<u>**REQUEST FOR COMMENTS**</u>

AMENDMENTS TO THE RULES OF BOURSE DE MONTREAL INC. REGARDING CLIENT AND ORDER IDENTIFIERS

On March 13, 2023, the Rules and Policies Committee of Bourse de Montréal Inc. (the "**Bourse**") and on March 7, 2023, the Special Committee of the Regulatory Division of the Bourse approved amendments of the Rules of the Bourse regarding client and order identifiers.

Comments on the proposed amendments must be submitted at the latest on **May 27, 2023**. Please submit your comments to:

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A copy of these comments shall also be forwarded to the *Autorité des marchés financiers* (the "**Autorité**") to:

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Please note that comments received by one of these recipients will be transferred to the other recipient and that the Bourse may publish a summary of such comments as part of the self-certification process concerning this file. Unless specified otherwise, comments will be published anonymously by the Bourse.

Appendices

You will find in the appendices an analysis as well as the text of the proposed amendments. The implementation date of the proposed amendments will be determined by the Bourse, in accordance with the self-certification process as established by the *Derivatives Act* (CQLR, chapter I-14.01).

Process for Changes to the Rules

The Bourse is authorized to carry on business as an exchange and is recognized as a self-regulatory organization ("**SRO**") by the Autorité. The Board of Directors of the Bourse has delegated to the Rules and Policies Committee of the Bourse its powers to approve and amend the Rules, the Policies and the Procedures, which are thereafter submitted to the Autorité in accordance with the self-certification process as determined by the *Derivatives Act* (CQLR, chapter I-14.01).

In its SRO capacity, the Bourse assumes market regulation and supervision responsibilities of its approved participants. The responsibility for regulating the market and the approved participants of the Bourse comes under the Regulatory Division of the Bourse (the "**Division**"). The Division carries on its activities as a distinct business unit separate from the other activities of the Bourse.

The Division is under the authority of a Special Committee (the "**Special Committee**") appointed by the Board of Directors of the Bourse. The Special Committee is empowered to recommend to the Board of Directors the approval or amendment of some aspects of the Rules of the Bourse governing approved participants. The Board of Directors has delegated to the Rules and Policies Committee of the Bourse its powers to approve or amend these Rules upon recommendation from the Special Committee.

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AMENDMENTS TO THE RULES OF THE BOURSE REGARDING CLIENT AND ORDER IDENTIFIERS

Description

The Bourse de Montréal Inc. ("the Bourse") hereby proposes to update the Rules of the Bourse (the "Rules") to introduce a unique client identifier as well as identifying orders for sponsored access and orders that are generated algorithmically. These new requirements will enhance regulatory data by increasing transparency and allowing the Regulatory Division (the "Division") to link client activity across multiple Approved Participants and Foreign Approved Participants (collectively, "Participants"), thereby improving the Division's market surveillance functions.

Outline of the Amendments

The Bourse proposes to amend the following Articles of the Rules (the "Amendments"):

- Article 1.101 (Definitions) to modify and move the definition of legal entity identifier ("LEI") from Article 6.500,
- Article 3.5 (Sponsored Access) to abrogate certain requirements that will be covered with the amendments of Article 6.115,
- Article 6.115 (Order Identification) to introduce new client and order identification requirements, and
- Article 6.500 (Reports of Accumulated Positions) to move the definition of LEI to Article 1.101.

The Amendments are attached in Appendix B.

Background

The Bourse currently requires Participants to submit client information pursuant to Article 6.500 of the Rules. Namely, if a position in any Listed Product is held above the prescribed reporting threshold, a Participant must disclose the beneficial account owner's (i) gross position information, (ii) name and complete coordinates, and (iii) LEI if applicable. However, such information is disclosed on a post-trade basis and the Division does not have access to the beneficial account information of all position holders. For example, the open interest on Ten-Year Government of Canada Bond Futures ("CGB") was 503,587 contracts on December 30, 2022. Because the reporting threshold for CGB is 250 contracts, the Division was unable to obtain the beneficial account owner information for 19% of the long positions and 17% of the short positions.

Furthermore, pursuant to paragraph 3.5(b)(vii), the Bourse currently requires Participants to assign a client identifier to each client that is granted sponsored access[1] and to ensure each sponsored access uses its assigned client identifier at order entry. However, this requirement is limited to sponsored access clients and Participants are not required to submit an LEI.

Due to the aforementioned challenges in determining how some positions are established, the Bourse initiated this project by publishing a consultation paper (Circular 121-21) and issuing a call for members of a working group (Circular 122-21) on June 29, 2021. The proposed amendments are the result of comments received on those circulars, feedback from the working group, and further consideration and comparative analysis by the Division.

Rationale for the Amendments and Approach

OBJECTIVES

The objectives of the proposed amendments are to better align the Division's requirements with those of other regulators, more effectively manage the risks of electronic trading, enhance market integrity and investor protection, and ensure consistency of information across Canadian marketplaces.

