



CIRCULAR 022-25
February 18, 2025

SELF-CERTIFICATION

**PROPOSED AMENDMENTS TO THE RULES OF BOURSE DE MONTREAL INC. TO
LIST OPTIONS ON CANADIAN DEPOSITARY RECEIPTS**

On October 30, 2024, the President and Chief Executive Officer of Bourse de Montréal Inc. (the “**Bourse**”) approved amendments to the Rules of the Bourse in order to list options on Canadian Depositary Receipts.

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 **February 28, 2025**, 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 Maxime Rousseau-Turenne, Legal Counsel, by email at maxime.rousseauaturenne@tmx.com.

Maxime Rousseau-Turenne
Legal Counsel
Bourse de Montréal Inc.

BLACKLINE VERSION

PART 1 - GENERAL PROVISIONS AND DEFINITIONS

[...]

Chapter B — Definitions

[...]

Article 1.101 Definitions

The meanings of terms, and the corresponding term in French, are as follows:

[...]

Equity Security (Titres de Capitaux propres) means shares of stock or Canadian depositary receipts.

[...]

Index (Indice) means an equity index where:

- (a) the basket of ~~equity~~ Securities underlying the Index is comprised of eight or more Securities;
- (b) the weight of the single largest Security position in the basket of ~~equity~~ Securities underlying the Index represents no more than 35% of the overall market value of the basket;
- (c) the average market capitalization for each Security position in the basket of ~~equity~~ Securities underlying the Index is at least \$50 million; and
- (d) in the case of foreign equity Indices, the Index is both listed and traded on an exchange that meets the criteria for being considered a Recognized Exchange as set out in the definition of “regulated entities” included in the general notes and Definitions of the “Form 1” of the Canadian Investment Regulatory Organization.

[...]

PART 6 - TRADING RULES

[...]

Chapter B — Trading

[...]

Article 6.102 Trading Halts

- (a) Trading on **Equity Security** ~~equity~~ Options, index Options, exchange-traded funds Options, share Futures Contracts and stock Index Futures will automatically be halted upon notice to the Bourse from the Toronto Stock Exchange (TSX) that a ~~single-stock~~ single **Equity Security**

or market-wide circuit breaker has been triggered or when the Canadian Investment Regulatory Organization imposes a regulatory trading halt in the security underlying a Listed Product traded on the Bourse.

[...]

Article 6.117 Opening Transaction or Closing Transaction Indicator Field

The Bourse has provided an open/closed indicator field at the input of orders on all Listed Products which:

- (a) shall be included in the submission of each order entered into the Trading System by an Approved Participant in the following circumstances:
- (i) the order is entered for the account of an Approved Participant or its customer who is in default or is otherwise ordered to Trade for liquidation only;
 - (ii) the order is entered for the account of an Approved Participant or its customer who has been ordered to reduce positions by the Bourse;
 - (iii) the order is for an **Equity Security** ~~equity~~-Option or Share Futures Contracts that is the subject of a trading restriction or other limit due to a corporate action in the underlying Security;
 - (iv) the Approved Participant, its client, or the market generally is subject to an order of the Bourse to Trade for liquidation only;

[...]

Chapter C — Prearranged Transactions and Trade Cancellation

[...]

Article 6.205 Prearranged Transactions

[...]

	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
ELIGIBLE DERIVATIVES		
[...]		
Equity Security Options and ETF Options:		
All expiry months	0 seconds	≥ 500 contracts
All expiry months	5 seconds (no prescribed time period for Auction Orders)	< 500 contracts

All UDS Strategies	0 second	≥ 500 contracts
All UDS Strategies	5 seconds (no prescribed time period for Auction Orders)	<500 contracts

[...]

(iii) The party that initiates communication regarding a prearranged Transaction shall have their order entered into the Electronic Trading System first, unless the parties as part of their negotiation agree otherwise. The consent of the client, in whatever form, must be communicated to the Bourse upon request; *provided however*, that in a prearranged Transaction between an Approved Participant and a customer for an [Equity Security](#)~~equity~~, ETF or Index Option, the customer's order shall always be entered into the Electronic Trading System first, regardless of which party initiated the communication.

[...]

ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS	MINIMUM VOLUME THRESHOLD
[...]	
All expiry months and excluding UDS strategies	
Equity Security Options and ETF Options	500 contracts

[...]

(e) Equity [Security](#), ETF, Index and Currency Option Strategy Transactions. The parties to an Option strategy Transaction may engage in communications to prearrange the Transaction where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the Transaction. Under specific circumstances prescribed by the Bourse, the Approved Participant may contact a Market Supervisor and provide details of the intended Transaction including total quantity, price, side(s) of the Transaction, a description of the legs comprising the strategy and identification of the agreed counterparty.

