



CIRCULAR 009-20

January 27, 2020

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTREAL INC. TO INTRODUCE THE S&P/MX INTERNATIONAL CANNABIS INDEX FUTURES

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) and the Special Committee of the Regulatory Division of the Bourse approved amendments to the Rules of the Bourse in order to introduce the S&P/MX International Cannabis Index Futures. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached herewith will become effective on **January 30, 2020**, after market close. Please note that the revised articles will also be available on the Bourse’s website (www.m-x.ca).

For additional information, please contact Alexandre Normandeau, Legal Counsel, at 514-787-6623 or by email at alexandre.normandeau@tmx.com.

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PART 6 – TRADING RULES

Article 6.205 Prearranged Transactions

- (a) In general. For the purpose of this Article, “communication” means any communication for the purpose of discerning interest in the execution of a Transaction in the Electronic Trading System prior to the exposure of the order to the market. Any communication that relates to the size, side of market or price of an order, or a potentially forthcoming order, constitutes a communication to prearrange a Transaction.
- (b) The parties to a Transaction may engage in communications to prearrange a Transaction on the Electronic Trading System in an eligible derivative in the minimum amount specified where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the Transaction, in accordance with the following conditions:
- (i) A customer consent to the Approved Participant engaging in prearranging communications on the customer’s behalf. The consent of the client, in whatever form, must be communicated to the Bourse upon request;
- (ii) After the first order for the prearranged Transaction is entered into the Electronic Trading System the parties may not enter the second order for the prearranged Transaction until the following specified time period has elapsed as follows:

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
Three-Month Canadian Bankers’ Acceptance Futures Contracts (BAX):		
1st four quarterly months – not including serial months	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Thirty-Day Overnight “Repo” Rate Futures Contracts (ONX):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Overnight Index Swap Futures Contracts (OIS):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Government of Canada Bond Futures Contracts:		

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
All expiry months and strategies	5 seconds	No threshold
Futures Contracts on S&P/TSX <u>and S&P/MX</u> Indices:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures Contracts on the FTSE Emerging Markets Index:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts (OGB):		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Equity, ETF and Currency Options:		
All expiry months	0 seconds	≥ 100 contracts
All expiry months	5 seconds	< 100 contracts
All UDS Strategies	5 seconds	No Threshold
Index Options:		
All expiry months	0 seconds	≥ 50 contracts
All expiry months	5 seconds	< 50 contracts
All UDS Strategies	5 seconds	No Threshold
Canadian Share Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures and Options on Futures Inter-Group Strategies		

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
All strategies	5 seconds	No threshold

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

[...]

- (c) **Committed Orders.** Committed orders may not be used to execute any Transaction under this Article or Article 6.202 having a prescribed time delay longer than zero seconds, and may be used for such Transactions only for the following products subject to the minimum volume threshold:

ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS	MINIMUM VOLUME THRESHOLD
All expiry months and strategies	
Futures Contracts on S&P/TSX, <u>S&P/MX</u> and FTSE Emerging Markets Indices	100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts	250 contracts
Canadian Share Futures Contracts	100 contracts
All expiry months and excluding UDS strategies	
Equity, ETF and Currency Options	100 contracts
Index Options	50 contracts
Basis Trade on Close	
Futures Contracts on S&P/TSX <u>and S&P/MX</u> Indices	100 contracts
Canadian Share Futures Contracts	100 contracts

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

[...]

Article 6.206 Block Trades

[...]

- (d) **Block Trades Priced at a Basis to Index Close.** Approved Participants may mutually agree to price a block Trade at a positive or negative increment (“basis”) to the price at which the Index underlying an eligible

contract will close (“BIC”), for any Trading Day except the last Trading Day of an expiring contract month, subject to the conditions in paragraph (a) of this Article and the following additional condition:

- (i) The Approved Participants shall report the basis along with other Trade details in accordance with the requirements of paragraph (a) (ix) of this Article, and shall submit to the Bourse’s Market Operations Department a second Block Trade Reporting Form which includes the agreed-upon basis, the closing level of the Underlying Index and the price of the block trade to the nearest 0.01 Index point increment within the time required as follows:

ELIGIBLE DERIVATIVES	MINIMUM VOLUME THRESHOLD	PRESCRIBED TIME BY WHICH TO FILE BLOCK TRADE REPORTING FORM	PRESCRIBED TIME BY WHICH TO FILE SECOND BLOCK TRADE REPORTING FORM No sooner than
Futures contracts on the FTSE Emerging Markets Index	100 contracts	Within 15 minutes	9:30 p.m. GMT on the next trading day
Futures contracts on S&P/TSX <u>and S&P/MX</u> Indices and sectorial Indices	100 contracts	Within 15 minutes	4:00 p.m. ET on the same trading day

[...]

Article 6.208 Exchange of Futures for Related Products

- (a) EFRP Transactions in general. Exchanges of Futures for Related Products (“EFRP”) Transactions involving Futures Contracts listed and traded on the Bourse are permitted if such Transactions are executed in accordance with the requirements of this Article. An EFRP Transaction is composed of the privately negotiated execution of a Bourse Futures Contract and the opposite, simultaneous execution of an approximately equivalent quantity or value of cash product, by-product, related product, or Over-The-Counter (“OTC”) Derivative Instrument underlying the Futures Contract.
 - (i) An EFRP Transaction is permitted to be executed off of the Trading System pursuant to Article 6.204 if such Transaction is conducted in accordance with each of the requirements and conditions of this Article.