The proposed amendments should help to better mitigate Participants' internal risks, as the new mandatory information should enhance and facilitate supervision of clients and their activities. The proposed amendments should also increase efficiency by (a) reducing the time, cost and complexity involved in consolidating and verifying data across different databases, business lines, asset groups and/or platforms, (b) reducing post-trading information requests from the Division, and (c) obtaining a clearer client picture by linking activity across a client's various accounts.

Finally, for the Division, the proposed amendments will increase availability and transparency of trading data and reduce time and effort needed to match client orders. They should also reduce the number or scope of requests for information. Furthermore, the new requirements should enhance the Division's data analysis and market surveillance capabilities and increase the accuracy of alerts, thereby reducing the number of false positive alerts. Finally, the proposed amendments should improve insight into the trading behaviour of specific accounts.

The Bourse proposes to amend the Rules of the Bourse to implement or abrogate the hereunder requirements (further summarized in a table).

1. Requirement to assign a Client Identifier

   Each Participant will be required to assign an unique identifier to each direct client in the form of an integer from five to 4,294,967,296 (the "Client Identifier"). Participants will not be required to assign a Client Identifier to any clients of their direct clients. For example, if a Participant receives an order from direct client 812 and the order originated from client

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[1] Article 3.5 describes sponsored access as when Participants authorize clients to transmit orders electronically to the Bourse through the systems of the Participant, using the Participant's identifier, subject to, and in compliance with, several conditions.

A of direct client 812, the Participant need not assign a Client Identifier to client A. Participants will not be permitted to reassign a Client Identifier to a different direct client. For example, if a Participant assigns Client Identifier 283 to direct client B, the Participant will be prohibited from thereafter assigning Client Identifier 283 to direct client C. The prohibition on reassignment extends to inactive Client Identifiers. For example, even if direct client B ceases to do business, Client Identifier 283 cannot be reassigned to a new direct client. Different Participants may assign different Client Identifiers to the same legal entity. For example, Participant A may assign a Client Identifier of 937 to ABC Inc. and Participant B may assign a Client Identifier of 712 to ABC Inc. Further, the Client Identifier need only be unique at the Participant level (i.e., two different Participants may use the same Client Identifier for different direct clients).

2. Requirement to assign a Unique Identifier

Each Participant will be required to assign a unique identifier to each client of the direct client that uses its own algorithm (i.e., an algorithm not provided by either the Participant nor the direct client) to automatically generate orders or quotes on a predetermined basis in the form of an integer from one to 4,294,967,296 (the "Unique Identifier"). For example, if client A uses a proprietary algorithm to submit orders to direct client 812 of the Participant, the Participant will be required to assign a Unique Identifier to client A. Participants will not be permitted to reassign a Unique Identifier to a different client. Note that the Client Identifier and Unique Identifier serve different purposes that are to be inputted in different fields as specified in the requirement below.

3. Requirement to submit the Client Identifier and Unique Identifier on order entry

Each Participant will be required to submit any applicable Client Identifier in the prescribed field (the "Short Code field") and any applicable Unique Identifier in the prescribed field (the "Unique ID" field") for each order and quote entered into the Electronic Trading System as prescribed hereunder.

   (a) When an order is for the account of the Participant, the Short Code field must be left blank.
   (b) When an order is for the account of the Participant's direct client, the direct client's Client Identifier must be submitted in the Short Code field.
   (c) When an order is for the account of a client of the Participant's direct client and the client of the direct client submits orders using an algorithm not provided by either the direct client or the Participant, the direct client's Client Identifier must be submitted in the Short Code field and the client of the direct client's Unique Identifier must be submitted in the Unique ID field. The requirement applies on a per-client basis rather than a per-order basis (i.e., if the client of the direct client uses an algorithm not provided by the Participant or direct client, the client of the direct client's Unique Identifier must be submitted on all of the client's orders rather than only the orders submitted using the algorithm).
   (d) When an order is for the account of another Participant (the "originating Participant"), the Short Code field must be left blank.

(e) When an order is for the account of a direct client or any subsequent client thereof of an originating Participant (e.g., client 832 submits an order to Participant D and Participant D submits the order to Participant E), the originating Participant's Client Identifier must be submitted in the Short Code field.

The following table summarizes the requirements described above.

Scenario	Short Code	Unique ID
(a) Order for account of Participant	Blank	Blank
(b) Order for account of Participant's direct client	Direct client's Client Identifier	Blank
(c) (i) Order for account of client of direct client of Participant and (ii) client of direct client submits orders using an algorithm not provided by direct client or Participant	Direct client's Client Identifier	Unique Identifier
(d) Order for the account of another Participant	Blank	Blank
(e) Order for the account of direct client of originating Participant	Originating Participant's Client Identifier	Blank

Such a requirement will not apply to bulk quote messages pursuant to Article 6.119, block trades entered into pursuant to Article 6.206, riskless basis cross-trades entered into pursuant to Article 6.207, and exchange of futures for related products pursuant to Article 6.208.

4. Requirement to identify Bulk Orders

When an order is for more than one account ("Bulk Order"), each Participant will be required to submit the order as prescribed hereunder.

