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CIRCULAR 009-16
January 21, 2016

SELF-CERTIFICATION

INTRODUCTION OF BLOCK TRADES PRICED AT A BASIS TO INDEX CLOSE ON S&P/TSX INDEX AND SECTOR INDEX FUTURES

AMENDMENTS TO ARTICLE 6380

AMENDMENTS TO THE PROCEDURES FOR THE EXECUTION OF BLOCK TRADES

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) has approved amendments to article 6380 of Rule Six of the Bourse and to the Procedures for the Execution of Block Trades, in order to introduce Block trades priced at a basis to Index Close transactions for the benefit of the S&P/TSX index futures and sector index futures. This facility will support the entry of off-book trades on the index and sector index futures based on the combination of the next available underlying S&P/TSX index closing price, plus a basis.

The attached amendments were self-certified in accordance with the self-certification process as defined in the *Derivatives Act* (CQLR, Chapter I-14.01). They will come into effect and be incorporated into the version of the Rules of the Bourse on the Bourse’s website (www.m-x.ca) on **January 21, 2016**.

The rule changes described in the present circular were published for public comment by the Bourse on September 23, 2015 (see Circular [115-15](#)). Pursuant to the publication of this circular, the Bourse received one comment. You will find attached the comment received and the response from the Bourse.

For additional information, please contact Gladys Karam, Director, Equity Derivatives, at 514-871-7880 or by email at gkaram@m-x.ca

Jean-François Bertrand
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Services and Connectivity
Financial Markets

6380 Prenegotiation Discussions, Cross Transactions, Prearranged Transactions, Block Trades, Riskless Basis Cross Transactions and Block Trades Priced at a Basis to the Index Close
(25.09.00, 24.09.01, 29.10.01, 31.01.05, 10.11.08, 29.01.10, 09.06.14, [00.00.00](#))

For the purpose of this article, the terms hereunder are defined as follows:

1) Prenegotiation Discussions

Prenegotiation discussions are considered having occurred when approved participants engage in negotiations with each other or with other approved participants and/or clients prior to entering orders which may result in a cross transaction, a prearranged transaction, a block trade, an exchange-for-physical or exchange-for-risk transaction (according to the provisions of article 6815 of this Rule), a substitution transaction (according to the provisions of article 6815A of this Rule) or a riskless basis cross transaction. Clients must consent to allow approved participants to engage in prenegotiation discussions with other approved participants and/or clients with respect to an order.

2) Cross Transactions

A cross transaction is considered having occurred when two orders of opposite sides originating from the same approved participant are intentionally executed against each other in whole or in part as a result of prenegotiation discussions.

3) Prearranged Transactions

A prearranged transaction is considered having occurred when one or more approved participants engage in prenegotiation discussions in order to agree on the terms of a transaction before entering the orders in the electronic trading system of the Bourse.

Execution of cross transactions and prearranged transactions are permitted by the Bourse when:

- i) they are on eligible securities or derivative instruments;
- ii) the orders are for a volume equal to or greater than the minimum volume threshold established for that eligible security or derivative instrument;
- iii) the prescribed time delay between the input of an order and its opposite side order is respected;
- iv) the transactions are executed in accordance with the Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions.

The eligible securities or derivative instruments, the prescribed time delays and the minimum volume thresholds are determined by the Bourse and published in the Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions.

It is forbidden to use the hidden volume functionality of the electronic trading system of the Bourse to execute a cross transaction or a prearranged transaction.

4) Block Trades

A block trade is considered having occurred when one or more approved participants and/or clients engage in prenegotiation discussions to arrange large size transactions away from the electronic trading system of the Bourse (as permitted by article 6005 of this Rule) at prices mutually agreed upon, report to the Bourse the terms of their agreement and the Bourse agrees to them.