- (ii) The following separate types of Transactions are referred to collectively as EFRP Transaction under this Article, and are included under, and subject to, its provisions:
 - (1) Exchange for Physical (“EFP”) – the simultaneous execution of a Bourse Futures Contract and a corresponding cash market transaction; and
 - (2) Exchange for Risk (“EFR”) – the simultaneous execution of a Bourse Futures Contract and a corresponding OTC swap or other OTC derivative transaction.
- (iii) Each party to an EFRP Transaction must be an accredited counterparty as defined in Section 3 of the Derivatives Act.
- (iv) The accounts involved on each side of an EFRP Transaction must:
 - (1) have different beneficial ownership;
 - (2) have the same beneficial ownership, but are under separate control;
 - (3) have accounts that are commonly controlled, but involve separate legal entities which may or may not have the same beneficial ownership; or
 - (4) when the parties to an EFRP Transaction involve the same legal entity, same beneficial ownership, or separate legal entities under common control, the parties must be able to demonstrate that the exchange Transaction was a legitimate arms-length Transaction.
- (v) The cash market instrument leg of the EFRP Transaction must provide for, and result in, the transfer of ownership of the cash market instrument within the time customary in the applicable cash market or in OTC practice. If the seller does not have actual possession of the cash market or OTC Derivative Instrument before execution of the EFRP, the seller must be able to demonstrate an ability to satisfy the Delivery requirement.
- (vi) With regard to the Futures leg of an EFRP, if the minimum price fluctuation of Transactions in the Futures Contract vary by strategy or otherwise, such as variation in the minimum price fluctuation for equity Index Futures Contracts between outright and calendar spread Transactions, the minimum price fluctuation of the EFRP Futures component shall be the lowest minimum price fluctuation provided for in the Rules with regard to the Futures Contract.

- (vii) The Approved Participants involved in an EFRP, upon request by the Bourse, must be able to demonstrate that:
- (1) the related Futures and cash or OTC position are reasonably correlated, with a correlation of $R=0.70$ or greater, calculated using any generally accepted methodology, for all EFRP Transactions except as otherwise specifically provided, each such correlation based on daily price data for a period of at least six (6) months or weekly price data for a period of at least one (1) year; and
 - (2) the quantity or value of the cash or OTC component of the EFRP Transaction must be approximately equivalent to the quantity or value of the Futures Contract.
- (viii) The price at which an EFRP Transaction is arranged and mutually agreed upon by parties to the Transaction must be “reasonable” in light of, notably: (w) the size of the Transaction; (x) currently traded prices and bid and ask prices in the same contract (y) the underlying markets; and (z) general market conditions, all at the time of the Transaction.
- (ix) It is prohibited to effect an EFRP Transaction for the purpose of reporting, registering or recording a non-*bona fide* price or entering into a Transaction which is a “wash sale”, an accommodation trade or a fictitious sale.
- (x) Neither party to an EFRP Transaction may enter into the Transaction to circumvent the contract month roll in the corresponding Security or Derivative Instrument.
- (b) EFPs. EFP Transactions on the following Futures Contracts and the related physical or cash instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable physical or cash instrument
Interest Rates Futures Contracts	Fixed income instruments with a correlation coefficient (R) of 0.70 or more, calculated using any generally accepted methodology, maturities and risk characteristics that parallel the underlying instrument of the Futures Contracts or the Futures Contract itself where the use of the Underlying Interest is not practical due to a lack of available market data, including but not limited to:

	<ul style="list-style-type: none"> • Money market instruments including asset backed commercial paper, • Government of Canada and Federal Crown Corporation fixed income instruments • Provincials fixed income instruments, • Investment grade corporates including Maple Bonds and mortgage instruments including collateralized mortgage obligations (CMOs), or • Fixed income instruments denominated in the currency of a G7 member country
<p>Futures Contracts on <u>S&P/TSX and S&P/MX</u> Indices</p> <p>Futures contracts on the FTSE Emerging Markets Index</p>	<ul style="list-style-type: none"> • Stock baskets reasonably correlated with the Underlying Index with a correlation coefficient (R) of 0.90 or more, calculated using any generally accepted methodology, having a weight of at least 50% of the Underlying Index or including at least 50% of the Securities of the Underlying Index. The notional value of the basket must be fairly equal to the value of the Futures Contract component of the exchange Transaction, or • Exchange-traded funds that mirror the Index Futures Contract
Share Futures Contracts	<ul style="list-style-type: none"> • Underlying Interest of the Futures Contract

(c) EFRs. EFR Transactions on the following Futures Contracts and the related OTC Derivative Instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable Over-the-Counter Derivative Instrument
Bonds Futures Contracts	<p>i) Interest Rate Swaps with the following characteristics:</p> <ul style="list-style-type: none"> • Plain vanilla; • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments, • Denominated in currency of G7 country, and