(a) When an order is for at least one non-client (i.e., firm or professional) and at least one client (a "Bundled Order"), the Participant must enter a value of "1" in the Short Code field. No Client Identifiers are required.
(b) When an order is exclusively for two or more clients that do not have a common parent entity ("Multiple Client Order"), the Participant must enter a value of "4" in the Short Code field. No Client Identifiers are required.
(c) When an order is exclusively for two or more clients that have a common parent entity, the Participant must enter the common parent entity's assigned Client Identifier in the Short Code field.

Participants will not be required to submit any Client Identifiers in any subsequent allocations to order executions.

5. Requirement to report client information

Each Participant will be required to report the client information prescribed below on the Division's Participant Portal no later than 7 PM ET on the same business day the Client Identifier was first used on order entry. Each business day begins at 8 PM ET (T-1). For example, if direct client 981 enters an order or has an order entered on its behalf in the Electronic Trading System for the first time on May 14, 2024 at 9:01 PM ET, the Participant must report the prescribed client information no later than May 15, 2024 at 7 PM ET.

(a) When the direct client associated with the Client Identifier has an available LEI issued in accordance with standards set by the Global Legal Entity Identifiers System of any registration status (i.e., issued, lapsed, or otherwise) and no legal barriers prevent the disclosure of the LEI (an "Available LEI"), the Participant will be required to submit the (i) Client Identifier, (ii) direct client's LEI, and (iii) ISO 3166 country code of the direct client's legal address.

(b) When the direct client associated with the Client Identifier does not have an Available LEI and is a sponsored access client pursuant to Article 3.5, the Participant will be required to submit the (i) Client Identifier, (ii) direct client's legal name, and (iii) ISO 3166 country code of the direct client's legal address.

(c) When the direct client associated with the Client Identifier does not have an Available LEI and is not a sponsored access client pursuant to Article 3.5, the Participant will be required to submit (i) the direct client's Client Identifier and (ii) a confirmation (i.e., in the form of true/yes) that the direct client does not have an LEI issued in accordance with standards set by the Global Legal Entity Identifiers System and is not a sponsored access client pursuant to Article 3.5.

The following table summarizes the requirements described above.

		Is the direct client a sponsored access client?	
		Yes	No
Does the direct client have an Available LEI?	Yes	(a) Requirement to report (i) LEI and (ii) country code of legal address	
	No	(b) Requirement to report (i) legal name and (ii) country code of legal address	(c) Requirement to submit confirmation client does not have Available LEI and is not a sponsored access client

Participants will be required to maintain the client information up to date and submit corrections as soon as practicable. Participants will be permitted to submit information on a delta basis (i.e., any changes from the previous business day) or on a whole basis (i.e., the entirety of the Participant's direct clients) at any frequency, at any time. Participants will not be required to report any client information related to Unique Identifiers on the Participant Portal. However, Unique Identifiers will remain subject to requests for information from the Division

6. Requirement to identify sponsored access orders

Each Participant will be required to identify each order transmitted electronically to the Bourse through the systems of the Participant, using the Participant's identifier, subject to, and in compliance with, the conditions of paragraph 3.5(b) ("Sponsored Access"). The Bourse will implement a new field in FIX and SAIL for such purposes and Participants will be required to assign a value of yes/true to each sponsored access order.

7. Requirement to identify algorithmic orders

Each Participant will be required to identify each order submitted using a computer algorithm by an automated order system that automatically determines individual parameters of the order such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention. The requirement applies to both client and non-client orders.

The requirement does not apply to orders submitted using an automated order system used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters. For example, orders submitted using an order management system would be marked as "false/no".

8. Requirement to submit corrections

On order entry, each Participant will be required to submit any information as required for Client Identifiers, Unique Identifiers, Bulk Orders, sponsored access orders, and algorithmic orders. All such information must be accurate, failing which the Participant will be required to submit corrections in the manner prescribed on the Division's Participant Portal.

9. Requirement to keep records

In the event legal barriers prevent a Participant from reporting a direct client's LEI to the Division, the Participant will be required to keep records and upon request from the Division, produce such records containing evidence of reasonable efforts by the Participant to obtain the direct client's LEI. Such efforts may include (i) the Participant's policies and procedures regarding its client outreach process, (ii) correspondence between the Participant and the direct client, and (iii) an explanation of any legal obstacles preventing the Participant from disclosing an LEI, which may be in the form of a legal opinion.

Legal obstacles preventing a Participant from reporting a direct client's LEI to the Division do not preclude a Participant from assigning a Client Identifier to the direct client and reporting the direct client's legal name or ISO 3166 country code of the direct client's legal address if required.

Note that requirement is specific to legal obstacles. In the event a direct client has an Available LEI, scenario (a) of requirement 5 above applies.

10. Other requirements

Pursuant to subparagraphs 3.5(b)(vii) and (viii), a Participant must ensure that a sponsored access client is assigned a client identifier and inform the Bourse when the sponsored access client ceases to be a client. The amendments would repeal these requirements.

