



CIRCULAR 077-18
May 30, 2018

SELF-CERTIFICATION

INTRODUCTION AND DELETION OF CLASSES AND SERIES OF OPTIONS AMENDMENTS TO ARTICLES 6394, 6605 AND 6606 OF RULE SIX OF THE BOURSE

On September 15, 2016, the Rules and Policies Committee of Bourse de Montréal Inc. (the “Bourse”) has approved amendments to articles 6394, 6605 and 6606 of Rule Six of the Bourse. With these changes, the Bourse modernizes the Rules applicable to the introduction and deletion of classes and series of options. 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, as attached, will become effective on **June 15, 2018**, after market close. Please note that the revised articles will also be available on the Bourse’s website (www.m-x.ca).

The amendments described in the present circular were published for public comment by the Bourse on September 28, 2016 (see [Circular 118-16](#)). Further to the publication of this circular, the Bourse has received comments. A summary of the comments received as well as responses from the Bourse to these comments is attached hereto.

For additional information, please contact Martin Jannelle, Legal Counsel, at 514-787-6578 or by email at martin.jannelle@tmx.com.

Martin Jannelle
Legal Counsel
Bourse de Montréal Inc.

6394 Introduction and Deletion of Classes of Options and Series of Options
(29.10.01, 00.00.00)

INTRODUCTION

a) Introduction. Before submitting a formal application to the Clearing Corporation for the introduction of a new classClass of optionsOptions, the Bourse shall be satisfied that the following conditions are met:

1) the liquidity of the options market on the Bourse is not unduly reduced by reason of such addition;

~~b) When introducing a new class of options, the Bourse shall determine:~~

i2) the symbol; for such option has been determined;

#3) the date that trading shall begin; has been determined; and

DELETION

4) Additional requirements applicable for equity and ETF options. The following conditions, in addition to the conditions in paragraphs 1), 2) and 3), shall apply to the introduction of equity and ETF options:

i) the new Series of Option should be introduced in such a manner as to enable the proper functioning of the spread process within the new Series of Options; and

ii) the Bourse shall open at least two Series of Options in each expiration month, so that the exercise 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. Whenever the Bourse determines that an underlying interest previously approved for options transactions on the Bourse does not meet the requirements for continued approval or for any other reason should no longer be approved, it may decide in its discretion not to open for trading any additional series of the classClass of Options covering the underlying interest and to prohibit any opening purchase transactions in already existing ~~series of that class.~~Series of Options of that Class of Options. In making its determination, the Bourse shall take into consideration namely the following factors:

~~b) The Bourse can delete an equity option if the issuer has failed to make timely reports as required by the regulation where the underlying interest is traded.~~

~~c) — Such action shall not be taken without regard to the~~1) the necessity of maintaining a fair and orderly market and to ensure the protection of purchasers and writers of option contracts.

~~d) — The Bourse may delete²⁾ the fact that specific series of any class of options when the series have no open interest.~~

~~6605 — Introduction and Deletion of Classes and Series of Options
(10.11.92, 07.09.99) of any Class of Options has no open interest, and.~~

~~INTRODUCTION~~

- ~~a) — Before submitting a formal application to the Clearing Corporation for the introduction of a new class of options, the Exchange shall be satisfied that:~~
- ~~i) — the liquidity of the options market on the Exchange is not unduly reduced by reason of such addition;~~
 - ~~ii) — the new series will be added in such a manner as to enable the proper function of the spread process within the new series.~~
- ~~b) — When introducing a new class of options, the Exchange shall determine:~~
- ~~i) — the symbol;~~
 - ~~ii) — the date that trading shall begin.~~
- ~~c) — When introducing a new class of options, the Exchange shall open at least two series in each expiration month, such that the exercise price of one series is above, and one is below, the price per unit of the underlying interest. However, the Exchange may open more than two series in an expiration month if, in its opinion, it would be beneficial to the market.~~