	<ul style="list-style-type: none"> • Correlation R= 0.70 or greater, calculated using any generally accepted methodology. <p>Or</p> <p>ii) Any individual or combination of OTC Bond, interest rate swap or FRA options (e.g. caps, floors, collars).</p>
Short-term interest rate Futures contracts	<p>i) Any OTC swap or options with characteristics noted above with respect to EFR for Bonds;</p> <p>or</p> <p>ii) Forward Rate Agreements (FRAs) with the following characteristics:</p> <ul style="list-style-type: none"> • Conventional FRA, • Written under the terms of an ISDA® Master Agreement, • Predetermined interest rate, • Agreed start/end date, and • Defined interest (repo) rate.
Stock Index	<p>i) Index Swaps with the following characteristics:</p> <ul style="list-style-type: none"> • Plain vanilla swap, • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments against the positive or negative performance of a stock, exchange-traded fund (ETF), basket of Securities or a stock Index, • Denominated in currency of G7 country, and • Correlation R= 0.90 or greater, using a generally accepted methodology; <p>or</p> <p>ii) Any individual or combination of OTC equity or stock Index option positions;</p> <p>or</p> <p>iii) Index Forwards:</p> <p>Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), basket of Securities or stock Index at a predetermined price for settlement at a future date.</p>
Shares	<p>i) Equity Swaps with the following characteristics:</p>

	<ul style="list-style-type: none"> • Plain vanilla swap, • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments against the positive or negative performance of a stock, exchange-traded fund (ETF), trust unit, basket of Securities or a stock Index, • Denominated in currency of G7 country; <p>or</p> <p>ii) Any individual or combination of OTC equity Option positions;</p> <p>or</p> <p>iii) Equity Forwards: Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), trust unit, basket of Securities or stock Index at a predetermined price for settlement at a future date.</p>
Commodities	<p>i) Commodities Swaps or Forwards with the following characteristics:</p> <ul style="list-style-type: none"> • Written under the terms of an ISDA® Master Agreement, • Correlation R = 0.80 or greater, calculated using any generally accepted methodology.

- (d) Reporting EFRP Transactions. Approved Participants for both the seller and buyer must report within one hour upon determination of all the relevant terms of the Transaction to the Market Operations Department on the Special Terms Transaction Reporting Form available at <http://sttrf-frots.m-x.ca/> each EFRP Transaction executed during the trading hours of the applicable Futures Contract. For those EFRP Transactions executed after such trading hours, the Transaction shall be reported to the Bourse no later than 10:00 a.m. (Montréal time) on the Trading Day following execution. The Market Operations Department will validate the details of the report before accepting the Transaction (which is not a confirmation by the Bourse that the EFRP Transaction has been effected in accordance with this Article).
- (e) Books and records of EFRP Transactions. Each party to an EFRP Transaction must maintain full and complete records and documentary evidence relating to the EFRP, including but not limited to all records relating to the purchase or sale of the cash market or OTC derivative

component of the Transaction and to any transfer of funds or ownership made in connection with such Transaction. Such records include, but are not limited to, documentation customarily generated in accordance with market practice, such as cash account statements, Trade confirmation statements, ISDA® Master Agreements or other documents of title; third party documentation supporting proof of payment or transfer of title, such as canceled checks, bank statements; cash account statements and cash instruments Clearing Corporation documents. In addition, Futures Contracts order tickets (which must clearly indicate the time of execution of the EFRP Transaction) must be maintained. If the price at which the EFRP Transaction is arranged is not within the prevailing market prices at the time of the Transaction, such records must demonstrate that the price is reasonable. Records related to the Transaction must be provided to the Bourse upon request and it is the responsibility of the Approved Participant to obtain and provide on a timely basis records of their clients as requested by the Bourse.

- (f) In all circumstances, an EFRP Transaction can only be arranged by the Approved Participant's Approved Persons.

[...]

Article 6.210 Trade Cancellation and or Price Adjustment

[...]

- (h) No-Review Range. The Bourse will determine the limits of the No-Review Range by determining what was the acceptable market price for the Derivative Instrument before the Trade under review occurred based upon all relevant information, including the last Trade price, a better bid or offer, a more recent price for a related Derivative Instrument (for example a different expiry month) and the prices of similar Derivative Instruments trading on other markets once the acceptable market price is established, the Bourse applies the following increments to determine the limits of the No-Review Range;

DERIVATIVE INSTRUMENT	INCREMENT
Three-Month Canadian Bankers' Acceptance Futures – BAX (all quarterly and serial months)	5 basis points
Three-Month Canadian Bankers' Acceptance Futures – BAX Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments

DERIVATIVE INSTRUMENT	INCREMENT
Options on Three-Month Canadian Bankers' Acceptance Futures	5 basis points
Two-Year Government of Canada Bond Futures (CGZ) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Five-Year Government of Canada Bond Futures (CGF) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Ten-Year Government of Canada Bond Futures (CGB) - Regular strategy orders	40 basis points 20 basis points
Thirty-Year Government of Canada Bond Futures (LGB) - Regular strategy orders - Implied Strategy orders	40 basis points 40 basis points Sum of strategy's individual legs' increments
Options on Government of Canada Bond Futures	40 basis points
Futures Contracts on S&P/TSX <u>and S&P/MX</u> Indices and on the FTSE Emerging Markets Index - Regular strategy orders and Basis Trade on Close	1% of the acceptable market price of these Futures Contracts 5% of the increments for the outright month
Thirty-Day Overnight Repo Rate Futures Regular strategy orders	5 basis points 5 basis points
Overnight Index Swap Futures	5 basis points
Overnight Index Swap Futures – OIS Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments.
Futures and Options on Futures Inter-Group Strategies: - Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Equity, Currency, ETF and Index Options Price ranges:	
Below \$2.00	\$0.25
\$2.00 to \$5.00	\$0.40
Above \$5.00 to \$10.00	\$0.50

