



Currency Options



**Montréal
Exchange**
www.m-x.ca

Table of Contents

Introduction	3
How currencies are quoted in the spot market.....	4
How currency options work	6
Underlying currency.....	6
Trading unit	6
Option premiums.....	6
Strike prices	7
Trading and settlement	7
Guarantee	7
How to calculate the payout of a currency option.....	8
Selecting a currency options trading strategy	8
Trading strategies with MX currency options	8
Speculating.....	8
Buying call options to profit from a rise in the US dollar.....	8
Selling call options to profit from a fall in the US dollar.....	9
Hedging.....	9
Hedging a portfolio of US stocks.....	10
Hedging overseas cashflows – Canadian exporter	11
Conclusion	13
Currency options specifications	14

The masculine form used in this document includes the feminine where appropriate in the context.

CURRENCY OPTIONS

The foreign exchange or FX market is one of the most liquid financial markets in the world with an average daily turnover of almost US\$2 trillion in 2004 (source: Bank for International Settlements). The FX market is normally driven by macroeconomic factors and international monetary flows: for example, if there are large sellers of currency A versus currency B, A will generally depreciate in value with respect to B. Often, there are equally large trading flows in the FX market from speculators hoping to profit from a forecast move in a particular exchange rate. The high liquidity of this market means that a substantial number of positions can be opened or closed out very quickly.

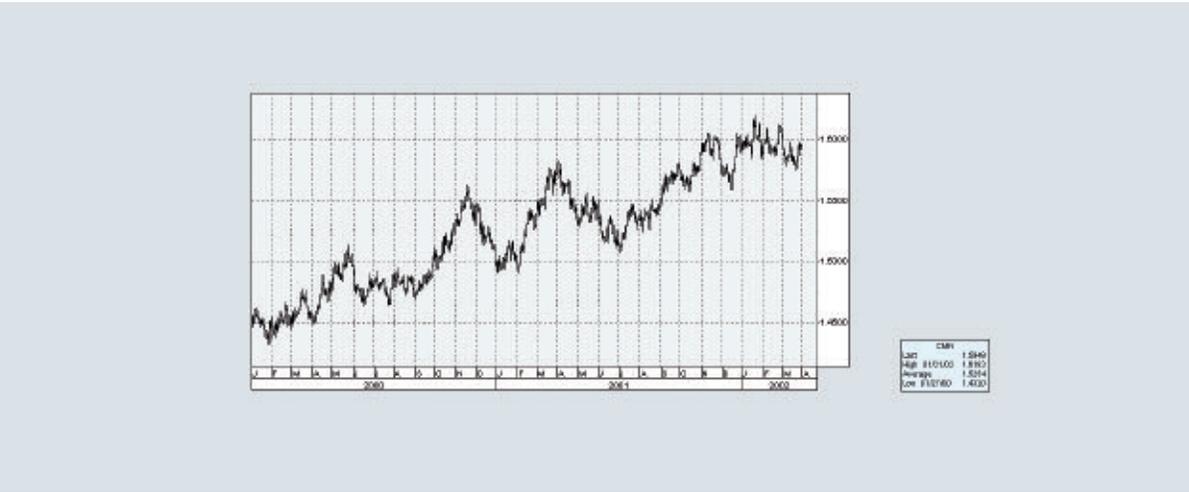
Montréal Exchange (MX) currency options provide both speculation and hedging strategies to Canadian investors, with the same ease of execution as buying a stock option. The transparency and high liquidity of the underlying FX market mean that currency options have good bid-ask spreads and track movements in the underlying exchange rate on a real-time basis. Currency options are available on the USD/CAD exchange rate (with options quotes and prices expressed in cents Canadian per US dollar).

HOW CURRENCIES ARE QUOTED IN THE SPOT MARKET

It is very important for investors to understand the quotation conventions on the currency market. The way currencies are quoted against each other can initially seem a little confusing.

The quoting convention of ABC/XYZ refers to the number of units of currency XYZ equal to one unit of currency ABC. To figure out which currency to buy or sell, look at how it is denominated. If the denomination is ABC/XYZ, an appreciation of ABC will result in higher quotes and consequently a depreciation of XYZ. You will see an uptrend on a chart.

