CIRCULAR 152-18
September 13, 2018

SELF-CERTIFICATION

AMENDMENTS TO RULES ONE, SIX, EIGHT, NINE, FOURTEEN AND FIFTEEN OF BOURSE DE MONTRÉAL INC.

AMENDMENTS TO THE DAILY SETTLEMENT PRICE PROCEDURES FOR FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

On September 15, 2016, the Rules and Policies Committee of Bourse de Montréal Inc. (the "**Bourse**") approved amendments to Rules One, Six, Eight, Nine, Fourteen and Fifteen, and to the Daily Settlement Price Procedures for Futures Contracts and Options on Futures Contracts in order to update the Rules and remove references to products and transactions no longer available to trading participants. 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 September 14, 2018, after market close. Please note that the revised rules and procedures will also be available on the Bourse's website (www.m-x.ca).

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

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1102 Definitions
(07.09.99, 31.01.01, 08.07.02, 02.09.03, 17.06.05, 30.07.13, 17.07.15, 01.12.17, 15.06.18, 11.07.18, 00.00.00)

The following is an alphabetical index of each term defined in English in this article with the corresponding French term in brackets.

~~**Jitney** (Jitney)~~

~~**Jitney means an approved participant or an employee of an approved participant who, under a contractual agreement, executes trades for another approved participant.**~~*[…]*

[…]

6001 Discretionary Authority of ~~Exchange~~the Bourse
(10.10.91, 00.00.00)

The ~~Exchange~~Bourse may prescribe such terms and conditions as it shall deem appropriate relating to transactions in ~~securities~~Listed Products traded either on or off the ~~Exchange~~Bourse.

6021 Clearing and Settlement of ~~Exchange~~ Bourse Transactions
(11.03.85, 11.03.92, 22.11.99, 00.00.00)

a) Except as otherwise provided in the ~~Exchange Regulation~~Regulations of the Bourse or specifically authorized by the ~~Exchange~~Bourse, all transactions effected on the ~~Exchange~~Bourse shall be cleared and settled in accordance with the rules and operations procedures of the Clearing Corporation designated from time to time by the ~~Exchange~~Bourse.

b) The ~~Exchange~~Bourse shall not be liable for any loss whatsoever suffered by ~~a member~~an Approved Participant through any act or omission of the Clearing Corporation in connection with, or arising out of, the settlement of any transaction.

c) ~~Regulation~~Regulations and procedures prescribed by resolution of the directors of the Clearing Corporation which are not inconsistent with the ~~Exchange Regulation~~Regulations of the Bourse shall be binding upon the ~~members~~Approved Participants of the ~~Exchange~~Bourse to the same extent as such regulation and procedures and the breach of any such regulation ~~by a member~~ shall have the same effect as a breach of the ~~Exchange Regulation~~Regulations of the Bourse.

6105 Jitney
(10.10.91, 22.11.99, 17.07.15, abr.00.00.00)

~~A jitney shall:~~

~~a) meet the requirement of article 6101;~~

~~b) have, the necessary competence and experience to act as a jitney, providing that :~~

~~i) a "Letter of Authorization" from each clearing approved participant for which he acts is filed with the Bourse; such letter shall be on letterhead of a clearing approved participant and provide that the clearing approved participant will accept financial responsibility of all exchange transactions to which the jitney commits the clearing approved participant.~~

~~ii) the jitney arrangement is supported by a written agreement between the approved participant issuer of the "Letter of Authorization" and the approved participant employer of the jitney.~~

6106 Responsibility for Trades Made by a Jitney
(10.10.91, abr.00.00.00)

~~a) A member who has filed with the Exchange a "Letter of Authorization" shall be responsible to carry out any trades for which the jitney trader has "given up" the name of such member.~~

~~b) A jitney trader shall cease to act as such for any member upon being given written notice by such member of the revocation of his "Letter of Authorization".~~

6108 Evasion of rule
(10.10.91, abr.00.00.00)

~~A member may not employ a jitney or act as a jitney to do anything indirectly that the member is prohibited from doing directly.~~

6211 Validity of Bids and Offers
(10.10.91, 22.11.99, 00.00.00)

To be valid, bids and offers must be entered~~made :~~

~~a)~~ during a trading session ~~;~~

~~b) made to all members generally and without discrimination ;~~

~~c)~~ and in the manner prescribed by the ~~Rules and Procedures established by the Exchange~~Regulations of the Bourse.

6301 Bids, Asks and Trades at the Close of a Trading Session
(10.10.91, 00.00.00)

At the close of a trading session, no ~~person~~Person shall enter or accept to enter a bid or an ask, nor execute a trade for the purpose of establishing an artificial price or effecting a high or low closing price in a ~~listed security~~Listed Product.

6302 Unreasonable Quotations May Be Disallowed
(10.10.91, 00.00.00)

At the close of any trading session ~~of the Exchange~~, if the buying and selling quotations are at the same price, or are more than five per cent apart, a ~~Floor Official~~Market Supervisor may refuse to allow either or both of them to be recorded; he may also refuse to allow any unreasonable quotations to be recorded at any time.

~~In the case of a cancellation, the trade will have no standing whatsoever and shall be expunged from the records.~~

6304 Stopping an Order
(10.10.91, 22.11.99, abr. 00.00.00)

~~No trader having entered an order in the market shall agree to reserve part of such order for acceptance by another trader or traders.~~

6309 Restrictions on Restricted Permit Holders
(10.10.91,17.07.15, abr. 00.00.00)

~~a) In respect to his market maker and personal accounts, a restricted permit holder is not permitted to have more than one clearing firm for each category of listed products.~~

~~b) No restricted permit holder shall maintain, in his own name or in any other name, an account over which he has, directly or indirectly, trading authority or control with any member unless he has the written consent of the clearing firm which clears his accounts.~~

~~The corresponding provisions regarding the other member carrying such an account are described in article 7454 2).~~

6313 Recorded Prices on the ~~Exchange~~Bourse
(01.02.88, 10.10.91, 00.00.00)

No ~~member~~Approved Participant acting as agent shall execute a transaction through the facilities of the ~~Exchange~~Bourse in which the price recorded on the ~~Exchange~~Bourse is:

a) in the case of a purchase by a customer, higher than the actual net price to the customer; or

b) in the case of a sale by a customer, lower than the actual net price to the customer.

6365 Electronic Trading System
(25.09.00, 24.09.01, abr. 00.00.00)

~~Derivatives instruments traded on the Bourse through an electronic trading system duly approved by the Bourse will be governed by the trading rules in articles 6365 to 6900 of the Rules.~~

6380 Transactions Required on Bourse Facilities
(25.09.00, 24.09.01, 29.10.01, 31.01.05, 10.11.08, 29.01.10, 09.06.14, 21.01.16, 17.01.18, 09.02.18, 07.06.18, 15.06.18, 29.06.18, 11.07.18, 00.00.00)

All trading in Listed Products must occur on or through the electronic trading system or in accordance with the rules of the Bourse.

6380a. Prearranged Transactions Prohibited.

No Person shall prearrange or execute noncompetitively any transaction on or through the electronic trading system of the Bourse, except as permitted by, and in accordance with article 6380b.

6380b. Exceptions to Prohibition on Prearranged Transactions.

The prohibition in article 6380a shall not apply to prearranged transactions pursuant to article 6380c; Block Trades pursuant to article 6380d; Riskless Basis Cross Trades pursuant to article 6380e; Exchange For Related Positions pursuant to articles 6815; and transfers of open positions under article 6816; *provided however*, no transaction under any of the exceptions included in this article may be executed using a hidden volume functionality.

6380c. Prearranged transactions.

1) **In general.**

For the purpose of this article, "communication" means any communication for the purpose of discerning interest in the execution of a transaction prior to the exposure of the order to the market. Any communication that relates to the size, side of market or price of an order, or a potentially forthcoming order, constitutes a communication to prearrange a transaction.

The parties to a transaction may engage in communications to prearrange a transaction on the electronic trading system in an eligible derivative in the minimum amount specified where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the transaction, in accordance with the following conditions:

i) A customer must consent to the Approved Participant engaging in prearranging communications on the customer's behalf. The consent of the client, in whatever form, must be communicated to the Bourse upon request;

ii) After the first order for the prearranged transaction is entered into the electronic trading system the parties may not enter the second order for the prearranged transaction until the following specified time period has elapsed as follows:

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
Three-Month Canadian Bankers' Acceptance Futures Contracts (BAX):		
1st four quarterly months – not including serial months	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Thirty-Day Overnight "Repo" Rate Futures Contracts (ONX):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
Overnight Index Swap Futures Contracts (OIS):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Government of Canada Bond Futures		
All expiry months and strategies	5 seconds	No threshold
Futures Contracts on S&P/TSX		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures Contracts on the FTSE Emerging Markets Index:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
~~**Futures Contracts on Canada Carbon Dioxide Equivalent (CO2e) Units:**~~		
~~All expiry months and strategies~~	~~5 seconds~~	~~No threshold~~
~~**Futures Contracts on Canadian Crude Oil**~~		
~~All expiry months and strategies~~	~~5 seconds~~	~~No threshold~~
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts (OGB):		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Equity, ETF and Currency Options:		
All expiry months	0 seconds	≥ 100 contracts
All expiry months	5 seconds	< 100 contracts
All UDS Strategies	5 seconds	No Threshold
Index Options:		
All expiry months	0 seconds	≥ 50 contracts
All expiry months	5 seconds	< 50 contracts
All UDS Strategies	5 seconds	No Threshold

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
Canadian Share Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures and Options on Futures Inter-Group Strategies		
All strategies	5 seconds	No threshold

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

iii) The party that initiates communication regarding a prearranged transaction shall have his or her order entered into the electronic trading system first, unless the parties as part of their negotiation agree otherwise. The consent of the client, in whatever form, must be communicated to the Bourse upon request; provided however, that in a prearranged transaction between an Approved Participant and a customer for an equity, ETF or index option, the customer's order shall always be entered into the electronic trading system first, regardless of which party initiated the communication.

iv) Limit orders resting in the electronic trading system at the time that the first order of the prearranged transaction is entered at or better than the price of the first order shall be matched with the first order entered. Any residual, unfilled amount of the first order may be matched against the second order of the prearranged transaction when the second order is entered.

iv) Parties may not aggregate unrelated orders to meet the minimum threshold for a prearranged transaction.

v) The parties to the prearranging communications shall not disclose to any other party details of the negotiation or otherwise enter an order to take advantage of the negotiation during such communications except as permitted in this article.

2) **Committed Orders.** Committed orders may not be used to execute any transaction under article 6380c or article 6380f having a prescribed time delay longer than zero seconds, and may be used for such transactions only for the following products subject to the minimum volume threshold:

ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS	MINIMUM VOLUME THRESHOLD
All expiry months and strategies	
Futures Contracts on S&P/TSX and FTSE Emerging Markets Indices	100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	250 contracts

Options on Ten-Year Government of Canada Bond Futures Contracts	250 contracts
Canadian Share Futures Contracts	100 contracts
All expiry months and excluding UDS strategies	
Equity, ETF and Currency Options	100 contracts
Index Options	50 contracts
Basis Trade on Close	
Futures Contracts on S&P/TSX Indices	100 contracts
Canadian Share Futures Contracts	100 contracts

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

3) **Transactions on eligible products with a prescribed time delay.** The parties may engage in communications to prearrange a transaction on the electronic trading system or via the User Defined Strategy Facility (UDS) where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the transaction, in accordance with the conditions in paragraph 1 of this article 6380c; *provided however*:

   i) in the case of a prearranged transaction that is between the bid and ask on the electronic trading system and for an amount at or greater than the minimum threshold, the parties in their discretion may enter the prearranged transaction as a committed order with no delay, subject to the conditions in paragraph 2 of article 6380c; or

   ii) in the case of a prearranged transaction that is on or between the bid and ask on the electronic trading system and for an amount at or greater than the minimum threshold, the parties enter the first and second orders of the prearranged transaction with no delay between the two, but nevertheless subject to execution risk (including the priority given resting limit orders at or better than the prearranged price).

4) **Equity, ETF, Index and Currency Option Transactions With 50% Guaranteed Minimum**

The parties to an option strategy transaction may engage in communications to prearrange the transaction where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the transaction, in accordance with the following conditions:

i) market makers are permitted to participate on the transaction up to a total maximum of 50% of the volume of the intended transaction;

ii) each Approved Participant must contact a Market Supervisor and provide details of the intended transaction including total quantity, price, side(s) of the transaction, a description of the legs comprising the strategy and identification of the agreed counterparty; and

iii) the Approved Participant will be permitted to execute the transaction for the remaining volume (a minimum of 50% plus any volume not taken of the 50% that had been offered to the market makers).

6380d. Block Trades

1) **In general.** Approved Participants of the Bourse may negotiate and execute a transaction off of the electronic trading system pursuant to the following conditions:

i) A block trade transaction may be arranged and executed only during trading hours on the Bourse for the eligible derivative.

ii) Block trades are only permitted in the derivative instruments and for a quantity which meets or exceeds the minimum volume thresholds as follows**:**

ELIGIBLE DERIVATIVES	MINIMUM VOLUME THRESHOLD
30-Day Overnight Repo Rate Futures Contracts (ONX)	1,000 contracts
Overnight Index Swap Futures Contracts (OIS)	200 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB)	1,500 contracts
Two-Year Government of Canada Bond Futures Contracts (CGZ)	500 contracts
30-Year Government of Canada Bond Futures Contracts (LGB)	500 contracts
Five-Year Government of Canada Bond Futures Contracts (CGF)	500 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	2,000 contracts
~~**Canadian Crude Oil Futures Contracts**~~	~~100 contracts~~
Futures contracts on the FTSE Emerging Markets Index	100 contracts
Bankers' Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	1,000 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	500 contracts

iii) Where a block strategy involves the trading of different derivative instruments, or different contract months or premiums of the same instrument, each of derivatives of the strategy need meet only the lowest applicable threshold.

iv) Approved Participants may not aggregate separate orders in order to meet the minimum volume thresholds.

v) Each party to a block trade must be an accredited counterparty as defined in section 3 of the Quebec Derivatives Act, CQLR c I-14.01.

vi) The price at which a block trade is arranged must be “fair and reasonable” in light of (a) the size of the block trade; (b) currently traded prices and bid and ask prices in the same derivative instrument; (c) the underlying markets; and (d) general market conditions, all at the relevant time. The fairness and reasonableness of the price of a block trade priced at a basis to an index as permitted under paragraph 2 of this article may also take into account the following additional considerations: (e) financing rates, (f) expected dividend income, and (g) time remaining until the index futures contract expiration, all at the relevant time. Although there is no requirement for a block trade to be executed within the daily high and low prices, execution outside of that price range may result in a request by the Regulatory Division for additional information about the transaction.

vii) Block trades shall not trigger special terms orders or otherwise affect orders on the electronic trading system.

viii) A block trade on a contract roll strategy is not permitted, except for the FTSE Emerging Markets Index futures contract.

ix) The details of a block trade must be reported by Approved Participants for both the buyer and seller to the Market Operations Department by telephone at 1-888-696-6366 or at 514-871-7871 and on a Block Trade Reporting Form, available on the Bourse’s web site at http://www.m-x.ca/rob_formulaire_en.php, within 15 minutes of the Block Trade’s execution.

x) Following validation of the trade details by the Bourse (which is not a confirmation by the Bourse that the block trade has been effected in accordance with this Article), the Bourse shall disseminate the trade and price information relating to the block trade.

xi) Upon request, the Approved Participant shall provide evidence that the block trade transaction has been effected in accordance with these Rules.

xii) In all circumstances, a block trade can only be arranged by the Approved Participant’s Approved Persons.

