

## NOTICE TO MEMBERS

No. 2019 – 062

May 16, 2019

### S&P/TSX 60 Index Options (“SXO”) Contract Size Amendment and New Listing

In reference to the Bourse de Montréal Inc. (“Bourse”) [“Self-Certification Circular 073-19”](#), the Bourse and the Canadian Derivatives Clearing Corporation (“CDCC”) wish to inform you that, effective **June 3<sup>rd</sup>, 2019**, the following changes will be applied to the SXO options series:

- **Currently listed SXO options series (“existing SXO”) will have their symbol changed to “SXO1” (“Mini SXO”), with the same multiplier of 10.**
- **New SXO options series (“Standard SXO”) will be listed under the symbol “SXO”, with a multiplier of 100.**

As a result of this contract size amendment, holders of SXO option contracts will receive one Mini SXO option contract for each existing SXO option contract held at the effective date.

#### **CDCC - Amendment Details:**

On the effective date, all existing SXO options series will be adjusted as follows:

- **EFFECTIVE DATE:** **June 3<sup>rd</sup>, 2019**
- **OPTIONS SYMBOL:** **SXO becomes SXO1**
- **NUMBER OF CONTRACTS:** **Unchanged**
- **MULTIPLIER:** **10 (unchanged)**
- **POSITION AND EXERCISE LIMITS:** **Position and exercise limits will be removed.**
- **ISIN:** **N/A**
- **STRIKE PRICES:** **Unchanged**

On the effective date, Standard SXO options series will be listed as follows:

- **EFFECTIVE DATE:** June 3<sup>rd</sup>, 2019
- **OPTIONS SYMBOL:** SXO
- **NUMBER OF CONTRACTS:** Unchanged
- **MULTIPLIER:** 100 (from 10)
- **POSITION AND EXERCISE LIMITS:** Position and exercise limits will change to 50 000 contracts (from 500 000 contracts).
- **ISIN:** N/A
- **STRIKE PRICES:** Unchanged

The existing series of SXO options class will be transferred to the SXO1 options class. Please note that opening transactions will be permitted on the SXO1 class.

Please also note that **Margin Relief** will **not** be given by the Risk Engine for offsetting positions between the Standard SXO options class and the Mini SXO.

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### **Bourse de Montréal Inc. - Amendment Details:**

It is important to note that on the effective date mentioned above, all open orders on this option class **will not be automatically modified** to reflect the change and will therefore have to **be re-entered** into the Montreal Automated System (SAM) by the approved participants.

Please note that the strike prices of the S&P/TSX 60 Index Options will remain unchanged.



### **Offsetting processes:**

To enable Clearing Members to offset their positions, the below processes will be applied:

- Clearing Members must hold both positions in their account at the time of the offsetting.
- Clearing Members can only offset positions which are a multiple of 10.
- The Clearing Member must file a “Request for Standard vs Mini Offset” (Options) (APPENDIX I) in the prescribed form, which will also be available on [CDCC Website](#). This form must include the Clearing Member stamp and be **filed before 4:15 p.m ET**. When completed, the form is to be sent to CDCC Operations by e-mail, at [cdcc-ops@tmx.com](mailto:cdcc-ops@tmx.com).
- Clearing Members must enter their side of the position offsetting on the Position Transfer functionality within Sola.
- Clearing Members must enter 961 as the Counterparty.
- The positions shall be offset at a price of zero.
- Upon receipt of a “Request for Standard vs Mini Offset” for Options (APPENDIX I) in the prescribed form, CDCC will offset the positions on behalf of the Clearing Members. In the event that a Request is not in the prescribed form, the Clearing Member will be notified via e-mail and/or by phone.
- Once validated, CDCC Corporate Operations will confirm the offsetting of the positions within Sola.
- The offset will appear as Position Transfers on the “MT05 - Options Consolidated Activity Report”. The Position Transfers fees will be waived for position offsetting.

**PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.**

For further information, please contact Market Operations Department at (514) 871-7877. Clearing Members may contact the CDCC Corporate Operations Department.

Jay Rajarathinam  
President and Chief Clearing Officer  
CDCC



## APPENDIX I

### “Request for Standard vs. Mini Offset” (Options) Template

Date:

E-mail a stamped/initialed scanned copy to [cdcc-ops@tmx.com](mailto:cdcc-ops@tmx.com)

**REQUEST FOR STANDARD VS MINI OFFSET (OPTIONS)**

**Member Stamp**

The Clearing Member with the stamp above wishes to offset its opposite positions in Mini Contracts and Standard Contracts for Options, as follows:

| Delivery Month<br>Strike Price | # of<br>Contracts* |   | Acct   | Sub<br>Acct |  | # of<br>Contracts* |   |   |
|--------------------------------|--------------------|---|--|-------------|--|--------------------|---|---|
|                                |                    | LONG<br><input type="checkbox"/><br>SHORT<br><input type="checkbox"/> | Standard<br>S&P/TSX 60<br>Index<br>Options<br>(SXO)* |             |  | With               | LONG<br><input type="checkbox"/><br>SHORT<br><input type="checkbox"/> | Mini<br>S&P/TSX 60<br>Index<br>Options<br>(SXO1)* |
|                                |                    | LONG<br><input type="checkbox"/><br>SHORT<br><input type="checkbox"/> | Standard<br>S&P/TSX 60<br>Index<br>Options<br>(SXO)* |             |  | With               | LONG<br><input type="checkbox"/><br>SHORT<br><input type="checkbox"/> | Mini<br>S&P/TSX 60<br>Index<br>Options<br>(SXO1)* |

\*Offsetting of opposite positions in SXO and SXO1 contracts shall be processed in accordance with a ratio of one (1) SXO contract for ten (10) SXO1 contract, i.e. no partial offsetting is allowed.

To enable Clearing Members to offset their positions, the processes listed below will be applied:

- Clearing Members must hold both positions in the same account at the time of offsetting;
- The Clearing Member must file a "Request for Standard vs. Mini Offset" for Options in the prescribed form, which is available on CDCC Website. This form must include the Clearing Member stamp. When completed, the form must be sent to CDCC Corporate Operations by e-mail, at [cdcc-ops@tmx.com](mailto:cdcc-ops@tmx.com);
- The cut-off time for the filing of a "Request for Standard vs. Mini Offset" for Options is 4:15 p.m ET;
- Upon receipt of a "Request for Standard vs. Mini Offset" for Options in the prescribed form, CDCC will offset the positions on behalf of the Clearing Members. In the event that a "Request for Standard vs Mini Offset" for Options is not in the prescribed form, the Clearing Member will be notified via e-mail and/or by phone;
- The opposite positions will be offset at a price of zero;
- The opposite positions offset will be treated as Position Transfers on the "MT05 - Options Consolidated Activity Report". The Position Transfers fees will be waived for position offsetting;
- The Open Positions that the Clearing Member has on the relevant Option Series will be reduced accordingly.