DERIVATIVE INSTRUMENT	INCREMENT
Above \$10.00 to \$20.00 Above \$20.00 to \$50.00 Above \$50.00 to \$100.00 Above \$100.00	\$0.80 \$1.00 \$1.50 \$2.00
Equity, Currency, ETF and Index Options Strategies: - Regular strategy orders - Implied strategy orders	Sum of the strategy's individual legs' increments
Canadian Share Futures Contracts ; and Canadian Share Futures Contracts: Basis Trade on Close	1. 0.50\$, if the acceptable market price of these Futures Contracts is less than 25\$; 2. 1.00\$, if the acceptable market price of these Futures Contracts is equal to or higher than 25\$ but less than 100\$; 3. 1% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.
Canadian Shares futures Contracts - Regular strategy orders	1. 0.12\$, if the acceptable market price of these Futures Contracts is less than 25\$; 2. 0.25\$, if the acceptable market price of these Futures Contracts is equal to or higher than 25\$ but less than 100\$; 3. 0.25% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.

[...]

Appendix 6E—Daily Settlement Price Procedures for Futures Contracts and Options on Futures Contracts

Appendix 6E-4 DESCRIPTION

[...]

Appendix 6E-4.2 FUTURES CONTRACTS ON S&P/TSX AND S&P/MX INDICES, AND ON THE FTSE EMERGING MARKETS INDEX

The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. for all contract months. In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the Settlement Price shall be the same as the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

- (a) Main Procedure.
 - (i) Booked orders. If there is an unfilled order with a higher bid or lower offer in an outright month, this bid or offer will override the Settlement Price obtained from the weighted average. The order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
 - (ii) Last Trades. If there are no Trades in the calculation period, then the last Trade before the calculation period will be taken into account while still respecting posted bids and offers in the market.
- (b) First Ancillary Procedure. When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this Chapter will apply.
 - (i) The front month must be settled first (the establishment of the front month is based on the month with the greatest Open Interest).
 - (ii) The spread between the two contract months must be settled next by taking into account the average trading price of the calculation period and by examining the Trades executed during the previous 10 minutes.
 - (iii) The Settlement Price for the back month or far month is obtained by the difference between the front month Settlement Price and the value of the spread.
- (c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply.
 - (i) Market Supervisors will post a Settlement Price that will reflect the same differential that was applied on the previous day settlement. The Settlement Price will be adjusted accordingly to respect that contract's previous Settlement Price.
- (d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraph (b) and in paragraph (c), the following ancillary procedure will apply. In this situation, Market Supervisors will establish the Settlement Price based on available market information. They may also disregard any event (Trade,

bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, Market Supervisors will keep a record of the criteria used to establish the Settlement Price.

[...]

Article 6.500 Reports of Accumulated Positions

[...]

- (ii) For Futures Contracts and the related Options on Futures Contracts:
 - (1) 300 contracts, in the case of Futures Contracts and Options on Futures Contracts on Three-Month Canadian Bankers' Acceptance Futures (BAX and OBX), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. In this case, one Options contract (OBX) is equal to one Futures Contract (BAX);
 - (2) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);
 - (3) 250 contracts, in the case of Futures and Options on Futures Contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. For the purposes of aggregating positions, one Options contract (OGB) is equal to one Futures Contract (CGB);
 - (4) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
 - (5) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
 - (6) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both Futures Contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);
 - (7) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);

(8) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);

~~(9)~~ 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU);

~~(9)~~(10) 500 contracts, in the case of S&P/MX International Cannabis Index Futures; and

~~(10)~~(11) 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index;

(iii) The Bourse may, at its discretion, impose the application of any other reporting threshold that is more severe and lower than those provided in the Rules.

[...]

PART 10 – LIABILITY AND DISCLAIMERS

Article 10.100 Standard & Poor’s (S&P)

S&P Dow Jones Indices LLC (“S&P”) licenses the Bourse to use various S&P/TSX and S&P/MX indices in connection with the trading of Bourse futures exchange-traded contracts and options on futures exchange-traded contracts and options exchange-traded contracts based upon such indices. S&P, its affiliates and their third party licensors shall have no liability for any damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating the indices. None of the futures exchange-traded contracts, options on futures exchange-traded contracts or options exchange-traded contracts are sponsored, endorsed, sold or promoted by S&P, its affiliates or third party licensors.

