



CIRCULAR 101-21

June 7, 2021

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTRÉAL INC. REGARDING DAILY SETTLEMENT PROCEDURES FOR EQUITY INDEX FUTURES AND SHARE FUTURES, AND MONTH-END SETTLEMENT PROCEDURES FOR INDEX FUTURES

On March 17, 2020 and on November 4, 2020, the Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) approved amendments to the equity futures daily settlement procedures in order to ensure a fair and orderly market close and pricing for approved participant, and to introduce new month-end settlement procedures involving Index Futures contracts.

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 attached herewith will become effective on **June 21, 2021**, before the market open. 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 June 23, 2020 (see circular [112-20](#)) and on November 20, 2020 (see circular [201-20](#)). Further to the publication of these circulars, no comment was received by the Bourse.

For additional information, please contact Alexandre Normandeau, Legal Counsel, at 438-985-3289 or by email at alexandre.normandeau@tmx.com.

Alexandre Normandeau
Legal Counsel
Bourse de Montréal Inc.

Article 6.412 Daily and month-end Settlement Price or Closing Quotation

The daily Settlement Price or the closing quotation, and where applicable, the month-end Settlement Price, are determined according to the procedures established by the Bourse for each Derivative Instrument.

Appendix 6E—Daily and month-end Settlement Price Procedures for Futures Contracts and Options on Futures Contracts

Appendix 6E-1 RULE

Article 6.412 of the Rules stipulates that, “The daily Settlement Price or the closing quotation, and where applicable, the month-end Settlement Price, are determined according to the procedures established by the Bourse for each Derivative Instrument.”

Appendix 6E-2 SUMMARY

- (a) Futures Contracts And Options On Futures Contracts Daily and month-end Settlement Prices.
- (i) These markets use the average price during the last minutes of trading or other calculation methods, as specified for each instrument in the following procedures, so as to establish a single Settlement Price. These calculations are executed manually by Market Supervisors or, as the case may be, by an automated algorithm using pre-established guidelines for each product.
- (ii) The prices at which block trades, Exchange for Physical (EFP) or Exchange for Risk (EFR) are arranged shall not be used to establish the open, high, low or daily Settlement Price.

Appendix 6E-3 OBJECTIVES

The objectives of establishing daily and month-end Settlement Prices are to:

- (a) Ensure a fair and orderly market close and pricing for Approved Participants so that they can properly mark-to-market their positions for Margin calculations and back office processing, including the clearing and settlement of their Transactions.
- (b) Ensure that CDCC and all market participants are informed of the Settlement Prices.

Appendix 6E-4.2 FUTURES CONTRACTS ON S&P/TSX AND S&P/MX INDICES, AND ON THE FTSE EMERGING MARKETS INDEX

Daily Settlement Price

In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the Daily Settlement Price shall be the same as the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

(a) Front Month: The front quarterly contract month is the one, among the first two quarterly contract months, that has the largest Open Interest and the required market information. In the absence of both these criteria together, then the front quarterly contract month shall be determined by a Market Supervisor based on available market information. All the subsequent expiries are considered Back Months.

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. ET (“the calculation period”), using a minimum quantity of 10 Contracts. If there is an unfilled order (“booked order”) with a higher bid or lower offer in the front month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the front month settles to the midpoint of the booked orders bid and offer.

Tier 2

For all Futures contracts on S&P/TSX and S&P/MX indices, and on the FTSE Emerging markets index except the S&P/TSX60 Dividend Index Futures, if there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. For S&P/TSX60 Dividend Index Futures, the Settlement Price will be the previous day’s Settlement Price adjusted to the qualifying bid and offer.

Tier 3

In absence of the conditions necessary to fulfill the front month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

(b) Back Months

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades, including spread strategies, during the calculation period (minimum quantity 10 contracts). If there is an unfilled order (“booked order”) with a higher bid or lower offer in the back month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.

- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the back month settles to the midpoint of the booked orders bid and offer.

Tier 2

If there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. This Tier does not apply to S&P/TSX60 Dividend Index Futures.

Tier 3

If no weighted average price can be determined in this manner, the Settlement Price will be the previous day's Settlement Price (or a price that represents the same net change of the prior expiry) adjusted to the qualifying closing bid and offer.