2) **Block Trades Priced at a Basis to Index Close.** Approved Participants may mutually agree to price a block trade at a positive or negative increment (“basis”) to the price at which the index underlying an eligible contract will close (“BIC”), for any trading day except the last trading day of an expiring contract month, subject to the conditions in paragraph (1) of article 6380d and the following additional condition:

i) The Approved Participants shall report the basis along with other trade details in accordance with the requirements of paragraph 1) ix) of this article, and shall submit to the Bourse’s Market Operations Department a second Block Trade Reporting Form which includes the agreed-upon basis, the closing level of the underlying index and the price of the block trade to the nearest 0.01 index point increment within the time required as follows:

ELIGIBLE DERIVATIVES	MINIMUM VOLUME THRESHOLD	PRESCRIBED TIME BY WHICH TO FILE BLOCK TRADE REPORTING FORM	PRESCRIBED TIME BY WHICH TO FILE SECOND BLOCK TRADE REPORTING FORM No sooner than
Futures contracts on the FTSE Emerging Markets Index	100 contracts	Within 15 minutes	9:30 p.m. GMT on the next trading day
Futures contracts on S&P/TSX indices and sectorial indices	100 contracts	Within 15 minutes	4:00 p.m. ET on the same trading day

6380e. Riskless Basis Cross Trades

1) **In general.** An Approved Participant and the customer may prearrange a transaction outside of the electronic trading system in which the price of a stock index futures contract or a share futures contract to the customer is determined to be the average price of cash market transactions entered into by and for the account of the Approved Participant in the components of the underlying index or the underlying security, respectively, plus a spread (basis) as mutually agreed between the Approved Participant and the customer, in accordance with the following conditions:

   a) Each party to a riskless basis cross transaction must be an accredited counterparty as defined in section 3 of the Quebec Derivatives Act, CQLR c I-14.01.

   b) The parties may agree to either a fixed basis or to a guaranteed execution price of the cash component with the basis adjusted accordingly.

   c) To initiate the riskless basis cross transaction, the Approved Participant for its own account must first acquire positions (long or short exposure) in securities, baskets of securities, index participation units, or exchange-traded funds which, for an index, comprise no less than 80% of the underlying components of the applicable index and being reasonably correlated to the underlying index with a correlation coefficient (R) of 90% or greater, calculated using any generally accepted methodology. Although Approved Participants generally should purchase or sell all of the components of the index, an Approved Participant need not obtain any component security due to restrictions on the purchase or sale of the commodity by the Approved Participant or the customer, the unavailability of the component in the market due to a trading halt, illiquidity or other market conditions.

   d) The transaction shall be executed at the time agreed by the counterparties, which must be during the regular trading hours of the underlying index components or underlying interest until the end of the extended trading session at the Toronto Stock Exchange (TSX) and the same day that the cash position is completed by the Approved Participant, provided however, if obtaining the cash components of the underlying index cannot be competed in a single day, execution of the futures portion of the transaction shall be proportionate with the proportion of the cash market transactions completed during that day.

e) The riskless basis cross transaction is executed by the Approved Participant reporting details of the transaction to the Market Operations Department on a "Special Terms Transaction Reporting Form" through the Bourse's web page at http://sttrf-frots.m-x.ca, and allocating the agreed upon quantity of stock index futures contracts to the customer's account.

f) There is no minimum size requirement to enter into a riskless basis cross transaction nor is there any time period following execution of the riskless basis cross transaction that the Approved Participant must maintain the cash market position.

g) The price at which the futures contract leg of the transaction is arranged must be "fair and reasonable" in light of (i) the size of the transaction (ii) traded prices and bid and ask prices in the same contract (iii) the volatility and liquidity of the relevant market and (iv) general market conditions all at the relevant time. Although there is no requirement for the futures contract leg of a riskless basis cross transaction to be executed within the daily high and low prices, execution outside of that price range may result in a request by the Regulatory Division for additional information about the transaction.

h) Each party to a riskless basis cross transaction must keep full and complete records relating to the riskless basis cross transaction and must provide to the Bourse upon request complete records and documentary evidence relating to such transaction demonstrating that the transaction is a bona fide transaction and that it has been carried out in accordance with the conditions of this article.

i) The Bourse shall exclude riskless basis cross transactions from the daily settlement price procedures but not from daily volume figures. A record of each riskless basis cross shall appear in the "Transaction Report" maintained on the Bourse's Web page http://www.m-x.ca/dailycrosses_en.php following it being registered by the Market Operations Department in the trading system and shall be specially marked and displayed in the systems (trading platform and data vendors) in the Bourse's post trade recap.

j) In all circumstances, a riskless basis cross transaction can only be arranged by the Approved Participant's Approved Persons.

6380f. Trading Against Customer Orders (Cross-Trades).

An Approved Participant may not knowingly, directly or indirectly, take the opposite side of a customer order for the Approved Participant's own account, an account in which the Approved Participant has a direct or indirect financial interest or an account over which the Approved Participant has discretionary trading authority, unless:

a) the customer order has first been entered on the electronic trading system and exposed to the market for a minimum period of 5 seconds for futures and options; or

b) the transaction is otherwise, and explicitly permitted by, and carried out in accordance with, a rule of the Bourse; including, but not limited to prearranged transactions pursuant to article 6380c.

6381 Trade Cancellations and or Price Adjustments of Trades
(25.09.00, 24.09.01, 29.10.01, 24.04.09, 17.01.18, 23.02.18, 07.06.18, 00.00.00)

a) **General.** The Bourse may adjust trade prices or cancel trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the trading system. Notwithstanding any other provision of this article, the Bourse may adjust trade prices or cancel any trade executed through the trading system if the Bourse determines in its sole discretion that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market or the market's orderly operation. The decision of the Bourse in such matters shall be final.

b) **Review of Trades, Requests for Review.** The Bourse may review a trade or trades based upon its analysis of market conditions, including but not limited to market volatility, prices in related markets, or in response to a request for review of a specific trade by an Approved Participant. An Approved Participant must request review of a trade by calling the Market Operations Department of the Bourse at 514 871-7871 or 1-888-693-6366 within 15 minutes of execution; provided however, the Bourse, in its sole discretion, may extend the period in which an Approved Participant may request review of a trade up to one hour following execution in extraordinary circumstances.

c) **Notice to the Parties to the Transaction.** Where the Bourse on its own analysis determines to review a trade or trades for adjustment or cancellation, or where an Approved Participant has requested review of a specific trade and that trade is outside of the No Review Range provided under paragraph g) of this article, the Bourse will notify the parties to the trade that the trade or trades are under review by the Bourse**.**

d) **Price Adjustments and Cancellations Procedures.** Upon making a determination to review a trade, the Bourse shall (1) determine, in its sole discretion, the acceptable marker price, and (2) apply the increments provided under paragraph g) in order to determine the limits of the No Review Range.

i) **Trade Price Inside the No-Review Range**. If the Bourse determines that the trade price is inside the No Review Range, the Bourse will notify the two Approved Participant counterparties to the trade that the trade shall stand as executed; provided however, the Bourse may cancel such a trade within 15 minutes of the trade's execution and within the trading session during which the trade was executed (early, regular or extended), if both Approved Participant counterparties to the trade voluntarily consent to cancellation of the trade.

ii) **Trade Price Outside the No Review Range**. If the Bourse determines that the trade price is outside of the No-Review Range, the Bourse, after endeavoring to contact the Approved Participant counterparties, shall adjust the price to the limit of the No Review Range. The policy of the Bourse is to favor price adjustment as a remedy over trade cancellation and to adjust trades in order to minimize the impact for all market participants involved in the erroneous trades and particularly those who had a regular order in the order book. However, the Bourse, in its discretion, may cancel a trade rather than adjust the price if:

A) Both parties to the trade can be contacted within a reasonable delay and agree to the cancellation of the trade; and

B) Neither party to the trade is either an Approved Participant or the registered holder of a SAM ID.

iii) **Implied Orders, Implied Strategy Orders**.

A) An order generated by the implied pricing algorithm (using regular orders) and registered in the order book by the electronic trading system will be considered by the Bourse as though it were a regular order entered into the trading system by an Approved Participant.

B) An implied or regular strategy trade is considered by the Bourse, as being composed of two regular orders, one for each leg of the strategy trade. If the erroneous trade involves a linked implied order(s) and is priced outside the No Review Range, the initiator of the original error trade will be responsible for the trade resulting from the linked implied order(s).

C) The adjustment relating to an erroneous strategy trade will equal at least the increment between the No Review Range and the traded price on one of the individual legs, and no more than the sum of each individual legs' increments.

iv) **Stop Orders.** Trades that have occurred as a result of "stop orders" in the Trading System being triggered by an erroneous trade are also subject to cancellation by the Bourse acting in its sole discretion. The determination of the Bourse shall be final.

e) **Decision of the Bourse.** The Bourse shall endeavor to determine to adjust or cancel a trade within 30 minutes following a request to review the trade, or, as applicable, notice to the market that a trade or trades were being reviewed.

i) If the decision is to cancel the trade, the Bourse will remove the transaction as an executed trade from the records of the Bourse.

ii) Upon cancelation of a trade, the parties, if they choose, may reenter new orders into the trading system.

f) If the Bourse determines that a trade should not be adjusted or cancelled, the parties to the trade shall not themselves decide to cancel it by making a position transfer through the Canadian Derivatives Clearing Corporation.

g) **No Review Range.** The Bourse will determine the limits of the No Review Range by determining what was the acceptable market price for the derivative instrument before the trade under review occurred based upon all relevant information, including the last trade price, a better bid or offer, a more recent price for a related derivative instrument (for example a different expiry month) and the prices of similar derivative instruments trading on other markets Once the acceptable market price is established, the Bourse applies the following increments to determine the limits of the No Review Range.

DERIVATIVE INSTRUMENT	INCREMENT

Three-Month Canadian Banker's Acceptance Futures – BAX (all quarterly and serial months)	5 basis points
Three-Month Canadian Banker's Acceptance Futures – BAX Strategies: - Regular strategy orders - Implied strategy orders	 5 basis points Sum of the strategy's individual legs' increments.
Options on Three-Month Canadian Banker's Acceptance Futures	5 basis points
Two-Year Government of Canada Bond Futures (CGZ) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Five-Year Government of Canada Bond Futures (CGF) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Ten-Year Government of Canada Bond Futures (CGB) - Regular strategy orders	40 basis points 20 basis points
30-Year Government of Canada Bond Futures (LGB) - Regular strategy orders - Implied Strategy orders	40 basis points 40 basis points Sum of strategy's individual legs' increments
Options on Government of Canada Bond Futures	40 basis points
Futures Contracts on S&P/TSX Indices and on the FTSE Emerging Markets Index - Regular strategy orders and Basis Trade on Close	1% of the acceptable market price of these futures contracts 5% of the increments for the outright month
30-Day Overnight Repo Rate Futures Regular strategy orders	5 basis points 5 basis points
Overnight Index Swap Futures	5 basis points

Overnight Index Swap Futures – OIS Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments.
Futures and Options on Futures Inter-Group Strategies: - Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Equity, Currency, ETF and Index Options Price ranges: Below $2.00 $2.00 to $5.00 Above $5.00 to $10.00 Above $10.00 to $20.00 Above $20.00 to $50.00 Above $50.00 to $100.00 Above $100.00	 $0.25 $0.40 $0.50 $0.80 $1.00 $1.50 $2.00
Equity, Currency, ETF and Index Options Strategies: - Regular strategy orders - Implied strategy orders	Sum of the strategy's individual legs' increments
~~Sponsored Options~~ ~~Price ranges: $0.001 to $0.99~~ ~~$1.00 and up~~	 ~~$0.25~~ ~~$0.50~~
Canadian Share Futures Contracts; and Canadian Share Futures Contracts: Basis Trade on Close	1. 0.50$, if the acceptable market price of these futures contracts is less than 25$; 2. 1.00$, if the acceptable market price of these futures contracts is equal to or higher than 25$ but less than 100$; 3. 1% of the acceptable market price of these futures contracts if the acceptable market price of these futures contracts is equal to or higher than 100$.

Canadian Share Futures Contracts - Regular strategy orders	1. 0.12$, if the acceptable market price of these futures contracts is less than 25$; 2. 0.25$, if the acceptable market price of these futures contracts is equal to or higher than 25$ but less than 100$; 3. 0.25% of the acceptable market price of these futures contracts if the acceptable market price of these futures contracts is equal to or higher than 100$.
~~Futures Contracts on Canadian Crude Oil~~	~~5% of the acceptable market price of these futures contracts.~~

6391 Entry of Orders in the Electronic Trading System
(25.09.00, 24.09.01, 29.10.01, 02.10.17, 00.00.00)

a) The electronic trading system shall contain all orders to buy and to sell.

b) Orders may be entered into the electronic trading system during pre-opening or during the pre-auction stage of an intra-session auction period.

c) Orders cannot be modified or cancelled during the no-cancellation stage before the opening or closing, or during the no-cancellation stage of an intra-session auction period.

~~d) All orders shall be considered to be Day orders, unless otherwise stipulated at the time of entry.~~

6601 Standard Contract
(06.08.86, 10.11.92, 07.09.99, 00.00.00)

No option contract shall ~~be called for trading~~trade on the ~~Exchange~~Bourse unless it is guaranteed by a Clearing Corporation designated by the ~~Exchange~~Bourse and have terms in respect of:

a) the qualifications and specifications of the underlying interest;

b) the number of units of the underlying interest which constitutes one contract;

c) the expiration date;

d) the exercise price;

e) the introduction of put and call options;

f) the exercise procedure (i.e. "American" or "European" style).

6602 Qualification for Underlying Interests
(13.03.87, 31.05.88, 10.11.92, 07.09.99, 28.01.02, 26.09.05, 04.06.15, 21.01.16, 00.00.00)

Products qualify as underlying interests provided they meet certain requirements.

a) Every equity issue shall be listed on a Canadian Exchange, meet the criteria of the Canadian Derivatives Clearing Corporation, or be a security recommended for approval by the Bourse.

b) In the case of Government of Canada Bonds, every issue shall have an outstanding amount of at least $500,000,000 face value at maturity.

c) A Futures contract must be listed on the Bourse.

d) In the case of a currency, it must have been ~~priorily~~previously approved by the Bourse.

~~e) In order for a Canadian sponsored option to be traded on the Bourse, the underlying interest must satisfy the options eligibility criteria defined in the Canadian Derivatives Clearing Corporation Rules.~~

~~f) In order for an international sponsored option to be traded on the Bourse, the underlying interest must be currently traded on a recognized exchange and there must be options or futures contracts listed on this same exchange or on any other recognized exchange.~~

~~For the purpose of the present Rule, the term "recognized exchange" means any exchange carrying on its activities on the territory of one of the Basle Accord Countries and those countries that have adopted the banking and supervisory rules set out in the Basle Accord, and any other exchange or group of exchanges with whom the Bourse has signed a collaboration agreement.~~

~~g) In the case of an index sponsored option, the sponsor must have a licensing rights agreement with the index supplier. A copy of the agreement must be filed with the Bourse before the sponsored option is launched.~~

~~h~~

e) In the case of an index, the index administrator must have governance arrangements in place designed to protect the integrity of the index and must be considered to have a methodology for constructing and maintaining the index that is sufficiently transparent to facilitate a stakeholder's ability to understand the methodology and to evaluate the credibility of the index.

6603 Unit of Trading, Expiration Months, Exercise Prices

(06.08.86, 15.08.86, 13.03.87, 19.05.87, 20.03.91, 17.12.91, 10.11.92, 07.09.99, 28.01.02, abr. 00.00.00)

~~The Bourse, in consultation with the designated Clearing Corporation and the sponsor in the case of sponsored options, shall establish the unit of trading, the expiration months and the exercise price intervals for each class of options that has been approved for trading.~~

6624 Minimum Price Increment

(13.03.87, 19.05.87, 20.03.91, 10.11.92, 07.04.94, 15.04.96, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 27.07.07, 18.01.16; 29.02.16, 00.00.00)

The minimum price increments are as follows:

a) Equity options

1) For equity options excluded from the penny trading program:

i) Option series priced below $0.10 are quoted in increments of $0.01.
ii) Option series priced at $0.10 or more are quoted in increments of $0.05.

2) For equity options included in the penny trading program:

i) Option series priced below $3.00 are quoted in increments of $0.01.
ii) Option series priced at $3.00 or more are quoted in increments of $0.05.

b) Exchange-traded fund (ETF) options

1) For ETF options excluded from the penny trading program:

i) Option series priced below $0.10 are quoted in increments of $0.01.
ii) Option series priced at $0.10 or more are quoted in increments of $0.05.

2) For ETF options included in the penny trading program, all option series are quoted in increments of $0.01, regardless of price level.

c) Index options	0.01 index point
d) ~~Bond options~~	~~$0.01~~
~~e)~~ Futures options	0.001 point
~~f) Sponsored options~~	~~$0.001 or as otherwise determined in consultation with the Canadian Derivatives Clearing Corporation and with the sponsor.~~
~~g~~e) Currency options	CAN 0.01 cent per unit of foreign currency

6634 Liquidation Trades
(10.11.92, 07.09.99, 00.00.00)

All liquidation trades shall take place on the ~~Exchange~~Bourse and shall be subject to the ~~By-Laws and Rules~~Regulations of the ~~Exchange~~Bourse and of the designated Clearing Corporation.

6637 Expiration Date
(06.08.86, 20.03.91, 17.12.91, 10.11.92, 07.04.94, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 24.05.13, 19.06.14, 07.05.15, 03.09.15, 00.00.00)

a) No transaction of options contracts in expiring series shall be made after the close of trading on the last day of trading.

b) In the case of equity ~~options, bond~~ options, exchange-traded fund options, index options and currency options other than weekly options, the expiration date shall be the third Friday of the contract month, provided it is a business day. If it is not a business day, the expiration date shall be the preceding business day.

In the case of futures options, the expiration date shall be the last trading day.

In the case of weekly index, equity and exchange-traded fund options, the expiration date shall be any of the five Fridays following the listing week which is a business day, but which is not an expiration day for any other options already listed on the same underlying. If any such Friday is not a business day, then the expiration date will be the first preceding business day that is not an expiration day for any other options already listed on the same underlying.

~~c) In the case of sponsored options, the expiration date is determined by the sponsor as per the information provided to investors and the Bourse or as provided in the product documentation and set out in article 6643 of the Rules of the Bourse.~~

6638 Failure to Pay Premium
(10.11.92, 07.09.99, 00.00.00)

When the Clearing Corporation rejects ~~an Exchange~~a transaction because of the failure of the purchasing ~~member~~Approved Participant to pay the aggregate premium due thereon, the selling ~~member~~Approved Participant shall have the right to either cancel the transaction by giving notice thereof to the ~~member~~Approved Participant in default, or write a new option contract, charging any loss resulting therefrom to the defaulting ~~member~~Approved Participant.