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PART 6 – TRADING RULES

Article 6.205 Prearranged Transactions

- (a) In general. For the purpose of this Article, “communication” means any communication for the purpose of discerning interest in the execution of a Transaction in the Electronic Trading System prior to the exposure of the order to the market. Any communication that relates to the size, side of market or price of an order, or a potentially forthcoming order, constitutes a communication to prearrange a Transaction.
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- (ii) After the first order for the prearranged Transaction is entered into the Electronic Trading System the parties may not enter the second order for the prearranged Transaction until the following specified time period has elapsed as follows:

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1st four quarterly months – not including serial months	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Thirty-Day Overnight “Repo” Rate Futures Contracts (ONX):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Overnight Index Swap Futures Contracts (OIS):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Government of Canada Bond Futures Contracts:		

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
All expiry months and strategies	5 seconds	No threshold
Futures Contracts on S&P/TSX and S&P/MX Indices:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures Contracts on the FTSE Emerging Markets Index:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts (OGB):		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Equity, ETF and Currency Options:		
All expiry months	0 seconds	≥ 100 contracts
All expiry months	5 seconds	< 100 contracts
All UDS Strategies	5 seconds	No Threshold
Index Options:		
All expiry months	0 seconds	≥ 50 contracts
All expiry months	5 seconds	< 50 contracts
All UDS Strategies	5 seconds	No Threshold
Canadian Share Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures and Options on Futures Inter-Group Strategies		

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
All strategies	5 seconds	No threshold

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

[...]

- (c) **Committed Orders.** Committed orders may not be used to execute any Transaction under this Article or Article 6.202 having a prescribed time delay longer than zero seconds, and may be used for such Transactions only for the following products subject to the minimum volume threshold:

ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS	MINIMUM VOLUME THRESHOLD
All expiry months and strategies	
Futures Contracts on S&P/TSX, S&P/MX and FTSE Emerging Markets Indices	100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts	250 contracts
Canadian Share Futures Contracts	100 contracts
All expiry months and excluding UDS strategies	
Equity, ETF and Currency Options	100 contracts
Index Options	50 contracts
Basis Trade on Close	
Futures Contracts on S&P/TSX and S&P/MX Indices	100 contracts
Canadian Share Futures Contracts	100 contracts

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

[...]

Article 6.206 Block Trades

[...]

- (d) **Block Trades Priced at a Basis to Index Close.** Approved Participants may mutually agree to price a block Trade at a positive or negative increment (“basis”) to the price at which the Index underlying an eligible

contract will close (“BIC”), for any Trading Day except the last Trading Day of an expiring contract month, subject to the conditions in paragraph (a) of this Article and the following additional condition:

- (i) The Approved Participants shall report the basis along with other Trade details in accordance with the requirements of paragraph (a) (ix) of this Article, and shall submit to the Bourse’s Market Operations Department a second Block Trade Reporting Form which includes the agreed-upon basis, the closing level of the Underlying Index and the price of the block trade to the nearest 0.01 Index point increment within the time required as follows:

ELIGIBLE DERIVATIVES	MINIMUM VOLUME THRESHOLD	PRESCRIBED TIME BY WHICH TO FILE BLOCK TRADE REPORTING FORM	PRESCRIBED TIME BY WHICH TO FILE SECOND BLOCK TRADE REPORTING FORM No sooner than
Futures contracts on the FTSE Emerging Markets Index	100 contracts	Within 15 minutes	9:30 p.m. GMT on the next trading day
Futures contracts on S&P/TSX and S&P/MX Indices and sectorial Indices	100 contracts	Within 15 minutes	4:00 p.m. ET on the same trading day

[...]

Article 6.208 Exchange of Futures for Related Products

- (a) EFRP Transactions in general. Exchanges of Futures for Related Products (“EFRP”) Transactions involving Futures Contracts listed and traded on the Bourse are permitted if such Transactions are executed in accordance with the requirements of this Article. An EFRP Transaction is composed of the privately negotiated execution of a Bourse Futures Contract and the opposite, simultaneous execution of an approximately equivalent quantity or value of cash product, by-product, related product, or Over-The-Counter (“OTC”) Derivative Instrument underlying the Futures Contract.
 - (i) An EFRP Transaction is permitted to be executed off of the Trading System pursuant to Article 6.204 if such Transaction is conducted in accordance with each of the requirements and conditions of this Article.

- (ii) The following separate types of Transactions are referred to collectively as EFRP Transaction under this Article, and are included under, and subject to, its provisions:
 - (1) Exchange for Physical (“EFP”) – the simultaneous execution of a Bourse Futures Contract and a corresponding cash market transaction; and
 - (2) Exchange for Risk (“EFR”) – the simultaneous execution of a Bourse Futures Contract and a corresponding OTC swap or other OTC derivative transaction.
- (iii) Each party to an EFRP Transaction must be an accredited counterparty as defined in Section 3 of the Derivatives Act.
- (iv) The accounts involved on each side of an EFRP Transaction must:
 - (1) have different beneficial ownership;
 - (2) have the same beneficial ownership, but are under separate control;
 - (3) have accounts that are commonly controlled, but involve separate legal entities which may or may not have the same beneficial ownership; or
 - (4) when the parties to an EFRP Transaction involve the same legal entity, same beneficial ownership, or separate legal entities under common control, the parties must be able to demonstrate that the exchange Transaction was a legitimate arms-length Transaction.
- (v) The cash market instrument leg of the EFRP Transaction must provide for, and result in, the transfer of ownership of the cash market instrument within the time customary in the applicable cash market or in OTC practice. If the seller does not have actual possession of the cash market or OTC Derivative Instrument before execution of the EFRP, the seller must be able to demonstrate an ability to satisfy the Delivery requirement.
- (vi) With regard to the Futures leg of an EFRP, if the minimum price fluctuation of Transactions in the Futures Contract vary by strategy or otherwise, such as variation in the minimum price fluctuation for equity Index Futures Contracts between outright and calendar spread Transactions, the minimum price fluctuation of the EFRP Futures component shall be the lowest minimum price fluctuation provided for in the Rules with regard to the Futures Contract.