Tier 4

In absence of the conditions necessary to fulfill the back month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

Month-end Settlement Price

The month-end Settlement Price shall be calculated on the last business day of each month using a time-weighted average price ("TWAP") and the future's related Basis Trade on Close (BTC) daily mid-market quotes average, as further detailed below. In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the month-end Settlement Price shall be the same as for the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

Tier 1

- (i) TWAP calculation. The price of the Index Future's last traded contract is captured at every 1-minute interval between 9:30 a.m. and 3:55 p.m. The Index Future's trading activity is measured against the underlying index value at intervals of 1 minute throughout the day. The implied basis is calculated taking the difference between the underlying index and the price of the Future contract at each minute. At 4:00 p.m., the system calculates the average of each minute's implied basis obtained throughout the day (TWAP);
- (ii) TWAP conditions. The following trading data conditions must be present for the TWAP to be calculated: (i) a trade must be registered on at least 50% of all minute intervals throughout the period the data is captured, (ii) there must be a minimum of one data point present every 30 minutes throughout the period the data is captured, (iii) the TSX feed must be available and its data captured between 3:00 p.m. and 3:55 p.m.;

- (iii) BTC daily mid-market quotes calculation. In order to obtain BTC daily mid-market quotes, the Bourse captures all bid-ask quotes posted throughout the day at every 1-minute interval. At 4:00 p.m., the system calculates the mid-market quote average for the day;
- (iv) Month-end Settlement Price. The month-end Settlement Price is determined by weighting the Index Future implied average basis (TWAP) and the BTC mid-market average basis. The BTC mid-market average basis is weighted according to the instrument's trading volume during the previous month and the weighting percentage is dependent on the BTC monthly volume crossing a pre-established threshold range.

Tier 2

Should the TWAP conditions mentioned above not be met for the calculation of the month-end Settlement Price, the Bourse shall calculate the month-end Settlement Price using the Procedures outlined in this Appendix 6E-4.2 for the calculation of the daily Settlement Price.

The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. for all contract months. In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the Settlement Price shall be the same as the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

(a) — Main Procedure.

- (i) Booked orders. If there is an unfilled order with a higher bid or lower offer in an outright month, this bid or offer will override the Settlement Price obtained from the weighted average. The order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
- (ii) Last Trades. If there are no Trades in the calculation period, then the last Trade before the calculation period will be taken into account while still respecting posted bids and offers in the market.

(b) — First Ancillary Procedure. When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this Chapter will apply.

- (i) The front month must be settled first (the establishment of the front month is based on the month with the greatest Open Interest).
- (ii) The spread between the two contract months must be settled next by taking into account the average trading price of the calculation period and by examining the Trades executed during the previous 10 minutes.
- (iii) The Settlement Price for the back month or far month is obtained by the difference between the front month Settlement Price and the value of the spread.

- ~~(c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply.~~
- ~~(i) Market Supervisors will post a Settlement Price that will reflect the same differential that was applied on the previous day settlement. The Settlement Price will be adjusted accordingly to respect that contract's previous Settlement Price.~~
- ~~(d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraph (b) and in paragraph (c), the following ancillary procedure will apply. In this situation, Market Supervisors will establish the Settlement Price based on available market information. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, Market Supervisors will keep a record of the criteria used to establish the Settlement Price.~~

2020.01.30

[...]

Appendix 6E-4.7 CANADIAN SHARE FUTURES CONTRACTS

(a) Front Month: The front quarterly contract month is the one, among the first two quarterly contract months, that has the largest Open Interest and the required market information. In the absence of both these criteria together, then the front quarterly contract month shall be determined by a Market Supervisor based on available market information. All the subsequent expiries are considered Back Months.

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. ET (“the calculation period”), using a minimum quantity of 10 Contracts. If there is an unfilled order (“booked order”) with a higher bid or lower offer in the front month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the front month settles to the midpoint of the booked orders bid and offer.

Tier 2

If there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument.

Tier 3

In absence of the conditions necessary to fulfill the front month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

(b) Back Months

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades, including spread strategies, during the calculation period (minimum quantity 10 contracts). If there is an unfilled order (“booked order”) with a higher bid or lower offer in the back month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the back month settles to the midpoint of the booked orders bid and offer.

