NOTICE TO MEMBERS

N°: 092-26

June 29, 2026

REQUEST FOR COMMENTS

AMENDMENTS TO THE RULES OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO INTRODUCE S&P/TSX 60 MINI INDEX OPTIONS AND DAILY EXPIRIES

On April 30, 2026, the Board of Directors of the Canadian Derivatives Clearing Corporation ("**CDCC**") approved certain amendments to the Rules of CDCC to allow for the S&P/TSX 60 Mini Index Options and Daily Expiries options contracts to flow through clearing, similar to other index options contracts listed by the Montréal Exchange and cleared by CDCC and introduce daily expiries.

Please find enclosed an analysis document as well as the proposed amendments.

Process for Changes to the Rules

CDCC is recognized as a clearing house under section 12 of the *Derivatives Act* (Québec) by the Autorité des marchés financiers ("**AMF**") and as a recognized clearing agency under section 21.2 of the *Securities Act* (Ontario) by the Ontario Securities Commission ("**OSC**").

The Board of Directors of CDCC has the power to approve the adoption or amendment of the Rules and the Manuals of CDCC. Amendments are submitted to the AMF in accordance with the self-certification process and to the OSC in accordance with the process provided in the Recognition Order.

Comments on the proposed amendments must be submitted before **July 29, 2026**. Please submit your comments to:

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Canadian Derivatives Clearing Corporation
1800-1190 av. des Canadiens-de-Montréal, P.O. Box 37
Montreal, Quebec H3B 0G7
Email: legal@tmx.com

A copy of these comments shall also be forwarded to the AMF and to the OSC to:

M^{e} Philippe Lebel
Corporate Secretary and
Executive Director, Legal Affairs
Autorité des marchés financiers
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Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
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Fax: 416-595-8940
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For any question or clarification, Clearing Members may contact Dima Ghozaiel, Legal Counsel, by email at dima.ghozaiel@tmx.com.

Karen McMeekin
President

AMENDMENTS TO THE RULES OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO INTRODUCE S&P/TSX 60 MINI INDEX OPTIONS AND DAILY EXPIRIES

I. DESCRIPTION

Bourse de Montréal Inc. (the "Exchange") proposes to amend its rules in order to allow for the listing of S&P/TSX 60 Mini Index options ("SMO") and the introduction of daily expiries. This initiative modernizes the Canadian derivatives ecosystem by providing retail investors with more accessible contract sizes and granular portfolio management tools, as further detailed in the background below.

Therefore, the Canadian Derivatives Clearing Corporation ("CDCC") hereby wishes to amend its rules (the "Rules") to align them with those of the Exchange in order to allow for the S&P/TSX 60 Mini Index options contracts to flow through clearing, similar to other index options contracts listed by the Exchange and cleared by CDCC and introduce daily expiries.

As is the case for the other index options listed by the Exchange, these contracts will also be eligible for trading during regular sessions. Hence, CDCC will be using similar risk methodologies for the margin and clearing fund requirements to those currently used for these contracts.

Unless otherwise defined herein, any defined term used in this analysis will have the meaning described in the Rules.

II. PROPOSED AMENDMENTS

CDCC hereby proposes amendments to reflect the following changes:

- Amendment to (Section A-102): Definitions updated to include daily expiries as well as housekeeping updates to ensure consistency between the French and English versions.
- Amendment to Rule B-10 (Index Options): Updated to include the new eligible stock index and official closing level.

Furthermore, the proposed amendments do not impact the Manuals of CDCC.

The proposed amendments are provided herein in Appendix "A".

III. ANALYSIS

a. Background

The Exchange is committed to pursue the modernization of its derivatives offering and to provide a broader access to the Canadian equity market. To achieve this, the Exchange is enhancing its product suite in two key areas: first, by providing a more accessible notional through the listing of options on a smaller index; and second, through the addition of daily expiries. With these initiatives, the Exchange is evolving its product suite to better serve all its participants and more specifically enhance the retail investor experience.

As the central counterparty, CDCC is proposing to amend its Rules and Manuals to facilitate the clearing of options on the S&P/TSX 60 Mini Index and the introduction of daily expiries. These amendments ensure that CDCC's clearing infrastructure remains aligned with the evolution of the Exchange's product suite while maintaining the safety and efficiency of the clearing system.