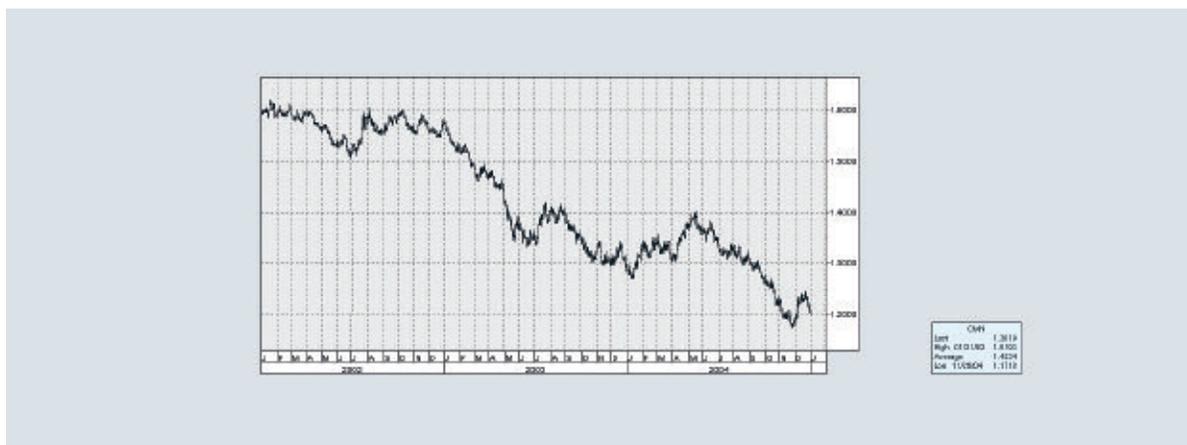
What is Charted (Exchange Rate Quote: Expressed as Cents Canadian per Unit of Foreign Currency)	Denomination (Market Convention)	Uptrend in Chart Means
Canadian currency (CAD) per unit of US currency (USD)	USD/CAD	Stronger US dollar



Source: Bloomberg L.P.

Uptrend in the chart shows a stronger US dollar. Over the period, the US dollar has appreciated versus the Canadian dollar from CAD\$1.43 (143 cents Canadian) in 2000 to CAD\$1.61 (161 cents Canadian) in 2002. That is, an investor needed only CAD\$1.43 to buy one US dollar in 2000 but CAD\$1.61 to buy one US dollar in 2002.

HOW CURRENCIES ARE QUOTED IN THE SPOT MARKET



Source: Bloomberg L.P.

Downtrend in the chart shows a weaker US dollar. Over the period, the US dollar has depreciated versus the Canadian dollar from CAD\$1.61 (161 cents Canadian) in 2002 to CAD\$1.17 (117 cents Canadian) at the end of 2004. That is, an investor needed CAD\$1.61 to buy one US dollar in 2002 but only CAD\$1.17 to buy one US dollar at the end of 2004.

Basically, there are two rules of thumb.

Rule 1:

The majority of foreign exchange rate quotes are expressed as units per US dollar. For example, USD/CAD refers to the number of units of Canadian currency equal to one US dollar. Specifically, a rate between the Canadian dollar (CAD) and the US dollar (USD) expressed as 125.00 cents Canadian per US dollar means that it takes 125 cents Canadian to buy one US dollar. An increase in the US dollar versus the Canadian dollar will lead to an increase in the USD/CAD exchange rate.

The technical term for this is that the US dollar is the “base currency” against which the Canadian dollar is quoted. The Canadian dollar is the quoted currency or “terms currency”. A higher exchange rate, such as 130.50 cents Canadian, means that the US dollar has appreciated in value compared to the Canadian dollar, because it now takes more Canadian dollars to buy the same amount of US dollars. When charted, this means that a continuously stronger US dollar will result in an uptrend on the chart. If you believe the US dollar will continue to trend higher, this would mean that the Canadian dollar would trend lower and you would therefore buy US dollars.

Rule 2:

All foreign exchange rate quote denominations are backwards with the base currency stated first, so that the quote between the Canadian dollar (CAD) and the US dollar (USD), for example, is denominated as USD/CAD.

Example:

US dollar (USD) against Canadian dollar (CAD)
USD/CAD 1.25

Here, the US dollar is the base currency and Canadian dollar is the quoted currency. One US dollar is equal to 1.25 Canadian dollars or 125 cents Canadian.

