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**CIRCULAR**  
March 18, 2013

**UPDATE - MONTREAL EXCHANGE REGULATORY DIVISION  
LARGE OPEN POSITION REPORTING TOOL (LOPR)**

The purpose of this circular is to update approved participants of Bourse de Montréal Inc. (the Bourse) regarding the upcoming compulsory use of the Large Open Position Reporting (LOPR) mechanism as of April 1, 2013 that was announced by the Bourse on December 17, 2012 (see circular no. 171-2012 at [http://www.m-x.ca/f\\_circulaires\\_en/171-12\\_en.pdf](http://www.m-x.ca/f_circulaires_en/171-12_en.pdf)).

Some approved participants have raised issues and/or concerns that could make it difficult for them to be 100% LOPR compliant by April 1, 2013. In most of these cases, the issues and concerns raised relate to specific elements of information that may be unavailable or difficult to provide starting April 1, 2013 but which will become available in the following weeks or months after the necessary technological developments have been completed. As a result, it is possible that for these approved participants the information provided through the LOPR mechanism starting April 1, 2013 may be incomplete. However, it appears that the issues and concerns raised are primarily of technical nature and would affect only a minimal segment of the total information transmitted by some of the approved participants. The most relevant information would therefore be available and it would be possible for these approved participants to report it through the LOPR mechanism starting on April 1, 2013.

The Regulatory Division of the Bourse (the Division) has considered these issues and concerns in order to determine the best course of action to take, at this point, in order for approved participants to meet all LOPR related regulatory requirements as soon as reasonably possible.

The Division's review led to the conclusion that delaying the exclusive use of the LOPR tool beyond April 1, 2013 would cause a serious prejudice to the LOPR project and to market integrity as a whole. Furthermore, a majority of approved participants having already started to use the LOPR tool for some time or having confirmed to the Division that they will be fully compliant on the scheduled date, any further delay would be unfair for these approved participants.

However, in order to alleviate the undue pressure perceived by some approved participants who may not be able, despite deploying their best efforts, to be 100% LOPR compliant as of April 1, 2013, the Division has decided to take the following course of action:

- April 1, 2013 is to be maintained as the date on which the LOPR tool shall be used but the Division will exercise discretionary judgment on a case by case basis until December 1, 2013 for approved participants that are not fully LOPR compliant as of April 1, 2013.

Approved participants who expect that they will not be fully LOPR compliant by April 1, 2013 shall contact the Division staff directly to inform them about any expected shortcomings, provide a detailed action plan to correct such shortcomings and propose interim solutions that are mutually acceptable to all parties. The objective is to provide approved participants that are facing technical issues the opportunity to identify these issues and to provide an acceptable action plan and implementation schedule. It is therefore presumed that all parties will act in good faith and that best efforts will be deployed to avoid further delays in implementation. It is not the intent of the Division to impose sanctions to approved participants who are not 100% compliant on April 1, 2013 and who are putting all of the necessary efforts to correct technical issues or complete required developments during the eight (8) months grace period extending from April 1, 2013 to December 1, 2013.

- The Division has been contacting and will continue to contact approved participants on an individual basis in order to ascertain their level of LOPR compliance readiness and to inform them of the course of action to be undertaken as previously described.
- The Division will conduct follow-ups with each non-fully LOPR compliant approved participant in order to determine a mutually agreed upon schedule and ensure compliance within the shortest possible delays taking into account the complexity of the work remaining to be completed.

The above-mentioned proposed course of action should reassure those approved participants who will not be LOPR 100% compliant by April 1, 2013 that the Division remains determined to help them achieve full compliance within a reasonable delay.

According to the information currently on hand, it appears that the vast majority of approved participants will be 100% LOPR compliant as of April 1, 2013 and that all approved participants will be at a 90% to 95% LOPR compliance level by that same date. It is therefore important to mention that even if the level of readiness is not 100%, approved participants shall start using LOPR on April 1, 2013. For those approved participants who will not be 100% LOPR compliant on April 1, 2013, the Division is fully aware and understands that there may be some elements of

information that are missing when transmitting position reports through the LOPR tool and it will accept the reports filed with such missing elements, taking for granted that these approved participants are working, along with their service providers, to resolve the remaining issues during the eight (8) months grace period extending between April 1 and December 1, 2013.

All parties involved in the LOPR project have been working in good faith and with every good intention in order to implement LOPR. However, projects of such magnitude may encounter some difficulties that are beyond anyone's control. The Division is confident that the measures set forth will be satisfactory for all parties involved by ensuring that adequate communication channels are in place and that a continued collaborative effort will lead to the achievement of the desired goals.

Should any other information be required, please contact Mr. Santo Ferraiuolo, Senior Market Analyst, Regulatory Division, at 514-787-6510, or by e-mail at [sferraiuolo@m-x.ca](mailto:sferraiuolo@m-x.ca).

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