The first initiative in this modernization is the listing of options on the S&P/TSX 60 Mini Index. While traditional index exposure has historically been the domain of institutional participants due to high notional values, the Exchange is dedicated to broadening this ecosystem. By offering an option contract based on an index representing one-tenth the value of the standard S&P/TSX 60, the Exchange significantly lowers the barrier to entry for individual investors. Furthermore, the cash-settled nature of these options enhances the retail experience by removing the complexities and capital requirements associated with physical share delivery. Additionally, the European-style exercise provides greater predictability by eliminating the risk of early assignment, offering a more secure and simplified way for retail clients to manage their index exposure until expiration.

The second initiative involves the introduction of daily expiries, which further enhances the Exchange's offering by providing investors with greater precision and flexibility. This change aligns the Exchange with the "zero days to expiry" (0DTE) trend that has seen significant growth in the United States, ensuring that similar versatile tools are available locally for Canadian participants. By offering options that expire every business day, the Exchange provides a more comprehensive service suite for managing short-term risk and navigating intraday price movements. This is particularly beneficial for investors looking to hedge against specific, time-sensitive events, such as economic data releases or central bank announcements, more effectively. These daily expiries allow for more granular portfolio management, providing participants with the flexibility required to refine their risk mitigation strategies as contracts approach their expiration date.

To ensure a seamless transition, CDCC will support the Exchange's phased implementation of daily expiries. The first phase will focus exclusively on the new cash-settled mini index options (options on the S&P/TSX 60 Mini Index), as cash-settlement provides a more streamlined operational framework for daily expiries. Once the market and clearing infrastructure have successfully adjusted to these new daily expiries, the Exchange intends to expand daily expiries to include physically delivered ETF options. This gradual approach ensures the continued reliability and efficiency of clearing services while allowing the market to adapt to the daily expiry cycle.

Ultimately, these Amendments represent an evolution of the Exchange's offerings and CDCC's infrastructure to better serve its participants. By supporting the listing of options on the S&P/TSX 60 Mini Index and introducing daily expiries, CDCC is ensuring that its clearing framework makes index exposure more accessible and providing the precise tools required for today's market environment. This integrated strategy fosters a more diverse and resilient marketplace, positioning the Exchange and CDCC to provide an elevated service offering to the retail community.

b. Objectives

The S&P/TSX 60 Mini Index Options are considered index-based derivatives because they represent a fractional interest in a broad-based basket of securities. As such, these options fall under the category of Index Options within the CDCC framework. The main modification in the proposed amendments therefore proposes to add the index as an eligible index for Index Options and allow the listing of daily expiries.

The proposed amendments recognize that the listing of S&P/TSX 60 Mini Index options, combined with a daily expiry cycle, helps the CDCC diversify its offering while allowing investors to benefit from the traditional benefits of options trading within the distinct framework of high-velocity, short-dated index products. By facilitating daily settlements, CDCC ensures that the Canadian market remains competitive with global 0DTE (Zero Days to Expiration) trends, providing clearing members and their clients with the precision tools required for modern intraday risk management.

c. Comparative Analysis

Benchmarking of major global exchanges shows similar offerings:

US markets

CBOE: Offers Mini-S&P 500 Index Options (XSP) with daily (Mon-Fri) European cash-settled expiries.

The Options Clearing Corporation (OCC) clears these as "Index Options," applying a standardized risk framework that accounts for the high-velocity nature of daily settlements. The CDCC proposal mirrors this "mini-to-standard" ratio and cash-settlement logic to ensure North American alignment.

International markets

Eurex: Provides Micro-DAX® Options with European cash settlement. Eurex has successfully implemented daily expiries for these benchmarks, utilizing a Value-at-Risk (VaR) based margining system (Prisma) that CDCC’s current risk architecture is designed to emulate.

JPX: Lists Nikkei 225 mini Options at 1/10th the standard size.

CDCC’s proposed clearing solution is consistent with these international peers

d. Analysis of Impacts

i. Impacts on Market

CDCC believes that the proposed amendments will diversify the Exchange's product suite and positively affect market efficiency by improving accessibility for retail participants and providing more precise tools for time-sensitive events (e.g., economic data releases), ultimately enhancing the trading ecosystem.

ii. Impacts on Technology

Technological impacts for CDCC are not significant as the product category, Index Options, already exists within CDCC's technological environment. The introduction of the S&P/TSX 60 Mini Index and daily expiries is primarily a configuration update to accommodate the daily settlement cycles.

