciplinary action.

In accordance with article 6380 of the Rules of Bourse de Montréal Inc. (the “Bourse”), the following are the eligible securities and derivative instruments, the relevant prescribed time delays and the minimum quantity thresholds for the execution of block trades.

ELIGIBLE SECURITIES AND DERIVATIVE INSTRUMENTS	PRESCRIBED TIME DELAY	MINIMUM QUANTITY THRESHOLD
	(As soon as practicable and in any event within the following time delay)	
Thirty-day Overnight “Repo” Rate Futures Contracts (ONX):	15 minutes	1,000 contracts
Ten-year Government of Canada Bond Futures Contracts (CGB):	15 minutes	2,000 contracts
Two-year Government of Canada Bond Futures Contracts (CGZ):	15 minutes	500 contracts
Options on Three – month Canadian Bankers Acceptance Futures Contracts (OBX)	15 minutes	2,000 contracts

Block Trade Reporting Form

Approved participants must complete all sections of this form legibly and accurately.

This form is to be completed and faxed to Market Monitoring at (514) 871-3592.

A market official can be reached at 1-888-693-6366 or at (514) 871-7871.

TIME AND DATE OF TRADE:	
EXECUTING PARTICIPANT NAME AND TRADING ID (BUY):	
CLEARING FIRM NAME AND ID (BUY):	
EXECUTING PARTICIPANT NAME AND TRADING ID (SELL):	
CLEARING FIRM NAME AND ID (SELL):	
CONTACT PHONE NUMBER:	
CONTACT FAX NUMBER OR E-MAIL ADDRESS:	

Derivative Instruments	Future Contract/ Call/ Put	Contract Month	Option Strike Price (if applicable)	Number of Contracts	Price	Strategy Type* (if applicable)

For Montréal Exchange Staff Only:

Time and Date of receipt:

Montréal Exchange authorized signature:

The details on this form are accepted by the Montréal Exchange strictly on the understanding that the Montréal Exchange accepts no responsibility nor liability for the accuracy or completeness of the details as provided by the approved participant.

* Each leg of a strategy trade should be listed separately.



**PROCEDURES APPLICABLE TO THE EXECUTION OF CROSS
TRANSACTIONS AND THE EXECUTION OF PREARRANGED
TRANSACTIONS**

In accordance with article 6380 of the Rules of Bourse de Montréal Inc. (the Bourse), the following are the eligible products, the prescribed exposure time delays which must occur at or between the current best bid and the current best offer available in the electronic system of the Bourse and the minimum quantity thresholds.

ELIGIBLE PRODUCTS	PRESCRIBED TIME DELAY	MINIMUM QUANTITY THRESHOLD
Three-month Canadian Bankers' Acceptance Futures Contracts (BAX):		
1 st four quarterly months – not including serial months	5 seconds	1 contract
Remaining expiry months and strategies	15 seconds	1 contract
Thirty-day Overnight "Repo" Rate Futures Contracts (ONX):		
Front month	5 seconds	1 contract
Remaining expiry months and strategies	15 seconds	1 contract
Government of Canada Bond Futures Contracts:		
All expiry months and strategies	5 seconds	1 contract
S&P Canada 60 Index Futures Contracts (SXF):		
All expiry months	0 second	100 contracts
All expiry months and strategies	5 seconds	1 contract
Options on Three-month Canadian Bankers' Acceptance Futures Contracts (OBX):		
All expiry months and strategies	0 second	250 contracts
All expiry months and strategies	5 seconds	1 contract

ELIGIBLE PRODUCTS	PRESCRIBED TIME DELAY	MINIMUM QUANTITY THRESHOLD
Equity and Currency Options (1):		
All expiry months and strategies	30 seconds	100 contracts
Index Options (1) :		
All expiry months and strategies	15 seconds	50 contracts

Chronological priority of orders must be respected with regards to the posting of the originating order first, when executing a cross or prearranged transaction.

(1) Equity Options, Index Options and Currency Options Contracts

Equity options, index options and currency options are products for which market makers are assigned. In order to encourage the market making activities, cross transactions and prearranged transactions can only be executed in accordance with one of the following procedures:

Procedure for transactions with a 50% guaranteed minimum (residual quantity equal or greater than the minimum quantity threshold):

The 50% execution guarantee applies only if the residual quantity (described below) is equal to or greater than the minimum quantity threshold.

The approved participant must contact a market official at 1-888-693-6366 or at (514) 871-7871 and provide details of the intended transaction: total quantity which must be equal to or greater than the minimum quantity threshold, price, side(s) of the transaction on which the approved participant is required to give priority.

The approved participant must ensure that all existing disclosed orders on SAM, regardless of type of orders, which are at limit prices better than or equal to the intended transaction price are executed before completing such transaction. The market official will ensure, in collaboration with the approved participant, that this requirement is met;

The **residual quantity** is the portion of the original quantity remaining after orders entered in the book with limit prices better than or equal to the intended transaction price have been filled. If no orders have been executed, the residual quantity is equal to the original intended transaction quantity.

If the residual quantity is less than the minimum quantity threshold, the approved participant must follow the procedure applicable to transactions with no minimum guaranteed volume, described further below.

If the residual quantity of the intended transaction is equal to or greater than the minimum quantity threshold, a market official will contact the market makers and inform them of the residual quantity covered by the transaction and the limit price. The market official will expose to the market makers active on the class the side of the transaction on which the approved participant is required to give priority.

Market makers will be permitted to participate to the transaction up to a total maximum of 50% of the quantity of the original intended transaction¹

The approved participant will be permitted to execute the transaction for the remaining quantity (a minimum of 50% of the residual quantity, plus any quantity not taken of the 50% of the original intended transaction quantity that had been shown to the market makers and to the market).

Procedure for transactions with no guaranteed minimum volume (residual quantity smaller than the minimum quantity threshold):

Approved participants wishing to make a cross transaction or a prearranged transaction must issue a Request For Quote (RFQ) for the total intended transaction quantity and must then respect a delay that is not less than the prescribed time delay applicable to the specific product before entering the orders into the trading system.

MISCELLANEOUS

Eligible products, their respective minimum quantity thresholds and time delays will be modified from time to time in order to take into account the evolution of the trading environment and operational practices of the Bourse. A circular will be issued by the Bourse every time a modification or revision is made to either one of these criteria.

Bundling of orders to meet the minimum quantity threshold is not permitted.

¹*In the case where the total quantity requested by the market makers is equal to or less than the 50% of the quantity of the original intended transaction shown to them, each order will be executed entirely. If the total market makers' interest exceeds the quantity shown to them, each will receive the lesser of the following quantities: (a) an equal portion for each of them or (b) the quantity they requested. A market maker cannot increase the quantity allocated to him by proposing a price better than the intended transaction price. The quantity allocated to a market maker will not be based on previous executions relating to existing orders in the book at prices equal to or better than the intended transaction price.*