



NOTICE TO MEMBERS

No. 2006 – 100

July 26, 2006

IMPORTANT NOTICE

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

Bourse de Montréal Inc. (the Bourse) and Canadian Derivatives Clearing Corporation (CDCC) hereby inform approved participants and clearing members that the Bourse intends to “re-launch” the Two-Year Government of Canada Bond Futures contract (CGZ) by making certain changes to the specifications of this futures contract (see circular no. 136-2006 issued by the Bourse on July 24, 2006 and notice to members no. 2006-098 issued by CDCC at the same date).

In reason of these changes, the Bourse and CDCC will have to modify the existing CGZ futures contract “root symbol”. In order to facilitate these modifications, CDCC will assign a transitory root symbol to all existing September 2006 CGZ futures contracts positions (CGZU06). A new symbol, **CGVU06, will therefore be put in place and be effective at the opening of trading on Monday, July 31, 2006**. Subsequently, the Bourse and CDCC will re-instate the CGZ root symbol for the CGZ futures contracts expiring in December 2006 and subsequently with the following specifications:

- The underlying bond nominal amount will be \$200,000;
- The notional coupon rate will be four percent (4%).

On Thursday, July 27, 2006 approved participants will see the following information on their trading screens:

- CGVU06 will appear as being reserved;
- CGZZ06 will appear as being reserved;

and on Monday, July 31, 2006 they will see the following information:

- CGZU06 will appear as being reserved until it is removed from the trading system;
- CGZZ06 and CGVU06 will be open for trading from 8:20 a.m (EAT).

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Due to this operational modification made on the open interest in the September 2006 Government of Canada Two-Year Bond Futures contract (CGV), the SEPTEMBER / DECEMBER calendar roll will not be available for trading. Therefore, all CGV market participants, if they do not intend to make or receive delivery, will have to close out their existing positions in this contract with CDCC before the last trading day of this contract (September 21, 2006).

It is important to note that on the effective date of the new CGV symbol, on Monday, July 31, 2006, all open orders still outstanding on the CGZU06 futures contract will not be automatically modified to reflect the root symbol change. Therefore, all outstanding open orders will have to be re-entered by the approved participant into the trading system using the new CGVU06 symbol.

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THE SEPTEMBER 2006 CGZ FUTURES CONTRACT ARE ADVISED OF THIS OPERATIONAL NOTE.

For additional information, please contact Richard Bourbonnière, Vice-President, Market Operations, Bourse de Montréal Inc. at 1-888-693-6366 or (514) 871-3548 or CDCC's Operations Department.

Michel Favreau
Senior Vice-President and Chief Clearing Officer