[...]

ELIGIBLE OPTIONS FOR AUCTION ORDERS SUBMITTED AS CROSS TRANSACTION WITH A TIME DELAY OF ZERO SECONDS	Minimum volume* threshold
All expiry months and including UDS strategies	
Equity Security and ETF Options	500 contracts

[...]

Article 6.207A Riskless Transactions on Options

- (a) In general. An Approved Participant and the customer may prearrange a Transaction outside of the Electronic Trading System as mutually agreed between the Approved Participant and the customer, in accordance with the following conditions:
- (i) The parties may agree on the average price traded and quantity (expressed in delta percentage) of the underlying Equity Security ~~stock~~-or exchange-traded fund (“Underlying Securities”), the option price as well as the quantity of option contracts.
- (ii) To initiate the riskless Transaction on options, the Approved Participant must first acquire positions (long or short exposure) in Equity Securities ~~stocks~~-or exchange-traded funds for its own account.

[...]

Article 6.208 Exchange of Futures for Related Products

[...]

- (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	i) Interest Rate Swaps with the following characteristics: <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 · Correlation R= 0.70 or greater, calculated using any generally accepted methodology. Or

	ii) Any individual or combination of OTC Bond, interest rate swap or FRA options (e.g. caps, floors, collars).
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"> · Total return 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 $R = 0.70$ or greater, using a generally accepted methodology; <p>or</p> <p>ii) Any individual or combination of OTC Equity Security 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"> · Total return 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 Security 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.

[...]

Article 6.210 Trade Cancellation and or Price Adjustment

[...]

DERIVATIVE INSTRUMENT	INCREMENT
[...]	

Equity Security , Currency, ETF and Index Options Price ranges: Below \$2.00 \$2.00 to \$5.00 Above \$5.00 to \$10.00 Above \$10.00 to \$20.00 Above \$20.00 to \$50.00 Above \$50.00 to \$100.00 Above \$100.00	\$0.25 \$0.40 \$0.50 \$0.80 \$1.00 \$1.50 \$2.00
Equity Security , Currency, ETF and Index Options Strategies: - Regular strategy orders - Implied strategy orders	Sum of the strategy's individual legs' increments

[...]

Chapter D — Listed Products

[...]

Article 6.302 Introduction and Deletion of Classes of Options and Series of Options

(a) Introduction of new Option class. Before submitting a formal application to the Clearing Corporation for the introduction of a new Class of Options, the Bourse shall be satisfied that the following conditions are met:

- (i) the liquidity of the Options market on the Bourse is not unduly reduced by reason of such addition;
- (ii) the symbol for such Option has been determined;
- (iii) the date that trading shall begin has been determined; and

(iv) Additional requirements applicable for **Equity Security Options equity** and **ETF Options**. The following conditions, in addition to the conditions in subparagraphs (i), (ii) and (iii), shall apply to the introduction of **Equity Security equity**-Options and **ETF Options**:

- (1) the new Series of Options should be introduced in such a manner as to enable the proper functioning of the spread process within the new Series of Options; and
- (2) the Bourse shall open at least two series of Options in each expiration month, so that the Exercise Price of one Series of Options is above, and one is below, the price per unit of the Underlying Interest; *provided however*, the Bourse may, in its

discretion, open more than two Series of Options in an expiration month if it determines that doing so would be beneficial to the market.

(b) Deletion of Option class. Whenever the Bourse determines that an Underlying Interest previously approved for on-exchange Option trading no longer meets the requirements for continued approval or for any other reason, it may decide in its discretion not to open for trading any additional Series of the Class of Options covering the Underlying Interest and to prohibit any Opening Purchase Transactions in already existing Series of Options of that Class of Options. In making its determination, the Bourse shall take into consideration namely the following factors:

(i) the necessity of maintaining a fair and orderly market and to ensure the protection of purchasers and writers of Option Contracts;

(ii) the fact that specific Series of Options of any Class of Options has no Open Interest; and

(iii) Additional considerations applicable for ~~Equity Security equity~~ and ETF Options. The following additional factors in addition to the factors in paragraphs (i), (ii) and (iii) shall apply to the deletion of ~~Equity Security Options equity~~ and ETF Options:

(1) whether the issuer has failed to make timely reports as required by the rules where the Underlying Interest is traded;

(2) if both Puts and Calls have been opened for trading, corresponding Puts and Calls satisfy the deletion criteria; and

(3) the Series of Options are deep-In-the-money or deep-Out-of-the-money and there is no other Series of Options which is as deep-In-the-money or as deep-Out-of-the-money with a later expiration date and has Open Interest.

[...]