Tier 2

If there are no Trades in the calculation period, the weighted average of all basis Trade on close (BTC) transactions is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. This price would be adjusted to the qualifying closing bid and offer.

Tier 3

If no weighted average price can be determined in this manner, the Settlement Price will be the previous day's Settlement Price (or a price that represents the same net change of the prior expiry) adjusted to the qualifying closing bid and offer.

Tier 4

In absence of the conditions necessary to fulfill the back month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

The Settlement Price shall be the weighted average of all Trades during the closing range. The closing range is defined as the last minute of the Trading Day for all contract months.

(a) Main Procedure.

- (i) Booked orders. If there is an unfilled order with a higher bid or lower offer in an outright month, this bid or offer will override the Settlement Price obtained from

~~the weighted average. The order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more~~

~~(ii) Last Trades. If there are no Trades in the last minute of trading, then the last Trade will be taken into account while still respecting posted bids and offers in the market~~

~~(b) First Ancillary Procedure. When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this Chapter will apply.~~

~~(i) The front month must be settled first (the establishment of the front month is based on the month with the greatest Open Interest).~~

~~(ii) The spread between the two contract months must be settled next by taking into account the average trading price of the last minute and by examining the Trades executed during the previous 10 minutes.~~

~~(iii) The Settlement Price for the back month or far month is obtained by the difference between the front month Settlement Price and the value of the spread.~~

~~(c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply. Market Supervisors will post a Settlement Price that will reflect the same differential that was applied on the previous day settlement. The Settlement Price will be adjusted accordingly to respect that contract's previous Settlement Price.~~

~~(d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraphs (b) and (c), Market Supervisors will establish the daily Settlement Price based on available market information. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, Market Supervisors will keep a record of the criteria used to establish the Settlement Price.~~

Article 6.412 Daily and month-end Settlement Price or Closing Quotation

The daily Settlement Price or the closing quotation, and where applicable, the month-end Settlement Price, are determined according to the procedures established by the Bourse for each Derivative Instrument.

Appendix 6E—Daily and month-end Settlement Price Procedures for Futures Contracts and Options on Futures Contracts

Appendix 6E-1 RULE

Article 6.412 of the Rules stipulates that, “The daily Settlement Price or the closing quotation, and where applicable, the month-end Settlement Price, are determined according to the procedures established by the Bourse for each Derivative Instrument.”

Appendix 6E-2 SUMMARY

- (a) Futures Contracts And Options On Futures Contracts Daily and month-end Settlement Prices.
 - (i) These markets use the average price during the last minutes of trading or other calculation methods, as specified for each instrument in the following procedures, so as to establish a single Settlement Price. These calculations are executed manually by Market Supervisors or, as the case may be, by an automated algorithm using pre-established guidelines for each product.
 - (ii) The prices at which block trades, Exchange for Physical (EFP) or Exchange for Risk (EFR) are arranged shall not be used to establish the open, high, low or daily Settlement Price.

Appendix 6E-3 OBJECTIVES

The objectives of establishing daily and month-end Settlement Prices are to:

- (a) Ensure a fair and orderly market close and pricing for Approved Participants so that they can properly mark-to-market their positions for Margin calculations and back office processing, including the clearing and settlement of their Transactions.
- (b) Ensure that CDCC and all market participants are informed of the Settlement Prices.

Appendix 6E-4.2 FUTURES CONTRACTS ON S&P/TSX AND S&P/MX INDICES, AND ON THE FTSE EMERGING MARKETS INDEX

Daily Settlement Price

In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the Daily Settlement Price shall be the same as the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

- (a) Front Month: The front quarterly contract month is the one, among the first two quarterly contract months, that has the largest Open Interest and the required market information. In the absence of both these criteria together, then the front quarterly contract month shall be determined by a Market Supervisor based on available market information. All the subsequent expiries are considered Back Months.

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. ET (“the calculation period”), using a minimum quantity of 10 Contracts. If there is an unfilled order (“booked order”) with a higher bid or lower offer in the front month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the front month settles to the midpoint of the booked orders bid and offer.

Tier 2

For all Futures contracts on S&P/TSX and S&P/MX indices, and on the FTSE Emerging markets index except the S&P/TSX60 Dividend Index Futures, if there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. For S&P/TSX60 Dividend Index Futures, the Settlement Price will be the previous day’s Settlement Price adjusted to the qualifying bid and offer.