HOW CURRENCY OPTIONS WORK

MX currency options use the same parameters as stock options (call, put, strike price, expiration). The major difference is the underlying, which is an exchange rate instead of a stock or an index.

MX currency option contracts are quoted in European or interbank convention (i.e.: Canadian currency per unit of foreign currency) in order to align the Exchange with the spot and interbank market.

Example:

If an investor believes that the US dollar will appreciate versus the Canadian dollar (e.g.: the USD/CAD will rise from CAD\$1.25 to CAD\$1.35) within 12 months, then an appropriate strategy may be to buy a CAD\$1.25 strike call option on the US dollar (USD/CAD).

If an investor believes that the US dollar will depreciate versus the Canadian dollar (e.g.: the USD/CAD will fall from CAD\$1.25 to CAD\$1.15) within 12 months, then an appropriate strategy may be to buy a CAD\$1.25 strike put option on the US dollar (USD/CAD).

All MX currency options are quoted, traded and cleared in Canadian currency.

Underlying Currency

The underlying currency for currency options is the currency which is purchased (for a call option) or sold (for a put option). For MX currency options, the underlying currency is the US dollar (symbol: US\$).

Trading Unit (Contract Size)

The trading unit for a currency option represents how many units of the underlying currency are controlled by one option contract. US dollar (USD/CAD) currency option contracts have a trading unit of US\$10,000, indicating that the option gives the holder the right to 10,000 units of the underlying currency.

Option Premiums

Currency option premiums are quoted and expressed in cents Canadian per unit of foreign currency.

Example:

If a US dollar option is purchased at a premium of 0.75 cents Canadian per US dollar, the cost of the option is CAD\$75 (0.75 cents Canadian/US\$ x the unit of trading of US\$10,000 x CAD\$1/100 cents Canadian).

The option premium tick value of a foreign currency option contract is CAD\$1. Therefore, a tick represents 1/100th of a cent equivalent to CAD\$1 and determined as follows: 0.01 cent Canadian/1 unit foreign currency x the unit of trading 10,000 x CAD\$1/100 cents Canadian.

HOW CURRENCY OPTIONS WORK

Example:

If the US dollar appreciates from 120.50 cents Canadian to 121.50 cents Canadian, a call option will have increased in value CAD\$100 (1 cent Canadian/US\$ x the unit of trading US\$10,000 x CAD\$1/100 cents Canadian).

Strike Prices

The strike price of a currency option is expressed as the number of units of Canadian currency required for one unit of foreign currency on the expiration date. That is, the strike price is expressed in cents Canadian per unit of foreign currency.

Example:

A call option on the US dollar with a strike price of 125 cents Canadian would give the option buyer the right to buy US dollars at 125 cents Canadian per US dollar.

Trading and Settlement

MX currency options are European-style options that may be exercised only at expiration. Currency options are cash settled and are priced and traded in Canadian currency—which means that the payout is always a Canadian dollar cash amount—and have automatic exercise at expiration. As such, if held to expiration, the option holder of a call (put) will automatically receive a cash payment in Canadian currency if the exchange rate is above (below) the strike price.

As currency options are cash settled at expiration, investors do not need to worry about delivery procedures of foreign currency or Canadian dollars prior to option expiration. Instead, all open positions are cash settled to the widely reference Noon Exchange Rate published by the Bank of Canada.

Guarantee

The Canadian Derivatives Clearing Corporation (CDCC) is the issuer, guarantor and clearer of MX currency options. The CDCC is the intermediary between every buyer and seller, thereby serving as the counterparty to every trade and eliminating counterparty credit risk.

