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CIRCULAR 013-17
January 17, 2017

SELF-CERTIFICATION

AMENDMENTS TO ARTICLES 6676, 6791, 6795 AND 6795.2 OF THE RULES OF BOURSE DE MONTREAL INC. TO ADOPT A NEW FOREIGN EXCHANGE RATE FIXING TO DETERMINE THE FINAL SETTLEMENT PRICE OF CURRENCY OPTIONS

The Rules and Policies Committee (the “Committee”) of Bourse de Montréal Inc. (the “Bourse”) has approved amendments to the Rules of the Bourse in order to adopt a new foreign exchange rate fixing for the determination of the final settlement price of currency options.

These amendments, as attached, were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01) and will take effect on February 28, 2017 after market close.

For greater certainty and information purposes to all participants of the Bourse, the currency options that expire on the third (3rd) Friday of the month of February 2017 will be the last options for which the Bank of Canada “Noon Rate” will be used in order to determine the final settlement price. Starting on the third Friday of the month of March 2017, and for all subsequent contract months, the Bloomberg 12:30 p.m. FX Fixing rate will be used in order to determine the final settlement price for currency options. Bloomberg FX Fixings are available on Bloomberg L.P.’s web site (<https://www.bloomberg.com/markets/currencies/fx-fixings>).

Please note that these articles will also be available on the Bourse’s website (www.m-x.ca).

For additional information, please contact the undersigned by phone at (514) 787-6578 or by email at martin.jannelle@tmx.com.

Martin Jannelle
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6676 Settlement in the Case of Cash Settled Options

(24.04.84, 06.08.86, 10.11.92, 07.09.99, 31.01.01, 29.04.02, 26.09.05, 18.12.12, [17.01.17](#))

- a) Settlement of positions held in the S&P/TSX 60 Stock Index option following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each S&P/TSX 60 Stock Index option contract is determined by multiplying \$10 by the difference between the strike price and the official opening level of the S&P/TSX 60 Stock Index on the expiration date, expressed to two decimal places.
- b) Settlement of options positions held in the S&P/TSX sectorial indices following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each S&P/TSX sectorial index option contract is determined by multiplying the trading unit by the difference between the strike price and the official opening level of the S&P/TSX sectorial index on the expiration date, expressed to two decimal places.
- c) Settlement of positions held in currency option following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each currency option contract is determined by multiplying the unit of trading by the difference between the strike price and the [Bank of Canada “Noon rate” exchange rate fixed by Bloomberg FX Fixings \(BFIX\) at 12:30 p.m. New York time](#) expressed in Canadian cents for the corresponding currency vis-à-vis the Canadian dollar on the expiration date.
- d) Settlement of positions held in currency option following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each currency option contract is determined by multiplying the unit of trading by the difference between the strike price and the [Bank of Canada “Noon rate” exchange rate fixed by Bloomberg FX Fixings \(BFIX\) at 12:30 p.m. New York time](#) expressed in Canadian cents for the corresponding currency vis-à-vis the Canadian dollar on the expiration date.

6791 Nature of Options

(26.09.05, [17.01.17](#))

A buyer of one currency option may exercise his option only on the expiration date ("European style") to receive a cash payment equal to the difference between the strike price and the [Bank of Canada “Noon rate” exchange rate fixed by Bloomberg FX Fixings \(BFIX\) at 12:30 p.m. New York time](#) on the expiration date, as provided for in article 6676 d) of the Rules.

The seller of one currency option, if the option is exercised, has the obligation of rendering payment equal to the difference between the strike price and the ~~Bank of Canada "Noon rate"~~exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time on the expiration date, as provided for in article 6676 d) of the Rules.

6795 Last Trading Day

(26.09.05, 18.01.16, 17.01.17)

Currency options cease trading at 12:~~00~~30 p.m. on the third Friday of the contract month, provided it is a business day. If it is not a business day, trading will cease at 12:~~00 pm~~30 p.m. on the first preceding business day.

6795.2 Final Settlement Price

(18.01.16, 17.01.17)

Currency options are cash-settled.

The amount to be paid or received as final settlement of each option contract is determined by multiplying the trading unit by the difference between the exercise price and the ~~Bank of Canada noon rate~~exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time expressed in Canadian cents for the designated currency, vis-à-vis the Canadian dollar on the expiration date.

6676 Settlement in the Case of Cash Settled Options

(24.04.84, 06.08.86, 10.11.92, 07.09.99, 31.01.01, 29.04.02, 26.09.05, 18.12.12, 17.01.17)

- a) Settlement of positions held in the S&P/TSX 60 Stock Index option following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each S&P/TSX 60 Stock Index option contract is determined by multiplying \$10 by the difference between the strike price and the official opening level of the S&P/TSX 60 Stock Index on the expiration date, expressed to two decimal places.
- b) Settlement of options positions held in the S&P/TSX sectorial indices following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each S&P/TSX sectorial index option contract is determined by multiplying the trading unit by the difference between the strike price and the official opening level of the S&P/TSX sectorial index on the expiration date, expressed to two decimal places.
- c) Settlement of positions held in currency option following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each currency option contract is determined by multiplying the unit of trading by the difference between the strike price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time expressed in Canadian cents for the corresponding currency vis-à-vis the Canadian dollar on the expiration date.
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6791 Nature of Options

(26.09.05, 17.01.17)

A buyer of one currency option may exercise his option only on the expiration date ("European style") to receive a cash payment equal to the difference between the strike price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time on the expiration date, as provided for in article 6676 d) of the Rules.

The seller of one currency option, if the option is exercised, has the obligation of rendering payment equal to the difference between the strike price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time on the expiration date, as provided for in article 6676 d) of the Rules.

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