6640 Currency
(28.01.02, abr. 00.00.00)

~~In the case of sponsored options, trading, clearing and settlement must be in Canadian dollars. The exercise price must be in the currency of the underlying interest. When the underlying interest is in a currency other than the Canadian dollar, a margin for currency risk must be taken as provided in article 7210 of the Rules of the Bourse.~~

6641 Trading Hours
(28.01.02, abr. 00.00.00)

~~In the case of sponsored options, the trading hours will be those determined from time to time by the Bourse.~~

6642 Eligibility criteria of a sponsor
(28.01.02, 12.02.04, abr. 00.00.00)

~~In order for an entity to act as a sponsor, it must fulfill the following conditions:~~

~~1) meet the definition of "acceptable institution" as defined in Policy C-3 of the Bourse;~~

~~2) be a client of an approved participant. The approved participant must be a subsidiary of the sponsor and be a Canadian Derivatives Clearing Corporation member;~~

~~3) the approved participant defined in 2) must act as the sole market maker on the options sponsored by the entity either on its own initiative or by carrying out the instructions given by the sponsor or by a subsidiary of the sponsor;~~

~~4) the entity cannot sponsor options having as underlying interest its own shares, those of one of its subsidiaries or those of any company on which the entity has, directly or indirectly, an effective control.~~

~~5) the sponsor must sign a sponsor agreement in the form prescribed by the Bourse;~~

~~6) when assessing the eligibility of a sponsor, the Bourse evaluates the previous experience of the sponsor with similar financial instruments.~~

~~The Bourse may also permit an approved participant to act as sponsor if it satisfies the following conditions;~~

~~1) The approved participant is not a foreign approved participant of the Bourse;~~

~~2) The approved participant is a member of the Canadian Derivatives Clearing Corporation;~~

~~3) The risk adjusted capital of the approved participant is equal to or greater than $100 million Canadian dollars as is shown by the most recent audited "Joint Regulatory Financial Questionnaire and Report" of the approved participant and is maintained at all times at a minimum amount of $100 million Canadian dollars;~~

~~4) The approved participant must submit monthly to the Bourse, and this without regard to its audit jurisdiction, a copy of the monthly financial report requested in virtue of the Rules of the Bourse;~~

~~5) The approved participant cannot sponsor options having as underlying interest its own shares, those of its parent or those of one of its subsidiaries or any such other company which is affiliated to the approved participant or on which the approved participant has, directly or indirectly, an effective control;~~

~~6) The approved participant must act as the sole market maker on the options it sponsors; and~~

~~7) The approved participant must sign a sponsor agreement in the form prescribed by the Bourse.~~

~~If the risk adjusted capital of the approved participant falls below the amount of $100 million Canadian dollars as mentioned above or if the approved participant triggers one of the thresholds of the Early Warning System, as defined in the Rules and Policy C-3 of the Bourse, the approved participant must notify the Bourse immediately and no new sponsored option class or series can be sponsored by the approved participant until it has re-established its risk adjusted capital to an amount equal to or greater than $100 million Canadian dollars or, if it may be the case, that it does not trigger any additional thresholds of the Early Warning System.~~

6643 Marketing of Sponsored Options
(28.01.02, abr. 00.00.00)

~~A) The term "sponsored options" is the Bourse official term and the sponsor must use this term in its publications, which must be filed with the Bourse.~~

~~B) The sponsor must state in its publications that the product is a sponsored option as defined in the Bourse's Rules and Policies.~~

~~C) A formal announcement must be published before a new series of a sponsored option is launched and must include at least the following information:~~

~~1) the full name of the sponsor;~~

~~2) a description of the sponsored option;~~
- ~~call or put option~~
- ~~exercise procedure~~
- ~~description of the underlying interest~~
- ~~cash settlement~~
- ~~exercise price~~
- ~~currency of the underlying interest~~
- ~~expiration date~~
- ~~unit of trading~~
- ~~trading hours~~
- ~~designated reference for the closing CAN$/foreign currency exchange spot rate~~
- ~~minimum quotation spread;~~

~~3) the formula used to determine the value of the cash settlement.~~

~~4) A statement which specifies if whether or not an in-the-money sponsored option will be automatically exercised on the expiration date.~~

~~D) Only the sponsor can hold short positions in sponsored options.~~

6656 Limit on Outstanding Uncovered Short Positions
(10.11.92, 07.04.94, 00.00.00)

a) Whenever it is determined that there are outstanding an excessive number of uncovered short positions in option contracts of a given class or that an excessively high percentage of outstanding short positions in option contracts of a given class are uncovered, the ~~Exchange~~Bourse may prohibit any further opening writing transactions in options contracts of that class unless the resulting short position will be covered.

b) The ~~Exchange~~Bourse may also prohibit the uncovering of any existing covered short positions in one or more series of options of that class, as it deems appropriate in the interest of maintaining a fair and orderly market in option contracts or in the underlying interest.

~~c) The Exchange may exempt transactions of specialists from the restrictions imposed under this article and it shall rescind such restrictions upon its determination that they are no longer appropriate.~~

6658 Other Restrictions on Options Transactions and Exercises
(10.11.92, 07.04.94, 00.00.00)

a) The ~~Exchange~~Bourse may impose such restrictions on transactions or on exercises as it deems advisable in the interests of maintaining a fair and orderly market in options contracts or in the underlying interests or as it otherwise deems advisable in the public interest or for the protection of investors.

b) During the period of any such restriction, no ~~member~~Approved Participant shall, for his own account or for the account of a client, engage in any transaction or exercise in contravention of such restriction.

c) Notwithstanding the foregoing, during the ten (10) business days prior to the expiration date of a given series of options, no restriction on exercise may be in effect with respect with that series of options, except that during such ten (10) business day period, the ~~Exchange~~Bourse may:

i) restrict or otherwise modify the requirements for delivery resulting from an exercise against an uncovered writer;

ii) order that an exercised options contract be settled in accordance with article 6676.

6672 Allocation of Exercise Notices
(10.11.92, 22.01.16, 00.00.00)

Each Approved Participant shall establish a fixed written procedure for the allocation of exercise notices assigned in respect of a short position in such ~~member's~~Approved Participant's clients' accounts. The procedure to be adopted may be on a "first in, first out" basis, on a random selection basis or another allocation method that is fair and equitable to the Approved Participant's clients.

6674 Payment of Underlying Interest
(19.05.87, 20.03.91, 10.11.92, 07.09.99, 28.01.02, 26.09.05, 00.00.00)

a) In the case of cash-settled options, delivery will be made in accordance with article 6676;

b) In the case of ~~stock and bond options and sponsored~~equity options, clearing of transactions in the underlying interests arising from exercise notices will be through the facilities of the Canadian Depository for Securities Limited~~td.~~ or in another manner prescribed by the Bourse and the Canadian Derivatives Clearing Corporation;

c) In the case of futures options, the clearing of transactions arising from exercise notices will be through the facilities of the Canadian Derivatives Clearing Corporation.

6675 Bonds Acceptable for Delivery
(28.09.82, 10.11.92, abr. 00.00.00)

~~To be acceptable for delivery against the exercise of a bond option, the bonds must be of the corresponding underlying issue and bear a full coupon of accrued interest. In the case where an underlying bond issue is reopened, and the resulting new bonds do not meet the full coupon of accrued interest of the original issue, such new bonds will not be acceptable for delivery until the next coupon date on the original issue.~~

6676 Settlement in the Case of Cash Settled Options
(24.04.84, 06.08.86, 10.11.92, 07.09.99, 31.01.01, 29.04.02, 26.09.05, 18.12.12, 28.02.17, 00.00.00)

a) Settlement of positions held in the S&P/TSX 60 Stock Index option following an exercise shall be made by an exchange of cash between the ~~clearing corporation~~Clearing Corporation and each of its short and long clearing members pursuant to the rules of the ~~clearing corporation~~Clearing Corporation. The amount to be paid or received in final settlement of each S&P/TSX 60 Stock Index option contract is determined by multiplying $10 by the difference between the strike price and the official opening level of the S&P/TSX 60 Stock Index on the expiration date, expressed to two decimal places.

b) Settlement of options positions held in the S&P/TSX sectorial indices following an exercise shall be made by an exchange of cash between the ~~clearing corporation~~Clearing Corporation and each of its short and long clearing members pursuant to the rules of the ~~clearing corporation~~Clearing Corporation. The amount to be paid or received in final settlement of each S&P/TSX sectorial index option contract is determined by multiplying the trading unit by the difference between the strike price and the official opening level of the S&P/TSX sectorial index on the expiration date, expressed to two decimal places.

~~c) Settlement of positions held in currency option following an exercise shall be made by an exchange of cash between the clearing corporation and each of its short and long clearing members pursuant to the rules of the clearing corporation. The amount to be paid or received in final settlement of each currency option contract is determined by multiplying the unit of trading by the difference between the strike price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time expressed in Canadian cents for the corresponding currency vis-à-vis the Canadian dollar on the expiration date.~~

c~~d~~) Settlement of positions held in currency option following an exercise shall be made by an exchange of cash between the ~~clearing corporation~~Clearing Corporation and each of its short and long clearing members pursuant to the rules of the ~~clearing corporation~~Clearing Corporation. The amount to be paid or received in final settlement of each currency option contract is determined by multiplying the unit of trading by the difference between the strike price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time expressed in Canadian cents for the corresponding currency vis-à-vis the Canadian dollar on the expiration date.

6677 Settlement when Delivery of the Underlying Interest is Restricted
(09.05.77, 10.11.92, 07.04.94, 07.09.99, 00.00.00)

When the ~~Exchange~~Bourse, acting in accordance with article 6658 restricts or modifies the delivery of the underlying interest ~~or bond~~ upon the exercise of any series of option contracts during the ten (10) business days prior to the expiration date, the Clearing Corporation shall, at the beginning of each business day during which such restriction is in effect, establish a settlement value, if any, for such series of option contracts. In such event, the ~~Exchange~~Bourse may direct cash settlement, and determine the amount of such settlement, when it is in the public interest.

6678 Failure to Deliver or Accept Delivery of the Underlying Interest
(10.11.92, 07.09.99, 00.00.00)

a) If, in the case of ~~Equity and Bond Options~~equity options on the exercise of a Call, the delivery of the underlying interest is not made on the exercise settlement date, the holder may instruct his ~~Clearing Member~~clearing member to issue a "buy-in" notice. Similarly, if, on the exercise of a Put, payment for the underlying interest is not made on the exercise settlement date, the exercising holder may instruct his ~~Clearing Member~~clearing member to issue a "sell-out" notice. The ~~Clearing Member~~clearing member shall deliver a copy of such notice by 10:00 a.m. of the following business day to the defaulting assigned ~~Clearing Member~~clearing member, to the Clearing Corporation and to the ~~Exchange~~Bourse.

b) A "buy-in" notice must state that the undelivered underlying interest will be "bought-out" unless the obligation to deliver is disputed before 1:00 p.m., or delivery is made before 2:00 p.m., of the day of issuance of the notice. A "sell-out" notice must state that the underlying interest to be delivered will be "sold-out" unless the obligation to accept delivery is disputed before 1:00 p.m. or delivery is accepted before 2:00 p.m. of the day of issuance of the notice.

c) The defaulting ~~Clearing Member~~clearing member may dispute the obligation, or the Clearing Corporation may postpone the operation of the buy-in or sell-out procedure where to do so is in the best interests of the public market in options or the underlying interests, where a fair market in which to exercise the buy-in or sell-out does not exist or where there is other good reasons for so doing.

d) Any dispute by the defaulting ~~Clearing Member~~clearing member will be resolved by the Clearing Corporation. In the absence of a dispute or postponement, if the underlying interest is not delivered, in the case of a Call, or delivery thereof is not accepted, in the case of a Put, within the specific time, the Clearing Corporation may purchase the undelivered underlying interest, in the case of a Call, or sell the underlying interest for which delivery is not accepted, in the case of a Put, in the best available market for the account of the exercising ~~Clearing Member~~clearing member.

e) Delivery shall be made to, or received from, as the case may be, the exercising ~~Clearing Member~~clearing member, by 2:30 p.m. on the day on which the buy-in or sell-out, as the case may be, is executed against payment.

f) The exercising ~~Clearing Member~~clearing member shall forthwith notify the defaulting ~~Clearing Member~~clearing member of any difference between the price paid on the buy-in, in the case of a Call, or received on the sell-out, in the case of a Put, for the underlying interest and the exercise price. The defaulting ~~Clearing Member~~clearing member is obligated to pay such amount to the exercising ~~Clearing Member~~clearing member by the close of business on the day following the day on which the buy-in or sell-out is executed. If the defaulting ~~Clearing Member~~clearing member fails to make such payment, the Clearing Corporation is obligated to do so.

6679 Failure to Pay for or Deliver the Underlying Interest
(10.11.92, 07.09.99, 00.00.00)

If, in the case of equity ~~and bond~~ options, payment for the underlying interest is not made in the case of a Call, or the underlying interest is not delivered, in the case of a Put, by the exercising ~~Clearing~~

~~Member~~clearing member, the writer may instruct his ~~Clearing Member~~clearing member to issue a sell-out notice, in the case of a Call, or a buy-in notice, in the case of a Put, and the procedure set out in article 6678 shall be followed with regard to notification and the sale or purchase of the underlying interests. The defaulting exercising ~~Clearing Member~~clearing member is obligated to pay to the assisted ~~Clearing Member~~clearing member any difference between the exercise price and the price obtained on the sell-out, in the case of a Call, or paid on the buy-in, in the case of a Put. If the defaulting ~~Clearing Member~~clearing member fails to make such payment, the Clearing Corporation is obligated to do so.

6681 Liability of ~~Exchange~~the Bourse to Holders ~~—~~and Writers of Options
(24.04.84, 10.11.92, 07.09.99, 00.00.00)

a) The rights and obligations of holders and writers of options shall be as set forth in the regulation~~By-Laws and Rules~~ or General Conditions of the relevant Clearing Corporation.

b) The ~~Exchange~~Bourse shall have no liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current stock prices or index values or prices of other underlying interests resulting from an act, condition or cause beyond the reasonable control of the ~~Exchange~~Bourse, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction; any error omission or delay in the reports of transactions in one or more component stocks; or any error, omission or delay in the reports of the current index value by the ~~Exchange~~Bourse.

6814 Settlement of margins, gains and losses
(22.04.88, 08.09.89, 07.09.99, 00.00.00)

Unless otherwise determined by the ~~Exchange~~Bourse or the Clearing Corporation, settlement shall be on a next business day basis through the facilities of the appropriate Clearing Corporation and no delayed or private settlement of transactions in ~~Exchange~~Bourse futures contracts is permitted.

6815 Exchanges for Related Products (EFRP)
(08.09.89, 17.10.91, 05.01.94, 19.01.95, 01.05.95, 07.09.99, 31.01.01, 03.05.04, 21.04.08,17.04.09, 12.02.16, 17.01.18, 15.06.18, 11.07.18, 00.00.00)

1) EFRP transactions in general. Exchanges for Related Product ("EFRP") transactions involving futures contracts listed and traded on the Bourse are permitted if such transactions are executed in accordance with the requirements of this article. An EFRP transaction is composed of the privately negotiated execution of a Bourse futures contract and the opposite, simultaneous execution of an approximately equivalent quantity or value of cash product, by-product, related product, or over-the-counter ("OTC") derivative instrument underlying the futures contract.

a) An EFRP transaction is permitted to be executed off of the Bourse's trading system pursuant to article 6380b if such transaction is conducted in accordance with each of the requirements and conditions of this article.

b) The following separate types of transactions are referred to collectively as EFRP transaction under this article, and are included under, and subject to, its provisions:

i) **Exchange for Physical ("EFP")** – the simultaneous execution of a Bourse futures contract and a corresponding spot or forward transaction.

ii) **Exchange for Risk ("EFR")** – the simultaneous execution of a Bourse futures contract and a corresponding OTC swap or other OTC derivative transaction.

~~iii) **Substitution for OTC Transaction ("Substitution")** – the substitution of an OTC derivative instrument for futures contract.~~

c) Each party to an EFRP transaction must be an accredited counterparty as defined in section 3 of the Quebec Derivatives Act, CQLR c I-14.01.

d) The accounts involved on each side of an EFRP transaction must:

i) have different beneficial ownership;

ii) have the same beneficial ownership, but are under separate control;

iii) have accounts that are commonly controlled, but involve separate legal entities which may or may not have the same beneficial ownership; or

(iv) when the parties to an EFRP transaction involve the same legal entity, same beneficial ownership, or separate legal entities under common control, the parties must be able to demonstrate that the exchange transaction was a legitimate arms-length transaction.

e) The cash market instrument leg of the EFRP transaction must provide for, and result in, the transfer of ownership of the cash market instrument within the time customary in the applicable cash market or in OTC practice. If the seller does not have actual possession of the cash market or OTC derivative instrument before execution of the EFRP, the seller must be able to demonstrate an ability to satisfy the delivery requirement.

f) With regard to the futures leg of an EFRP, if the minimum price fluctuation of transactions in the futures contract vary by strategy or otherwise, such as variation in the minimum price fluctuation for equity index futures contracts between outright and calendar spread transactions, the minimum price fluctuation of the EFRP futures component shall be the lowest minimum price fluctuation provided for in the Rules with regard to the futures contract.

g) The Approved Participants involved in an EFRP, upon request by the Bourse, must be able to demonstrate that:

i) the related futures and cash or OTC position are reasonably correlated, with a correlation of R=0.70 or greater, calculated using any generally accepted methodology, for all EFRP transactions except as otherwise specifically provided, each such correlation based on daily price data for a period of at least six (6) months or weekly price data for a period of at least one (1) year; and

ii) the quantity or value of the cash or OTC component of the EFRP transaction must be approximately equivalent to the quantity or value of the futures contract.

h) The price at which an EFRP transaction is arranged must be "fair and reasonable" in light of (i) the size of the transaction; (ii) currently traded prices and bid and ask prices in the same contract (iii) the underlying markets; and (iv) general market conditions, all at the relevant time. Although there is no requirement for an EFRP to be executed within the daily high and low prices, execution outside of that price range may result in a request by the Regulatory Division for additional information about the transaction.

i) It is prohibited to effect an EFRP transaction for the purpose of reporting, registering or recording a non-bona fide price or entering into a transaction which is a "wash sale"," an accommodation trade or a fictitious sale.

j) Neither party to an EFRP transaction may enter into the transaction to circumvent the contract month roll in the corresponding security or derivative instrument.

k) **Reporting EFRP transactions**. Approved Participants for both the seller and buyer must report within one hour upon determination of all the relevant terms of the transaction to the Market Operations Department on the Special Terms Transaction Reporting Form available at http://sttrf-frots.m-x.ca/ each EFRP transaction executed during the trading hours of the applicable futures contract. For those EFRP transactions executed after such trading hours, the transaction shall be reported to the Bourse no later than 10:00 a.m. (Montréal time) on the trading day following execution. The Market Operations Department will validate the details of the report before accepting the transaction (which is not a confirmation by the Bourse that the EFRP transaction has been effected in accordance with this article).

l) **Books and records**. Each party to an EFRP transaction must maintain full and complete records and documentary evidence relating to the EFRP, including but not limited to all records relating to the purchase or sale of the cash market or OTC derivative component of the transaction and to any transfer of funds or ownership made in connection with such transaction. Such records include, but are not limited to, documentation customarily generated in accordance with market practice, such as cash account statements, trade confirmation statements, ISDA® Master Agreements or other documents of title; third party documentation supporting proof of payment or transfer of title, such as canceled checks, bank statements; cash account statements and cash instruments clearing corporation documents. In addition, futures contracts order tickets (which must clearly indicate the time of execution of the EFRP transaction) must be maintained. Records related to the transaction must be provided to the Bourse upon request and it is the responsibility of the Approved Participant to obtain and provide on a timely basis records of their clients as requested by the Bourse.

m) In all circumstances, an EFRP transaction can only be arranged by the Approved Participant's Approved Persons.