HOW TO CALCULATE THE PAYOUT OF A CURRENCY OPTION

The payout formula for a currency option at expiration is as follows:

$$\text{Call option} = \frac{(\text{Exchange rate} - \text{Strike price})}{1 \text{ unit of the underlying}} \times 10,000 \text{ units of the underlying} \times \frac{\text{CAD\$}}{100 \text{ cents}}$$

$$\text{Put option} = \frac{(\text{Strike price} - \text{Exchange rate})}{1 \text{ unit of the underlying}} \times 10,000 \text{ units of the underlying} \times \frac{\text{CAD\$}}{100 \text{ cents}}$$

SELECTING A CURRENCY OPTIONS TRADING STRATEGY

Forecasted Future Exchange Rate (Expressed in Canadian Currency per Unit of Foreign Currency)			
	Higher	Stable	Lower
Strategies	Buy calls	Sell calls	Sell calls
	Sell puts	Sell puts	Buy puts

TRADING STRATEGIES WITH MX CURRENCY OPTIONS

1. Speculating

Buying Call Options to Profit from a Rise in the US Dollar

An investor anticipates that the US dollar will strengthen against the Canadian dollar. With USD/CAD trading at 125 cents Canadian per US dollar, the investor decides to invest CAD\$1,700 in the following USX call option. Ignoring brokerage costs, the investor buys 10 USX call options with a strike price of 128 cents Canadian per US dollar for a premium of 1.70 cents Canadian per US dollar.

Underlying	Type	Expiration	Strike Price	Option Premium	Contract Size
USD/CAD	Call	6 months	128 cents Canadian per US dollar	1.70 cents Canadian per US dollar	US\$10,000

Assume, at expiration, the USD/CAD has risen 6% to 132.50 cents Canadian per US dollar. The value of the options will be:

$$\begin{aligned} \text{Call options} &= \frac{(132.50 - 128) \text{ cents Canadian}}{\$US} \times \text{US\$10,000} \times \frac{\text{CAD\$}}{100 \text{ cents}} \\ &= 450 \$CAN \times 10 \text{ options} \\ &= 4,500 \$CAN \end{aligned}$$

The investor has turned the CAD\$1,700 investment into CAD\$4,500. A return of 165% (excluding brokerage fees), compared with a rise of 6% in the underlying. If, however, the USD/CAD exchange rate had been below the strike price of 128 cents Canadian per US dollar at expiration, the options would have expired worthless.

TRADING STRATEGIES WITH MX CURRENCY OPTIONS

■ Selling Call Options to Profit from a Fall in the US Dollar

An investor anticipates that the US dollar will weaken against the Canadian dollar but cannot afford the cash outflow required to buy put options. The investor, however, can sell call options since a drop in the US dollar would result in a drop in the value of the call options sold, enabling the investor to repurchase the same call options at a lower premium or let the investor keep the entire option premium if the USD/CAD exchange rate is below the strike price of the call options sold at expiration. After determining margin requirements and the maximum exposure the investor can tolerate, the investor decides to sell 15 out-of-the-money USX call options. With USD/CAD trading at 125 cents Canadian per US dollar, and ignoring brokerage costs, the investor sells 15 USX call options with a strike price of 127.50 cents Canadian per US dollar for a premium of 1.00 cent Canadian per US dollar.

Underlying	Type	Expiration	Strike Price	Option Premium	Contract Size
USD/CAD	Call	3 months	127.50 cents Canadian per US dollar	1.00 cent Canadian per US dollar	US\$10,000

$$\text{Option premium collected} = 15 \times \frac{1.00 \text{ cent Canadian}}{\text{US\$}} \times \text{US\$}10,000 \times \frac{\text{CAD\$}}{100 \text{ cents Canadian}} = \text{CAD\$}1,500$$

At expiration, the USD/CAD has dropped slightly to 124.50 cents Canadian per US dollar, and the call options expired worthless as the investor's outlook for a weaker US dollar against the Canadian dollar has been realized. As a result, the investor gets to keep the entire premium of CAD\$1,500 on the call options sold.

2. Hedging

MX currency options are extremely effective tools for Canadian investors and companies to hedge currency exposures. The owner of a non-Canadian dollar asset, such as a portfolio of US stocks, stands to lose money in Canadian dollar terms if the US dollar depreciates against the Canadian dollar. This risk can be hedged by buying a put option on the US dollar, as the value of the option should increase as the US dollar falls.

Conversely, the holder of a non-Canadian dollar liability (e.g.: a Canadian investor who plans to purchase a property in the United States) faces the risk of the US dollar rising against the Canadian dollar, which would increase the liability in Canadian dollar terms. An investor can hedge this risk with a call option on the US dollar, which should increase as the US dollar rises.