Comprehensive User Acceptance Testing will be conducted to ensure that the product is appropriately handled in all relevant IT systems, specifically focusing on the transition to daily cash settlement (0DTE). CDCC is also working with vendors and Clearing Members to ensure proper implementation of the product from a back-office perspective, ensuring seamless integration into daily margin and reporting workflows.

iii. Impacts on Trading Functions

The initiative was initially proposed by the Exchange and appropriate rule changes were proposed in order to introduce the new S&P/TSX 60 Mini Index contracts.

iv. Public Interest

CDCC is of the view that the proposed amendments are not contrary to the public interest. In fact, CDCC believes that the proposed changes help benefit investors interested in gaining exposure to the S&P/TSX 60 Index through more accessible and precise risk management tools. By democratizing access to index derivatives, the amendments support a more inclusive, transparent, and efficient Canadian financial ecosystem.

IV. PROCESS

The proposed amendments, including this analysis, must be approved by CDCC's board of directors and submitted to the Autorité des marchés financiers, in accordance with the regulatory self-certification process, and to the Ontario Securities Commission in accordance with the rules stated in Appendix "A" of Schedule "A" of CDCC Recognition Order dated November 11, 2024 (as amended from time to time). The proposed amendments and analysis will also be submitted to the Bank of Canada in accordance with the Oversight Agreement. Subject to applicable regulatory approval, the implementation of S&P/TSX 60 Mini Index options is targeted for Q3 2026, with daily expiries expected to follow in Q1 2027.

APPENDIX A: PROPOSED AMENDMENTS TO THE RULES
BLACKLINE VERSION

CANADIAN DERIVATIVES CLEARING CORPORATION RULES

XX, 2026

PART A - GENERAL

RULE A-1 - DEFINITIONS

[...]

Section A-102 - Definitions

[...]

"**Expiration Date**" **–** unless otherwise specified, means, in the case of monthly Options, the third Friday of the month and year in which the Option expires, or in the case of weekly Options, any Friday following the listing week which is a Business Day, but which is not an expiration day for any other Options already listed on the same underlying. If any such Friday is not a Business Day, then the Expiration Date will be the first preceding Business Day that is not an expiration day for any other Options already listed on the same underlying. In the case of daily options, any Business Day (Monday, Tuesday, Wednesday, or Thursday), but which is not an expiration day for any other Options already listed on the same underlying. If such day is not a Business Day, the daily expiry shall not be listed for that day.

[...]

PART B - OPTIONS

RULE B-10 - EUROPEAN STYLE STOCK INDEX OPTIONS

This Rule B-10 is applicable only to European Style Options where the Underlying Interest is A GROUP OF Eligible Stock Indices. Such Options are referred to in this Rule B-10 as "**Stock Index Options**."

Section B-1001 - Definitions

Notwithstanding Section A-102 of the Rules, for the purposes of European Style Stock Index Options, the following terms shall have the meanings specified:

"**Aggregate Current Value**" - means the official opening level or the official closing level, as the case may be, of an Index on the Expiration Date of the Option, multiplied by the Eligible Stock Index Option Unit of Trading, as specified by the Exchange.

"**Aggregate Exercise Price**" – means the Exercise Price of an Option, multiplied by the Eligible Stock Index Option Unit of Trading, as specified by the Exchange.

"**Call**" – means an exchange-traded European Style Option which gives the holding Clearing Member the right to receive the Call Exercise Settlement Amount from the Corporation on the Expiration Date.

“**Call Exercise Settlement Amount**” – means the cash difference when the Aggregate Exercise Price is deducted from the Aggregate Current Value.

“**Eligible Stock Index**” – means a Securities index that is either the S&P/TSX 60 Index, the S&P/TSX 60 Mini Index, the S&P/TSX Composite Index – Banks (Industry Group) or the S&P/TSX Capped Utilities Index.

~~“**Exchange**” – means the third Friday of the month.~~

“**Exercise Settlement Date**” – means the Business Day following the Expiration Date.

“**Put**” – means an exchange-traded European Style Option which gives the holding Clearing Member the right to receive the Put Exercise Settlement Amount from the Corporation on the Expiration Date.

“**Put Exercise Settlement Amount**” – means the cash difference when the Aggregate Current Value is deducted from the Aggregate Exercise Price.

“**Underlying Interest**” – means the Eligible Stock Index underlying the Option.