2) EFPs

a) EFP transactions on the following futures contracts and the related physical or cash instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable physical or cash instrument
Interest rates Futures Contracts	Fixed income instruments with a correlation coefficient (R) of 0.70 or more, calculated using any generally accepted methodology, maturities and risk characteristics that parallel the underlying instrument of the futures contracts or the futures contract itself where the use of the underlying instrument is not practical due to a lack of available market data, including but not limited to:

	• Money market instruments including asset backed commercial paper, • Government of Canada and Federal Crown Corporation fixed income instruments • Provincials fixed income instruments, • Investment grade corporates including Maple Bonds and mortgage instruments including collateralized mortgage obligations (CMOs), or • Fixed income instruments denominated in the currency of a G7 member country
Futures Contracts on S&P/TSX indices Futures Contracts on the FTSE Emerging Markets index	• Stock baskets reasonably correlated with the underlying index with a correlation coefficient (R) of 0.90 or more, calculated using any generally accepted methodology, having a weight of at least 50% of the underlying index or including at least 50% of the securities of the underlying index. The notional value of the basket must be fairly equal to the value of the futures contract component of the exchange transaction, or • Exchange-traded funds that mirror the index futures contract
~~Futures Contracts on Carbon dioxide equivalent (CO_2e) units~~	• ~~Regulated emitters' credits, and / or offset credits in eligible Canadian CO_2e units~~
~~Futures Contracts on Canadian crude oil~~	• ~~Domestic crude oil streams with not less than 2.5% nor more than 3.5% sulfur by weight, not less than 19° API gravity nor more than 22° API gravity, such as. Western Canadian Select, Western Canadian Blend, Lloyd Blend, Bow River, Cold Lake Blend and Wabasca.~~
Share Futures Contracts	• Underlying interest of the futures contract

3) EFRs

a) EFR transactions on the following futures contracts and the related OTC derivative instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable Over-the-Counter Derivative Instrument
Bonds Futures Contracts	i) Interest Rate Swaps with the following characteristics: • Plain vanilla; • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments, • Denominated in currency of G7 country, and • Correlation R= 0.70 or greater, calculated using any generally accepted methodology. Or ii) Any individual or combination of OTC bond, interest rate swap or FRA options (e.g. caps, floors, collars).
Short-term interest rate Futures Contracts	i) Any OTC swap or options with characteristics noted above with respect to EFR for bonds; Or ii) Forward Rate Agreements (FRAs) with the following characteristics: • Conventional FRA, • Written under the terms of an ISDA® MasterAgreement, • Predetermined interest rate, • Agreed start/end date, and • Defined interest (repo) rate.
Stock index Futures Contracts	i) Index Swaps with the following characteristics: • Plain vanilla swap, • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments against the positive or negative performance of a stock,

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exchange-traded fund (ETF), basket of securities or a stock index,
Denominated in currency of G7 country, and
Correlation R= 0.90 or greater, using a generally accepted methodology;

Or
ii) Any individual or combination of OTC stock index option positions;
Or
iii) Index Forwards:
Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), basket of securities or stock index at a predetermined price for settlement at a future date.
</td></tr>
<tr><td>Shares Futures Contracts</td><td>
i) Equity Swaps with the following characteristics:

Plain vanilla swap,
Written under the terms of an ISDA® Master Agreement,
Regular fixed against floating rate payments against the positive or negative performance of a stock, exchange-traded fund (ETF), trust unit, basket of securities or a stock index,
Denominated in currency of G7 country;

Or
ii) Any individual or combination of OTC equity option positions;
Or
iii) Equity Forwards:
Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), trust unit, basket of securities or stock index at a predetermined price for settlement at a future date.
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Commodities Futures Contracts	i) Commodities Swaps or Forwards with the following characteristics: • Written under the terms of an ISDA® Master Agreement, • Correlation R = 0.80 or greater, calculated using any generally accepted methodology.

~~**4) Substitution for OTC**~~

~~a) Substitution transactions on the following futures contracts and the related OTC derivative instrument are recognized by the Bourse:~~

~~Futures Contracts on:~~	~~Acceptable Over-the-Counter Derivative Instrument:~~
~~Carbon dioxide equivalent (CO2e)~~	~~Any swap on Carbon dioxide equivalent (CO2e) units, and~~ ~~Correlation R=0.80.~~

6817 Treatment of Long and Short Positions
(07.10.93, 03.01.95, 07.09.99, 00.00.00)

a) Unless concurrent long and short futures positions in the same contract month are held on behalf of i) an omnibus account; or ii) in accordance with the provisions of paragraph c) of this rule, a clearing member shall not be permitted to maintain with the Clearing Corporation such positions for i) a single account; or ii) accounts under common control and ownership. It is the duty of the clearing member to ascertain that such positions are permitted to be concurrently long and short.

b) A clearing member shall promptly close out a customer's open long or short position held with the Clearing Corporation if an offsetting purchase or sale is made for such customer's account.

c) A clearing member would be permitted to carry with the Clearing Corporation concurrent long and short positions for separate accounts of a customer, provided that :

i) each person directing trading for one of the separate accounts is unaffiliated with and acts independently from each other person directing trading for a separate account;

ii) each trading decision made for each separate account is determined independently of all trading decisions made for the other separate account or accounts; and

iii) no position held in accordance with the above sub-paragraphs i) and ii) may be offset by transfer, adjustment, or any other bookkeeping procedures~~, but each~~. Each position must be offset by ~~usual floor~~ transactions~~.~~ made on the electronic trading system of the Bourse.

d) Although article 6816 allows for ~~ex-pit~~off-exchange transfers of futures contracts, a clearing member shall not be permitted to knowingly allow such transfers when, as a result, concurrent long and short positions would be held contrary to this rule. The positions which would create the concurrent long and short situation may not be so transferred, but must remain with the original clearing member, be transferred elsewhere, or liquidated by ~~normal floor~~ transactions made on the electronic trading system of the Bourse.

6818 Average Price Trades
(20.03.00, 00.00.00)

~~Members~~Approved Participants, at the request of a client, may accumulate a futures position in an inventory account and transfer this position to the client account at an average price. This may only be done if the ~~member~~Approved Participant has a firm time-stamped order from the client before ~~they start to accumulate~~accumulating the position.

The ~~Montreal Exchange~~Bourse requires that confirmations to clients of average price trades must indicate that the transaction price is an average price. ~~In addition, if the trade was transacted on several exchanges, the member must either indicate on which exchanges the trade was transacted or must indicate that details of the trade are available on request. In either case, the member~~The Approved Participant must be able to provide clients with full details ~~(both price and exchanges)~~of the execution of the transaction in a timely manner.

If ~~a member~~an Approved Participant has a firm time-stamped client order and accumulates futures in an inventory account for administrative purposes only, the transfer of the position to the client must be done over-the-counter (OTC). This procedure is required to ensure that the unwinding does not represent a change in beneficial interest (i.e. the client is the beneficial owner of the futures in the inventory account at all times). However, if ~~a member~~an Approved Participant accumulates a position based on an indication of interest from the client, the transfer of the position to the client account must result in a transaction on the ~~floor~~electronic trading system of the ~~Exchange~~Bourse.

The date used on the client's confirmation shall be the date of the unwinding, provided that the client requested an average price. ~~Members~~Approved Participants must, however, maintain records of each individual trade and of the transfer, which must be available to both the client and regulatory authorities on request.

8004 Designation of Securities
(03.09.08, abr. 00.00.00)

~~When an approved participant issues written recommendations on the purchase of any exchange listed non-voting shares, subordinate voting shares or restricted voting shares, he must designate these shares as such therein, and these shares must not be described as "common".~~

9001 Definitions
(01.01.05, 01.02.07, 30.11.15, 14.01.16, 23.11.16, 01.12.17, 00.00.00)

For the purpose of the present Rule:

~~.“~~“**approved participant account**” means all non-client accounts including firm accounts and, market maker accounts ~~and sponsor accounts~~;

“**client account**” means an account for a client of an ~~approved participant~~Approved Participant, but does not include account in which a member of a self-regulatory organization, or a related firm, approved person or employee of such an ~~approved participant~~Approved Participant, member or related firm, as the case may be, has a direct or indirect interest, other than an interest in a commission charged;

“**escrow receipt**” means:

i) in the case of an equity, exchange-traded fund or income trust unit ~~or bond option~~, a document issued by a financial institution approved by the Canadian Derivatives Clearing Corporation certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified option of a particular client of an ~~approved participant~~Approved Participant; or

ii) in the case of an OCC option, a document issued by a depository approved by the clearing corporation, after executing and delivering agreements required by The Options Clearing Corporation, certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified OCC option of a particular client of an ~~approved participant~~Approved Participant;

“**firm account**” means an account established by an ~~approved participant~~Approved Participant, which is confined to positions carried by the ~~approved participant~~Approved Participant on its own behalf;

“**floating margin rate**” means:

i) the last calculated regulatory margin interval, effective for the regular reset period or until a violation occurs, such rate to be reset on the regular reset date, to the calculated regulatory margin interval determined at that date; or

ii) where a violation has occurred, the last calculated regulatory margin interval determined at the date of the violation, effective for a minimum of twenty trading days, such rate to be reset at the close of the twentieth trading day, to the calculated regulatory margin interval determined at that date, where a reset results in a lower margin rate.

For the purpose of this definition, the term “regular reset date” is the date subsequent to the last reset date where the maximum number of trading days in the regular reset period has passed.

For the purpose of this definition, the term “regular reset period” is the normal period between margin rate resets. This period must be determined by the Canadian self-regulatory organizations with member regulation responsibilities and must not be no longer than sixty trading days.

For the purpose of this definition, the term “regulatory margin interval” means the margin interval calculated by the Bourse in collaboration with the Canadian Derivatives Clearing Corporation.

For the purpose of this definition, the term "violation" means the circumstance where the maximum 1 or 2 day percentage change in the daily closing prices is greater than the margin rate;

"**index**" means an equity index where:

i) the basket of equity securities underlying the index is comprised of eight or more securities;

ii) the weight of the single largest security position in the basket of equity securities underlying the index represents no more than 35% of the overall market value of the basket;

iii) the average market capitalization for each security position in the basket of equity securities underlying the index is at least $50 million; and

iv) in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange as set out in the definition of "regulated entities" included in the General Notes and Definitions of the ''Joint Regulatory Financial Questionnaire and Report'' form of the Investment Industry Regulatory Organization of Canada;

"**market maker account**" means a firm account of an ~~approved participant~~Approved Participant that is confined to transactions initiated by the ~~approved participant~~Approved Participant acting as a market maker;

"**non-client account**" means an account established with an ~~approved participant~~Approved Participant by another member of a self-regulatory organization, a related firm, an approved person or employee of an ~~approved participant~~Approved Participant or of a member of self-regulatory organization or of a related firm, as the case may be, in which the ~~approved participant~~Approved Participant does not have an interest, direct or indirect, other than an interest in fees or commissions charged;

"**OCC option**" means a call option or a put option issued by The Options Clearing Corporation;

"tracking error margin rate" means the last calculated regulatory margin interval for the tracking error resulting from a particular offset strategy. The meaning of the term "regulatory margin interval" and the margin rate policy are the same as for the floating margin rate.

9152 Margin Requirements for Positions in and Offsets Involving Sponsored Options
(01.01.05, 14.01.16, abr. 00.00.00)

~~The margin requirements for sponsored options are the same as the margin requirements for exchange-traded options, with the following exceptions:~~

~~a) in the case of pairings involving European-style or cash settlement sponsored options, the required margin must not be less than 5% of the underlying security market value;~~

~~b) for pairings, the units of trading for call or put sponsored options must represent equivalent units of trading of any other options or an equivalent quantity of the underlying interest; and~~

~~c) in the case of sponsored options, a client of an approved participant is prohibited to hold a short position with the exception of sponsors for whom the capital rules applicable are those that are applicable to short exchange-traded options positions held by an approved participant for its own account..~~

9252 Capital Requirements for Positions In and Offsets Involving Sponsored Options
(01.01.05, 14.01.16, abr. 00.00.00)

~~The capital requirements for sponsored options are the same as the capital requirements for exchange-traded options, with the following exceptions:~~

~~a) in the case of pairings involving European-style or cash settlement sponsored options, the required capital must not be less than 5% of the underlying security market value;~~

~~b) for pairings, the units of trading for call or put sponsored options must represent equivalent units of trading of any other options or an equivalent quantity of the underlying interest.~~

9301 Exchange Traded Bond Options - General
(01.01.05, 01.02.07, 14.01.16, abr. 00.00.00)

~~a) The Bourse shall establish margin requirements applicable to bond options positions held by clients and no approved participant shall effect an option transaction or carry an account for a client without proper and adequate margin, which must be obtained as promptly as possible and maintained in conformity with the provisions of this section;~~

~~b) all opening selling transactions and resulting short positions must be carried in a margin account;~~

~~c) each bond option must be margined separately and any difference between the market price of the underlying interest and the exercise price of the option must be considered to be of value only in providing the amount of margin required on that particular option;~~

~~d) where a client account holds both CDCC bond options and OCC bond options that have the same underlying interest, the OCC bond options may be considered to be bond options for the purposes of the calculation of the margin requirements for the account under the provisions of this section;~~

~~e) from time to time the Bourse may impose special margin requirements with respect to particular bond options or particular positions in such options.~~

9302 Long Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

~~All purchases of bond options must be for cash and long positions shall have no value for margin purposes.~~

9303 Short Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

~~a) The minimum margin requirement which must be maintained in respect of a bond option carried short in a client account must be:~~

~~i) 100% of the market value of the option; plus~~

~~ii) a percentage of the market value of the underlying bond, determined using the following percentages:~~

~~A) underlying bond maturing over 10 years, 3%;~~
~~B) underlying bond maturing over 3 years to 10 years, 1.75%; or~~
~~C) underlying bond maturing in 3 years or less, 1%;~~

~~minus~~

~~iii) any out-of-the-money amount associated with the bond option.~~

~~b) Paragraph a) notwithstanding, the minimum margin requirement which must be maintained and carried in a client account trading in bond options must not be less than:~~

~~i) 100% of the market value of the option; plus~~

~~ii) an additional requirement determined by multiplying 0.50% by the market value of the underlying bond.~~

9304 Covered Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

~~a) No margin is required for a call option carried short in a client's account which is covered by the deposit of an escrow receipt. The underlying bond deposited in respect of such options shall not be deemed to have any value for margin purposes.~~

~~Evidence of a deposit of the underlying bond shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Bourse upon request. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation;~~

~~b) no margin is required for a put option carried short in a client's account which is covered by the deposit of an escrow receipt which certifies that acceptable government securities are being held by the issuer of the escrow receipt for the account of the client. The acceptable government securities held on deposit:~~

~~i) must be government securities:~~

~~A) which are acceptable forms of margin for the clearing corporation; and~~

~~B) which mature within one year of their deposit; and~~

~~ii) shall not be deemed to have any value for margin purposes.~~

~~The aggregate exercise value of the short put option must not be greater than 90% of the aggregate nominal value of the acceptable government securities held on deposit. Evidence of the deposit of the acceptable government securities shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Bourse on request. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation; and~~

~~c) no margin is required for a put option carried short in a client’s account if the client has delivered to the approved participant with which such position is maintained a letter of guarantee, issued by a financial institution which has been authorized by the clearing corporation to issue escrow receipts, in a form satisfactory to the Bourse, and is:~~

~~i) a bank which is a Canadian chartered bank or a Quebec savings bank; or~~

~~ii) a trust company which is licensed to do business in Canada, with a minimum paid-up capital and surplus of $5,000,000;~~

~~provided that the letter of guarantee certifies that the bank or trust company,~~

~~iii) holds on deposit for the account of the client cash in the full amount of the aggregate exercise value of the put option and that such amount will be paid to the clearing corporation against delivery of the underlying interest covered by the put option; or~~