The number of options required to hedge a given amount of foreign exchange:

$$\text{Number of options} = \frac{\text{Foreign exchange amount to hedge}}{\frac{\text{Contract size of the option}}{\text{Delta } (\Delta) \text{ of the option}}}$$

$$\text{Cost of the options in Canadian dollars} = \text{Number of options} \times \frac{\text{Option premium}}{1 \text{ unit of the underlying}} \times 10,000 \text{ units of the underlying} \times \frac{\text{CAD\$}}{100 \text{ cents}}$$

Note: Option premium is expressed in cents Canadian per unit of foreign currency.

TRADING STRATEGIES WITH MX CURRENCY OPTIONS

Hedging a Portfolio of US Stocks

Consider, for example, a Canadian investor who holds a portfolio of US stocks worth US\$100,000. Assume that the US dollar value of the portfolio remains constant. With an exchange rate of USD/CAD \$1.25, the portfolio is worth CAD\$125,000. However, if the US dollar depreciates, the investor will incur a loss in the value of the portfolio in Canadian dollar terms.

The investor can hedge against this risk with the following USX put option:

Underlying	Type	Expiration	Strike Price	Option Premium	Contract Size	Option Delta ¹ (Δ)
USD/CAD	Put	3 months	125 cents Canadian per US dollar	2.50 cents Canadian per US dollar	US\$10,000	0.50

This option on the US dollar has a trading unit (contract size) of US\$10,000. Therefore, the number of put options to buy is calculated as:

$$\text{Number of put options to buy} = \frac{\text{US\$100,000}}{\frac{\text{US\$10,000}}{0.50}} = 20 \text{ put options are required to hedge currency exposure}$$

$$\begin{aligned} \text{Cost of the options} &= 20 \times \frac{2.50 \text{ cents Canadian}}{\text{US\$}} \times \text{US\$10,000} \times \frac{\text{CAD\$}}{100 \text{ cents Canadian}} \\ &= \text{CAD\$5,000} \end{aligned}$$

The hedge represents an investment of CAD\$5,000 in the put options, which can be thought of as the investor paying 4% as an insurance premium on the equivalent CAD\$125,000 portfolio.

Consider the following scenarios at expiration:

1. A 4% drop in the US dollar (USD/CAD rate) from CAD\$1.25 (125 cents Canadian) to CAD\$1.20. In this case, the US\$100,000 portfolio would be worth just CAD\$120,000 in Canadian dollar terms—a loss of CAD\$5,000. Using the option payout formula, the price of the options at expiration will be:

$$\begin{aligned} \text{Value of the put options} &= \frac{(125 - 120) \text{ cents Canadian}}{\text{\$US}} \times \text{US\$10,000} \times \frac{\text{CAD\$}}{100 \text{ cents Canadian}} \\ &= \text{CAD\$500} \times 20 \text{ options} \\ &= \text{CAD\$10,000} \end{aligned}$$

Therefore, the investor's 20 put options will now be worth CAD\$10,000, which exactly offsets the loss of CAD\$5,000 in the value of the portfolio of US stocks due to the change in the exchange rate and the investor's cost of CAD\$5,000 for the purchase of the options.

¹ Readers interested in learning more on this concept can refer to the Equity Options Reference Manual.

TRADING STRATEGIES WITH MX CURRENCY OPTIONS

2. A 4% rise in the US dollar (USD/CAD rate) from CAD\$1.25 to CAD\$1.30 (130 cents Canadian). With USD/CAD at CAD\$1.30, the US\$100,000 portfolio is worth CAD\$130,000. In this case the put options expire worthless, but the loss of CAD\$5,000 in the options trade is entirely compensated for by the gain of CAD\$5,000 (CAD\$130,000 - CAD\$125,000) in the value of the portfolio.

Again, there is no obligation to hold the options until expiration; they can be sold in the market at any time if the investor's strategy changes.

■ Hedging Overseas Cash Flows – Canadian Exporter

More and more firms, large and small, have to buy and sell products across national borders. More often than not, payment is made using foreign currency. Depending on the time it takes to pay or receive the money, what was once an economically viable transaction often becomes less profitable due to adverse currency movement. The problem is how to take out insurance on the transaction, while benefiting from any beneficial currency movement.

For example, a Canadian exporter sells merchandise to an American distributor with payment due in 3 month's time in US dollars. The exporter will benefit if the Canadian dollar weakens against the US dollar, but will receive less if it strengthens. The problem is how to protect the exporter against a strengthening Canadian dollar.