“**Underlying Security**” – means any of the Securities included in an Eligible Stock Index underlying a class of Eligible Stock Index Options.

[...]

Section B-1004 - Expiration Date Exercise Procedure

(1) European Style Eligible Stock Index Options will be listed with American Style Options on the Expiry Report issued on the Expiration Date and all in-the-money Long Positions shall be automatically exercised in accordance with Section B-307.

(2) The term “**closing price**” as used in Section B-307 in reference to the Underlying Interest of any European Style Eligible Stock Index Option shall mean either the official opening level or the official closing level of the Index on the Expiration Date (as specified by its contract specifications) as reported to the Corporation by the relevant Exchange. If no level was reported for such Index, the Corporation may determine not to fix a “closing price” for this Option. In the event of such a determination, Expiry Reports shall not include a daily “closing price” for such European Style Stock Index Option and Clearing Members may exercise this Option only by giving affirmative exercise instructions in accordance with Subsections B-307(b) or (e).

[...]

Section B-1007 - Official Opening or Closing Level

(1) If the Corporation determines that the official opening level or the official closing level of the Underlying Interest, as specified in its contract specification, of any series of Eligible Stock Index Options (the “**affected series**”) is unreported or otherwise unavailable for purposes of calculating the Call and Put Exercise Settlement Amounts for exercised

Options of the affected series, then, in addition to any other actions that the Corporation may be entitled to take under the Rules, the Corporation may do any or all of the following:

(a) Suspend the exercise settlement obligations of assigned Clearing Members with respect to Eligible Stock Index Options of the affected series. At such time as the Corporation determines that the official opening level or the official closing level of the Eligible Stock Index can be achieved or the Corporation has fixed the Call and Put Exercise Settlement Amounts pursuant to Paragraph (b) of this Subsection, the Corporation shall fix a new date for settlement of the exercised Option;

(b) Fix the Call and Put Exercise Settlement Amounts for exercised contracts of an affected series in accordance with the best information available as to the official opening level or the official closing level of the Index.

(2) The official opening level or official closing level of a given Index, as reported by the Exchange specifying such Index, shall be conclusively deemed to be accurate, except that where the Corporation determines in its discretion that there is a material inaccuracy in the reported official opening level or official closing level of the Eligible Index, it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended official opening level or official closing level to be used for settlement purposes.

[...]

APPENDIX B: PROPOSED AMENDMENTS TO THE RULES

CLEAN VERSION

CANADIAN DERIVATIVES CLEARING CORPORATION RULES

XX, 2026

PART A - GENERAL

RULE A-1 - DEFINITIONS

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Section A-102 - Definitions

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"**Exercise Settlement Date**" – means the Business Day following the Expiration Date.

"**Put**" – means an exchange-traded European Style Option which gives the holding Clearing Member the right to receive the Put Exercise Settlement Amount from the Corporation on the Expiration Date.

"**Put Exercise Settlement Amount**" – means the cash difference when the Aggregate Current Value is deducted from the Aggregate Exercise Price.

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Section B-1007 - Official Opening or Closing Level

(1) If the Corporation determines that the official opening level or the official closing level of the Underlying Interest, as specified in its contract specification, of any series of Eligible Stock Index Options (the "**affected series**") is unreported or otherwise unavailable for purposes of calculating the Call and Put Exercise Settlement Amounts for exercised Options of the affected series, then, in addition to any other actions that the Corporation

may be entitled to take under the Rules, the Corporation may do any or all of the following:

(a) Suspend the exercise settlement obligations of assigned Clearing Members with respect to Eligible Stock Index Options of the affected series. At such time as the Corporation determines that the official opening level or the official closing level of the Eligible Stock Index can be achieved or the Corporation has fixed the Call and Put Exercise Settlement Amounts pursuant to Paragraph (b) of this Subsection, the Corporation shall fix a new date for settlement of the exercised Option;

(b) Fix the Call and Put Exercise Settlement Amounts for exercised contracts of an affected series in accordance with the best information available as to the official opening level or the official closing level of the Index.

(2) The official opening level or official closing level of a given Index, as reported by the Exchange specifying such Index, shall be conclusively deemed to be accurate, except that where the Corporation determines in its discretion that there is a material inaccuracy in the reported official opening level or official closing level of the Eligible Index, it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended official opening level or official closing level to be used for settlement purposes.

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