~~iv) unconditionally and irrevocably guarantees to pay to the clearing corporation the full amount of the aggregate exercise value of the put option against delivery of the underlying interest covered by the put option;~~

~~and further provided that the approved participant has delivered the letter of guarantee to the clearing corporation and the clearing corporation has accepted it as margin.~~

9305 Bond Options Spreads and Combinations
(01.01.05, 14.01.16, abr. 00.00.00)

~~**a) Call spreads and put spreads**~~

~~Where a client account contains one of the following spread pairings:~~

- ~~long call option and short call option; or~~
- ~~long put option and short put option;~~

~~and the short option expires on or before the date of expiration of the long option, the minimum margin required for the spread pairing must be the lesser of:~~

~~i) the margin required on the short option; or~~

~~ii) the spread loss amount, if any, that would result if both options were exercised.~~

~~**b) Short call – short put spreads**~~

~~Where a call option is carried short for a client's account and the account is also short a put option on the same number of units of trading on the same underlying bond, the minimum margin required must be the sum of:~~

~~i) the greater of:~~

~~A) the margin required on the call option; or~~

~~B) the margin required on the put option;~~

~~and~~

~~ii) the loss amount that would result if the option having the lesser margin required was exercised.~~

9306 Bond Option and Security Combinations

(01.01.05, 14.01.16, abr. 00.00.00)

~~**a) Short call – long underlying bond combination**~~

~~Where, in the case of bond options, a call option is carried short in a client's account and the account is also long an equivalent position in the underlying bond, the minimum margin required must be the lesser of:~~

~~i) the margin required on the underlying bond; or~~

~~ii) the margin required on the underlying bond based on the exercise price of the call option.~~

~~For purposes of this Rule, " underlying bond " includes any bond issue of the Government of Canada which:~~

~~i) has a higher coupon rate than the underlying bond;~~

~~ii) has an aggregate face value at maturity of at least $1,000,000,000;~~

~~iii) trades at a price of $5 per $100 face value greater than the underlying bond; and~~

~~iv) matures no sooner than 2 years prior to the underlying bond.~~

~~**b) Short put – short underlying bond combination**~~

~~Where, in the case of bond options, a put option is carried short in a client's account and the account is also short an equivalent position in the underlying bond, the minimum margin required must be the greater of:~~

~~i) the margin required on the underlying bond; or~~

~~ii) the margin required on the underlying bond based on the exercise price of the put option.~~

~~**c) Long call – short underlying bond combination**~~

~~Where, in the case of bond options, a call option is carried long in a client's account and the account is also short an equivalent position in the underlying bond, the minimum margin required must be the sum of:~~

~~i) 100% of the market value of the call option; and~~

~~ii) the lesser of:~~

~~A) the aggregate exercise value of the call option; or~~

~~B) the normal margin required on the underlying bond.~~

~~**d) Long put – long underlying bond combination**~~

~~Where, in the case of bond options, a put option is carried long in a client's account and the account is also long an equivalent position in the underlying bond, the minimum margin required must be the sum of:~~

~~i) 100% of the market value of the put option; and~~

~~ii) 50% of the margin required on the underlying bond; and~~

~~iii) any out-of-the-money value associated with the put option, up to the amount determined in ii) above.~~

9324 Bond Futures Contracts Combinations with Bond Options
(01.01.05, abr. 00.00.00)

~~With respect to bond options and bond futures contracts held in client accounts, where the option contracts and the futures contracts have the same settlement date, or can be settled in either of the two nearest contract months, and where the underlying interest of the bond options is a Government of Canada bond maturing or callable for redemption between 3 years 9 months and 10½ years, the option contracts and the futures contracts may be offset as follows:~~

~~**a) Long bond options combinations with bond futures contracts**~~

~~Where a client account contains one of the following combinations:~~

- ~~long call options and short an equivalent face value at maturity of futures contracts; or~~
- ~~long put options and long an equivalent face value at maturity of futures contracts;~~

~~the minimum margin required must be:~~

~~*i) In-the-money or at-the-money position:*~~

~~A) $500; plus~~

~~B) the market value of the option; less~~

~~C) the in-the-money amount of the option.~~

~~*ii) Out-of-the-money position:*~~

~~A) the market value of the option; plus~~

~~B) the margin required on the futures contract; less~~

~~C) the excess of $500 over the out-of-the-money amount of the option.~~

~~**b) Short bond options combinations with bond futures contracts**~~

~~Where a client account contains one of the following combinations:~~

- ~~short call options and long an equivalent face value at maturity of futures contracts; or~~
- ~~short put options and short an equivalent face value at maturity of futures contracts;~~

~~the minimum margin required must be the margin required on the futures contracts.~~

~~**c) Conversion or long tripo combination involving bond options and bond futures contracts**~~

~~Where a put option is carried long for a client's account and the account is also short a call option and long an equivalent face value at maturity of futures contracts, the minimum margin required must be the greater of:~~

~~i) A) the greater of the difference, plus or minus, between the daily settlement value of the long futures contracts and the aggregate exercise value of the long put options or the short call options; plus~~

~~B) the aggregate market value of the long put options;~~

~~and~~

~~ii) $500.~~

~~**d) Reconversion or short tripo combination involving bond options and bond futures contracts**~~

~~Where a put option is carried short for a client's account and the account is also long a call option and short an equivalent face value at maturity of futures contracts, the minimum margin required must be the greater of:~~

~~i) A) the greater of the difference, plus or minus, between the aggregate exercise value of the long call options or the short put options and the daily settlement value of the short futures contracts; plus~~

~~B) the aggregate market value of the long call options;~~

~~and~~

~~ii) $500.~~

9401 Exchange Traded Bond Options – General
(01.01.05, 01.02.07, 14.01.16, 01.12.17, abr. 00.00.00)

~~a) With respect to an approved participant account or market maker account, the Bourse has established certain charges against capital;~~

~~b) in the treatment of spreads, the long position may expire before the short position;~~

~~c) for any short position carried for a client or non-client account where the account has not provided required margin, any shortfall will be charged against the approved participant's capital;~~

~~d) where an approved participant account holds both CDCC bond options and OCC bond options that have the same underlying interest, the OCC bond options may be considered to be bond options for the purposes of the calculation of the capital requirements for the account under the provisions of this section;~~

~~e) from time to time the Bourse may impose special capital requirements with respect to particular bond options or particular positions in bond options;~~

~~f) in the pairing described in articles 9405, 9406 and 9424, bond options of different classes for which the underlying bonds have the same margin rate may be paired together provided that:~~

~~i) the exercise price of the bond option for which the market value of the underlying bond is the lowest must be increased by the difference between the market value of the underlying bonds; and~~

~~ii) to the capital required pursuant to articles 9405, 9406 and 9424 must be added an amount equal to the margin that would be required on the net bond position which would result if both bond options were exercised.~~

;

9402 Long Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

~~For approved participant accounts, the capital required for a long bond option is the market value of the option. Where the bond option premium is $1 or more, the capital required for the bond option may be reduced by 50% of any in-the-money amount associated with the bond option.~~

9403 Short Bond Option Positions

(01.01.05, 14.01.16, abr. 00.00.00)

~~The capital required which must be maintained in respect of a bond option carried short in an approved participant account must be:~~

~~i) a percentage of the market value of the underlying bond determined using the following percentages:~~

~~A) underlying bond maturing over 10 years, 3%;~~
~~B) underlying bond maturing over 3 years to 10 years, 1.75%;~~
~~C) underlying bond maturing in 3 years or less, 0.50%;~~

~~minus~~

~~ii) any out-of-the-money amount associated with the bond option.~~

9404 Covered Bond Option Positions

(01.01.05, 14.01.16, abr. 00.00.00)

~~a) No capital is required for a call option carried short in an approved participant account, which is covered by the deposit of an escrow receipt. The underlying bond deposited in respect of such options shall not be deemed to have any value for capital purposes.~~

~~Evidence of a deposit of the underlying bond shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Bourse on request. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation;~~

~~b) no capital is required for a put option carried short in an approved participant account which is covered by the deposit of an escrow receipt which certifies that acceptable government securities are being held by the issuer of the escrow receipt for the account of the approved participant. The acceptable government securities held on deposit:~~

~~i) must be government securities:~~

~~A) which are acceptable forms of margin for the clearing corporation; and~~

~~B) which mature within one year of their deposit; and~~

~~ii) shall not be deemed to have any value for capital purposes.~~

~~The aggregate exercise value of the short put options must not be greater than 90% of the aggregate nominal value of the acceptable government securities held on deposit. Evidence of the deposit of the acceptable government securities shall be deemed an escrow receipt for the purposes hereof if the agreements required by the rules of the clearing corporation have been executed and delivered to the clearing corporation and if a copy thereof is available to the Bourse on request. The issuer of the escrow receipt covering the escrow deposit must be a financial institution approved by the clearing corporation; and~~

~~c) no capital is required for a put option carried short in an approved participant account if the approved participant has obtained a letter of guarantee, issued by a financial institution which has been authorized by the clearing corporation to issue escrow receipts, in a form satisfactory to the Bourse, and is:~~

~~i) a bank which is a Canadian chartered bank or a Quebec savings bank; or~~

~~ii) a trust company which is licensed to do business in Canada, with a minimum paid-up capital and surplus of $5,000,000;~~

~~provided that the letter of guarantee certifies that the bank or trust company:~~

~~iii) holds on deposit for the account of the approved participant cash in the full amount of the aggregate exercise value of the put option and that such amount will be paid to the clearing corporation against delivery of the underlying bond covered by the put option; or~~

~~iv) unconditionally and irrevocably guarantees to pay to the clearing corporation the full amount of the aggregate exercise value of the put option against delivery of the underlying bond covered by the put option;~~

~~and further provided that the approved participant has delivered the letter of guarantee to the clearing corporation and the clearing corporation has accepted it as margin.~~

9405 Bond Options Spreads and Combinations
(01.01.05, 14.01.16, abr. 00.00.00)

~~**a) Call spreads and put spreads**~~

~~Where an approved participant account contains one of the following spread pairings:~~

- ~~long call option and short call option; or~~
- ~~long put option and short put option;~~

~~the minimum capital required must be:~~

~~i) 100% of the market value of the long option; minus~~

~~ii) 100% of the market value of the short option; and~~

~~iii) plus the loss (up to the amount of capital required on the short option) or less the gain (up to 50% of the amount by which the long option is in-the-money), that would result if both options were exercised.~~

~~**b) Short call – short put spreads**~~

~~Where a call option is carried short for an approved participant's account and the account is also short a put option on the same number of units of trading on the same underlying bond, the minimum capital required must be:~~

~~i) the greater of:~~

~~A) the capital required on the call option; or~~

~~B) the capital required on the put option;~~

~~plus~~

~~ii) the loss amount that would result if the option having the lesser capital required was exercised;~~

~~minus~~

~~iii) the aggregate market value of the short call and short put options.~~

~~**c) Long call – long put spreads**~~

~~Where a call option is carried long for an approved participant's account and the account is also long a put option on the same number of units of trading on the same underlying bond, the minimum capital required must be:~~

~~i) 100% of the market value of the call option; plus~~

~~ii) 100% of the market value of the put option; minus~~

~~iii) the greater of:~~

~~A) the amount by which the aggregate exercise value of the put option exceeds the aggregate exercise value of the call option; or~~

~~B) where the premium is equal or greater than $1, 50% of the total amount by which each option is in-the-money.~~

~~**d) Long call – short call – long put**~~

~~Where a call option is carried long for an approved participant's account and the account is also short a call option and long a put option on the same number of units of trading on the same underlying bond and where the exercise price of the long put option is greater than the exercise price of the long call option, the minimum capital required must be:~~

~~i) 100% of the market value of the long call option; plus~~

~~ii) 100% of the market of the long put option; minus~~

~~iii) 100% of the market value of the short call option; and~~

~~iv) less the gain or plus the loss if both call options were exercised (note: the exercise price of the short call option to be used is the lesser of the exercise price of the short call option or the exercise price of the long put option).~~

9406 Bond Option and Security Combinations
(01.01.05, 14.01.16, abr. 00.00.00)

~~**a) Short bond options combinations with underlying bond**~~

~~Where an approved participant account contains one of the following combinations:~~

- ~~short call options and long an equivalent position in the underlying bond; or~~
- ~~short put options and short an equivalent position in the underlying bond;~~

~~the minimum capital required must be:~~

~~i) the normal capital required on the underlying bond; minus~~

~~ii) 100% of the market value of the short option.~~

~~**b) Long bond options combinations with underlying bond**~~

~~Where an approved participant account contains one of the following combinations:~~

- ~~long call options and short an equivalent position in the underlying bond; or~~
- ~~long put options and long an equivalent position in the underlying bond;~~

~~the minimum capital required must be the sum of:~~

~~i) 100% of the market value of the option; and~~

~~ii) the lesser of:~~

~~A) any out-of-the-money value associated with the option; or~~

~~B) 50% of the normal capital required on the underlying bond.~~

~~Where the option is in-the-money, this in-the-money value may be applied against the capital required, up to the market value of the option.~~

~~**c) Conversion or long tripo combination**~~

~~Where, in the case of bond options, a position in an underlying bond is carried long in an approved participant's account and the account is also long an equivalent position in put options and short an equivalent position in call options, the minimum capital required must be:~~

~~i) 100% of the market value of the long put options; minus~~

~~ii) 100% of the market value of the short call options; plus~~

~~iii) the difference, plus or minus, between the market value of the underlying bond and the aggregate exercise value of the long put options, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the call options.~~

~~**d) Reconversion or short tripo combination**~~

~~Where, in the case of bond options, a position in an underlying bond is carried short in an approved participant's account and the account is also long an equivalent position in call options and short an equivalent position in put options, the minimum capital required must be:~~

~~i) 100% of the market value of the long call options; minus~~

~~ii) 100% of the market value of the short put options; plus~~

~~iii) the difference, plus or minus, between the aggregate exercise value of the long call options and the market value of the underlying bond, where the aggregate exercise value used in the calculation cannot be greater than the aggregate exercise value of the put options.~~

9424 Bond Futures Contract Combinations with Bond Options
(01.01.05, abr. 00.00.00)

~~With respect to bond options and bond futures contracts held in approved participant accounts, where, the option contracts and the futures contracts have the same settlement date, or can be settled in either of the two nearest contract months and where the underlying interest of the bond options is a Government of Canada bond maturing or callable for redemption in a period between 3 years 9 months and 10½ years, the option contracts and the futures contracts may be offset as follows:~~

~~**a) Long bond options – position in bond futures contracts**~~

~~Where an approved participant account contains one of the following combinations:~~

- ~~long call options and short an equivalent face value at maturity of futures contracts; or~~
- ~~long put options and long an equivalent face value at maturity of futures contracts;~~

~~the minimum capital required must be:~~

~~i) *In-the-money or at-the-money position*:~~

~~A) $500; plus~~

~~B) 100% of the market value of the option; less~~

~~C) the in-the-money amount of the option.~~

~~ii) *Out of the money position*:~~

~~A) 100% of the market value of the option; plus~~

~~B) the capital required on the futures contract; less~~

~~C) the excess of $500 over the out-of-the-money amount of the option.~~

~~**b) Short bond options – position in bond futures contracts**~~

~~Where an approved participant account contains one of the following combinations:~~

- ~~short call options and long an equivalent face value at maturity of futures contracts; or~~
- ~~short put options and short an equivalent face value at maturity of futures contracts;~~

~~the minimum capital required must be the greater of:~~

~~i) A) the capital required on the futures contract; less~~

~~B) 100% of the market value of the short option;~~

~~and~~

~~ii) $500.~~

~~**c) Conversion or long tripo combination involving bond options and bond futures contracts**~~

~~Where a put option is carried long for an approved participant's account and the account is also short a call option and long an equivalent face value at maturity of futures contracts, the minimum capital required must be the greater of:~~

~~i) A) the greater of the difference, plus or minus, between the daily settlement value of the long futures contracts and the aggregate exercise value of the long put options or short the call options; plus~~

~~B) the net market value of the long put and short call options;~~

~~and~~

~~ii) $500.~~

~~**d) Reconversion or short tripo combination involving bond options and bond futures contracts**~~

~~Where a put option is carried short for an approved participant's account and the account is also long a call option and short an equivalent face value at maturity of futures contracts, the minimum capital required must be the greater of:~~

~~i) A) the greater of the difference, plus or minus, between the aggregate exercise value of the long call options or the short put options and the daily settlement value of the short futures contracts; plus~~

~~B) the net market value of the long call and short put options;~~

~~and~~

~~ii) $500.~~

14102 Reports Pertaining to the Accumulation of Positions for Derivative Instruments
(24.04.84, 01.06.84, 13.09.05, 04.03.08, 01.04.13, 09.06.14, 01.10.15, 23.11.16, 15.06.18, 00.00.00)

1) Each ~~approved participant~~Approved Participant must file daily with the Bourse, in the prescribed manner, a report detailing all gross positions held for its own account or for an account or group of accounts which are all owned by the same beneficial owner in derivative instruments listed on the Bourse when these gross positions exceed the reporting thresholds prescribed by the Bourse for each of these derivative instruments or a report confirming that there are no positions to be reported when none of the reporting thresholds prescribed by the Bourse have been exceeded for each of these derivative instruments.

2) Any report transmitted to the Bourse pursuant to this article~~Rule~~ must be transmitted within the reporting hours prescribed by the Bourse and not later than 9:00 a.m. (ET) on the business day following the one for which positions must be reported.