COMPARATIVE ANALYSIS: The table below compares the proposed amendments to those of marketplaces regulated by (a) the new self-regulatory organization that resulted from the amalgamation of the Investment Industry Regulatory Organization of Canada with the Mutual Funds Dealers Association of Canada (the "New SRO"), (b) Markets in Financial Instruments Directive ("MiFID") II and Markets in Financial Instruments Regulation ("MiFIR"), and (c) the Commodity Futures Trading Commission ("CFTC").

Requirement	Regu-lation	Description
Requirement to assign a client identifier, to submit the client identifier on order entry, and to report client information	Bourse	Each Participant is required to assign a client identifier in the form of an integer from five to 4,294,967,296 to each direct client that must be used on order entry. Each Participant must report the client identifier's associated (i) LEI if available or legal name otherwise and (ii) country code of legal address. Such information must be reported no later than 7 PM EST on the day the client identifier was first used on order entry.
	New SRO	The New SRO issues encryption keys and requires each dealer to submit the client's encrypted LEI or account number on order entry. The New SRO thereafter decrypts the LEIs. As a result, dealers need not separately report any client identifying information.
	MiFID II and MiFIR	Each member or participant is required to assign a unique identifier of a maximum length of 20 numerical characters to each client of the member or participant that must be used on order entry. The member or participant must report the prescribed client information by the end of the trading day following the trading day on which the unique identifier was first used. The required client information to be reported is (i) the LEI in the case of a legal entity or (ii) a prescribed 35 alphanumeric national identifier and prescribed two-digit country code in the case of a natural person.
	CFTC	Marketplaces require a unique account identifier on order entry.
Requirement to assign a unique identifier and submit the unique	Bourse	Each Participant is required to assign a unique identifier in the form of an integer from one to 4,294,967,296 to each client of a direct client that uses an algorithm not provided by the Participant or direct client to submit orders. The unique identifier must be submitted on order entry. No client identifying information is required to be reported.

Requirement	Regu-lation	Description
identifier on order entry	New SRO	Each participant is required to include a unique identifier in the form of a maximum of 20 alphanumeric characters for a foreign dealer equivalent's[2] client where the foreign dealer equivalent client is using its own algorithm to automatically generate orders on a predetermined basis. A unique identifier is not required where the foreign dealer equivalent's client uses an algorithm provided by the foreign dealer equivalent or participant. Participants may assign unique identifiers on a per-account basis if Participants are unable to assign unique identifiers on a per-client basis. Participants may submit the unique identifier on a per-client basis if Participants are unable to specify which of the foreign dealer equivalent's client's orders were submitted using an algorithm. No client identifying information is required to be reported.
	MiFID II and MiFIR	No similar requirements.
	CFTC	No similar requirements.
Requirement to identify bulk orders	Bourse	Each Participant is required to identify Bundled Orders and Multi Client Orders in the Short Code field. No post-allocation Client Identifiers are required.
	New SRO	Each participant is required to include the prescribed designations for bundled orders and multi client orders in a separate field. No post-allocation client identifiers are required.
	MiFID II and MIFIR	Each member or participant is required to include the "AGGR" or "PNAL" designation in the client identification code respectively for orders submitted together as an aggregated order or for orders following submission and not yet allocated to its client.
	CFTC	No similar requirements. However, account identifier requirements for bunched orders apply at order entry and post-execution allocation.
Requirement to identify Sponsored Access	Bourse	Each Participant is required to identify each order transmitted electronically to the Bourse through the systems of the Participant, using the Participant's identifier, subject to, and in compliance with, the conditions of paragraph 3.5(b) of the Rules.

[2] "Foreign dealer equivalent" means a person in the business of trading securities in a foreign jurisdiction in a manner analogous to an investment dealer and that is subject to the regulatory jurisdiction of a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding in that foreign jurisdiction.

Requirement	Regu-lation	Description
orders	New SRO	Each participant is required to flag orders submitted through order-execution only service, direct electronic access, and a routing arrangement.
	MiFID II and MiFIR	Each member or participant is required to identify orders submitted to a marketplace using direct electronic access.
	CFTC	Marketplaces may require the source of the original order be specified on order entry, including sponsored access provided by the executing broker.
Requirement to identify automated trading orders	Bourse	Each Participant is required to identify each order submitted using a computer algorithm in an automated order system that automatically determines individual parameters of the order such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention.
	New SRO	No similar requirements.
	MiFID II and MiFIR	Each member or participant is required to mark the orders and firm quotes generated through algorithmic trading and identify the trading algorithm. A trading algorithm is defined as trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, and does not include any system that is only used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions.
	CFTC	Marketplaces require any manual or automated order entries to be identified as such. Automated order entry refers to orders that are generated and/or routed without human intervention, including any order generated by a computer system as well as orders that are routed using functionality that manages order submission through automated means (i.e. execution algorithm).
Requirement to submit order corrections	Bourse	Each Participant is required to submit corrections for any order executed with the inaccurate information required for Client Identifiers, Unique Identifiers, Bulk Orders, Sponsored Access orders, and algorithmic orders.