Article 6.308 Minimum Price Increment

The minimum price increments are as follows:

(a) For ~~Equity Security equity~~ Options excluded from the penny trading program:

(i) Option series priced below \$0.50 are quoted in increments of \$0.01; and

(ii) Option series priced at \$0.50 or more are quoted in increments of \$0.05.

- (b) For ~~Equity Security~~ ~~equity~~-Options included in the penny trading program:
 - (i) Option series priced below \$3.00 are quoted in increments of \$0.01; and
 - (ii) Option series priced at \$3.00 or more are quoted in increments of \$0.05.

[...]

Article 6.309A Position Limits for Options and Share Futures Contracts

(a) Except otherwise indicated, the applicable position limits for Options, Share Futures Contracts or aggregated Options and Share Futures Contracts (as defined under paragraph b) iii)) are as follows:

(i) Share Futures Contracts, aggregated Options and Share Futures Contracts positions as well as Options on ~~stocks~~-Equity Securities, exchange-traded funds or trust units

(1) 25,000 contracts where the underlying security does not meet the requirements set out in sub-paragraphs a)(i)2) and a)(i)3) of the present Article;

(2) 50,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying ~~stock~~-Equity Security, exchange-traded fund or trust unit totals at least 20 million shares or units, or the most recent interlisted six-month trading volume of transactions totals at least 15 million shares or units of the Underlying Interest and at least 40 million shares or units of this Underlying Interest are currently outstanding;

(3) 75,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying ~~stock~~-Equity Security, exchange-traded fund or trust unit totals at least 40 million shares or units, or the most recent interlisted six-month trading volume totals at least 30 million shares or units of the Underlying Interest and at least 120 million shares or units of this Underlying Interest are currently outstanding;

(4) 200,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying ~~stock~~-Equity Security, exchange-traded fund or trust unit totals at least 80 million shares or units, or the most recent interlisted six-month trading volume totals at least 60 million shares or units of the Underlying Interest and at least 240 million shares or units of this Underlying Interest are currently outstanding;

(5) 250,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying ~~stock~~-Equity Security, exchange-traded fund or trust unit totals at least 100 million shares or units of the Underlying Interest or the most recent interlisted six month trading volume totals at least 75 million shares or units of the Underlying Interest and at least 300 million shares or units of this Underlying Interest are currently outstanding;

[...]

Article 6.313 Variation to Position and Exercise Limits

In the case of a stock split or similar corporate action in the Underlying Interest, the Bourse may establish special position and Exercise limits which may reflect the basis of the corporate action—~~stock split~~, providing that the normal limits shall apply to the aggregate positions of all new Series of Option of that Class of Options listed after the date of the split. The Bourse shall give prompt notice for each new limit fixed by the Bourse through the issuance of a circular.

[...]

Appendix 6B—Procedures Applicable to the Execution of Strategies Involving Options

Appendix 6B-1 OBJECTIVE

The objective of these procedures is to provide and facilitate the trading of strategies involving Equity Security ~~equity~~ Options for Approved Participants. For the purposes of these procedures, Equity Security ~~equity~~ Options also include Options on Indices, currencies and exchange-traded funds. Approved Participants may create user-defined strategies (“UDS”) via individual trading terminals which allow customized strategies to be disseminated and traded. When not feasible, an Approved Participant must contact the Bourse’s Market Operations Department at 1-866-576-8836 or 514-871-7877 for assistance in creating or executing a UDS when applicable.

[...]

Chapter E — Expiration and Settlement

Article 6.400 Liability of the Bourse to Holders and Writers of Options

- (a) The rights and obligations of holders and writers of Options shall be as set forth in the regulations or general conditions of the relevant Clearing Corporation.
- (b) The Bourse shall have no liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current Equity Security ~~stock~~ prices or Index values or prices of other Underlying Interests resulting from an act, condition or cause beyond the reasonable control of the Bourse, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction; any error omission or delay in the reports of Transactions in one or more component Equity Securities—~~stocks~~; or any error, omission or delay in the reports of the Current Index Value by the Bourse.

Article 6.401 Expiration Day of Options

- (a) No Transaction of Options contracts in expiring series shall be made after the close of trading on the last Trading Day.

(b) In the case of **Equity Security** ~~equity~~-Options, exchange-traded fund Options, Index Options and currency Options other than weekly Options, the expiration date shall be the third Friday of the Delivery Month or Settlement Month, provided it is a business day. If it is not a business day, the expiration date shall be the preceding business day.

(c) In the case of Futures Options, the expiration date shall be the last Trading Day.

(d) In the case of weekly Index, **Equity Security** ~~equity~~-Options and exchange-traded fund Options, the expiration date shall be any of the five Fridays following the listing week which is a business day, but which is not an expiration day for any other Options already listed on the same underlying. If any such Friday is not a business day, then the expiration date will be the first preceding business day that is not an expiration day for any other Options already listed on the same Underlying Interest.