- (vii) The Approved Participants involved in an EFRP, upon request by the Bourse, must be able to demonstrate that:
- (1) the related Futures and cash or OTC position are reasonably correlated, with a correlation of $R=0.70$ or greater, calculated using any generally accepted methodology, for all EFRP Transactions except as otherwise specifically provided, each such correlation based on daily price data for a period of at least six (6) months or weekly price data for a period of at least one (1) year; and
 - (2) the quantity or value of the cash or OTC component of the EFRP Transaction must be approximately equivalent to the quantity or value of the Futures Contract.
- (viii) The price at which an EFRP Transaction is arranged and mutually agreed upon by parties to the Transaction must be “reasonable” in light of, notably: (w) the size of the Transaction; (x) currently traded prices and bid and ask prices in the same contract (y) the underlying markets; and (z) general market conditions, all at the time of the Transaction.
- (ix) It is prohibited to effect an EFRP Transaction for the purpose of reporting, registering or recording a non-*bona fide* price or entering into a Transaction which is a “wash sale,” an accommodation trade or a fictitious sale.
- (x) Neither party to an EFRP Transaction may enter into the Transaction to circumvent the contract month roll in the corresponding Security or Derivative Instrument.
- (b) EFPs. EFP Transactions on the following Futures Contracts and the related physical or cash instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable physical or cash instrument
Interest Rates Futures Contracts	Fixed income instruments with a correlation coefficient (R) of 0.70 or more, calculated using any generally accepted methodology, maturities and risk characteristics that parallel the underlying instrument of the Futures Contracts or the Futures Contract itself where the use of the Underlying Interest is not practical due to a lack of available market data, including but not limited to:

	<ul style="list-style-type: none"> • Money market instruments including asset backed commercial paper, • Government of Canada and Federal Crown Corporation fixed income instruments • Provincials fixed income instruments, • Investment grade corporates including Maple Bonds and mortgage instruments including collateralized mortgage obligations (CMOs), or • Fixed income instruments denominated in the currency of a G7 member country
<p>Futures Contracts on S&P/TSX and S&P/MX Indices</p> <p>Futures contracts on the FTSE Emerging Markets Index</p>	<ul style="list-style-type: none"> • Stock baskets reasonably correlated with the Underlying Index with a correlation coefficient (R) of 0.90 or more, calculated using any generally accepted methodology, having a weight of at least 50% of the Underlying Index or including at least 50% of the Securities of the Underlying Index. The notional value of the basket must be fairly equal to the value of the Futures Contract component of the exchange Transaction, or • Exchange-traded funds that mirror the Index Futures Contract
Share Futures Contracts	<ul style="list-style-type: none"> • Underlying Interest of the Futures Contract

(c) EFRs. EFR Transactions on the following Futures Contracts and the related OTC Derivative Instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable Over-the-Counter Derivative Instrument
Bonds Futures Contracts	<p>i) Interest Rate Swaps with the following characteristics:</p> <ul style="list-style-type: none"> • Plain vanilla; • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments, • Denominated in currency of G7 country, and

	<ul style="list-style-type: none"> • Correlation R= 0.70 or greater, calculated using any generally accepted methodology. <p>Or</p> <p>ii) Any individual or combination of OTC Bond, interest rate swap or FRA options (e.g. caps, floors, collars).</p>
Short-term interest rate Futures contracts	<p>i) Any OTC swap or options with characteristics noted above with respect to EFR for Bonds;</p> <p>or</p> <p>ii) Forward Rate Agreements (FRAs) with the following characteristics:</p> <ul style="list-style-type: none"> • Conventional FRA, • Written under the terms of an ISDA® Master Agreement, • Predetermined interest rate, • Agreed start/end date, and • Defined interest (repo) rate.
Stock Index	<p>i) Index Swaps with the following characteristics:</p> <ul style="list-style-type: none"> • Plain vanilla swap, • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments against the positive or negative performance of a stock, exchange-traded fund (ETF), basket of Securities or a stock Index, • Denominated in currency of G7 country, and • Correlation R= 0.90 or greater, using a generally accepted methodology; <p>or</p> <p>ii) Any individual or combination of OTC equity or stock Index option positions;</p> <p>or</p> <p>iii) Index Forwards:</p> <p>Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), basket of Securities or stock Index at a predetermined price for settlement at a future date.</p>
Shares	<p>i) Equity Swaps with the following characteristics:</p>

	<ul style="list-style-type: none"> • Plain vanilla swap, • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments against the positive or negative performance of a stock, exchange-traded fund (ETF), trust unit, basket of Securities or a stock Index, • Denominated in currency of G7 country; <p>or</p> <p>ii) Any individual or combination of OTC equity Option positions;</p> <p>or</p> <p>iii) Equity Forwards: Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), trust unit, basket of Securities or stock Index at a predetermined price for settlement at a future date.</p>
Commodities	<p>i) Commodities Swaps or Forwards with the following characteristics:</p> <ul style="list-style-type: none"> • Written under the terms of an ISDA® Master Agreement, • Correlation R = 0.80 or greater, calculated using any generally accepted methodology.

