

<input checked="" type="checkbox"/>	Trading – Interest Rate Derivatives	<input type="checkbox"/>	Back-office - Options
<input type="checkbox"/>	Trading – Equity and Index Derivatives	<input checked="" type="checkbox"/>	Technology
<input type="checkbox"/>	Back-office – Futures	<input checked="" type="checkbox"/>	Regulation

CIRCULAR 073-14

June 4, 2014

**REMINDER RELATING TO REQUIREMENTS OUTLINED IN ARTICLE
15608 – POSITION LIMITS**

The Regulatory Division of Montreal Exchange would like to remind approved participants that, as per article 15608 of the Rules and Policies of the Bourse (https://www.m-x.ca/f_regles_en/15_en.pdf), effective at the start of trading on the **first business day prior to the First Delivery Notice day of the first contract month** of a **Government of Canada Bond futures contract**, the position limit shall be 20% of the open interest of that contract month. The first contract month's position limit is therefore recalculated on a daily basis using the start of day open interest for that contract month and this until its expiration.

The start of day open interest is posted daily on the Montreal Exchange's website at https://www.m-x.ca/nego_cotes_en.php.

First Delivery Notice dates for Government of Canada Bond futures contracts may be obtained on the Montreal Exchange's website at: http://www.m-x.ca/nego_ca_en.php?cat=1&month=0&year=2014.

The table below illustrates examples of the methodology to be applied in order to compute the first contract month's position limit for Government of Canada Bond futures contracts starting on the first business day prior to the first delivery notice day.

Product	Government of Canada Bond Futures Contract	First Business Day Prior to First Delivery Notice Day	First Delivery Notice Day	Open Interest At the Start of the First Business day prior to First Delivery Notice day	Front Month Contract Position Limit*
CGB	CGBM14	May 27, 2014	May 28, 2014	164,976	32,995
CGF	CGFM14	May 27, 2014	May 28, 2014	13,651	2,370
CGZ	CGZM14	May 28, 2014	May 29, 2014	1,058	212

***20% of start of day open interest for the first contract month**

In the event that an approved participant of the Bourse or any of its clients are holding positions in excess of the set limit for the first contract month, the approved participant must immediately inform the Regulatory Division of the breach on the day that it has exceeded the position limit.

If a position limit has been exceeded, the approved participant must either reduce the excess position or apply for a position limit exemption as per Policy C-1 (http://www.m-x.ca/f_regles_en/C-1_en.pdf). Exemption requests are only applicable to bona fide hedgers and must be submitted to the Regulatory Division no later than 9:30AM on the next business day following the day where the limit was breached.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all approved participants or clients, if deemed necessary. The Regulatory Division recognizes that in cases where an unhedged position is held by an approved participant or client who is either providing liquidity or intending to take the futures contracts to delivery that the position limit breach may be justifiable. The Division will review and assess each position on a case-by-case basis in order to determine whether a specific limit is appropriate.

The Regulatory Division considers position limit requirements to be a core component of the preservation of market integrity. Adherence to prevailing position limits is therefore of the utmost importance to the Bourse, and will be diligently monitored and enforced.

For further information, please contact Giancarlo Percio, Senior Market Analyst, Regulatory Division, at 514 787-6484, or by e-mail at gpercio@m-x.ca.

Brian Z. Gelfand
Vice-President and Chief Regulatory Officer