Tier 3

In absence of the conditions necessary to fulfill the front month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

- (b) Back Months

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades, including spread strategies, during the calculation period (minimum quantity 10 contracts). If there is an unfilled order (“booked order”) with a higher bid or lower offer in the back month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.

- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the back month settles to the midpoint of the booked orders bid and offer.

Tier 2

If there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. This Tier does not apply to S&P/TSX60 Dividend Index Futures.

Tier 3

If no weighted average price can be determined in this manner, the Settlement Price will be the previous day's Settlement Price (or a price that represents the same net change of the prior expiry) adjusted to the qualifying closing bid and offer.

Tier 4

In absence of the conditions necessary to fulfill the back month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

Month-end Settlement Price

The month-end Settlement Price shall be calculated on the last business day of each month using a time-weighted average price ("TWAP") and the future's related Basis Trade on Close (BTC) daily mid-market quotes average, as further detailed below. In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the month-end Settlement Price shall be the same as for the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

Tier 1

- (i) TWAP calculation. The price of the Index Future's last traded contract is captured at every 1-minute interval between 9:30 a.m. and 3:55 p.m. The Index Future's trading activity is measured against the underlying index value at intervals of 1 minute throughout the day. The implied basis is calculated taking the difference between the underlying index and the price of the Future contract at each minute. At 4:00 p.m., the system calculates the average of each minute's implied basis obtained throughout the day (TWAP);
- (ii) TWAP conditions. The following trading data conditions must be present for the TWAP to be calculated: (i) a trade must be registered on at least 50% of all minute intervals throughout the period the data is captured, (ii) there must be a minimum of one data point present every 30 minutes throughout the period the data is captured, (iii) the TSX feed must be available and its data captured between 3:00 p.m. and 3:55 p.m.;

- (iii) BTC daily mid-market quotes calculation. In order to obtain BTC daily mid-market quotes, the Bourse captures all bid-ask quotes posted throughout the day at every 1-minute interval. At 4:00 p.m., the system calculates the mid-market quote average for the day;
- (iv) Month-end Settlement Price. The month-end Settlement Price is determined by weighting the Index Future implied average basis (TWAP) and the BTC mid-market average basis. The BTC mid-market average basis is weighted according to the instrument's trading volume during the previous month and the weighting percentage is dependent on the BTC monthly volume crossing a pre-established threshold range.

Tier 2

Should the TWAP conditions mentioned above not be met for the calculation of the month-end Settlement Price, the Bourse shall calculate the month-end Settlement Price using the Procedures outlined in this Appendix 6E-4.2 for the calculation of the daily Settlement Price.

2020.01.30

[...]

Appendix 6E-4.7 CANADIAN SHARE FUTURES CONTRACTS

- (a) Front Month: The front quarterly contract month is the one, among the first two quarterly contract months, that has the largest Open Interest and the required market information. In the absence of both these criteria together, then the front quarterly contract month shall be determined by a Market Supervisor based on available market information. All the subsequent expiries are considered Back Months.

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. ET ("the calculation period"), using a minimum quantity of 10 Contracts. If there is an unfilled order ("booked order") with a higher bid or lower offer in the front month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the front month settles to the midpoint of the booked orders bid and offer.

Tier 2

If there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument.

Tier 3

In absence of the conditions necessary to fulfill the front month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

(b) Back Months

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades, including spread strategies, during the calculation period (minimum quantity 10 contracts). If there is an unfilled order (“booked order”) with a higher bid or lower offer in the back month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked order must have been posted for 20 seconds or longer prior to the close and its size must be for a total of 10 contracts or more.
- (ii) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the back month settles to the midpoint of the booked orders bid and offer.

Tier 2

If there are no Trades in the calculation period, the weighted average of all basis Trade on close (BTC) transactions is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. This price would be adjusted to the qualifying closing bid and offer.

Tier 3

If no weighted average price can be determined in this manner, the Settlement Price will be the previous day's Settlement Price (or a price that represents the same net change of the prior expiry) adjusted to the qualifying closing bid and offer.

Tier 4

In absence of the conditions necessary to fulfill the back month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.