An approved participant of the Bourse may execute a block trade for a volume equal to or greater than the applicable minimum volume threshold in a security or derivative instrument, other than an equity option or a share futures contract, designated by the Bourse pursuant to the following conditions [and those of article 6380 6\) of this Rule, if applicable](#):

- i) A block trade may be arranged in a designated security or derivative instrument only during the trading hours and business days authorized by the Bourse. Once a block trade has been arranged, an approved participant must submit details of the block trade to the Bourse as soon as practicable and in any event within the period of time prescribed by the Bourse.
- ii) A block trade may be arranged only in a security or derivative instrument that has been designated by the Bourse for that purpose. Such designations will be published by the Bourse, together with the minimum volume thresholds applying to those designated securities or derivative instruments. Approved participants are permitted to enter into block trades in any strategy recognized by the Bourse.
- iii) Where a strategy involves the trading of two or more different securities or derivative instruments, the smaller of the minimum volume thresholds of the securities or derivative instruments comprised in the block trade will be applied to each of these securities or derivative instruments. Where the strategy involves the trading of two or more different contract months and/or strike prices of the same contract month, the minimum volume threshold will apply to each leg of the trade, except where specific provision has been made within the published minimum thresholds.
- iv) Approved participants may not aggregate separate orders in order to meet the minimum volume thresholds.
- v) The price at which a block trade is arranged must be [deemed](#) "fair and reasonable" [by the Bourse](#) in light of (i) the size of such a block trade; (ii) currently traded prices and bid and ask prices in the same contract, at the relevant time; (iii) currently traded prices and bid and ask prices in other contract months for futures contracts or other option series for options contracts; (iv) currently traded prices and bid and ask prices in other relevant markets, including without limitation the underlying markets; (v) the volatility and liquidity of the relevant market; and (vi) general market conditions.
- vi) Block trades shall not set off special terms orders or otherwise affect orders in the regular market.
- vii) With the exception of futures contracts on the FTSE Emerging Markets Index, it is strictly prohibited for an approved participant, for both the buyer and the seller, to enter into a block trade to circumvent the contract month roll in the corresponding security or derivative instrument.

The eligible securities or derivative instruments and the minimum volume thresholds are determined by the Bourse and published in the Procedures for the Execution of Block Trades.

5) Riskless Basis Cross Transactions

A riskless basis cross transaction occurs when an approved participant and a client engage in pre negotiation discussions to conclude a riskless basis cross transaction outside of the posted order book (as permitted by article 6005 of this Rule) at a pre-determined price. The futures contract price is comprised of an average price resulting from a preliminary transaction in the cash market plus a prenegotiated basis spread mutually agreed upon between the approved participant and the client.

A riskless basis cross transaction can be executed on the Bourse once the approved participant has acquired market exposure using cash instruments as prescribed in the procedures established by the Bourse.

In order to qualify as a riskless basis cross transaction, the following conditions must be respected:

- i) Riskless basis cross transactions must at all times be executed in accordance with such other procedures, terms and conditions that the Bourse may prescribe from time to time.
- ii) The futures contracts that are eligible to riskless basis cross transactions, and the last day and time for executing such transactions shall be determined by the Bourse.
- iii) The cash components acceptable for the purpose of a riskless basis cross transaction are those specified in the procedures set by the Bourse.
- iv) Each party to a riskless basis cross transaction must satisfy the Bourse, upon request, that the transaction is a bona fide transaction. To this effect, parties to such a transaction must maintain and must provide to the Bourse upon request complete records and documentary evidence relating to such transaction including all records relating to the purchase or sale of securities and futures contracts and to any transfer of positions made in connection with such transaction.
- v) It is prohibited for any party to a riskless basis cross transaction to effect a transaction which is contrary to the requirements and practices prescribed by the rules, policies and procedures of the Bourse or to effect such a transaction for the sole purpose of reporting, registering or recording a price that is not a bona fide price or of making a transaction which is a "wash trade", an accommodation trade or a fictitious sale.
- vi) A riskless basis cross transaction may be made at such prices that are mutually agreed upon by the two parties to this transaction. However, the price at which the futures contract leg of the transaction is arranged must be deemed fair and reasonable by the Bourse in light of factors such as, but not limited to, the size of the transaction, the currently traded prices and bid and ask prices in the same contract at the relevant time, the volatility and liquidity of the relevant market as well as the general market conditions.
- vii) Each riskless basis cross transaction must be reported to the Bourse in accordance with the procedures set by the Bourse. Such report must be in the form prescribed by the Bourse and must contain all the information required on such prescribed form.

- viii) Each riskless basis cross transaction must be immediately disseminated by the Bourse once it has validated it.
- ix) It is strictly prohibited for any party, for both the buyer and the seller, to enter into a riskless basis cross trade to circumvent the contract month roll in the corresponding security or derivative instrument.