[...]

Article 6.406 Physical Settlement of Options

(a) In the case of **Equity Security** ~~equity~~-Options, clearing of Transactions in the Underlying Interests arising from Exercise notices will be through the facilities of the Canadian Depository for Securities Limited. or in another manner prescribed by the Bourse and CDCC.

[...]

Article 6.409 Failure to Deliver, Accept Delivery of Underlying Equity

(a) If, in the case of **Equity Security** ~~equity~~-Options on the Exercise of a Call, the delivery of the Underlying Interest is not made on the Exercise settlement date, the holder may instruct their clearing member to issue a “buy-in” notice. Similarly, if, on the Exercise of a Put, payment for the Underlying Interest is not made on the Exercise settlement date, the Exercising holder may instruct their clearing member to issue a “sell-out” notice. The clearing member shall deliver a copy of such notice by 10:00 a.m. of the following business day to the defaulting assigned clearing member, to the Clearing Corporation and to the Bourse.

[...]

Article 6.410 Failure to Pay for or Deliver the Underlying Equity

If, in the case of **Equity Security** ~~equity~~-Options, payment for the Underlying Interest is not made in the case of a Call, or the Underlying Interest is not delivered, in the case of a Put, by the Exercising clearing member, the writer may instruct their clearing member to issue a sell-out notice, in the case of a Call, or a buy-in notice, in the case of a Put, and the procedure set out in Article 6.409 shall be followed with regard to notification and the sale or purchase of the Underlying Interests. The defaulting exercising clearing

member is obligated to pay to the assisted clearing member any difference between the Exercise Price and the price obtained on the sell-out, in the case of a Call, or paid on the buy-in, in the case of a Put. If the defaulting clearing member fails to make such payment, the Clearing Corporation is obligated to do so.

Article 6.411 Extraordinary Circumstances Related to an Underlying Interest

In the interest of keeping fair and orderly trading on the Bourse and for the protection of both Option holders and writers, the Bourse may make special trading and settlement rules when an Underlying Interest is involved in:

- (a) a take-over bid under a circular;
- (b) a stock dividend, a share split or a consolidation, [or a similar corporate action](#); or
- (c) any other unforeseen events.

[...]

Chapter F — Reports

[...]

Article 6.500 Reports of Accumulated Positions

[...]

(i) The reporting thresholds established by the Bourse are as follows:

(i) For each Options class, other than Options on Futures Contracts, and each Share Futures Contracts on a given Underlying Interest:

(1) 250 contracts, in the case of trust units Options and Share Futures Contracts (for all contract months combined of each Share Future Contract) having the same Underlying Interest, by aggregating positions on trust units options and Share Future Contracts, one option contract being equal to one Share Future Contract. While options and Share Future Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and Share Future Contracts shall be reported each separately;

(2) 250 contracts, in the case of [Equity Security ~~stock~~](#)-Options and Share Futures Contracts (for all contract months combined of each share future contract) having the same Underlying Interest, by aggregating positions on [Equity Security ~~stock~~](#)-Options and Share Futures Contracts, one Option Contract being equal to one Share Futures Contract. While Options and Share Futures Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in Options and Share Futures Contracts shall be reported each separately;

- (3) 500 contracts, in the case of Options on exchange traded fund Options and Share Future Contracts (for all contract months combined of each Share Future Contract) having the same Underlying Interest, by aggregating positions on Exchange Traded Fund options and Share Future Contracts, one option contract being equal to one Share Future Contract. While options and Share Future Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and Share Future Contracts shall be reported each separately;
- (4) 500 contracts, in the case of currency Options;
- (5) 1,500 contracts, in the case of Options on the S&P/TSX 60 Index; and
- (6) 1,000 contracts, in the case of sector Index Options.

[...]

PART 11 - PRODUCT SPECIFICATIONS FOR EQUITY INDEX, EQUITY SECURITY, ETF AND CURRENCY OPTIONS

[...]

Chapter D — Equity Security Options

Article 11.300 Underlying Interest

The Underlying Interests are ~~shares of~~ eligible ~~Equity Securities—stock~~, subject to criteria set by the Clearing Corporation.

Article 11.301 Eligibility Criteria

To be eligible as an Underlying Interest, the Underlying Interest must meet stringent eligibility requirements including sufficient liquidity and market capitalization.

Article 11.302 Expiry Cycle

- (a) At a minimum, the nearest four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Annual expiry of January for long term Options.

Article 11.303 Trading Unit

The trading unit is one contract, representing 100 shares of the underlying Equity Security.

Article 11.304 Currency

Trading and clearing of ~~Equity Security equity~~ Options are in Canadian dollars.