Requirement	Regulation	Description
	New SRO	Dealer members are required to use the correct identifier or designation on an order that is sent to a marketplace. Where there is a missing or erroneous marker or identifier on the order and that order has been executed at least in part, the dealer member is required to file a report in the prescribed manner.
	MiFID II and MiFIR	N/A
	CFTC	N/A
Requirement to keep records	Bourse	In the event legal barriers prevent a Participant from reporting a direct client's LEI to the Regulatory Division, the Participant is required to keep records and upon request from the Regulatory Division to produce such records containing evidence of reasonable efforts for the Participant to obtain the direct client's LEI.
	New SRO	In the event legal barriers prevent a dealer member from reporting a direct client's LEI, the dealer member is required to apply for an exemption from providing an LEI for its client.
	MiFID II and MiFIR	N/A
	CFTC	N/A

Sources:

- New SRO regulated: Universal Market Integrity Rules, client identifiers webpage, IIROC notice 21-0122
- MiFID II and MiFIR regulated: Regulation (EU) 2017/580, Regulation (EU) 2017/590, Eurex Exchange Rules, FWB and Eurex Member Guide, ESMA consultation paper on algorithmic trading
- CFTC regulated: CME Rulebook, CME Group Client Systems Wiki, ICE Futures U.S. Rulebook

Analysis of Impacts

(i)   Impact on Market

Requirements were discussed with Participants and independent software vendors in 2021 and 2022 through the Client ID Working Group whose purpose was to communicate the Division's

intentions and to encourage industry engagement and participation in order to support a smoother implementation.

(ii) Impacts on technology

The Bourse was required to enhance its internal systems and protocols in anticipation of the eventual entry into force of the proposed amendments. As such, the Bourse has not identified any impediments, whether technical, operational or other, to the implementation of the proposed amendments. Participants will have to modify their current systems to meet these requirements.

(iii) Impacts on regulatory functions

The proposal has a significant and positive impact on the supervision and surveillance functions of the Division. The implementation of the short code will simplify and improve aggregation of trading activity across different accounts for a particular entity within a particular Participant as well as enabling the aggregation of trading activity across different Participants when a short code maps to an LEI; this should not only increase the quality of alerts generated but also reduce the number of false positive alerts. The improved transparency will also enable the Division to better understand the various trading activities and the diverse entities that trade on the Bourse, which in turn will reduce the need for frequent requests for information.

(iv) Impact on clearing functions

The proposed changes should have no impact on the clearing functions of the Canadian Derivatives Clearing Corporation.

(v) Impact on Compliance with Laws

The proposal has no impact on the compliance, supervision and reporting rules on the Bourse. Participants must comply with the Rules of the Bourse and are subject to the oversight of the Division of the Bourse. Participants must at all times adhere to the principles of good business practice in the conduct of their affairs.

(vi) Public Interest

The Bourse is of the view that the proposed amendments are not contrary to the public interest. In fact, the public and market participants generally request clear rules that are consistent with best practices of other international derivatives exchanges. Increasing transparency and improving the Division's market surveillance functions contributes to maintaining fair and equitable markets. The Division aims to enhance its regulatory data to accomplish its mission of ensuring the integrity of the derivatives markets. The enhanced data will allow for the Division to detect and deter manipulation and other unfair trading practices carried out by clients across multiple Participants. This allows the Division to perform a more holistic supervision, given that Participants have a limited view to the trading of their clients because they are not privy to that client activity executed through other Participants. The proposed Amendments have already been introduced and currently exist in various forms within other jurisdictions.

Timing

Following regulatory approval, the Division intends to implement the Amendments on or about December 31, 2023. However, this date is conditional upon Participants having made the necessary changes.

APPENDIX B – PROPOSED AMENDMENTS

BLACKLINED VERSION

Article 1.101   Definitions

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

Legal Entity Identifier (Identifiant d'Entité Légale) means a unique identification code assigned to a Person in accordance with standards set by the Global Legal Entity Identifier System which is the system for unique identification of parties to financial transactions developed by the Legal Entity Identifier System Regulatory Oversight Committee, an international working group established by the Finance Ministers and the Central Bank Governors of the Group of Twenty nations and the Financial Stability Board, under the Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012.

Article 3.5   Sponsored Access

(b)   Sponsored Access Permitted. Approved Participants may authorize clients to transmit orders electronically to the Bourse through the systems of the Approved Participant, using the Approved Participant's identifier, subject to, and in compliance with, the following conditions:

> (vii)   Upon providing to a client an electronic access to the Bourse, pursuant to paragraph (b), an Approved Participant must ensure the client is assigned a client identifier in the form and manner required by the Bourse and must ensure that an order entered by a client using electronic access includes the appropriate client identifier.

> (viii)   An Approved Participant must promptly inform the Bourse if a Person ceases to be a client pursuant to paragraph (b).