6) Block Trades Priced at a Basis to the Index Close (BICs) ~~on FTSE Emerging Markets Index Futures Contracts~~

Block trade priced at a basis to the index close (BICs) are block trade transactions ~~on FTSE Emerging Markets Index Futures Contracts~~ on a security or derivative instrument designated by the Bourse that which are priced in reference to the closing price of the relevant underlying index and the basis as determined during prenegotiation discussions.

The futures price assigned to a BIC is based on ~~a prospective index price or on~~ the applicable closing price of the relevant index adjusted by a valid price increment (“basis”) that can be positive or negative.

The basis and final price of the BIC must be deemed fair and reasonable by the Bourse taking into consideration, but without limitation to the consideration of, the following factors: financing rates, expected dividend income, time remaining until the index futures contract expiration, and any factors set forth in article 6380 4) v) of this Rule, as applicable.

A BIC is considered having occurred when one or more approved participants and/or clients engage in prenegotiation discussions to arrange large size transactions, in accordance with the minimum volume thresholds determined by the Bourse, away from the electronic trading system of the Bourse (as set forth by article 6005 of this Rule) at a basis that has been mutually agreed upon, report to the Bourse the terms of their agreement and the Bourse agrees to them.

While the basis to a prospective index price or the applicable closing price of the relevant index is established during prenegotiation discussions, the outright price for the transaction will only be established once the applicable closing price of the relevant underlying index has been established.

On all trading days up to but excluding the last trading day of an expiring contract month, an approved participant of the Bourse may execute a BIC for a volume equal to or greater than the applicable minimum volume threshold in a security or derivative instrument designated by the Bourse pursuant to the conditions set forth in article 6380 4) of this Rule.

6380 Prenegotiation Discussions, Cross Transactions, Prearranged Transactions, Block Trades, Riskless Basis Cross Transactions and Block Trades Priced at a Basis to the Index Close
(25.09.00, 24.09.01, 29.10.01, 31.01.05, 10.11.08, 29.01.10, 09.06.14, 21.01.16)

For the purpose of this article, the terms hereunder are defined as follows:

1) Prenegotiation Discussions

Prenegotiation discussions are considered having occurred when approved participants engage in negotiations with each other or with other approved participants and/or clients prior to entering orders which may result in a cross transaction, a prearranged transaction, a block trade, an exchange-for-physical or exchange-for-risk transaction (according to the provisions of article 6815 of this Rule), a substitution transaction (according to the provisions of article 6815A of this Rule) or a riskless basis cross transaction. Clients must consent to allow approved participants to engage in prenegotiation discussions with other approved participants and/or clients with respect to an order.

2) Cross Transactions

A cross transaction is considered having occurred when two orders of opposite sides originating from the same approved participant are intentionally executed against each other in whole or in part as a result of prenegotiation discussions.

3) Prearranged Transactions

A prearranged transaction is considered having occurred when one or more approved participants engage in prenegotiation discussions in order to agree on the terms of a transaction before entering the orders in the electronic trading system of the Bourse.

Execution of cross transactions and prearranged transactions are permitted by the Bourse when:

- i) they are on eligible securities or derivative instruments;
- ii) the orders are for a volume equal to or greater than the minimum volume threshold established for that eligible security or derivative instrument;
- iii) the prescribed time delay between the input of an order and its opposite side order is respected;
- iv) the transactions are executed in accordance with the Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions.

The eligible securities or derivative instruments, the prescribed time delays and the minimum volume thresholds are determined by the Bourse and published in the Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions.

It is forbidden to use the hidden volume functionality of the electronic trading system of the Bourse to execute a cross transaction or a prearranged transaction.

4) Block Trades

A block trade is considered having occurred when one or more approved participants and/or clients engage in prenegotiation discussions to arrange large size transactions away from the electronic trading system of the Bourse (as permitted by article 6005 of this Rule) at prices mutually agreed upon, report to the Bourse the terms of their agreement and the Bourse agrees to them.