Article 11.305 Exercise Prices

At a minimum, there are five Exercise Prices bracketing the current Underlying Interest's market price.

Article 11.306 Minimum Fluctuation of Option Premium

Unless determined otherwise by the Bourse, the minimum fluctuation of the Premium is:

- (a) For ~~Equity Security equity~~ Options excluded from the penny trading program:
 - (i) Option Series priced below \$0.50 are quoted in increments of \$0.01.
 - (ii) Option Series priced at \$0.50 or more are quoted in increments of \$0.05.
- (b) For ~~Equity Security equity~~ Options included in the penny trading program:
 - (i) Option Series priced below \$3.00 are quoted in increments of \$0.01.
 - (ii) Option Series priced at \$3.00 or more are quoted in increments of \$0.05.
- (c) For ~~Equity Security equity~~ and ETF Options, Auctions Orders and Improvement Orders that match an Auction Order can be quoted in increments of \$0.0001. Improvement Orders that improve the price of an Auction Order must respect the increments mentioned in Article 11.306 (a) and (b) above.

Article 11.307 Trading Halts

Trading halts on ~~Equity Security equity~~ Option Contracts shall be coordinated with the trading halt mechanism of the Underlying Interest (circuit-breaker).

Article 11.308 Position Limits

Position limits for ~~Equity Security equity~~ Option Contracts, if any, are set pursuant to Article 6.309A.

Article 11.309 Position Reporting Threshold

The position reporting threshold is set pursuant Article 6.500.

Article 11.310 Nature of the Option/Settlement Type

The buyer of an ~~Equity Security equity~~ Option Contract may Exercise the Option at any time before the expiration day ("American Style").

Article 11.311 Reserved**Article 11.312 Last Trading Day**

Equity **Security** Options cease trading on the third Friday of the Delivery Month, provided it is a business day. If it is not a business day, the first preceding business day is the last Trading Day.

Article 11.313 Trading Hours

Trading hours will be determined and published by the Bourse.

Article 11.314 Expiration Day

The expiration day for an **Equity Security ~~equity~~** Option Contract is the last Trading Day of the Delivery Month.

Article 11.315 Exercise and Delivery

- (a) Options are Exercised by the Clearing Corporation.
- (b) Delivery is made through the facilities of the CDS Clearing and Depository Services Inc.

[...]

CLEAN VERSION

PART 1 - GENERAL PROVISIONS AND DEFINITIONS

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The meanings of terms, and the corresponding term in French, are as follows:

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[...]

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- (a) the basket of Securities underlying the Index is comprised of eight or more Securities;
- (b) the weight of the single largest Security position in the basket of Securities underlying the Index represents no more than 35% of the overall market value of the basket;
- (c) the average market capitalization for each Security position in the basket of Securities underlying the Index is at least \$50 million; and
- (d) in the case of foreign equity Indices, the Index is both listed and traded on an exchange that meets the criteria for being considered a Recognized Exchange as set out in the definition of “regulated entities” included in the general notes and Definitions of the “Form 1” of the Canadian Investment Regulatory Organization.

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Article 6.117 Opening Transaction or Closing Transaction Indicator Field

The Bourse has provided an open/closed indicator field at the input of orders on all Listed Products which:

- (a) shall be included in the submission of each order entered into the Trading System by an Approved Participant in the following circumstances:
- (i) the order is entered for the account of an Approved Participant or its customer who is in default or is otherwise ordered to Trade for liquidation only;
 - (ii) the order is entered for the account of an Approved Participant or its customer who has been ordered to reduce positions by the Bourse;
 - (iii) the order is for an Equity Security Option or Share Futures Contracts that is the subject of a trading restriction or other limit due to a corporate action in the underlying Security;
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[...]

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Article 6.205 Prearranged Transactions

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[...]

ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS	MINIMUM VOLUME THRESHOLD
[...]	
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ELIGIBLE OPTIONS FOR AUCTION ORDERS SUBMITTED AS CROSS TRANSACTION WITH A TIME DELAY OF ZERO SECONDS	Minimum volume* threshold
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- (ii) To initiate the riskless Transaction on options, the Approved Participant must first acquire positions (long or short exposure) in Equity Securities or exchange-traded funds for its own account.

[...]

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- (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 · Correlation R= 0.70 or greater, calculated using any generally accepted methodology. <p>Or</p>

	ii) Any individual or combination of OTC Bond, interest rate swap or FRA options (e.g. caps, floors, collars).
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"> · Total return 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= 0.70 or greater, using a generally accepted methodology; <p>or</p> <p>ii) Any individual or combination of OTC Equity Security 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"> · Total return 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 Security 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.

[...]

Article 6.210 Trade Cancellation and or Price Adjustment

[...]