(viiix)   An Approved Participant must not provide an electronic access to the Bourse, pursuant to paragraph (b) to a client as defined in subparagraph (a)(i)(1) that is trading for the account of another Person, unless:

> (1)   the client is registered or exempted from registration as an adviser under securities legislation; or a Person that:

> > (A)   carries on business in a foreign jurisdiction;

(B) under the laws of the foreign jurisdiction, may Trade for the account of another Person, using such an electronic access; and

(C) is regulated in the foreign jurisdiction by a signatory to the International Organization of securities Commissions' Multilateral Memorandum of Understanding; and

(viii~~x~~) the client ensures that the orders of the other Person are initially transmitted through the systems of the client; and

(ix~~xi~~) the Approved Participant ensures that the orders of the other Person are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client.

Article 6.115 Order Identification

(a) Approved Participants must ensure the proper identification of orders when entered into the Trading System in order to ensure compliance with the provisions of Article 6.114 regarding management of priorities.

(i) "Order for the account of a customer" means an order for a Security or a Derivative Instrument entered for the account of a customer of any Approved Participant or of a customer of a Related Firm of an Approved Participant, but does not include an order entered for an account in which an Approved Participant, a Related Firm of an Approved Participant or an Approved Person has a direct or indirect interest, other than an interest in a commission charged;

(ii) "Order for the account of a professional" means an order for a Security or a Derivative Instrument for an account in which a director, Officer, partner, employee or agent of an Approved Participant or of a Related Firm of the Approved Participant or an Approved Person has a direct or indirect interest, other than an interest in a commission charged. The Bourse may designate any order as being an order for the account of a professional if, in its opinion, circumstances justify it;

(iii) "Order for the account of the firm" means an order for a Security or a Derivative Instrument for an account in which the Approved Participant or a Related Firm of the Approved Participant has a direct or indirect interest, other than an interest in a commission charged;

(iv) "Order for an insider or significant shareholder" means an order for a Security or a Derivative Instrument for the account of a client, a professional or a firm who is an insider and/or significant shareholder of the issuer of the underlying Security which is the subject of the order. If such client, professional

or firm is both an insider and a significant shareholder, the significant shareholder designation must be used.

(b)   Approved Participants must ensure that the "prearranged transaction marker" is included for each order entered into the Trading System under Article 6.202 or Article 6.205. This requirement does not apply to paragraph (c), sub-paragraph (d)(i) or paragraph (e) of Article 6.205.

(c)   Approved Participants must ensure that the "algorithmic trading marker" is included for each order entered into the Trading System through algorithmic trading.

(d)   For each order entered into the Trading System that is not an "Order for the account of the firm", as defined in-sub paragraph (a)(iii),

> (i)   Approved Participants must ensure that the order contains, in the prescribed "short code" field, the client identifier of the direct client for or on behalf of whom the order is entered;

> (ii)   and that is transmitted to the Bourse under the provisions of Article 3.5, Approved Participants must ensure that the "sponsored access marker" is included;

> (iii)   and that is transmitted to the Bourse through the systems of an Approved Participant on behalf of another Approved Participant for its own account, requirement of sub-paragraph (i) is not applicable; or

> (iv)   and that is transmitted to the Bourse through the systems of an Approved Participant on behalf of a client of a direct client of the Approved Participant and through algorithmic trading from a system not provided by the Approved Participant or its direct client, the Approved Participant must ensure that the order contains, in the "Unique ID" field, the unique ID assigned to the client of the direct client of the Approved Participant.

(e)   Notwithstanding sub-paragraph (d)(i), for each order entered into the Trading System that is transmitted to the Bourse on behalf of two or more direct clients that are not all "affiliated corporations and subsidiaries", Approved Participants must ensure that the order contains, in the "short code" field, the numeric value of 4.

(f)   Notwithstanding sub-paragraph (d)(i), for each order entered into the Trading System that is transmitted to the Bourse on behalf of two or more direct clients that are all "affiliated corporations and subsidiaries", Approved Participants must ensure that the order contains, in the "short code" field, the client identifier of the direct client, among the multiple direct clients, that is the controlling Person or, if none of the direct clients is the controlling Person, the client identifier of the Person that is the controlling Person of all the direct clients.

(g)   Notwithstanding sub-paragraph (d)(i), for each bundled order entered into the Trading System that is transmitted to the Bourse, Approved Participants must ensure that the order contains, in the "short code" field, the numeric value of 1.

(he)   For the purposes of this Article :

(i)   "insider" means a Person who is an insider, pursuant to applicable Securities legislation, of the issuer of the Security underlying the Security or the Derivative Instrument traded.;

(ii)   "significant shareholder" means any Person holding separately, or jointly with other Persons, more than 20% of the outstanding Voting Securities of the issuer whose Security is underlying the Security or the Derivative Instrument traded.; and

(iii)   "Related Firm" has the meaning given to that term in the definitions in Article 1.101 of the Rules.

(iv)   "client identifier" means an identifier assigned to a direct client or controlling Person as described in paragraph e) in the manner prescribed by the Regulatory Division. A client identifier assigned to a direct client or controlling Person may not be reassigned to another direct client or controlling Person.