An approved participant of the Bourse may execute a block trade for a volume equal to or greater than the applicable minimum volume threshold in a security or derivative instrument, other than an equity option or a share futures contract, designated by the Bourse pursuant to the following conditions and those of article 6380 6) of this Rule, if applicable:

- i) A block trade may be arranged in a designated security or derivative instrument only during the trading hours and business days authorized by the Bourse. Once a block trade has been arranged, an approved participant must submit details of the block trade to the Bourse as soon as practicable and in any event within the period of time prescribed by the Bourse.
- ii) A block trade may be arranged only in a security or derivative instrument that has been designated by the Bourse for that purpose. Such designations will be published by the Bourse, together with the minimum volume thresholds applying to those designated securities or derivative instruments. Approved participants are permitted to enter into block trades in any strategy recognized by the Bourse.
- iii) Where a strategy involves the trading of two or more different securities or derivative instruments, the smaller of the minimum volume thresholds of the securities or derivative instruments comprised in the block trade will be applied to each of these securities or derivative instruments. Where the strategy involves the trading of two or more different contract months and/or strike prices of the same contract month, the minimum volume threshold will apply to each leg of the trade, except where specific provision has been made within the published minimum thresholds.
- iv) Approved participants may not aggregate separate orders in order to meet the minimum volume thresholds.
- v) The price at which a block trade is arranged must be “fair and reasonable” in light of (i) the size of such a block trade; (ii) currently traded prices and bid and ask prices in the same contract, at the relevant time; (iii) currently traded prices and bid and ask prices in other contract months for futures contracts or other option series for options contracts; (iv) currently traded prices and bid and ask prices in other relevant markets, including without limitation the underlying markets; (v) the volatility and liquidity of the relevant market; and (vi) general market conditions.
- vi) Block trades shall not set off special terms orders or otherwise affect orders in the regular market.
- vii) With the exception of futures contracts on the FTSE Emerging Markets Index, it is strictly prohibited for an approved participant, for both the buyer and the seller, to enter into a block trade to circumvent the contract month roll in the corresponding security or derivative instrument.

The eligible securities or derivative instruments and the minimum volume thresholds are determined by the Bourse and published in the Procedures for the Execution of Block Trades.

5) Riskless Basis Cross Transactions

A riskless basis cross transaction occurs when an approved participant and a client engage in pre negotiation discussions to conclude a riskless basis cross transaction outside of the posted order book (as permitted by article 6005 of this Rule) at a pre-determined price. The futures contract price is comprised of an average price resulting from a preliminary transaction in the cash market plus a prenegotiated basis spread mutually agreed upon between the approved participant and the client.

A riskless basis cross transaction can be executed on the Bourse once the approved participant has acquired market exposure using cash instruments as prescribed in the procedures established by the Bourse.

In order to qualify as a riskless basis cross transaction, the following conditions must be respected:

- i) Riskless basis cross transactions must at all times be executed in accordance with such other procedures, terms and conditions that the Bourse may prescribe from time to time.
- ii) The futures contracts that are eligible to riskless basis cross transactions, and the last day and time for executing such transactions shall be determined by the Bourse.
- iii) The cash components acceptable for the purpose of a riskless basis cross transaction are those specified in the procedures set by the Bourse.
- iv) Each party to a riskless basis cross transaction must satisfy the Bourse, upon request, that the transaction is a bona fide transaction. To this effect, parties to such a transaction must maintain and must provide to the Bourse upon request complete records and documentary evidence relating to such transaction including all records relating to the purchase or sale of securities and futures contracts and to any transfer of positions made in connection with such transaction.
- v) It is prohibited for any party to a riskless basis cross transaction to effect a transaction which is contrary to the requirements and practices prescribed by the rules, policies and procedures of the Bourse or to effect such a transaction for the sole purpose of reporting, registering or recording a price that is not a bona fide price or of making a transaction which is a "wash trade", an accommodation trade or a fictitious sale.
- vi) A riskless basis cross transaction may be made at such prices that are mutually agreed upon by the two parties to this transaction. However, the price at which the futures contract leg of the transaction is arranged must be fair and reasonable in light of factors such as, but not limited to, the size of the transaction, the currently traded prices and bid and ask prices in the same contract at the relevant time, the volatility and liquidity of the relevant market as well as the general market conditions.
- vii) Each riskless basis cross transaction must be reported to the Bourse in accordance with the procedures set by the Bourse. Such report must be in the form prescribed by the Bourse and must contain all the information required on such prescribed form.

- viii) Each riskless basis cross transaction must be immediately disseminated by the Bourse once it has validated it.
- ix) It is strictly prohibited for any party, for both the buyer and the seller, to enter into a riskless basis cross trade to circumvent the contract month roll in the corresponding security or derivative instrument.

