

**CIRCULAR 105-20**

June 12, 2020

**SELF-CERTIFICATION**

**AMENDMENTS TO ARTICLE 6.310 OF THE RULES OF BOURSE DE MONTRÉAL INC. REGARDING POSITION LIMITS**

The Rules and Policies Committee of Bourse de Montréal Inc. (the “Bourse”) and the Special Committee of the Regulatory Division of the Bourse approved amendments to the Rules of the Bourse as part of a complete revision of the Bourse’s (i) methodology to set position limits for all of its products and (ii) approach to apply those limits. These amendments were published for public comment by the Bourse on November 21, 2019 (see [Circular 149-19](#)). The amendments also included amendments to article 6.310 to grant more flexibility to the Regulatory Division of the Bourse to establish and publish position limits or remove position limits as it deems appropriate for any derivative instrument that is newly introduced by the Bourse.

On June 1, 2020 the Bourse published Circular 101-20 to inform market participants that the self-certification of the proposed amendments relating to position limits (Circular 149-19) would be postponed until further notice. Nevertheless, with the recent launch of the Three-Month CORRA Future contract (CRA), the Bourse deemed it important to self-certify the amendments proposed to article 6.310 which allow the Regulatory Division of the Bourse to establish and publish position limits or remove position limits as it deems appropriate for new instruments. These amendments will provide more flexibility to the Regulatory Division in ensuring that the position limits applicable to new instruments are not preventing the establishment of an orderly and liquid market. The remaining amendments to the Rules of the Bourse related to position limits will be self-certified at a later date, as indicated in Circular 101-20.

The amendments to article 6.310 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 17, 2020**, after market close. Please note that the revised version of the rules will also be available on the Bourse’s website ([www.m-x.ca](http://www.m-x.ca)).

For additional information, please contact Alexandre Normandeau, Legal Counsel, at 514-787-6623 or by email at [alexandre.normandeau@tmx.com](mailto:alexandre.normandeau@tmx.com).

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**APPENDIX 1**  
**AMENDED VERSION**

**PART 6 - TRADING RULES**

**Chapter D—Listed Products**

[...]

**6.310 Position Limits for Derivatives Instruments**

- (a) No Approved Participant shall make, for any account in which it has an interest or for the account of any client, a Transaction in a specific Derivative Instrument listed on the Bourse if the Approved Participant has reason to believe that as a result of such Transaction the Approved Participant or its client would, acting alone or in concert with others, directly or indirectly, hold or control a position in excess of the position limit established by the Bourse.
- (b) For the purposes of position limit regulations, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, must be aggregated.
- (c) A person with authority over one or more managed accounts must not execute or order the execution of Transactions for such account or accounts where such Transactions, by themselves or in addition to his personal Transactions, exceed the limits prescribed under the Rules regarding total positions in any Derivative Instrument.
- (d) Notwithstanding any other provision in the Rules, the Regulatory Division may, at its discretion, establish and publish position limits or remove position limits as it deems appropriate for any Derivative Instrument listed on the Bourse (i) that has no or minimal Open Interest, as determined by the Regulatory Division, for at least six consecutive months, or (ii) that is newly introduced by the Bourse. Position limits established under this paragraph shall remain applicable until such time the Regulatory Division considers it necessary. The position limits established under this paragraph may exceed the position limits prescribed by the Rules.
- ~~(e)~~(e) The Regulatory Division may impose specific position limits to one or more Approved Participants or its or their clients on any Derivative Instrument listed on the Bourse, as it deems necessary to ensure the integrity and fairness of the market. The position limits established under this paragraph may not exceed the position limits prescribed by the Rules.

**CLEAN VERSION**

**PART 6 - TRADING RULES**

**Chapter D—Listed Products**

[...]

**6.310 Position Limits for Derivatives Instruments**

- (a) No Approved Participant shall make, for any account in which it has an interest or for the account of any client, a Transaction in a specific Derivative Instrument listed on the Bourse if the Approved Participant has reason to believe that as a result of such Transaction the Approved Participant or its client would, acting alone or in concert with others, directly or indirectly, hold or control a position in excess of the position limit established by the Bourse.
- (b) For the purposes of position limit regulations, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, must be aggregated.
- (c) A person with authority over one or more managed accounts must not execute or order the execution of Transactions for such account or accounts where such Transactions, by themselves or in addition to his personal Transactions, exceed the limits prescribed under the Rules regarding total positions in any Derivative Instrument.
- (d) Notwithstanding any other provision in the Rules, the Regulatory Division may, at its discretion, establish and publish position limits or remove position limits as it deems appropriate for any Derivative Instrument listed on the Bourse (i) that has no or minimal Open Interest, as determined by the Regulatory Division, for at least six consecutive months, or (ii) that is newly introduced by the Bourse. Position limits established under this paragraph shall remain applicable until such time the Regulatory Division considers it necessary. The position limits established under this paragraph may exceed the position limits prescribed by the Rules.
- (e) The Regulatory Division may impose specific position limits to one or more Approved Participants or its or their clients on any Derivative Instrument listed on the Bourse, as it deems necessary to ensure the integrity and fairness of the market. The position limits established under this paragraph may not exceed the position limits prescribed by the Rules.