Solution – Put options can be used to protect or provide insurance against currency price declines. For example, a Canadian exporter of goods to the United States may well find it advantageous to purchase put options on US dollars in connection with a specific sale of goods. The Canadian seller of goods will be at risk for any decline in the value of US dollars relative to the Canadian dollar. Ideally, the seller would like to eliminate this risk and retain the ability to receive more Canadian dollars for the merchandise if the US dollar should rise in value.

Example:

A Canadian exporter agrees to sell CAD\$500,000 worth of goods to an American buyer. Payment is due in 3 month's time in US dollars and the current exchange rate is 125 cents Canadian per US dollar. Therefore, a contract is agreed upon to sell the goods for US\$400,000 (CAD\$500,000/CAD\$1.25). In order to protect against the risk of a decline in the US dollar receivable relative to the Canadian dollar, the Canadian exporter decides to purchase 80 USX put options. The Canadian exporter selects the at-the-money 125 put strike (the 125 strike price is expressed in cents Canadian per US dollar or CAD\$1.25 per US dollar). The premium for one put option is 2.50 cents Canadian per US dollar or CAD\$250 per contract, for a total option premium payment of CAD\$20,000 [80 x (CAD\$0.0250/US\$) x US\$10,000 x CAD\$/100 cents Canadian].

TRADING STRATEGIES WITH MX CURRENCY OPTIONS

Excluding the cost of the option premium, the Canadian exporter is guaranteed to receive at least CAD\$500,000 from the combined sale of the merchandise and the market value of the put options, until the options expire. If the US dollar should increase in value above the current rate of 125 cents Canadian per US dollar, the option contract would not be necessary since more Canadian dollars would be gained upon the sale of the merchandise thus allowing the exporter to benefit from a favourable exchange rate move (i.e.: from a stronger US dollar).

The investor can hedge against the risk of a lower US dollar risk with the following USX put option:

Underlying	Type	Expiration	Strike Price	Option Premium	Contract Size	Option Delta (Δ)
USD/CAD	Put	3 months	125 cents Canadian per US dollar	2.50 cents Canadian per US dollar	US\$10,000	0.50

The number of put options to buy is calculated as:

$$\text{Number of put options to buy} = \frac{\text{US\$400,000}}{\frac{\text{US\$10,000}}{0.50}} = 80 \text{ put options are required to hedge currency exposure}$$

$$\text{Cost of the put options} = 80 \times \frac{2.50 \text{ cents Canadian}}{\text{US\$}} \times \text{US\$10,000} \times \frac{\text{CAD\$}}{100 \text{ cents Canadian}} = \text{CAD\$20,000}$$

$$\text{Value of the put options in 3 months} = 80 \times \frac{(125 - \text{Exchange rate}) \text{ cents Canadian}}{\text{US\$}} \times \text{US\$10,000} \times \frac{\text{CAD\$}}{100 \text{ cents Canadian}}$$

	Weaker US Dollar Bad for Canadian Exporter			Stronger US Dollar Good for Canadian Exporter	
Exchange rate (in 3 months)	120 cents Canadian	122.50 cents Canadian	125 cents Canadian	127.50 cents Canadian	130 cents Canadian
Payment received from American buyer US\$400,000	CAD\$480,000	CAD\$490,000	CAD\$500,000	CAD\$510,000	CAD\$520,000
Value of the put options (in 3 months)	CAD\$40,000	CAD\$20,000	CAD\$0	CAD\$0	CAD\$0
Cost of the put options (today)	(CAD\$20,000)	(CAD\$20,000)	(CAD\$20,000)	(CAD\$20,000)	(CAD\$20,000)
Net proceeds	CAD\$500,000	CAD\$490,000	CAD\$480,000	CAD\$490,000	CAD\$500,000

CONCLUSION

This booklet has been prepared to give an introduction to the basics of trading options on currencies. Options on currencies, equities or stock indices have similar benefits and risks. They are all considered exchange-traded contracts (standardized options). The Equity Options Reference Manual can be useful to the interested investor.