6) Block Trades Priced at a Basis to the Index Close (BICs)

Block trade priced at a basis to the index close (BICs) are block trade transactions on a security or derivative instrument designated by the Bourse that are priced in reference to the closing price of the relevant underlying index and the basis as determined during prenegotiation discussions.

The futures price assigned to a BIC is based on the applicable closing price of the relevant index adjusted by a valid price increment (“basis”).

The basis and final price of the BIC must be fair and reasonable taking into consideration, but without limitation to the consideration of, the following factors: financing rates, expected dividend income, time remaining until the index futures contract expiration, and any factors set forth in article 6380 4) v) of this Rule, as applicable.

A BIC is considered having occurred when one or more approved participants and/or clients engage in prenegotiation discussions to arrange large size transactions, in accordance with the minimum volume thresholds determined by the Bourse, away from the electronic trading system of the Bourse (as set forth by article 6005 of this Rule) at a basis that has been mutually agreed upon, report to the Bourse the terms of their agreement and the Bourse agrees to them.

While the basis to a prospective index price or the applicable closing price of the relevant index is established during prenegotiation discussions, the outright price for the transaction will only be established once the applicable closing price of the relevant underlying index has been established.

On all trading days up to but excluding the last trading day of an expiring contract month, an approved participant of the Bourse may execute a BIC for a volume equal to or greater than the applicable minimum volume threshold in a security or derivative instrument designated by the Bourse pursuant to the conditions set forth in article 6380 4) of this Rule.

PROCEDURES FOR THE EXECUTION OF BLOCK TRADES

1. Block Trades

- a) Once a block trade has been arranged, in accordance with the predetermined minimum volume threshold level as determined and published by the Bourse, details of the block trade must be reported to the Bourse by contacting a market official of the Bourse's Market Operations Department at 1-888-693-6366 or at 514 871-7871 within the period of time prescribed by the Bourse.
- b) Approved participants for both the seller and buyer must complete and electronically submit the Block Trade Reporting Form, available on the Bourse's web site at http://www.m-x.ca/rob_formulaire_en.php, to the Bourse's Market Operations Department for validation.
- c) A market official will check the validity of the block trade details submitted by the approved participant(s).
- d) Confirmation by a market official of a block trade transaction will not preclude the Bourse from initiating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the rules.
- e) Once the block trade has been validated and processed, the following information with respect to the block trade will be disseminated by the Bourse:
 - i) date and time of transaction;
 - ii) security(ies) or derivative instrument(s) and contract month(s);
 - iii) price of each contract month(s) and strike price(s) (as applicable); and
 - iv) volume of each contract month.
- f) Upon the Bourse's request, the approved participant who arranges a block trade must provide satisfactory evidence that the block trade has been arranged in accordance with the Rules of the Bourse. Failure to provide satisfactory evidence of compliance with these Rules may result in the initiation of disciplinary action.

In accordance with article 6380 4) of the Rules of [the Bourse de Montréal Inc. \(the "Bourse"\)](#), the following are the eligible securities and derivative instruments, the relevant prescribed time delays and the minimum volume thresholds for the execution of block trades.

Table 1: Prescribed time delays and minimum volume thresholds for eligible securities and derivative instruments for the execution of block trades

ELIGIBLE SECURITIES AND DERIVATIVE INSTRUMENTS	PRESCRIBED TIME DELAY	MINIMUM VOLUME THRESHOLD
	(As soon as practicable and in any event within the following time delay)	
30-Day Overnight Repo Rate Futures Contracts (ONX)	15 minutes	1,000 contracts
Overnight Index Swap Futures Contracts (OIS)	15 minutes	200 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB)	15 minutes	1,500 contracts
Two-Year Government of Canada Bond Futures Contracts (CGZ)	15 minutes	500 contracts
30-Year Government of Canada Bond Futures Contracts (LGB)	15 minutes	500 contracts
Five-Year Government of Canada Bond Futures Contracts (CGF)	15 minutes	500 contracts
Options on Three-Month Canadian Bankers Acceptance Futures Contracts	15 minutes	2,000 contracts
Canadian Crude Oil Futures Contracts	15 minutes	100 contracts
Futures contracts on the FTSE Emerging Markets Index	15 minutes	100 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	15 minutes	1,000 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	15 minutes	500 contracts