- (d) Reporting EFRP Transactions. Approved Participants for both the seller and buyer must report within one hour upon determination of all the relevant terms of the Transaction to the Market Operations Department on the Special Terms Transaction Reporting Form available at <http://sttrf-frots.m-x.ca/> each EFRP Transaction executed during the trading hours of the applicable Futures Contract. For those EFRP Transactions executed after such trading hours, the Transaction shall be reported to the Bourse no later than 10:00 a.m. (Montréal time) on the Trading Day following execution. The Market Operations Department will validate the details of the report before accepting the Transaction (which is not a confirmation by the Bourse that the EFRP Transaction has been effected in accordance with this Article).
- (e) Books and records of EFRP Transactions. Each party to an EFRP Transaction must maintain full and complete records and documentary evidence relating to the EFRP, including but not limited to all records relating to the purchase or sale of the cash market or OTC derivative

component of the Transaction and to any transfer of funds or ownership made in connection with such Transaction. Such records include, but are not limited to, documentation customarily generated in accordance with market practice, such as cash account statements, Trade confirmation statements, ISDA® Master Agreements or other documents of title; third party documentation supporting proof of payment or transfer of title, such as canceled checks, bank statements; cash account statements and cash instruments Clearing Corporation documents. In addition, Futures Contracts order tickets (which must clearly indicate the time of execution of the EFRP Transaction) must be maintained. If the price at which the EFRP Transaction is arranged is not within the prevailing market prices at the time of the Transaction, such records must demonstrate that the price is reasonable. Records related to the Transaction must be provided to the Bourse upon request and it is the responsibility of the Approved Participant to obtain and provide on a timely basis records of their clients as requested by the Bourse.

- (f) In all circumstances, an EFRP Transaction can only be arranged by the Approved Participant's Approved Persons.

[...]

Article 6.210 Trade Cancellation and or Price Adjustment

[...]

- (h) No-Review Range. The Bourse will determine the limits of the No-Review Range by determining what was the acceptable market price for the Derivative Instrument before the Trade under review occurred based upon all relevant information, including the last Trade price, a better bid or offer, a more recent price for a related Derivative Instrument (for example a different expiry month) and the prices of similar Derivative Instruments trading on other markets once the acceptable market price is established, the Bourse applies the following increments to determine the limits of the No-Review Range;

DERIVATIVE INSTRUMENT	INCREMENT
Three-Month Canadian Bankers' Acceptance Futures – BAX (all quarterly and serial months)	5 basis points
Three-Month Canadian Bankers' Acceptance Futures – BAX Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments

DERIVATIVE INSTRUMENT	INCREMENT
Options on Three-Month Canadian Bankers' Acceptance Futures	5 basis points
Two-Year Government of Canada Bond Futures (CGZ) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Five-Year Government of Canada Bond Futures (CGF) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Ten-Year Government of Canada Bond Futures (CGB) - Regular strategy orders	40 basis points 20 basis points
Thirty-Year Government of Canada Bond Futures (LGB) - Regular strategy orders - Implied Strategy orders	40 basis points 40 basis points Sum of strategy's individual legs' increments
Options on Government of Canada Bond Futures	40 basis points
Futures Contracts on S&P/TSX and S&P/MX Indices and on the FTSE Emerging Markets Index - Regular strategy orders and Basis Trade on Close	1% of the acceptable market price of these Futures Contracts 5% of the increments for the outright month
Thirty-Day Overnight Repo Rate Futures Regular strategy orders	5 basis points 5 basis points
Overnight Index Swap Futures	5 basis points
Overnight Index Swap Futures – OIS Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments.
Futures and Options on Futures Inter-Group Strategies: - Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Equity, Currency, ETF and Index Options Price ranges:	
Below \$2.00	\$0.25
\$2.00 to \$5.00	\$0.40
Above \$5.00 to \$10.00	\$0.50

DERIVATIVE INSTRUMENT	INCREMENT
Above \$10.00 to \$20.00 Above \$20.00 to \$50.00 Above \$50.00 to \$100.00 Above \$100.00	\$0.80 \$1.00 \$1.50 \$2.00
Equity, Currency, ETF and Index Options Strategies: - Regular strategy orders - Implied strategy orders	Sum of the strategy's individual legs' increments
Canadian Share Futures Contracts ; and Canadian Share Futures Contracts: Basis Trade on Close	1. 0.50\$, if the acceptable market price of these Futures Contracts is less than 25\$; 2. 1.00\$, if the acceptable market price of these Futures Contracts is equal to or higher than 25\$ but less than 100\$; 3. 1% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.
Canadian Shares futures Contracts - Regular strategy orders	1. 0.12\$, if the acceptable market price of these Futures Contracts is less than 25\$; 2. 0.25\$, if the acceptable market price of these Futures Contracts is equal to or higher than 25\$ but less than 100\$; 3. 0.25% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.

[...]

Appendix 6E—Daily Settlement Price Procedures for Futures Contracts and Options on Futures Contracts

Appendix 6E-4 DESCRIPTION

[...]

