



## NOTICE TO MEMBERS

No. 2006 - 114

October 18, 2006

### **Amendments to the Rules**

#### **PART D - OVER-THE-COUNTER DERIVATIVE INSTRUMENTS ("OTC DI")**

Canadian Derivatives Clearing Corporation (CDCC) wishes to inform its Members that the amendments to its Rules relating to the clearing of Over-The-Counter Derivative Instruments on Securities have been approved by the Autorité des marchés financiers on October 17, 2006 (decision number 2006-OAR-0025). CDCC hereby notifies its Members that the amendments will be effective as of Thursday, October 19, 2006.

In general terms, the amendments were made to Part D of CDCC's Rules to allow the CDCC to provide central counterparty and clearing services for Over-The-Counter Derivative Instruments on Securities. It should be noted that this new service is made available to CDCC's clearing members and their clients and will be referred to as "Converge".

The Converge service will start on Thursday, October 19, 2006. On this date, CDCC will accept for clearing over-the-counter trades in equity options under the following conditions:

1. Minimum transaction size of 750 contracts on single stock options and 1500 contracts for exchange-traded funds and index options;
2. A flat fee of \$1,000 CAD per side upon acceptance of the transaction by CDCC. Upon acceptance for clearing by CDCC, standard CDCC fees will apply for any operations performed in the administration of the related positions;
3. Standard European and American options will be available on a vast array of underlying interests with flexibility in both strike and expiry. The list of eligible underlying instruments will be posted on CDCC's web site – [www.cdcc.ca](http://www.cdcc.ca);
4. In accordance with article 9501 of Bourse de Montréal Inc. (the Bourse) Rules, approved participants of the Bourse shall not participate in over-the-counter trades that relate to underlying securities which are the object of options issued by CDCC unless the terms of these trades differ materially from those of the options issued by CDCC.
5. Until further notice, Converge shall be available only for over-the counter derivative instruments originating between counterparties that are Canadian residents.



These amendments are incorporated to the version of the Rules available on CDCC's website ([www.cdcc.ca](http://www.cdcc.ca)).

For any further information, CDCC Clearing Members may contact the CDCC Operations department. For others, please contact your either George Kormas, Director, Business development (514-871-2424 ext. 391) or Roger Warner, Director, Operations (416-350-2775).

Michel Favreau  
Senior Vice-President and Chief Clearing Officers