Table 2. : Block trades priced at a basis to the index close (BIC) on FTSE Emerging Markets Index Futures Contracts

- a) Once a block trade BIC has been arranged, in accordance with the predetermined minimum volume threshold level as determined and published by the Bourse, details of the block trade BIC must be reported to the Bourse by contacting a market official of the Bourse's Market Operations Department at 1-888-693-6366 or at 514 871-7871 within the period of time prescribed by the Bourse. Approved participants for both the seller and buyer must subsequently complete and submit a Block Trade Reporting Form as stipulated above, specifying the agreed-upon basis in lieu of the price. The Bourse will disseminate the relevant information through its website at www.m-x.ca.
- b) Approved participants for both the seller and buyer must also complete and submit a second Block Trade Reporting Form to the Bourse's Market Operations Department after 9:30 p.m. GMT on the next trading day, once the closing price of the relevant index has been published.
- c) In addition to the agreed-upon basis, this second form must specify both the closing level of the index and the price of the BIC to the nearest 0.01 index point increment. The Bourse will disseminate the relevant information both through its website at www.m-x.ca and also through its High Speed Vendor Feed.

In accordance with article 6380 6) of the Rules of the Bourse, the following are the eligible securities and derivative instruments, the relevant prescribed time delays, the minimum volume thresholds and the second Block Trade Reporting Form filing requirements for the execution of block trades priced at a basis to the index close (BIC).

ELIGIBLE SECURITIES AND DERIVATIVE INSTRUMENTS	EXECUTION OF BLOCK TRADES PRICED AT A BASIS TO THE INDEX CLOSE (BICS)
Futures contracts on the FTSE Emerging Markets Index	<p>Approved participants for both the seller and buyer must complete and submit a Block Trade Reporting Form as stipulated above, specifying the agreed-upon basis in lieu of the price. The Bourse will disseminate the relevant information through its website at www.m-x.ca.</p> <p>Approved participants for both the seller and buyer must also complete and submit a second block trade reporting form to the Bourse's Market Operations Department after 9:30 p.m. GMT on the next trading day, once the closing price of the index has been published.</p> <p>In addition to the agreed-upon basis, this second form must specify both the closing level of the index and the price of the BIC to the nearest 0.01 index point increment. The Bourse will disseminate the relevant information both through its website at www.m-x.ca and also through its High Speed Vendor Feed.</p>

Table 23: Prescribed time delays, and minimum volume thresholds and second Block Trade Reporting Form filing requirements for eligible securities and derivative instruments for the execution of block trades priced at a

basis to the index close (BIC) on ~~FTSE Emerging Markets Index Futures~~ Contracts

ELIGIBLE SECURITIES AND DERIVATIVE INSTRUMENTS	PRESCRIBED TIME DELAY	MINIMUM VOLUME THRESHOLD	<u>FILING OF SECOND BLOCK TRADE REPORTING FORM</u>
	(As soon as practicable and in any event within the following time delay)		
Futures contracts on the FTSE Emerging Markets Index	15 minutes	100 contracts	After 9:30 p.m. GMT on the next trading day
<u>Futures contracts on S&P/TSX indices and sectorial indices</u>	<u>15 minutes</u>	<u>100 contracts</u>	<u>After 4:00 p.m. ET on the same trading day</u>

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PROCEDURES FOR THE EXECUTION OF BLOCK TRADES

1. Block Trades

- a) Once a block trade has been arranged, in accordance with the predetermined minimum volume threshold level as determined and published by the Bourse, details of the block trade must be reported to the Bourse by contacting a market official of the Bourse's Market Operations Department at 1-888-693-6366 or at 514 871-7871 within the period of time prescribed by the Bourse.
- b) Approved participants for both the seller and buyer must complete and electronically submit the Block Trade Reporting Form, available on the Bourse's web site at http://www.m-x.ca/rob_formulaire_en.php, to the Bourse's Market Operations Department for validation.
- c) A market official will check the validity of the block trade details submitted by the approved participant(s).
- d) Confirmation by a market official of a block trade transaction will not preclude the Bourse from initiating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the rules.
- e) Once the block trade has been validated and processed, the following information with respect to the block trade will be disseminated by the Bourse:
 - i) date and time of transaction;
 - ii) security(ies) or derivative instrument(s) and contract month(s);
 - iii) price of each contract month(s) and strike price(s) (as applicable); and
 - iv) volume of each contract month.
- f) Upon the Bourse's request, the approved participant who arranges a block trade must provide satisfactory evidence that the block trade has been arranged in accordance with the Rules of the Bourse. Failure to provide satisfactory evidence of compliance with these Rules may result in the initiation of disciplinary action.