3) For each account subject to a positions report to the Bourse, each ~~approved participant~~Approved Participant must provide to the Bourse all the information necessary to the Bourse to allow it to adequately identify and classify this account. The information that must be provided to the Bourse is the following:

a) the name and complete coordinates of the account beneficial owner;

b) the full account number as it appears in the ~~approved participant~~Approved Participant records;

c) the account type (client, firm, market-maker, professional or omnibus);

d) the beneficial account owner classification according to the typology established by the Bourse; and

e) the identification of the nature of transactions made by the account (speculation or hedging). If it is impossible to clearly determine if the account is used for speculative or hedging purposes, it must then, by default, be identified as being a speculative account.

4) In addition to providing the above-mentioned information to the Bourse, each ~~approved participant~~Approved Participant must provide, for each account being reported, a unique identifier complying with the following requirements;

a) for any account opened in the name of a natural person or of a corporation or other type of commercial entity wholly-owned by this natural person:

i) a unique identifier allowing to link together all the accounts having the same beneficial owner. The unique identifier used in such a case must be created by the ~~approved participant~~Approved Participant in a format that it deems to be appropriate. This unique identifier, once created and used, must not be modified or replaced by a new identifier without having provided prior notice to the Bourse.

b) for any account owned by many natural persons such as a joint account, an investment club account, partnership or holding company:

i) if one of the natural persons owning this account has an ownership interest of more than 50% in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above;

ii) if none of the persons owning the account has an ownership interest of more than 50 %, the unique identifier must be the account name.

c) for any account opened in the name of a corporation other than a corporation wholly-owned by a natural person:

i) if one of the natural persons owning shares of this corporation holds an ownership interest of more than 50 % in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above;

ii) if more than 50 % of the corporation shares are owned by another corporation, the unique identifier must be the Legal Entity Identifier of this other corporation as attributed by the organization responsible for the attribution of such an identifier;

iii) in all other cases, the unique identifier must be the Legal Entity Identifier of the corporation in whose name the account has been opened;

iv) if, for corporations mentioned in subparagraphs c) ii) and c) iii), no Legal Entity identifier is available, the identifier to be used shall be the incorporation number of the corporation as attributed by the government authority having issued the incorporation certificate of such corporation.

In the case where neither the Legal Entity Identifier nor the incorporation number of a corporation are available or can be obtained or communicated by the ~~approved participant~~Approved Participant in reason of legal or regulatory restrictions, the ~~approved participant~~ Approved Participant shall use a unique identifier that permits to link together all the accounts having the same corporation as beneficial owner. The unique identifier used in such a case can be either the name of the corporation owning the account or be created by the ~~approved participant~~Approved Participant in a format that it deems appropriate.

Any unique identifier, be it or not created by the ~~approved participant~~Approved Participant, must not be changed or replaced by a new identifier without prior notice having been given to the Bourse.

For the purposes of this paragraph c), the term “Legal Entity identifier” means the unique identification number attributed to a legal entity by any organization accredited to this effect pursuant to the ISO 17442 standard of the International Standardization Organization, as approved by the Financial Stability Board and the G-20 and aiming at implementing a universal and mandatory identification system for legal entities trading any type of derivative instrument.

5) In order to determine if the reporting thresholds are attained, ~~approved participants~~Approved Participants must aggregate positions held or controlled by the same account beneficial owner.

For the purposes of this article, the term “control” means a beneficial ownership interest greater than 50 %.

6) The reporting thresholds established by the Bourse are as follows:

a) For each options class, other than options on futures contracts, and each share futures contracts on a given underlying interest:

i) 250 contracts, in the case of trust units options and share futures contracts (for all contract months combined of each share future contract) having the same underlying interest, by aggregating positions on trust units options and share futures contracts, one option contract being equal to one share futures contract. While options and share futures contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and share futures contracts shall be reported each separately;

ii) 250 contracts, in the case of stock options and share futures contracts (for all contract months combined of each share future contract) having the same underlying interest, by aggregating positions on stock options and share futures contracts, one option contract being equal to one share futures contract. While options and share futures contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and share futures contracts shall be reported each separately;

iii) 500 contracts, in the case of options on Exchange Traded Fund options and share futures contracts (for all contract months combined of each share future contract) having the same underlying interest, by aggregating positions on Exchange Traded Fund options and share futures contracts, one option contract being equal to one share futures contract. While options and share futures contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and share futures contracts shall be reported each separately;

iv) 500 contracts, in the case of currency options;

v) 15,000 contracts, in the case of index options;

vi) 1,000 contracts, in the case of sector index options.

b) For futures contracts and the related options on futures contracts:

i) 300 contracts, in the case of futures contracts and options on futures contracts on Three-Month Canadian Bankers' Acceptance Futures (BAX and OBX), by aggregating positions on options on futures contracts and positions in the underlying futures contract. In this case, one options contract (OBX) is equal to one futures contract (BAX);

ii) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);

iii) 250 contracts, in the case of futures and options on futures contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on options on futures contracts and positions in the underlying futures contract. For the purposes of aggregating positions, one options contract (OGB) is equal to one futures contract (CGB);

iv) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);

v) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);

vi) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both futures contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);

vii) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);

viii) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);

ix) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXK, SXU);

~~x) 250 contracts, in the case of futures contracts on Canada carbon dioxide equivalent (CO2e) units with physical settlement (MCX);~~

~~xi~~

x) 1,000 contracts, in the case of futures contracts on the FTSE Emerging Markets Index;

The Bourse may, at its discretion, impose the application of any other reporting threshold that is more severe and lower than those provided in this Rule.

7) in addition to the reports required under the provisions of the present article, each ~~approved participant~~Approved Participant must report immediately to the Vice-President of the Regulatory Division of the Bourse any situation in which the ~~approved participant~~Approved Participant has reason to believe that itself or a client, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits established by the Bourse;

8) An ~~approved participant~~Approved Participant of the Bourse which does not trade or does not hold or manage any trading accounts for its clients or itself for the purposes of transactions in any of the

derivative instruments listed on the Bourse may be exempted from complying with the requirements as provided for in paragraph 1) of the present article, under the following conditions:

i) the ~~approved participant~~Approved Participant must submit an exemption request in writing to the Regulatory Division, confirming that it has not traded any of the derivative instruments listed on the Bourse in the last calendar year and that it does not plan to trade any of them in a foreseeable future;

ii) all exemptions granted will be valid as long as all conditions relative to such exemptions are complied with;

iii) any exemption can be cancelled by the Regulatory Division at any time and, in any case, ends when an ~~approved participant~~Approved Participant executes a transaction on any of the derivative instruments listed on the Bourse;

9) An ~~approved participant~~Approved Participant may, with prior approval of the Bourse, delegate to a third party the transmission of position reports required under the provisions of paragraph 1) of the present Rule. In order for such an exemption to be granted, the following conditions must be met:

i) the ~~approved participant~~Approved Participant which wishes to delegate the task of producing and submitting position reports to a third party rather than doing so by itself must divulge to this third party all information necessary for the production of such reports, as is required by the Bourse;

ii) any delegation established in accordance with the present paragraph must first be approved in writing by the Regulatory Division. An ~~approved participant~~Approved Participant wishing to delegate the submission of positions reports required by the Bourse to a third party must therefore submit a request for approval in writing to the Regulatory Division;

iii) all approvals of delegation granted by the Regulatory Division will be valid as long as all conditions relative to such approvals are complied with;

iv) any approval of delegation can be cancelled by the Regulatory Division at any time and, in any case, ends when the third party delegate ceases to produce reports or is no longer able to submit position reports on behalf of the ~~approved participant~~Approved Participant having delegated such task, pursuant to the requirements of the Bourse;

v) an ~~approved participant~~Approved Participant having chosen to delegate the submission position reports to a third party nevertheless remains responsible for the obligations provided in the present article and must ensure that all the information transmitted to the Bourse by the delegatee is complete and accurate.

15001 Scope of Rule
(24.01.86, 22.04.88, 08.09.89, 16.04.92, 19.01.95, 07.09.99, 31.01.01, 14.06.02, 03.05.04, 16.11.07, 30.05.08, 15.05.09, 18.06.10, 09.06.14, 18.01.16, 15.06.18, 00.00.00)

This Rule is limited in application to futures trading of the following instruments:

a) the overnight repo rate;

b) 1-month Canadian Bankers' Acceptance;

c) 3-month Canadian Bankers' Acceptance;

d) 2-year Government of Canada Bond;

e) 5-year Government of Canada Bond;

f) 10-year Government of Canada Bond;

g) 30-year Government of Canada Bond;

h) the S&P/TSX 60 Index;

i) the S&P/TSX Composite Index;

j) designated S&P/TSX sectorial indices;

k) Canadian and International stocks, exchange-traded funds and trust units;

~~l) Carbon dioxide equivalent (CO2e) units;~~

~~m) Canadian Crude Oil;~~

~~n~~l) FTSE Emerging Markets Index;

~~o~~m) Overnight Index Swap.

The procedures for dealing with clients, trading, clearing, settlement, delivery and any other matters not specifically covered herein shall be governed by the ~~regulations~~Regulations of the Bourse and the General Regulations of the Clearing Corporation.

15002 Definitions
(24.01.86, 22.04.88, 08.09.89, 19.01.95, 07.09.99, 22.01.16, abr. 00.00.00)

~~In this Rule, unless the subject matter or context otherwise require:~~

~~"Exchange"~~

~~means The Montreal Exchange.~~

~~"Clearing Corporation"~~

~~means the Canadian Derivatives Clearing Corporation (CDCC).~~

~~"Business Day"~~

~~means a day when the Exchange is open for trading.~~

~~"Member"~~

~~means a Mercantile member or an Exchange member.~~

15553 Failure to Perform
(16.04.92, 00.00.00)

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined ~~from time to time~~ by the ~~Exchange~~Bourse based on the circumstances.

15614 Delivery Procedure
(08.09.89, 07.10.93, 00.00.00)

a) ~~Members~~Approved Participants must apply the assignment process used by the Clearing ~~House~~Corporation to assign delivery to each of their accounts. In order that the delivery procedure of the Clearing ~~House~~Corporation not be impaired, ~~members~~Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

b) Only ~~a member~~an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the ~~member~~Approved Participant does not initiate the delivery process, the Clearing ~~House~~Corporation shall substitute itself for the ~~member~~Approved Participant in initiating the delivery process.

15616 Assignment of Delivery Notice
(08.09.89, 00.00.00)

a) The assignment of a delivery notice to ~~a member~~an Approved Participant holding a long position shall be done by the Clearing ~~House~~Corporation, in the manner set forth by the Clearing ~~House~~Corporation;

b) The ~~member~~Approved Participant holding an assigned long position shall receive a delivery notice from the ~~clearing house~~ Clearing Corporation on the business day following the submission of the delivery notice by the ~~member~~Approved Participant holding the seller's position.

15633 Delivery Procedures
(18.01.16, 00.00.00)

a) ~~Members~~Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts; In order that the delivery procedure of the Clearing Corporation not be impaired, ~~members~~Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

~~b) Only a member holding a seller's position can initiate the delivery process;~~

~~c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;~~

b) Only an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the ~~member~~Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the ~~member~~Approved Participant in initiating the delivery process.

15635 Assignment of Delivery Notice
(18.01.16, 00.00.00)

a) The assignment of a delivery notice to ~~a member~~an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The ~~member~~Approved Participant holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the ~~member~~Approved Participant holding the seller's position.

15653 Delivery Procedures
(18.01.16, 00.00.00)

a) ~~Members~~Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts; In order that the delivery procedure of the Clearing

Corporation not be impaired, ~~members~~Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

b) Only ~~a member~~an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the ~~member~~Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the ~~member~~Approved Participant in initiating the delivery process.

15655 Assignment of Delivery Notice
(18.01.16, 00.00.00)

a) The assignment of a delivery notice to ~~a member~~an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The ~~member~~Approved Participant holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the ~~member~~Approved Participant holding the seller's position.

15673 Delivery Procedures
(18.01.16, 00.00.00)

a) ~~Members~~Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts; In order that the delivery procedure of the Clearing Corporation not be impaired, ~~members~~Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

b) Only an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

~~b) Only a member holding a seller's position can initiate the delivery process;~~

~~c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;~~

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the ~~member~~Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the ~~member~~Approved Participant in initiating the delivery process.

15675 Assignment of Delivery Notice
(18.01.16, 00.00.00)

a) The assignment of a delivery notice to ~~a member~~an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The ~~member~~Approved Participant holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the ~~member~~Approved Participant holding the seller's position.

15723 Failure of Settlement
(07.09.99, 06.05.11, 00.00.00)

Any failure on the part of an ~~approved participant~~Approved Participant to conform to the aforementioned rules of settlement could result in the imposition of disciplinary sanctions as may be determined by the ~~Exchange~~Bourse based on the circumstances.

15814 Delivery Procedure
(31.01.01, 00.00.00)

a) ~~Members~~Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts;

b) Only ~~a member~~an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the ~~member~~Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the ~~member~~Approved Participant in initiating the delivery process.

15815 Submission of Delivery Notice
(31.01.01, 00.00.00)

To initiate the delivery process, ~~a member~~an Approved Participant holding a seller's position must submit a delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation after the close of the last trading day.

15816 Assignment of Delivery Notice
(31.01.01, 00.00.00)

a) The assignment of a delivery notice to ~~a member~~an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The ~~member holding~~Approved Participant an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the ~~member~~Approved Participant holding the seller's position.

15817 Delivery Day
(31.01.01, 15.06.18, 00.00.00)

Delivery in respect to futures contracts on Canadian underlying interests must be done in the manner prescribed by the ~~Exchange~~Bourse and the Clearing Corporation following the submission of the delivery notice by the ~~member~~Approved Participant holding a seller's position.

15818 Execution Default
(31.01.01, 00.00.00)

All defaults from ~~members~~Approved Participants in respect to delivery procedures shall carry the imposition of a disciplinary sanctions~~penalty~~, as determined ~~from time to time~~ by the ~~Exchange~~Bourse based on the circumstances.

15819 Emergencies, Acts of God, Actions of Governments
(31.01.01, 22.01.16, 15.06.18, 00.00.00)

a) In the event that a delivery operation cannot be carried because of a strike, a fire, an accident, a Government action, an act of God or any other emergency situation, the holder of a buyer's position or a seller's position shall immediately notify the ~~Exchange~~Bourse and the Clearing Corporation. In the event that the ~~Exchange~~Bourse or the Clearing Corporation finds that an immediate action is necessary, a special meeting of the Board of Directors shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties to futures contracts. If the Board of Directors decides that an Emergency situation is in progress, the Board of Directors shall take all necessary actions in the circumstances, and the decision of the Board of Directors shall bind all parties to the futures contract. The Board of Directors could, for instance, extend the delivery period or indicate a different location for delivery operations.

b) In the event the Board of Directors decides that a shortage of deliverable of Canadian underlying ~~interets~~interest issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors may, for instance:

i) designate as a deliverable issue any other issue of the same issuer that does not meet the criteria in article 15813~~this Rule~~;

ii) in addition to the normal delivery procedures, decide of a cash settlement based on the cash value of a Canadian underlying interest on the last day of trading.

15820 Adjustment to Terms of Contract
(31.01.01, 00.00.00)

The terms of a share futures contract are subject to adjustment in accordance with the ~~By-Laws and Rules~~Regulations of the ~~Exchange,~~Bourse or with General Conditions of the Clearing Corporation. When adjustments are made, a notice thereof shall be promptly given to ~~members~~Approved Participants.