Appendix 6E-4.2 FUTURES CONTRACTS ON S&P/TSX AND S&P/MX INDICES, AND ON THE FTSE EMERGING MARKETS INDEX

The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. for all contract months. In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the Settlement Price shall be the same as the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

- (a) Main Procedure.
 - (i) Booked orders. If there is an unfilled order with a higher bid or lower offer in an outright month, this bid or offer will override the Settlement Price obtained from the weighted average. The order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
 - (ii) Last Trades. If there are no Trades in the calculation period, then the last Trade before the calculation period will be taken into account while still respecting posted bids and offers in the market.
- (b) First Ancillary Procedure. When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this Chapter will apply.
 - (i) The front month must be settled first (the establishment of the front month is based on the month with the greatest Open Interest).
 - (ii) The spread between the two contract months must be settled next by taking into account the average trading price of the calculation period and by examining the Trades executed during the previous 10 minutes.
 - (iii) The Settlement Price for the back month or far month is obtained by the difference between the front month Settlement Price and the value of the spread.
- (c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply.
 - (i) Market Supervisors will post a Settlement Price that will reflect the same differential that was applied on the previous day settlement. The Settlement Price will be adjusted accordingly to respect that contract's previous Settlement Price.
- (d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraph (b) and in paragraph (c), the following ancillary procedure will apply. In this situation, Market Supervisors will establish the Settlement Price based on available market information. They may also disregard any event (Trade,

bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, Market Supervisors will keep a record of the criteria used to establish the Settlement Price.

[...]

Article 6.500 Reports of Accumulated Positions

[...]

- (ii) For Futures Contracts and the related Options on Futures Contracts:
 - (1) 300 contracts, in the case of Futures Contracts and Options on Futures Contracts on Three-Month Canadian Bankers' Acceptance Futures (BAX and OBX), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. In this case, one Options contract (OBX) is equal to one Futures Contract (BAX);
 - (2) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);
 - (3) 250 contracts, in the case of Futures and Options on Futures Contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. For the purposes of aggregating positions, one Options contract (OGB) is equal to one Futures Contract (CGB);
 - (4) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
 - (5) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
 - (6) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both Futures Contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);
 - (7) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);

- (8) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);
 - (9) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU);
 - (10) 500 contracts, in the case of S&P/MX International Cannabis Index Futures; and
 - (11) 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index;
- (iii) The Bourse may, at its discretion, impose the application of any other reporting threshold that is more severe and lower than those provided in the Rules.

[...]

PART 10 – LIABILITY AND DISCLAIMERS

Article 10.100 Standard & Poor’s (S&P)

S&P Dow Jones Indices LLC (“S&P”) licenses the Bourse to use various S&P/TSX and S&P/MX indices in connection with the trading of Bourse futures exchange-traded contracts and options on futures exchange-traded contracts and options exchange-traded contracts based upon such indices. S&P, its affiliates and their third party licensors shall have no liability for any damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating the indices. None of the futures exchange-traded contracts, options on futures exchange-traded contracts or options exchange-traded contracts are sponsored, endorsed, sold or promoted by S&P, its affiliates or third party licensors.

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PART 12 - PRODUCT SPECIFICATIONS FOR FUTURES

Chapter P— S&P/MX International Cannabis Index Futures

Article 12.1500 Underlying

The Underlying Interest is the S&P/MX International Cannabis Index.

Article 12.1501 Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for S&P/MX International Cannabis Index Futures are March, June, September and December.

Article 12.1502 Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/MX International Cannabis Index Futures.

Article 12.1503 Currency

Trading, clearing and settlement of the S&P/MX International Cannabis Index Futures are in Canadian dollars.

Article 12.1504 Price Quotation

Unless otherwise determined by the Bourse, bids and offers for S&P/MX International Cannabis Index Futures are quoted in Index points, expressed to two decimals.

Article 12.1505 Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is as follow:

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.

Article 12.1506 Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breakers).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in the S&P/MX International Cannabis Index Futures shall resume only after a percentage (as determined by the Bourse from time to time) of

the Underlying Interest S&P/MX International Cannabis Index has reopened.

Article 12.1507 Position Limits

- (a) The maximum net Long Position or net Short Position in all Settlement Months combined in S&P/MX International Cannabis Index Futures Contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 50,000 contracts.
- (b) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 50,000 contracts unless an exemption is granted under Article 6.311.

Article 12.1508 Position Reporting Threshold

The position reporting threshold is set pursuant Article 6.500.

Article 12.1509 Settlement Type

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.1511 to Article 12.1513 of the Rules.

Article 12.1510 Last Trading Day

Trading ceases on the business day preceding the final settlement date.

Article 12.1511 Final Settlement Date

The final settlement date shall be the third Friday of the Settlement Month provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

Article 12.1512 Final Settlement Price

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/MX International Cannabis Index, as determined by the Bourse, multiplied by the official opening level of the S&P/MX International Cannabis Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All Open Positions at the close of the last Trading Day will be marked to market using the official opening level of the S&P/MX International Cannabis Index on final settlement day and terminated by cash settlement.

Article 12.1513 Default

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined from time to time by the Bourse.

Article 12.1514 Trading Hours

Trading hours will be determined and published by the Bourse.