In accordance with article 6380 4) of the Rules of the Bourse, the following are the eligible securities and derivative instruments, the relevant prescribed time delays and the minimum volume thresholds for the execution of block trades.

Table 1: Prescribed time delays and minimum volume thresholds for eligible securities and derivative instruments for the execution of block trades

ELIGIBLE SECURITIES AND DERIVATIVE INSTRUMENTS	PRESCRIBED TIME DELAY	MINIMUM VOLUME THRESHOLD
	(As soon as practicable and in any event within the following time delay)	
30-Day Overnight Repo Rate Futures Contracts (ONX)	15 minutes	1,000 contracts
Overnight Index Swap Futures Contracts (OIS)	15 minutes	200 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB)	15 minutes	1,500 contracts
Two-Year Government of Canada Bond Futures Contracts (CGZ)	15 minutes	500 contracts
30-Year Government of Canada Bond Futures Contracts (LGB)	15 minutes	500 contracts
Five-Year Government of Canada Bond Futures Contracts (CGF)	15 minutes	500 contracts
Options on Three-Month Canadian Bankers Acceptance Futures Contracts	15 minutes	2,000 contracts
Canadian Crude Oil Futures Contracts	15 minutes	100 contracts
Futures contracts on the FTSE Emerging Markets Index	15 minutes	100 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	15 minutes	1,000 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	15 minutes	500 contracts

2. Block trades priced at a basis to the index close (BIC)

- a) Once a BIC has been arranged, in accordance with the predetermined minimum volume threshold level as determined and published by the Bourse, details of the BIC must be reported to the Bourse by contacting a market official of the Bourse's Market Operations Department at 1-888-693-6366 or at 514 871-7871 within the period of time prescribed by the Bourse. Approved participants for both the seller and buyer must subsequently complete and submit a Block Trade Reporting Form as stipulated above, specifying the agreed-upon basis in lieu of the price. The Bourse will disseminate the relevant information through its website at www.m-x.ca.
- b) Approved participants for both the seller and buyer must also complete and submit a second Block Trade Reporting Form to the Bourse's Market Operations Department once the closing price of the relevant index has been published.
- c) In addition to the agreed-upon basis, this second form must specify both the closing level of the index and the price of the BIC to the nearest 0.01 index point increment. The Bourse will disseminate the relevant information both through its website at www.m-x.ca and also through its High Speed Vendor Feed.

In accordance with article 6380 6) of the Rules of the Bourse, the following are the eligible securities and derivative instruments, the relevant prescribed time delays, the minimum volume thresholds and the second Block Trade Reporting Form filing requirements for the BIC.

Table 2: Prescribed time delays, minimum volume thresholds and second Block Trade Reporting Form filing requirements for eligible securities and derivative instruments for the execution of block trades priced at a basis to the index close (BIC)

ELIGIBLE SECURITIES AND DERIVATIVE INSTRUMENTS	PRESCRIBED TIME DELAY	MINIMUM VOLUME THRESHOLD	FILING OF SECOND BLOCK TRADE REPORTING FORM
	(As soon as practicable and in any event within the following time delay)		
Futures contracts on the FTSE Emerging Markets Index	15 minutes	100 contracts	After 9:30 p.m. GMT on the next trading day
Futures contracts on S&P/TSX indices and sectorial indices	15 minutes	100 contracts	After 4:00 p.m. ET on the same trading day

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Circulaire 115-15 : Résumé des commentaires et réponses

Remarque : La seule lettre de commentaires reçue appuie la proposition.

N°	Date de réception du commentaire	Résumé des commentaires	Résumé des réponses
1.	23 oct. 2015	L'intervenant supporte les amendements proposés. Il considère que les amendements proposés vont faciliter la négociation par l'introduction d'opérations en bloc sur la base de la valeur de clôture de l'indice pour les contrats à terme sur indice S&P/TSX et sur indice sectoriel.	La Bourse remercie l'intervenant pour son temps, l'examen des modifications proposées et pour son soutien envers les amendements proposés.