        Client identifying information which may include the direct client's or controlling Person's Legal Entity Identifier, ISO 3166 country code of the legal address, full legal name, and any other information as prescribed by the Regulatory Division must be reported to the Regulatory Division not later than 7:00 p.m. (ET) on the business day a first order is transmitted to the Bourse on behalf of this direct client or controlling Person. When a Legal Entity Identifier is available and required to be reported and there are legal barriers preventing the reporting of the available Legal Entity Identifier, the Approved Participant must provide to the Regulatory Division, upon request, evidence of reasonable effort to obtain the Legal Entity Identifier of the direct client or the controlling Person, which may include the Approved Participant's policies and procedures regarding its process on client outreach and the correspondence between the Approved Participant and the direct client of the controlling Person, and an explanation of the legal barrier preventing the Approved Participant from providing the Legal Entity Identifier, which may be in the form of a legal opinion.

(v)   "algorithmic trading" means trading in Listed Products where a computer algorithm in an automated order system automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, and does not include any automated order system that is only used for the purpose of routing orders to one or more trading

venues or for the processing of orders involving no determination of any trading parameters.

(vi)   "unique ID" means an identifier assigned to a specific client of a direct client of an Approved Participant in the manner prescribed by the Regulatory Division. A unique ID assigned to a specific client of the direct client of the Approved Participant may not be reassigned to another client of the direct client of the Approved Participant.

(vii) "direct client" means the Person that has an account carried by an Approved Participant, regardless of whether this Person is the ultimate end-client for a specific order.

(viii) "bundled order" means a single order that includes at least an "Order for the account of the firm" as well as an order that is not an "Order for the account of the firm".

Article 6.500   Reports of Accumulated Positions

(g)   For the purposes of this subparagraph (d)(iii), the term "L~~l~~egal E~~e~~ntity I~~i~~dentifier" has the meaning given to that term in the definitions in Article 1.101 of the Rules.~~means the unique identification number attributed to a legal entity by any organization accredited to this effect pursuant to the ISO 17442 standard of the International Standardization Organization, as approved by the Financial Stability Board and the G-20 and aiming at implementing a universal and mandatory identification system for legal entities trading any type of Derivative Instrument.~~

Article 1.101   **Definitions**

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

Legal Entity Identifier (Identifiant d'Entité Légale) means a unique identification code assigned to a Person in accordance with standards set by the Global Legal Entity Identifier System which is the system for unique identification of parties to financial transactions developed by the Legal Entity Identifier System Regulatory Oversight Committee, an international working group established by the Finance Ministers and the Central Bank Governors of the Group of Twenty nations and the Financial Stability Board, under the Charter of the Regulatory Oversight Committee for the Global Legal Entity Identifier System dated November 5, 2012.

Article 3.5   **Sponsored Access**

(b)   Sponsored Access Permitted. Approved Participants may authorize clients to transmit orders electronically to the Bourse through the systems of the Approved Participant, using the Approved Participant's identifier, subject to, and in compliance with, the following conditions:

    (vii)   An Approved Participant must not provide an electronic access to the Bourse, pursuant to paragraph (b) to a client as defined in subparagraph (a)(i)(1) that is trading for the account of another Person, unless:

        (1)   the client is registered or exempted from registration as an adviser under securities legislation; or a Person that:

            (A)   carries on business in a foreign jurisdiction;

            (B)   under the laws of the foreign jurisdiction, may Trade for the account of another Person, using such an electronic access; and

            (C)   is regulated in the foreign jurisdiction by a signatory to the International Organization of securities Commissions' Multilateral Memorandum of Understanding; and

    (viii)   the client ensures that the orders of the other Person are initially transmitted through the systems of the client; and

(ix)   the Approved Participant ensures that the orders of the other Person are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client.

Article 6.115   Order Identification

(a)   Approved Participants must ensure the proper identification of orders when entered into the Trading System in order to ensure compliance with the provisions of Article 6.114 regarding management of priorities.

(i)   "Order for the account of a customer" means an order for a Security or a Derivative Instrument entered for the account of a customer of any Approved Participant or of a customer of a Related Firm of an Approved Participant, but does not include an order entered for an account in which an Approved Participant, a Related Firm of an Approved Participant or an Approved Person has a direct or indirect interest, other than an interest in a commission charged;

(ii)   "Order for the account of a professional" means an order for a Security or a Derivative Instrument for an account in which a director, Officer, partner, employee or agent of an Approved Participant or of a Related Firm of the Approved Participant or an Approved Person has a direct or indirect interest, other than an interest in a commission charged. The Bourse may designate any order as being an order for the account of a professional if, in its opinion, circumstances justify it;

(iii)   "Order for the account of the firm" means an order for a Security or a Derivative Instrument for an account in which the Approved Participant or a Related Firm of the Approved Participant has a direct or indirect interest, other than an interest in a commission charged;

(iv)   "Order for an insider or significant shareholder" means an order for a Security or a Derivative Instrument for the account of a client, a professional or a firm who is an insider and/or significant shareholder of the issuer of the underlying Security which is the subject of the order. If such client, professional or firm is both an insider and a significant shareholder, the significant shareholder designation must be used.