DERIVATIVE INSTRUMENT	INCREMENT
[...]	

Equity Security, Currency, ETF and Index Options Price ranges: Below \$2.00 \$2.00 to \$5.00 Above \$5.00 to \$10.00 Above \$10.00 to \$20.00 Above \$20.00 to \$50.00 Above \$50.00 to \$100.00 Above \$100.00	\$0.25 \$0.40 \$0.50 \$0.80 \$1.00 \$1.50 \$2.00
Equity Security, Currency, ETF and Index Options Strategies: - Regular strategy orders - Implied strategy orders	Sum of the strategy's individual legs' increments

[...]

Chapter D — Listed Products

[...]

Article 6.302 Introduction and Deletion of Classes of Options and Series of Options

(a) Introduction of new Option class. Before submitting a formal application to the Clearing Corporation for the introduction of a new Class of Options, the Bourse shall be satisfied that the following conditions are met:

- (i) the liquidity of the Options market on the Bourse is not unduly reduced by reason of such addition;
- (ii) the symbol for such Option has been determined;
- (iii) the date that trading shall begin has been determined; and

(iv) Additional requirements applicable for Equity Security Options and ETF Options. The following conditions, in addition to the conditions in subparagraphs (i), (ii) and (iii), shall apply to the introduction of Equity Security Options and ETF Options:

- (1) the new Series of Options should be introduced in such a manner as to enable the proper functioning of the spread process within the new Series of Options; and
- (2) the Bourse shall open at least two series of Options in each expiration month, so that the Exercise Price of one Series of Options is above, and one is below, the price per unit of the Underlying Interest; *provided however*, the Bourse may, in its

discretion, open more than two Series of Options in an expiration month if it determines that doing so would be beneficial to the market.

(b) Deletion of Option class. Whenever the Bourse determines that an Underlying Interest previously approved for on-exchange Option trading no longer meets the requirements for continued approval or for any other reason, it may decide in its discretion not to open for trading any additional Series of the Class of Options covering the Underlying Interest and to prohibit any Opening Purchase Transactions in already existing Series of Options of that Class of Options. In making its determination, the Bourse shall take into consideration namely the following factors:

(i) the necessity of maintaining a fair and orderly market and to ensure the protection of purchasers and writers of Option Contracts;

(ii) the fact that specific Series of Options of any Class of Options has no Open Interest; and

(iii) Additional considerations applicable for Equity Security and ETF Options. The following additional factors in addition to the factors in paragraphs (i), (ii) and (iii) shall apply to the deletion of Equity Security Options and ETF Options:

(1) whether the issuer has failed to make timely reports as required by the rules where the Underlying Interest is traded;

(2) if both Puts and Calls have been opened for trading, corresponding Puts and Calls satisfy the deletion criteria; and

(3) the Series of Options are deep-In-the-money or deep-Out-of-the-money and there is no other Series of Options which is as deep-In-the-money or as deep-Out-of-the-money with a later expiration date and has Open Interest.

[...]

Article 6.308 Minimum Price Increment

The minimum price increments are as follows:

(a) For Equity Security Options excluded from the penny trading program:

(i) Option series priced below \$0.50 are quoted in increments of \$0.01; and

(ii) Option series priced at \$0.50 or more are quoted in increments of \$0.05.

- (b) For Equity Security Options included in the penny trading program:
 - (i) Option series priced below \$3.00 are quoted in increments of \$0.01; and
 - (ii) Option series priced at \$3.00 or more are quoted in increments of \$0.05.

[...]

Article 6.309A Position Limits for Options and Share Futures Contracts

(a) Except otherwise indicated, the applicable position limits for Options, Share Futures Contracts or aggregated Options and Share Futures Contracts (as defined under paragraph b) iii)) are as follows:

(i) Share Futures Contracts, aggregated Options and Share Futures Contracts positions as well as Options on Equity Securities, exchange-traded funds or trust units

(1) 25,000 contracts where the underlying security does not meet the requirements set out in sub-paragraphs a)(i)2) and a)(i)3) of the present Article;

(2) 50,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying Equity Security, exchange-traded fund or trust unit totals at least 20 million shares or units, or the most recent interlisted six-month trading volume of transactions totals at least 15 million shares or units of the Underlying Interest and at least 40 million shares or units of this Underlying Interest are currently outstanding;

(3) 75,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying Equity security, exchange-traded fund or trust unit totals at least 40 million shares or units, or the most recent interlisted six-month trading volume totals at least 30 million shares or units of the Underlying Interest and at least 120 million shares or units of this Underlying Interest are currently outstanding;

(4) 200,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying Equity Security, exchange-traded fund or trust unit totals at least 80 million shares or units, or the most recent interlisted six-month trading volume totals at least 60 million shares or units of the Underlying Interest and at least 240 million shares or units of this Underlying Interest are currently outstanding;

(5) 250,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying Equity Security, exchange-traded fund or trust unit totals at least 100 million shares or units of the Underlying Interest or the most recent interlisted six month trading volume totals at least 75 million shares or units of the Underlying Interest and at least 300 million shares or units of this Underlying Interest are currently outstanding;

[...]

