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CIRCULAR
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OPTIONS SYMBOLOGY INITIATIVE

To coincide with the Options Symbology Initiative (OSI) being implemented in the United States by the Options Clearing Corporation (OCC), a joint Bourse de Montréal (the Bourse)/Canadian Derivatives Clearing Corporation (CDCC) committee was organized. This committee's principal objective is to adapt and modify all Canadian option series to coincide with the model being used at the OCC.

Details and Benefits of the Options Symbology Initiative

The current format of symbols for identifying option series has been in use for over 25 years, and presents several limitations in today's marketplace as the number and types of exchange-traded derivatives have expanded. The basis of the OSI plan is to expand the option symbol by providing explicit expiry dates and option type information rather than relying on alphabetic representations. This change will enable the majority of options to share the same root symbol as the underlying security symbol. Once the new symbology is implemented, the root symbols of existing option series will be consolidated under a single root symbol.

The benefits of the new symbology will be to reduce the number of front, middle, and back office errors through a reduction in corporate actions issued to adjust root symbols, and the elimination of the Long Term Equity options rollover requirement. Additionally, the new symbology will provide the flexibility for new product development in the derivatives market.

Products Impacted by the Options Symbology Initiative

The symbology initiative will impact the following product types:

- Equity Options
- Index Options
- Foreign Currency Options

All other derivatives will maintain the current symbology.

Implementation Timeline

The goal of the Canadian Options Symbology Initiative is to coordinate the implementation of the new symbology with the OCC initiative with full support of the OSI compliant symbology on

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February 12, 2010, and a root symbol consolidation in the months thereafter. The initial timeline of the project is as follows:

- Q1 2009 – MX Trading System Support of new symbology formats. The inputs to and outputs from the MX will support new symbology formats in an optional or non-validated mode.
- Q2 2009 – CDCC Data Service File Support for the new symbology formats.
- Q3 2009 – CDCC Clearing System Reports support of new symbology formats.
- Q4 2009 – Industry wide testing of new symbology formats. Several test sessions will be held to ensure end-to-end support of the new symbology formats.
- Q1 2010 – Implementation: Mandatory support for new symbology (Feb 12). The new symbology formats become mandatory. The old formats will no longer be supported.
- Q1 2010 – Root symbol consolidation. The root symbols of existing option series will be consolidated under a single symbol, consistent with the underlying security.

While this is a high level timeline, additional information will be provided in the upcoming weeks and months.

Communication and Work Group

The Canadian Options Symbology Initiative will be coordinated across industry stakeholders by the Bourse and CDCC. The formation of a work group consisting of industry stakeholders whose mandate will be to communicate, collaborate, and promote the efficient and effective implementation of this important project is currently underway. The work group is open to members of Participating Organizations (broker/dealers) and their technology providers. Should you or a representative from your firm wish to join this work group, please send the following information to symbology@m-x.ca :

- Name
- Organization
- E-mail address if different from the originator
- Area of interest (Trading and Order Management, Market Data or Back Office Operations)

Next Steps

The next steps of this initiative which will take place over the next month are to:

- Establish the working group membership
- Establish a communication list
- Provide details on the technical changes required for the project
- Perform a technical assessment of readiness for the symbology change in the Canadian marketplace.

For further information, please contact Richard Bourbonnière, Vice-President, Market Operations, Financial Markets at 514-871-3548. CDCC Clearing Members may contact the CDCC Operations Department.

Joëlle Saint-Arnault
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