15931 Definitions
(30.05.08, abr. 00.00.00)

~~"Carbon dioxide equivalent (CO_2e)" means a unit of measure used to allow the comparison between greenhouse gases that have different global warming potentials.~~

~~"Carbon dioxide equivalent (CO_2e) unit" means any right, benefit, title or interest recognized by a governmental or legislative authority in Canada, associated partly or in its entirety to a reduction of the emissions of greenhouse gases expressed in carbon dioxide equivalent (CO_2e).~~

15932 Expiry Cycle
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the contract expiries available for trading in futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement are daily, monthly, quarterly and annual.~~

15933 Trading Unit
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the trading unit for futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement is equivalent to 100 Canada carbon dioxide equivalent (CO_2e) units where each unit is an entitlement to emit one metric ton of carbon dioxide equivalent (CO_2e).~~

15934 Currency
(30.05.08, abr. 00.00.00)

~~Trading, clearing and settlement for futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement shall be in Canadian dollars.~~

15935 Price Quotation
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, bids and offers for futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement are quoted in Canadian dollars and cents per metric ton of carbon dioxide equivalent (CO2e).~~

15936 Minimum Price Fluctuation
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the minimum price fluctuation for futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement is $0.01 per metric ton of carbon dioxide equivalent (CO_2e).~~

15937 Maximum Price Variation Thresholds
(30.05.08, 06.04.18, abr. 00.00.00)

~~There shall be no maximum price variation thresholds for futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement.~~

15938 Position Limits
(30.05.08, 18.01.16, abr. 00.00.00)

~~The maximum net long or net short position in each designated futures contract on carbon dioxide equivalent (CO_2e) units with physical settlement which a person may own or control shall be as follows:~~

~~Position limit for all contract expiries combined for each futures contract on carbon dioxide equivalent (CO_2e) units with physical settlement:~~

~~The greater of a maximum number of contracts to be determined by the Bourse or of 20% of the average daily open interest for all contract expiries during the preceding three calendar months; or~~

~~Such other limit as may be determined by the Bourse.~~

~~As provided by Policy C-1 of the Bourse, an approved participant may file with the Bourse an application to obtain, on behalf of a bona fide hedger, an exemption from the position limits established by the Bourse. The application must be filed in the form and within the delays prescribed by the Bourse and must contain all the information required in article 2 of Policy C-1 of the Bourse. If the application is rejected, the approved participant shall reduce the position so that it does not exceed the prescribed limit within the period set by the Bourse. The Bourse can modify any exemption which has been previously granted. A bona fide hedger may also, under certain circumstances, file directly with the Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.~~

~~In establishing position limits, the Bourse may, if deemed necessary, apply specific limits to one or more rather than all approved participants or clients.~~

15939 Position Reporting Threshold
(30.05.08, abr. 00.00.00)

~~Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 250 futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.~~

15940 Physical Settlement
(30.05.08, abr. 00.00.00)

~~Physical settlement of the carbon dioxide equivalent (CO_2e) units underlying the futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement shall be made in the manner prescribed in articles 15942 to 15948 of this Rule and by the clearing corporation.~~

15941 Last Day of Trading

(30.05.08, abr. 00.00.00)

~~The last day of trading of futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement will be the third business day preceding the last business day of the contract expiry. For contracts with daily expiries, the last day of trading will be the first trading day of the contract.~~

15942 Physical Settlement Standards

(30.05.08, abr. 00.00.00)

~~a) For futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement, the only carbon dioxide equivalent (CO_2e) units acceptable for physical settlement shall be those specified by the Bourse from time to time.~~

~~b) Before a futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement is listed for trading, the Bourse shall have the right to exclude from the physical settlement of such futures contract any carbon dioxide equivalent (CO_2e) unit it deems appropriate to exclude, even if such unit meets all the standards specified by the Bourse.~~

15943 Physical Settlement Procedure

(30.05.08, abr. 00.00.00)

~~a) Approved participants must apply the assignment process used by the clearing corporation to assign physical settlements to each of their accounts.~~

~~b) Only an approved participant holding a short position in a futures contract on carbon dioxide equivalent (CO_2e) units can initiate the physical settlement process.~~

~~c) All buyers' and sellers' positions still open in futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement after trading has ceased in the contract shall be settled by physical settlement.~~

~~d) In the case where a short position is still open in futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement after trading has ceased in that futures contract, and where the approved participant has not initiated the physical settlement process, the clearing corporation shall substitute itself for the approved participant in initiating such process.~~

~~e) An alternative delivery procedure is available to buyers and sellers who have been matched by the clearing corporation subsequent to the termination of trading in the expired contract. If buyer and seller agree to complete the physical settlement under terms different from those prescribed by the clearing corporation, they may proceed on that basis after submitting a confirmation of agreement to such alternative procedure to the clearing corporation. A copy of this confirmation must also be transmitted to the Regulatory Division of the Bourse.~~

15944 Submission of Physical Settlement Notice
(30.05.08, abr. 00.00.00)

~~To initiate the physical settlement process of a futures contract on carbon dioxide equivalent (CO_2e) units with physical settlement, an approved participant holding a seller's position must submit a physical settlement notice to the clearing corporation on the last trading day.~~

15945 Assignment of Physical Settlement Notice
(30.05.08, abr. 00.00.00)

~~a) The assignment of a physical settlement notice to an approved participant holding a long position shall be done by the clearing corporation in the manner set forth by the clearing corporation.~~

~~b) Approved participants holding long positions in futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement shall receive a physical settlement notice from the clearing corporation on the business day following the submission of physical settlement notices by approved participants holding short positions in such futures contracts.~~

15946 Physical Settlement Day
(30.05.08, abr. 00.00.00)

~~Physical settlement in respect of futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement shall be done on the third business day following the submission of physical settlement notices by the approved participants holding short positions, or on any other day as determined by the clearing corporation.~~

15947 Physical Settlement Default
(30.05.08, abr. 00.00.00)

~~A physical settlement default may occur if the seller does not transfer the acceptable carbon dioxide equivalent (CO_2e) units in accordance with the conditions prescribed by the clearing corporation or if the buyer does not accept these units in accordance with these same prescribed conditions. Any default from an approved participant to comply with physical settlement procedures may result in the imposition of disciplinary sanctions, as determined from time to time by the Bourse.~~

15948 Force Majeure
(30.05.08, abr. 00.00.00)

~~In the eventuality that a physical settlement operation cannot be completed because of a "force majeure", such as a strike, a fire, an accident, a government action, an act of God or any other emergency situation, the holder of a long position or a short position in futures contracts on carbon dioxide equivalent (CO_2e)~~

~~units with physical settlement shall immediately notify the Bourse and the clearing corporation. In the eventuality that the Bourse and the clearing corporation find that an immediate action is necessary, a special meeting of the Board of Directors of the Bourse shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement. If the Board of Directors of the Bourse deems that an emergency situation is in progress, the Board of Directors of the Bourse shall take all necessary actions in the circumstances, and the decision of the Board of Directors of the Bourse shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO_2e) units with physical settlement.~~

~~In the specific situation where the trading system related to the carbon dioxide equivalent (CO_2e) unit is no longer scheduled to proceed, is not implemented by any governmental or legislative authority in Canada or is to be discontinued by any governmental or legislative authority in Canada, the Board of Directors of the clearing corporation shall decide on the cash settlement of the futures contracts on carbon dioxide equivalent (CO_2e) units at a price that reflects a minimum quality standard established by recognized standards organizations to be determined from time to time by the Bourse.~~

15951 Definitions
(30.05.08, abr. 00.00.00)

~~"Carbon dioxide equivalent (CO_2e)" means a unit of measure used to allow the comparison between greenhouse gases that have different global warming potentials.~~

~~"Carbon dioxide equivalent (CO_2e) unit" means any right, benefit, title or interest recognized by a governmental or legislative authority in Canada, associated partly or in its entirety to a reduction of the emissions of greenhouse gases expressed in carbon dioxide equivalent (CO_2e).~~

~~"Final settlement price" means the price at which a cash-settled futures contract is settled at maturity, pursuant to a calculation procedure specified by the Bourse.~~

15952 Expiry Cycle
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the contract expiries available for trading in futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement are daily, monthly, quarterly and annual.~~

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15953 Trading Unit
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the trading unit for futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement is 100 carbon dioxide equivalent (CO2e) units, where each unit is an entitlement to emit one metric ton of carbon dioxide equivalent (CO2e).~~

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15954 Currency
(30.05.08, abr. 00.00.00)

~~Trading, clearing and settlement for futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement shall be in Canadian dollars.~~

15955 Price Quotation
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, bids and offers for futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement are quoted in Canadian dollars and cents per metric ton of carbon dioxide equivalent (CO2e).~~

15956 Minimum Price Fluctuation
(30.05.08, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the minimum price fluctuation for futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement is $0.01 per metric ton of carbon dioxide equivalent (CO2e).~~

15957 Maximum Price Variation Thresholds
(30.05.08, 06.04.18, abr. 00.00.00)

~~There shall be no maximum price variation thresholds for futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement.~~

15958 Position Limits
(30.05.08, 18.01.16, abr. 00.00.00)

~~The maximum net long or net short position in each designated futures contract on carbon dioxide equivalent (CO_2e) units with cash settlement which a person may own or control shall be as follows:~~

~~Position limit for all contract expiries combined for each futures contract on carbon dioxide equivalent (CO_2e) units with cash settlement:~~

~~The greater of a maximum number of contracts to be determined by the Bourse or of 20% of the average daily open interest for all contract expiries during the preceding three calendar months; or~~

~~Such other limit as may be determined by the Bourse.~~

~~As provided by Policy C-1 of the Bourse, an approved participant may file with the Bourse an application to obtain, on behalf of a bona fide hedger, an exemption from the position limits established by the Bourse. The application must be filed in the form and within the delays prescribed by the Bourse and must contain all the information required in article 2 of Policy C-1 of the Bourse. If the application is rejected, the approved participant shall reduce the position so that it does not exceed the prescribed limit within the period set by the Bourse. The Bourse can modify any exemption which has been previously granted. A bona fide hedger may also, under certain circumstances, file directly with the Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.~~

~~In establishing position limits, the Bourse may, if deemed necessary, apply specific limits to one or more rather than all approved participants or clients.~~

15959 Position Reporting Threshold
(30.05.08, abr. 00.00.00)

~~Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 250 futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.~~

15960 Cash Settlement
(30.05.08, abr. 00.00.00)

~~Cash settlement of futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement shall be through the clearing corporation. The final settlement procedures are those stipulated in articles 15963 to 15970.~~

15961 Last Day of Trading
(30.05.08, abr. 00.00.00)

~~The last day of trading of futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement will be the third business day preceding the last business day of the contract expiry. For contracts with daily expiries, the last day of trading is the first trading day of the contract.~~

15962 Force Majeure
(30.05.08, abr. 00.00.00)

~~In the eventuality that the final cash settlement procedures cannot be completed because of a "force majeure", such as a strike, a fire, an accident, a government action, an act of God or any other emergency situation, the holder of a long position or a short position in futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement shall immediately notify the Bourse and the clearing corporation. In the eventuality that the Bourse and the clearing corporation find that an immediate action is necessary, a special meeting of the Board of Directors of the Bourse shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement. If the Board of Directors of the Bourse decides that an emergency situation is in progress, the Board of Directors of the Bourse shall take all necessary actions in the circumstances, and the decision of the Board of Directors of the Bourse shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement.~~

~~In the specific situation where the trading system related to the carbon dioxide equivalent (CO_2e) unit is no longer scheduled to proceed, is not implemented by any governmental or legislative authority in Canada or is to be discontinued by any governmental or legislative authority in Canada, the Board of Directors of the clearing corporation shall decide on the cash settlement of the futures contracts on carbon dioxide equivalent (CO_2e) units at a price that reflects a minimum quality standard established by recognized standards organizations to be determined from time to time by the Bourse.~~

15963 Final Cash Settlement Date
(30.05.08, abr. 00.00.00)

~~The final cash settlement date of a given futures contract on carbon dioxide equivalent (CO_2e) units with cash settlement shall be the first business day following the last day of trading of the expired contract.~~

15964 Cash Settlement Procedures
(30.05.08, abr. 00.00.00)

~~In the case of futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement:~~

~~a) On the last day of trading, open futures contracts on carbon dioxide equivalent (CO_2e) units will be marked to market based on the final settlement price.~~

~~a) On the final settlement date, the final settlement price, as determined by the Bourse, shall be used to settle all open positions in futures contracts on carbon dioxide equivalent (CO_2e) units with cash settlement.~~

15965 Failure to Settle
(30.05.08, abr. 00.00.00)

~~Any failure on the part of an approved participant to comply with the aforementioned cash settlement rules may result in the imposition of such disciplinary sanctions as may be deemed appropriate in the circumstances by the Bourse.~~

15996.1 Definitions
(18.06.10, abr. 00.00.00)

~~"U.S. Barrel" means 42 U.S. gallons of 231 cubic inches per gallon measured at 60°F.~~

15996.2 Expiry Cycle
(18.06.10, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the contract expiries available for trading in Canadian Crude Oil futures are monthly and quarterly.~~

15996.3 Trading Unit
(18.06.10, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the trading unit for futures contracts on Canadian Crude Oil is 1,000 U.S. barrels.~~

15996.4 Currency
(18.06.10, abr. 00.00.00)

~~Trading, clearing and settlement for futures contracts on Canadian Crude Oil shall be in U.S. dollars.~~

15996.5 Price Quotation
(18.06.10, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, bids and offers for futures contracts on Canadian Crude Oil are quoted in U.S. dollars and cents per U.S. barrel.~~

15996.6 Minimum Price Fluctuation
(18.06.10, 18.01.16, abr. 00.00.00)

~~Unless otherwise determined by the Bourse, the minimum price fluctuation for futures contracts on Canadian Crude Oil is U.S. $0.01 per barrel.~~

15996.7 Maximum Price Variation Thresholds
(18.06.10, 06.04.18, abr. 00.00.00)

~~There shall be no maximum price variation thresholds for futures contracts on Canadian Crude Oil.~~

15996.8 Position Limits
(18.06.10, 18.01.16, abr. 00.00.00)

~~The maximum net long or net short position in each designated futures contract on Canadian Crude Oil which a person may own or control shall be as follows:~~

~~Position limit for all contract expiries combined for each designated futures contract on Canadian Crude Oil:~~

~~The greater of a maximum number of contracts to be determined by the Bourse or of 20% of the average daily open interest for all contract expiries during the preceding three calendar months; or~~

~~Such other limit as may be determined by the Bourse.~~

~~As provided by Policy C-1 of the Bourse, an approved participant may file with the Bourse an application to obtain, on behalf of a bona fide hedger, an exemption from the position limits established by the Bourse. The application must be filed in the form and within the delays prescribed by the Bourse and must contain all the information required in article 2 of Policy C-1 of the Bourse. If the application is rejected, the approved participant shall reduce the position so that it does not exceed the prescribed limit within the period set by the Bourse. The Bourse can modify any exemption which has been previously granted. A bona fide hedger may also, under certain circumstances, file directly with the Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.~~

~~In establishing position limits, the Bourse may, if deemed necessary, apply specific limits to one or more rather than all approved participants or clients.~~

15996.9 Position Reporting Threshold
(18.06.10, 18.01.16, abr. 00.00.00)

~~Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 25 futures contracts on Canadian Crude Oil, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.~~

15996.10 Last Day of Trading
(18.06.10, 18.01.16, abr. 00.00.00)

~~The last trading day is the first business day prior to the crude oil "Initial Notice of Shipment Date" of the delivery month as determined by the Bourse, or such other day as prescribed by the Bourse. Initial Notice of Shipment Date means, with respect to the contract month, the first due date and time generally accepted by industry for the filing of the Notice of Shipment.~~

15997.1 Settlement
(18.06.10, abr. 00.00.00)

~~The settlement of futures contracts on Canadian Crude Oil shall be by cash settlement through the CDCC.~~

15997.2 Final Settlement Day
(18.06.10, abr. 00.00.00)

~~The final settlement day of a given futures contract on Canadian Crude Oil with cash settlement shall be the first business day following the last day of trading of the contract expiry.~~

15997.3 Final Settlement Price
(18.06.10, abr. 00.00.00)

~~The final settlement price determined on the Final Settlement Day shall be 1,000 U.S. barrels times the price of the designated Canadian Crude Oil, expressed in U.S. dollars per barrel, as determined by the Bourse on the last trading day. All open positions at the close of the last trading day will be marked to market using the price of the designated Canadian Crude Oil as determined by the Bourse on final settlement day and terminated by cash settlement.~~

15997.4 Failure of Settlement
(18.06.10, abr. 00.00.00)

~~Any failure on the part of an approved participant to comply with the aforementioned cash settlement rules may result in the imposition of such disciplinary sanctions as may be deemed appropriate in the circumstances by the Bourse.~~

15997.5 Force Majeure
(18.06.10, abr. 00.00.00)

~~If settlement or acceptance or any precondition or requirement is prevented by "Force Majeure" such as but not limited to strike, fire, accident, act of government, act of God or other emergency the affected Approved Participant shall immediately notify the Bourse and the Clearing Corporation. If the Bourse and the Clearing Corporation decide that a Force Majeure is in progress, by their own means or following the reception of a notice to this effect from an Approved Participant, they shall take all necessary actions in the circumstances and their decision shall be binding upon all parties to the futures contracts on Canadian Crude Oil affected by the Force Majeure. Without limiting the generality of the foregoing, the Clearing Corporation may take one or many of the following measures:~~

~~a) modify the Settlement Time;~~

~~b) modify the settlement date;~~

~~c) designate alternate or new settlement points or alternate or new procedures in the event of conditions interfering with the normal operations of approved facilities or settlement process;~~

~~d) fix a Settlement Price.~~

~~Neither the Bourse nor the Clearing Corporation shall be liable for any failure or delay in the performance of the Bourse's obligations to any Approved Participant if such failure or delay arises out of a Force Majeure.~~

DAILY SETTLEMENT PRICE PROCEDURES FOR FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

1. RULE

Article 6390 of the Rules of Bourse de Montréal Inc. (the Bourse) stipulates that:

"The daily settlement price or the closing quotation are determined according to the procedures established by the Bourse for each derivative instrument."

2. SUMMARY

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS DAILY SETTLEMENT PRICES

- These markets use the average price during the last minutes of trading, 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~~officials~~ or, as the case may be, by an automated algorithm using pre-established guidelines for each product.
- The prices at which block trades, Exchange for Physical (EFP) or~~,~~ Exchange for Risk (EFR) ~~or Substitution~~ transactions are arranged shall not be used to establish the open, high, low or daily settlement price.

3. OBJECTIVES

The objectives of establishing daily settlement prices are to:

- 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 ;
- Ensure that the Canadian Derivatives Clearing Corporation (CDCC) and all market participants are informed of the settlement prices.

4. DESCRIPTION

4.1 THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS (BAX)

The daily settlement price procedure for the Three-Month Canadian Bankers' Acceptance Futures contract (BAX) is executed by a fully automated pricing algorithm which utilizes the parameters described in sections 4.1.1, 4.1.2 and 4.1.3 to ensure accuracy in the process.

DEFINITIONS:

"Regular orders": Orders routed by approved participants to the Montréal Exchange trading system.

"Implied orders": Orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the electronic trading system~~engine~~.

"Minimum Threshold": The applicable threshold for BAX will be:

- 150 contracts for the first four quarterly contract months ("whites");
- 100 contracts for quarterly contract months 5 to 8 ("reds"); and
- 50 contracts for quarterly contract months 9 to 12 ("greens").

4.1.1 IDENTIFICATION OF THE FRONT QUARTERLY CONTRACT MONTH

The automated daily settlement pricing algorithm identifies the front quarterly contract month from the first two quarterly contract months. 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 market supervisors~~officials~~ based on available market information.