Article 6.313 Variation to Position and Exercise Limits

In the case of a stock split or similar corporate action in the Underlying Interest, the Bourse may establish special position and Exercise limits which may reflect the basis of the corporate action, providing that the normal limits shall apply to the aggregate positions of all new Series of Option of that Class of Options listed after the date of the split. The Bourse shall give prompt notice for each new limit fixed by the Bourse through the issuance of a circular.

[...]

Appendix 6B—Procedures Applicable to the Execution of Strategies Involving Options

Appendix 6B-1 OBJECTIVE

The objective of these procedures is to provide and facilitate the trading of strategies involving Equity Security Options for Approved Participants. For the purposes of these procedures, Equity Security Options also include Options on Indices, currencies and exchange-traded funds. Approved Participants may create user-defined strategies (“UDS”) via individual trading terminals which allow customized strategies to be disseminated and traded. When not feasible, an Approved Participant must contact the Bourse’s Market Operations Department at 1-866-576-8836 or 514-871-7877 for assistance in creating or executing a UDS when applicable.

[...]

Chapter E — Expiration and Settlement

Article 6.400 Liability of the Bourse to Holders and Writers of Options

(a) The rights and obligations of holders and writers of Options shall be as set forth in the regulations or general conditions of the relevant Clearing Corporation.

(b) The Bourse shall have no liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current Equity Security prices or Index values or prices of other Underlying Interests resulting from an act, condition or cause beyond the reasonable control of the Bourse, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction; any error omission or delay in the reports of Transactions in one or more component Equity Securities; or any error, omission or delay in the reports of the Current Index Value by the Bourse.

Article 6.401 Expiration Day of Options

(a) No Transaction of Options contracts in expiring series shall be made after the close of trading on the last Trading Day.

(b) In the case of Equity Security Options, exchange-traded fund Options, Index Options and currency Options other than weekly Options, the expiration date shall be the third Friday of the Delivery Month or Settlement Month, provided it is a business day. If it is not a business day, the expiration date shall be the preceding business day.

(c) In the case of Futures Options, the expiration date shall be the last Trading Day.

(d) In the case of weekly Index, Equity Security Options and exchange-traded fund Options, the expiration date shall be any of the five Fridays following the listing week which is a business day, but which is not an expiration day for any other Options already listed on the same underlying. If any such Friday is not a business day, then the expiration date will be the first preceding business day that is not an expiration day for any other Options already listed on the same Underlying Interest.

[...]

Article 6.406 Physical Settlement of Options

(a) In the case of Equity Security Options, clearing of Transactions in the Underlying Interests arising from Exercise notices will be through the facilities of the Canadian Depository for Securities Limited. or in another manner prescribed by the Bourse and CDCC.

[...]

Article 6.409 Failure to Deliver, Accept Delivery of Underlying Equity

(a) If, in the case of Equity Security Options on the Exercise of a Call, the delivery of the Underlying Interest is not made on the Exercise settlement date, the holder may instruct their clearing member to issue a “buy-in” notice. Similarly, if, on the Exercise of a Put, payment for the Underlying Interest is not made on the Exercise settlement date, the Exercising holder may instruct their clearing member to issue a “sell-out” notice. The clearing member shall deliver a copy of such notice by 10:00 a.m. of the following business day to the defaulting assigned clearing member, to the Clearing Corporation and to the Bourse.

[...]

Article 6.410 Failure to Pay for or Deliver the Underlying Equity

If, in the case of Equity Security Options, payment for the Underlying Interest is not made in the case of a Call, or the Underlying Interest is not delivered, in the case of a Put, by the Exercising clearing member, the writer may instruct their clearing member to issue a sell-out notice, in the case of a Call, or a buy-in notice, in the case of a Put, and the procedure set out in Article 6.409 shall be followed with regard to notification and the sale or purchase of the Underlying Interests. The defaulting exercising clearing member is obligated to pay to the assisted clearing member any difference between the Exercise Price and

the price obtained on the sell-out, in the case of a Call, or paid on the buy-in, in the case of a Put. If the defaulting clearing member fails to make such payment, the Clearing Corporation is obligated to do so.