(b)   Approved Participants must ensure that the "prearranged transaction marker" is included for each order entered into the Trading System under Article 6.202 or Article 6.205. This requirement does not apply to paragraph (c), sub-paragraph (d)(i) or paragraph (e) of Article 6.205.

(c)   Approved Participants must ensure that the "algorithmic trading marker" is included for each order entered into the Trading System through algorithmic trading.

(d)   For each order entered into the Trading System that is not an "Order for the account of the firm", as defined in-sub paragraph (a)(iii),

>   (i)   Approved Participants must ensure that the order contains, in the prescribed "short code" field, the client identifier of the direct client for or on behalf of whom the order is entered;

>   (ii)   and that is transmitted to the Bourse under the provisions of Article 3.5, Approved Participants must ensure that the "sponsored access marker" is included;

>   (iii)   and that is transmitted to the Bourse through the systems of an Approved Participant on behalf of another Approved Participant for its own account, requirement of sub-paragraph (i) is not applicable; or

>   (iv)   and that is transmitted to the Bourse through the systems of an Approved Participant on behalf of a client of a direct client of the Approved Participant and through algorithmic trading from a system not provided by the Approved Participant or its direct client, the Approved Participant must ensure that the order contains, in the "Unique ID" field, the unique ID assigned to the client of the direct client of the Approved Participant.

(e)   Notwithstanding sub-paragraph (d)(i), for each order entered into the Trading System that is transmitted to the Bourse on behalf of two or more direct clients that are not all "affiliated corporations and subsidiaries", Approved Participants must ensure that the order contains, in the "short code" field, the numeric value of 4.

(f)   Notwithstanding sub-paragraph (d)(i), for each order entered into the Trading System that is transmitted to the Bourse on behalf of two or more direct clients that are all "affiliated corporations and subsidiaries", Approved Participants must ensure that the order contains, in the "short code" field, the client identifier of the direct client, among the multiple direct clients, that is the controlling Person or, if none of the direct clients is the controlling Person, the client identifier of the Person that is the controlling Person of all the direct clients.

(g)   Notwithstanding sub-paragraph (d)(i), for each bundled order entered into the Trading System that is transmitted to the Bourse, Approved Participants must ensure that the order contains, in the "short code" field, the numeric value of 1.

(h)   For the purposes of this Article :

>   (i)   "insider" means a Person who is an insider, pursuant to applicable Securities legislation, of the issuer of the Security underlying the Security or the Derivative Instrument traded.

(ii)   "significant shareholder" means any Person holding separately, or jointly with other Persons, more than 20% of the outstanding Voting Securities of the issuer whose Security is underlying the Security or the Derivative Instrument traded.

(iii)   "Related Firm" has the meaning given to that term in the definitions in Article 1.101 of the Rules.

(iv)   "client identifier" means an identifier assigned to a direct client or controlling Person as described in paragraph e) in the manner prescribed by the Regulatory Division. A client identifier assigned to a direct client or controlling Person may not be reassigned to another direct client or controlling Person.

Client identifying information which may include the direct client's or controlling Person's Legal Entity Identifier, ISO 3166 country code of the legal address, full legal name, and any other information as prescribed by the Regulatory Division must be reported to the Regulatory Division not later than 7:00 p.m. (ET) on the business day a first order is transmitted to the Bourse on behalf of this direct client or controlling Person. When a Legal Entity Identifier is available and required to be reported and there are legal barriers preventing the reporting of the available Legal Entity Identifier, the Approved Participant must provide to the Regulatory Division, upon request, evidence of reasonable effort to obtain the Legal Entity Identifier of the direct client or the controlling Person, which may include the Approved Participant's policies and procedures regarding its process on client outreach and the correspondence between the Approved Participant and the direct client of the controlling Person, and an explanation of the legal barrier preventing the Approved Participant from providing the Legal Entity Identifier, which may be in the form of a legal opinion.

(v)   "algorithmic trading" means trading in Listed Products where a computer algorithm in an automated order system automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, and does not include any automated order system that is only used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters.

(vi)   "unique ID" means an identifier assigned to a specific client of a direct client of an Approved Participant in the manner prescribed by the Regulatory Division. A unique ID assigned to a specific client of the direct client of the Approved Participant may not be reassigned to another client of the direct client of the Approved Participant.

(vii) "direct client" means the Person that has an account carried by an Approved Participant, regardless of whether this Person is the ultimate end-client for a specific order.

(viii) "bundled order" means a single order that includes at least an "Order for the account of the firm" as well as an order that is not an "Order for the account of the firm".

Article 6.500   Reports of Accumulated Positions

(g)   For the purposes of this subparagraph (d)(iii), the term "Legal Entity Identifier" has the meaning given to that term in the definitions in Article 1.101 of the Rules.