~~DELETION~~

- ~~a) — Whenever the Exchange determines that an underlying interest previously approved for Exchange options transactions does not meet the requirements for continued approval or for any other reason should no longer be approved, it may decide not to open for trading any additional series of the class covering the underlying interest and to prohibit any opening purchase transactions in already existing series of that class.~~
- ~~b) — When, in the case of equity options,³⁾ Additional considerations applicable for equity and ETF options. The following additional factors in addition to the factors in paragraphs 1) and 2) shall apply to the deletion of equity or ETF options:~~
- ~~i) whether the issuer has failed to make timely reports as required by articles 9153 to 9171 of the Exchange Rules, the rules where the underlying interest is traded;~~
- ~~c) — Such action shall not be taken without regard to the necessity of maintaining a fair and orderly market and to the protection of purchasers and writers of option contracts.~~
- ~~d) — Without limiting the generality of the foregoing, the Exchange may delete specific series of any class of options when:~~
- ~~i) — the series have no open interest;~~

ii)——_if both ~~puts and calls are traded~~, a call series may only be deleted if ~~the~~Puts and Call have been opened for trading, corresponding ~~put series satisfies~~ the Puts and Calls satisfy the deletion criteria for deletion; and ~~vice-versa;~~

iii)——_the ~~series~~Series of Options are deep-in-the-money or deep-out-of-the-money and there is no other ~~series~~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.

6605 Introduction and Deletion of Classes and Series of Options

(10.11.92, 07.09.99, abr.00.00.00)

6606 Opening of Additional Series of Options

(10.11.92, 00.00.00)

——_Additional series of Once a class of options may be introducedClass of Options has been approved for listing and trading by the Exchange when Bourse, the ~~price of the underlying interest has moved materially~~Bourse may, from time to time, in its discretion, introduce for trading additional Series of Options.

6394 Introduction and Deletion of Classes of Options and Series of Options

(29.10.01, 00.00.00)

a) Introduction. 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:

- 1) the liquidity of the options market on the Bourse is not unduly reduced by reason of such addition;
- 2) the symbol for such option has been determined;
- 3) the date that trading shall begin has been determined; and

4) Additional requirements applicable for equity and ETF options. The following conditions, in addition to the conditions in paragraphs 1), 2) and 3), shall apply to the introduction of equity and ETF options:

i) the new Series of Option should be introduced in such a manner as to enable the proper functioning of the spread process within the new Series of Options; and

ii) the Bourse shall open at least two Series of Options in each expiration month, so that the exercise 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. Whenever the Bourse determines that an underlying interest previously approved for options transactions on the Bourse does not meet the requirements for continued approval or for any other reason should no longer be approved, 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:

- 1) the necessity of maintaining a fair and orderly market and to ensure the protection of purchasers and writers of option contracts.
- 2) the fact that specific Series of Options of any Class of Options has no open interest, and.
- 3) Additional considerations applicable for equity and ETF options. The following additional factors in addition to the factors in paragraphs 1) and 2) shall apply to the deletion of equity or ETF options:

i) whether the issuer has failed to make timely reports as required by the rules where the underlying interest is traded;

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

iii) 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.

6605 Introduction and Deletion of Classes and Series of Options

(10.11.92, 07.09.99, abr.00.00.00)

6606 Opening of Additional Series of Options

(10.11.92, 00.00.00)

Once a Class of Options has been approved for listing and trading by the Bourse, the Bourse may, from time to time, in its discretion, introduce for trading additional Series of Options.

Circular 118-16: Summarized comments and responses

**INTRODUCTION AND DELETION OF CLASSES AND SERIES OF OPTIONS
AMENDMENTS TO ARTICLES 6394, 6605 AND 6606 OF RULES SIX OF BOURSE DE MONTREAL INC.**

No.	Date comments received	Participant Category	Articles	Summary of comments	Summary of responses
1.	October, 18, 2016	Dealer Broker Firm	General	The participant has reviewed the proposed changes and has no objections to them. The changes bring clarity and modernization which is supported by the participant.	Bourse de Montréal thanked the participant for its support to the modification project.