

NOTICE TO MEMBERS

No. 2023 - 137

November 16, 2023

Listing of Options on Three-Month CORRA Futures (OCR)

Pursuant to the Advisory Notice [A23-013](#) published by Bourse de Montréal Inc. (the “Bourse”), the Canadian Derivatives Clearing Corp (“CDCC”) wishes to inform Clearing Members that it will list its new Options on Three-Month CORRA Futures Contract (“OCR”) on **Monday, February 12, 2024**, pending CDCC regulatory approvals.

The launch of CORRA options falls in line with the Bourse’s efforts to support the benchmark transition progress in Canada and builds on the growth previously observed in CORRA futures. By enhancing CORRA options trading based on a deep and liquid market access, the offering will provide market participants with an additional tool to manage short-term, Canadian dollar interest rate risk using options.

In preparation for launch, CDCC invites Clearing Members and key stakeholders to test their systems. The new contract specifications can be found below.

CDCC will initially list the nearest seven quarterly contract months, The OCR contract and related strategies' opening time will be 2:00 am (ET), similar to the other short-term interest rate futures (BAX and CRA product). See below for product specifications and more details.

The contracts will be added to the High Speed Vendor Feed (HSVF) and Order Book Feed (OBF) using the current messaging protocols three business days before the target launch date to allow vendors to refresh their dictionaries and data repositories. All information on the new contracts will be made available at www.m-x.ca on the first trading day.

GENERAL TEST ENVIRONMENT (GTE)

The Options on Three-Month CORRA Futures are currently available for testing in the GTE environment under the symbol **OCR**.

Product	Product Symbol	Strike range and contracts available for testing purposes	Symbol examples (Call and Put for the March (H) contract)
Options on Three-Month CORRA Futures	OCR	[94 - 96] in increment of 0.125 (12.5 cents), for the March, June, September and December 2024 contract months	OCRH24C94 OCRH24P94

If you require technical assistance, please contact the derivatives technical operations desk:

Derivatives Technical Operations

Toll free: 1-877-588-8489

Telephone: 514-871-7872

O|C|R Options on Three-Month CORRA Futures

SPECIFICATIONS

Underlying	<p>Standard Quarterly Options (OCR): The Three-Month CORRA Futures contract for which the Reference Quarter begins on the third Wednesday of the month in which such options expire.</p> <p>Serial Options (OCR): Next quarterly Three-Month CORRA Futures contract to start its Reference Quarter period following the option expiry.</p> <p>1Y (OCY) and 2Y (OCZ) Mid-Curve Options: The corresponding Three-Month CORRA Futures contract that expires one year (1Y mid-curve) and two year (2Y mid-curve) after the option expires</p>
Trading Unit	<p>One Three-Month CORRA Futures (CRA)</p>
Expiry Cycle	<p>Standard Quarterly Options: The nearest seven (7) monthly contract months in the March, June, September, December quarterly cycle.</p> <p>Serial Options: The two (2) nearest non-quarterly months in the January, February, April, May, July, August, October, November cycle.</p> <p>Mid-Curve Options: The four (4) nearest months in the March, June, September, December quarterly cycle.</p>
Premium Quotation	<p>Quoted in points where each 0.01 point (1 basis point) represents C\$25. For example, a quote of 0.465 represents a total option premium of C\$1,162.50 (46.5 basis points × C\$25).</p>
Minimum Price Fluctuation of the Option Premium	<p>0.005 = C\$12.50 per contract 0.001 = C\$2.50 per contract for cabinet trades</p>
Contract Type	<p>American Style</p>

Canadian Derivatives Clearing Corporation

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Last Trading Day	The Friday before the 3rd Wednesday of the contract month.
Strike Prices	Set at a minimum of 0.125 points intervals per Three-Month CORRA Futures contract.
Position Reporting Threshold	300 contracts
Position Limit	Information on position limits can be obtained from the Bourse as they are subject to periodic changes. See Circulars .
Minimum Margin Requirements	Information on minimum margin requirements can be obtained from the Bourse as they are subject to periodic changes. See the Futures contracts margin rates page on the Regulatory Division website.
Trading Hours	Regular session: 2:00** a.m.to 4:30 p.m. ET. <i>Note: During early closing days, the regular session closes at 1:30 p.m.</i> ** ± 15 seconds
Clearing Corporation	The Canadian Derivatives Clearing Corporation (CDCC)
Ticker Symbol	OCR for Standard Quarterly and Serial Options, OCY and OCZ for 1Y and 2Y Mid-Curve options

Initial listing guidelines:

Product	Strike range (indicative)	Underlying rate move covered (indicative)	Expiry*
Options on Three-Month CORRA Futures (OCR)	At the money +/- C\$2.50	250 basis points	Next 7 quarterly contract months

*The initial listing will include the seven nearest quarterly contract expiries, starting with the March 2024 contract month. Serial and yearly mid-curve options could be made available at a later stage.

The complete initial contract listing will be communicated prior to launch.

Clearing Members may contact the CDCC's Business Operations Department or direct email inquiries to cdcc-ops@tmx.com.

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CDCC