Article 6.411 Extraordinary Circumstances Related to an Underlying Interest

In the interest of keeping fair and orderly trading on the Bourse and for the protection of both Option holders and writers, the Bourse may make special trading and settlement rules when an Underlying Interest is involved in:

- (a) a take-over bid under a circular;
- (b) a stock dividend, a share split or a consolidation, or a similar corporate action; or
- (c) any other unforeseen events.

[...]

Chapter F — Reports

[...]

Article 6.500 Reports of Accumulated Positions

[...]

(i) The reporting thresholds established by the Bourse are as follows:

(i) For each Options class, other than Options on Futures Contracts, and each Share Futures Contracts on a given Underlying Interest:

(1) 250 contracts, in the case of trust units Options and Share Futures Contracts (for all contract months combined of each Share Future Contract) having the same Underlying Interest, by aggregating positions on trust units options and Share Future Contracts, one option contract being equal to one Share Future Contract. While options and Share Future Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and Share Future Contracts shall be reported each separately;

(2) 250 contracts, in the case of Equity Security Options and Share Futures Contracts (for all contract months combined of each share future contract) having the same Underlying Interest, by aggregating positions on Equity Security Options and Share Futures Contracts, one Option Contract being equal to one Share Futures Contract. While Options and Share Futures Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in Options and Share Futures Contracts shall be reported each separately;

(3) 500 contracts, in the case of Options on exchange traded fund Options and Share Future Contracts (for all contract months combined of each Share

Future Contract) having the same Underlying Interest, by aggregating positions on Exchange Traded Fund options and Share Future Contracts, one option contract being equal to one Share Future Contract. While options and Share Future Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and Share Future Contracts shall be reported each separately;

- (4) 500 contracts, in the case of currency Options;
- (5) 1,500 contracts, in the case of Options on the S&P/TSX 60 Index; and
- (6) 1,000 contracts, in the case of sector Index Options.

[...]

PART 11 - PRODUCT SPECIFICATIONS FOR EQUITY INDEX, EQUITY SECURITY, ETF AND CURRENCY OPTIONS

[...]

Chapter D — Equity Security Options

Article 11.300 Underlying Interest

The Underlying Interests are eligible Equity Securities, subject to criteria set by the Clearing Corporation.

Article 11.301 Eligibility Criteria

To be eligible as an Underlying Interest, the Underlying Interest must meet stringent eligibility requirements including sufficient liquidity and market capitalization.

Article 11.302 Expiry Cycle

- (a) At a minimum, the nearest four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Annual expiry of January for long term Options.

Article 11.303 Trading Unit

The trading unit is one contract, representing 100 shares of the underlying Equity Security.

Article 11.304 Currency

Trading and clearing of Equity Security Options are in Canadian dollars.

Article 11.305 Exercise Prices

At a minimum, there are five Exercise Prices bracketing the current Underlying Interest's market price.

Article 11.306 Minimum Fluctuation of Option Premium

Unless determined otherwise by the Bourse, the minimum fluctuation of the Premium is:

- (a) For Equity Security Options excluded from the penny trading program:
 - (i) Option Series priced below \$0.50 are quoted in increments of \$0.01.
 - (ii) Option Series priced at \$0.50 or more are quoted in increments of \$0.05.
- (b) For Equity Security Options included in the penny trading program:
 - (i) Option Series priced below \$3.00 are quoted in increments of \$0.01.
 - (ii) Option Series priced at \$3.00 or more are quoted in increments of \$0.05.
- (c) For Equity Security and ETF Options, Auctions Orders and Improvement Orders that match an Auction Order can be quoted in increments of \$0.0001. Improvement Orders that improve the price of an Auction Order must respect the increments mentioned in Article 11.306 (a) and (b) above.

Article 11.307 Trading Halts

Trading halts on Equity Security Option Contracts shall be coordinated with the trading halt mechanism of the Underlying Interest (circuit-breaker).

Article 11.308 Position Limits

Position limits for Equity Security Option Contracts, if any, are set pursuant to Article 6.309A.

Article 11.309 Position Reporting Threshold

The position reporting threshold is set pursuant Article 6.500.

Article 11.310 Nature of the Option/Settlement Type

The buyer of an Equity Security Option Contract may Exercise the Option at any time before the expiration day ("American Style").

Article 11.311 Reserved

Article 11.312 Last Trading Day

Equity Security Options cease trading on the third Friday of the Delivery Month, provided it is a business day. If it is not a business day, the first preceding business day is the last Trading Day.

Article 11.313 Trading Hours

Trading hours will be determined and published by the Bourse.

Article 11.314 Expiration Day

The expiration day for an Equity Security Option Contract is the last Trading Day of the Delivery Month.

Article 11.315 Exercise and Delivery

- (a) Options are Exercised by the Clearing Corporation.
- (b) Delivery is made through the facilities of the CDS Clearing and Depository Services Inc.

[...]