The four basic currency options trades—buy calls, sell calls, buy puts or sell puts—combined with the variety of strike prices and expiration months give the investor virtually unlimited strategy alternatives. Most of the more advanced strategies already employed by options traders—spreads, straddles, etc.—are also feasible with currency options. The advantages of limited risk and high leverage make currency options an attractive vehicle for the option buyer desiring to trade on the basis of his views of future exchange rates.

CURRENCY OPTIONS SPECIFICATIONS

Underlying Currency	US dollar
Trading Unit	US\$10,000
Contract Months	The first three months plus the next two quarterly months in the March, June, September, December cycle.
Strike Prices	Strike prices are expressed in cents per units of foreign currency. For example, 120.50 cents Canadian equivalent to CAD\$1.2050.
Strike Price Intervals	Strike price intervals are set at a minimum of 0.50 cents Canadian per unit of foreign currency.
Premium Quotation	Option premiums are quoted in cents Canadian per unit of foreign currency. For example, a premium quotation of 0.75 cents Canadian for an option on the US dollar represents an aggregate premium value of 0.75 cent Canadian/US\$ x US\$10,000 X CAD\$1/100 cents Canadian = CAD\$75.
Minimum Price Fluctuation	The minimum price fluctuation of the premium is 0.01 cent Canadian or a tick value of CAD\$1 per unit of foreign currency. That is: 0.01 cents Canadian/US\$ x US\$10,000 x CAD\$1/100 cents Canadian = CAD\$1.
Aggregate Premium Value	The aggregate premium value for a contract is the premium quotation multiplied by the trading unit of a contract.
Exercise Style	European style. Options may be exercised only on the expiration date.
Exercise Settlement	Cash settlement. The amount to be paid or received in final settlement of each option contract is determined by multiplying the trading unit by the difference between the strike price and the Bank of Canada noon rate for the designated currency vis-à-vis the Canadian dollar on the expiration date.
Expiration Date / Last Trading Day	At 12:00 p.m. (Montréal time) on the third Friday of the expiration contract month.
Reporting Level	500 contracts on the same side of the market in all contract months combined.
Position Limits	Position limits are subject to periodic changes and can be obtained from the Montréal Exchange.
Minimum Margin Requirements	Minimum margin requirements are subject to periodic changes and can be obtained from the Montréal Exchange.
Trading Hours	9:30 a.m. to 4:00 p.m. (Montréal time).
Clearing Corporation	Canadian Derivatives Clearing Corporation (CDCC)
Symbol	USX

For further information on currency options or any other MX derivatives, please contact:



Montréal Exchange

Head Office

Sales and Marketing
Tour de la Bourse
P.O. Box 61
800, Victoria Square
Montréal, Quebec H4Z 1A9

Telephone: (514) 871-4949, ext. 880

Toll free within Canada and the U.S.A.:
1-866-871-7878

Toll free from the U.K. and France:
00.800.36.15.35.35, ext. 880

Fax: (514) 871-3559

options@m-x.ca | www.m-x.ca

Toronto Office

65, Queen Street West
Suite 700
Toronto, Ontario M5H 2M5

Telephone: (416) 367-2467

Fax: (416) 367-2473



Montréal Exchange

TRAINING

For complete training on derivatives, visit
www.d-x.ca

Telephone: 1-866-871-7888



CDCC

For more informations about the Canadian Derivatives
Clearing Corporation, visit www.cdcc.ca

Telephone: 1-888-232-2457

The information provided in this document, including financial and economic data, quotes and any analysis or interpretation thereof, is provided solely on an information basis and shall not be interpreted in any jurisdiction as an advice or a recommendation with respect to the purchase or sale of any derivative instrument or underlying security or as a legal, accounting, financial or tax advice. Bourse de Montréal Inc. recommends that you consult your own experts in accordance with your needs. All references in this document to specifications, rules and obligations concerning a product are subject to the Rules and Policies of Bourse de Montréal Inc. and its clearinghouse, the Canadian Derivatives Clearing Corporation. Although care has been taken in the preparation of this document, Bourse de Montréal Inc. takes no responsibility for errors or omissions and it reserves itself the right to amend or review, at any time and without prior notice, the content of this document. Bourse de Montréal Inc., its directors, officers, employees and agents will not be liable for damages, losses or costs incurred as a result of the use of any information appearing in this document.

Printed in Canada

© Bourse de Montréal Inc., September 2005