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**CIRCULAR
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Note to Market Participants on Procedures for the Cancellation of Trades

The Bourse de Montréal wishes to remind participants of the Procedures for the Cancellation of Trades (the “Procedures”), and the application of these Procedures.

The Procedures state that:

“In order to maintain market integrity, when a transaction outside the No Cancel Range is identified by Market Supervisors, the parties involved will be contacted within a reasonable delay by the Market Operations Department of the Bourse in order to adjust the trade price within the No Cancel Range.

When any potential erroneous trade is brought to the attention of a Market Supervisor by a market participant, the market Supervisor will determine whether the trade price is in the No Cancel Range for the particular derivative instrument.”

The Procedures therefore identify two circumstances in which a Market Supervisor may establish the No Cancel Range and apply the Procedures:

1. “A transaction outside the No Cancel Range” in the case of a trade that is identified by Market Supervisors, and
2. An erroneous trade that is reported by a market participant.

In the interest rate futures markets the Bourse has consistently applied the Procedures to a transaction outside the No Cancel Range, and to errors that are reported by participants.

During recent regular trading sessions, the price of the Ten-Year Government of Canada Bond Futures (CGB) declined and rebounded as a result of a large number of orders coming from a number of different participants. Multiple trades were executed in reasonable price increments, none of which exceeded the no-cancel range.

It is important to note that during those trading sessions:

1. No single transaction exceeded the No Cancel Range.
2. No participant reported an error or “fat finger”.

Therefore, the Procedures for the Cancellation of Trades were not applicable in this set of circumstances.

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