4.1.2 ALGORITHM UTILIZED FOR THE DETERMINATION OF THE DAILY SETTLEMENT PRICE OF THE FRONT QUARTERLY CONTRACT MONTH

Once the front quarterly contract month has been identified, the automated daily settlement price algorithm will determine the settlement price of the front quarterly contract month according to the following priorities: first, it will use the weighted average price of cumulated trades that meet the Minimum Threshold, during the last three minute prior to 3:00pm, or prior to 1:00pm on early closing days, on that contract month; if no such average price is available, it will then use the weighted average price of cumulated trades for a total equal to the Minimum Threshold on that contract month for a period not exceeding the last 30 minutes prior to 3:00pm, or prior to 1:00pm on early closing days. Trades resulting from both regular and implied orders will be used in the process. If no such average price is yet available, then the least variation between the bid or offer price that is not as a result of implied orders and the previous day settlement price will be used.

The settlement price must be within the bid/offer price of the individual contract provided that the bid or offer meets the Minimum Threshold of volumes required.

All volumes and orders on a spread will be weighted at 50% relative to the orders and volumes on individual contracts, whereas a butterfly spread will be weighted at 25% relative to the orders and volumes on individual contracts.

4.1.3 PROCEDURE FOR THE DETERMINATION OF THE DAILY SETTLEMENT PRICE OF THE REMAINING BAX CONTRACT MONTHS

Upon completion of the aforementioned steps, the automated daily pricing algorithm will then establish the settlement prices for all other BAX contract months sequentially. The daily settlement prices of all other BAX contract months will be based first on the last three minute outright market (resulting from regular and implied orders) prior to 3:00pm, or prior to 1:00pm on early closing days, and strategy combination traded weighted average or, if no weighted average price can be determined in this manner, the least variation between the bid or offer for booked orders.

The settlement price must be within the bid/offer price of the individual contract provided that the bid or offer meets the Minimum Threshold of volumes required.

All volumes and orders on a spread will be weighted at 50% relative to the orders and volumes on individual contracts, whereas a butterfly spread will be weighted at 25% relative to the orders and volumes on individual contracts.

4.1.4 ANCILLARY PROCEDURE

In the absence of any required items to apply the aforementioned procedure, market supervisors ~~officials~~ will establish the settlement price based on available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, and which is not compatible with a given settlement price.

In this situation, market supervisors~~officials~~ will keep a record of the criteria used to establish the settlement price.

4.2 FUTURES CONTRACTS ON S&P/TSX INDICESAND ON THE FTSE EMERGING MARKETS INDEX

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 session for all contract months. In the case of mini futures contracts on S&P/TSX indices, the settlement price shall be the same as the standard futures contracts on S&P/TSX indices when such standard futures contracts exist.

4.2.1 MAIN PROCEDURE

- **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.

- **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.

4.2.2 FIRST ANCILLARY PROCEDURE

When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this section will apply.

- The front month must be settled first (the establishment of the front month is based on the month with the greatest open interest).
- The spread between the two contract months must be settled next by taking into account the last minute average trading price and by examining the trades executed during the previous 10 minutes.
- 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.

4.2.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.2.1 and the ancillary procedure in 4.2.2, the following ancillary procedure will apply.

Market supervisors ~~officials~~ 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.

4.2.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.2.1 and the ancillary procedures in 4.2.2 and in 4.2.3, the following ancillary procedure will apply.

In this situation, market supervisors~~officials~~ 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 regular trading session and which is not compatible with a given settlement price.

In this situation, market supervisors~~officials~~ will keep a record of the criteria used to establish the settlement price.

4.3 GOVERNMENT OF CANADA BOND FUTURES CONTRACTS

4.3.1 MAIN PROCEDURE

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 trading prior to 3:00pm, or prior to 1:00pm on early closing days, for all contract months.

- **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. This order must have been posted for 20 seconds or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and its size must be for 10 contracts or more.

- **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.

4.3.2 FIRST ANCILLARY PROCEDURE

When two contract months and the spread are trading (quarterly calendar roll), the following ancillary procedure will apply.

- The front month must be settled first (the establishment of the front month is based on the month with the greatest open interest).

- The spread between the two contract months must be settled next by taking into account the last minute average trading price prior to 3:00pm, or prior to 1:00pm on early closing days, and by examining the trades executed during the previous 10 minutes.

- 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.

4.3.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.3.1 and the ancillary procedure in 4.3.2, the following ancillary procedure will apply.

Market supervisors~~officials~~ will post a settlement price that will reflect the same differential that was applied on the previous business day. The settlement price will be adjusted accordingly to respect that contract's previous settlement price.

4.3.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.3.1 and the ancillary procedures in 4.3.2 and 4.3.3, the following ancillary procedure will apply.

In this situation, market supervisors~~officials~~ will establish the settlement price based on available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, and which is not compatible with a given settlement price.

In this situation, market supervisors~~officials~~ will keep a record of the criteria used to establish the settlement price.

4.4 OPTIONS ON THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS

4.4.1 MAIN PROCEDURE

4.4.1.1 Weighted average

The settlement price shall be the weighted average of the prices traded in the closing range (last minute of trading prior to 3:00pm, or prior to 1:00pm on early closing days). If there is, at the close, a higher bid or lower offer than the settlement price so obtained, that bid or offer shall be the settlement price.

4.4.1.2 Last trades

If no trade occurs during the closing range, the market supervisors~~officials~~ will consider transactions executed during the last 30 minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days. Also, to be considered, the bids and offers shall be for a minimum of 25 contracts and shall have been posted at least one minute before 3:00pm , or before 1:00pm on early closing days, to be considered.

If no trade occurs in the closing range (or in the last 30 minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days), the settlement price shall be the theoretical price calculated by the Bourse (as described in section 4.4.2). If there is, at the close, a higher bid or lower offer than the settlement price so obtained, that bid or offer shall be the settlement price.

4.4.2 ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.4.1, the following ancillary procedure will apply.

The settlement price shall be determined by inserting the following parameters into a standard option pricing model (Black & Scholes):

Price of the underlying:

- The Bourse will capture the settlement price of the underlying BAX futures contract. This will be the price of the underlying.

Interest rate:

- The interest rate used will be the rate implied by the settlement price of the BAX futures contract nearest to expiration.

Volatility:

- The Bourse will use the implied volatility (per contract month, for puts and calls) obtained from the acting Market Maker. The same volatility will be applied for both calls and puts.

The strike price of the options' series and the time to expiration are the other parameters that will be inserted into the model.

In determining the closing price, the Bourse shall take into account the information provided by the posted strategy, for example; if the SEP 9200 straddle is 98 bid, the total of the closing prices of these two series should not be inferior to 98.

4.5 30-DAY OVERNIGHT REPO RATE FUTURES CONTRACTS (ONX)

4.5.1 MAIN PROCEDURE

The settlement price shall be the weighted average of all trades during the closing range. The closing range is defined as the last three minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, for all contract months.

4.5.1.1 Weighted average of closing range trades

The weighted average will be derived from trades that occurred in the outright months during the closing range. The total volume traded in each outright month must be for 25 or more contracts.

4.5.1.2 Booked orders

If there is an unfilled order with a higher bid price or lower offer price in a month, this bid or offer will override the settlement price obtained from the weighted average. This order must have been posted for

15 seconds or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and its size must be for a total of 25 or more contracts in each of the months.

4.5.1.3 Remaining balances of booked orders partially executed at the close

In the case of a booked order as stipulated in paragraph 4.5.1.2 above, which would be only partially executed, the trades during the closing period as well as the remaining balance of booked orders will be considered to establish the settlement price.

Example 1: If there is a booked order for 25 ONX contracts at 97.92 and 15 of those contracts are executed, the 10 remaining contracts, if they are still present on the market at the same price, will be considered to establish the required minimum of 25 contracts.

Example 2: If there is a trade of 15 ONX contracts during the closing period at 97.92 and there is a booked order bid for 10 ONX contracts at 97.91 (respecting the required time limit), the bid will be considered in addition to the trades in the closing period to establish a settlement price.

4.5.1.4 Strips and spreads

All trades and unfilled booked orders for strips and spreads related to any expiry months will be ignored.

4.5.2 FIRST ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.5.1, the following ancillary procedure will apply.

4.5.2.1 Weighted average of trades on strategies

The settlement price shall be the weighted average of the trades on the strategies traded during the last five minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, provided the volume for the strategy taken into account was of 25 or more contracts.

4.5.2.2 Booked orders

If there is an unfilled order with a higher bid or lower offer, this bid or offer will override the settlement obtained from the weighted average described in 4.5.2.1. It has to have been posted for three minutes or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and the size must be for 25 or more contracts.

4.5.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.5.1 and the ancillary procedure in 4.5.2, the following ancillary procedure will apply.

4.5.3.1 Differential with the previous contract month's settlement price

The settlement price will be defined by a price that reflects an appropriate differential with the settlement price of the previous contract month always starting with the contract month closest to expiry.

4.5.3.2 Conflicts between spreads

If two spreads are in conflict, the calendar spread closest to expiry will have priority.

4.5.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.5.1 and the ancillary procedures in 4.5.2 and 4.5.3, the following ancillary procedure will apply.

In this situation, market supervisors~~officials~~ will establish the settlement price based on the available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, and which is not compatible with a given settlement price.

In this situation, market supervisors~~officials~~ will keep a record of the criteria used to establish the settlement price.

~~4.6 FUTURES CONTRACTS ON CARBON DIOXIDE EQUIVALENT (CO_2e) UNITS~~

~~4.6.1 MAIN PROCEDURE~~

~~The settlement price shall be the weighted average of all traded prices during the closing range. The closing range is defined as the last fifteen minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, for all contract expiries.~~

- ~~**Booked orders**~~

~~If there is an unfilled order with a higher bid or lower offer in a particular contract expiry, this bid or offer will override the settlement price obtained from the weighted average. This order must have been posted for 20 seconds or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and its size must be for 10 contracts or more.~~

- ~~**Last trades**~~

~~If there are no trades in the last fifteen minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, then the last trade will be taken into account while still respecting posted bids and offers in the market.~~

~~4.6.2 FIRST ANCILLARY PROCEDURE~~

~~When two contracts expiries and the spread are trading (calendar roll), the following ancillary procedure will apply.~~

- ~~The contract having the earliest expiry must be settled first.~~
- ~~The spread between the two contracts must be settled next by taking into account the last fifteen minute average trading price prior to 3:00pm, or prior to 1:00pm on early closing days, and by examining the trades executed during the previous 30 minutes.~~
- ~~The settlement price for the far-dated contracts corresponds to the difference between the settlement price of the contract having the earliest expiry and the value of the spread.~~

~~4.6.3 SECOND ANCILLARY PROCEDURE~~

~~In the absence of the items required to apply the main procedure in 4.6.1 and the ancillary procedure in 4.6.2, the following ancillary procedure will apply.~~

~~Market officials will post a settlement price that will reflect the same differential that was applied on the previous trading day. The settlement price will be adjusted accordingly to respect that contract's previous settlement price.~~

~~4.6.4 THIRD ANCILLARY PROCEDURE~~

~~In the absence of the items required to apply the main procedure in 4.6.1 and the ancillary procedures in 4.6.2 and 4.6.3, the following ancillary procedure will apply.~~

~~In this situation, market officials will establish the settlement price based on available market information. They may also disregard any event (a trade, a bid or an offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, and which is not compatible with a given settlement price.~~

~~Market officials will register in the "daily settlement price record" the criteria considered for determining the settlement price.~~

~~4.7 FUTURES CONTRACTS ON CANADIAN CRUDE OIL~~

~~The daily settlement price procedure for Futures contracts on Canadian Crude Oil is executed by a fully automated pricing algorithm which utilizes the parameters described in sections 4.7.1, 4.7.2 and 4.7.3 to ensure accuracy in the process.~~

~~**DEFINITIONS:**~~

~~**"Regular orders"**: Orders routed by approved participants to the Bourse's trading system.~~

~~**"Implied orders"**: Orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the trading engine.~~

~~**4.7.1 IDENTIFICATION OF THE FRONT CONTRACT MONTH**~~

~~The automated daily settlement pricing algorithm identifies the front contract month from the first two contract months. The front contract month is the one, among the first two contract months, that has the largest open interest and the required market information. In the absence of both these combined criteria, the front contract month shall be determined by market officials based on available market information.~~

~~**4.7.2 ALGORITHM UTILIZED FOR THE DETERMINATION OF THE DAILY SETTLEMENT PRICE OF THE FRONT CONTRACT MONTH**~~

~~**4.7.2.1 Main Procedure**~~

~~**A.** Once the front contract month has been identified, the automated daily settlement price algorithm will determine the settlement price of the front contract month according to the following priorities:~~

~~**1)** first, it will use a weighted average price of cumulated trades executed during the last five minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, and amounting to at least 10 contracts on that contract month;~~

~~**2)** if no such average price is available, it will then use the weighted average price of cumulated trades executed during the last 30 minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, and amounting to at least 10 contracts on that contract month.~~

~~**B.** Trades resulting from both regular and implied orders will be used in the process.~~

~~**C.** If no such average price is yet available, the bid price or offer price, that is not the result of implied orders and representing the smallest variation compared to the previous day settlement price will be used.~~

~~Once the daily settlement price for the front contract month has been established, it will be verified against the booked orders and if there is a better outright bid or offer that is not resulting from implied orders, the latter will take precedence over the daily settlement price calculated as described in paragraphs 4.7.2.1 A), B) and C) above.~~

~~4.7.3 PROCEDURE FOR THE DETERMINATION OF THE DAILY SETTLEMENT PRICE OF THE REMAINING CONTRACT MONTHS~~

~~Upon completion of the aforementioned steps, the automated daily pricing algorithm will then establish the settlement prices for all other contract months sequentially. The daily settlement prices of all other contract months will be established as follows:~~

~~**A.** first it will use the weighted average price of transactions (resulting from regular and implied orders) and strategies executed during the last five minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, ; or,~~

~~**B.** if no weighted average price can be determined in this manner, then the same variation from the previous day's settlement price as calculated for the preceding contract expiry will be applied while respecting the posted market;~~

~~4.7.4 ANCILLARY PROCEDURE~~

~~**A.** In the absence of the required items to apply the aforementioned procedure, market officials will establish the daily settlement price based on available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, and which is not compatible with a given settlement price.~~

~~**B.** In this situation, market officials will keep a record of the criteria used to establish the settlement price.~~

~~4.8~~4.6 OVERNIGHT INDEX SWAP FUTURES CONTRACTS (OIS)

~~4.8.1~~4.6.1 MAIN PROCEDURE

The settlement price shall be the weighted average of all trades during the closing range. The closing range is defined as the last three minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, for all contract months.

~~4.8.1.1~~4.6.1.1 Weighted average of closing range trades

The weighted average will be derived from trades that occurred in the outright months during the closing range. The total volume traded in each outright month must be for 25 or more contracts.

~~4.8.1.2~~4.6.1.2 Booked orders

If there is an unfilled order with a higher bid price or lower offer price in a month, this bid or offer will override the settlement price obtained from the weighted average. This order must have been posted for 15 seconds or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and its size must be for a total of 25 or more contracts in each of the months.

~~4.8.1.3~~4.6.1.3 Remaining balances of booked orders partially executed at the close

In the case of a booked order as stipulated in paragraph 4.8.1.2 above, which would be only partially executed, the trades during the closing period as well as the remaining balance of booked orders will be considered to establish the settlement price.

Example 1: If there is a booked order for 25 OIS contracts at 97.92 and 15 of those contracts are executed, the 10 remaining contracts, if they are still present on the market at the same price, will be considered to establish the required minimum of 25 contracts.

Example 2: If there is a trade of 15 OIS contracts during the closing period at 97.92 and there is a booked order bid for 10 OIS contracts at 97.91 (respecting the required time limit), the bid will be considered in addition to the trades in the closing period to establish a settlement price.

~~4.8.1.4~~4.6.1.4 Strips and spreads

All trades and unfilled booked orders for strips and spreads related to any expiry months will be ignored.

~~4.8.2~~4.6.2 FIRST ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.8.1, the following ancillary procedure will apply.

~~4.8.2.1~~4.6.2.1 Weighted average of trades on strategies

The settlement price shall be the weighted average of the trades on the strategies traded during the last five minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, provided the volume for the strategy taken into account was of 25 or more contracts.

~~4.8.2.2~~4.6.2.2 Booked orders

If there is an unfilled order with a higher bid or lower offer, this bid or offer will override the settlement obtained from the weighted average described in 4.8.2.1. It has to have been posted for three minutes or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and the size must be for 25 or more contracts.

~~4.8.3~~4.6.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.8.1 and the ancillary procedure in 4.8.2, the following ancillary procedure will apply.

~~4.8.3.1~~4.6.3.1 Differential with the previous contract month's settlement price

The settlement price will be defined by a price that reflects an appropriate differential with the settlement price of the previous contract month always starting with the contract month closest to expiry.

~~4.8.3.2~~4.6.3.2 Conflicts between spreads

If two spreads are in conflict, the calendar spread closest to expiry will have priority.

~~4.8.4~~4.6.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.8.1 and the ancillary procedures in 4.8.2 and 4.8.3, the following ancillary procedure will apply.

In this situation, market supervisors~~officials~~ will establish the settlement price based on the available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, and which is not compatible with a given settlement price.

In this situation, market supervisors~~officials~~ will keep a record of the criteria used to establish the settlement price.

~~4.9~~4.7 CANADIAN SHARE FUTURES CONTRACTS

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 session for all contract months.

~~4.9.1~~4.7.1 MAIN PROCEDURE

- **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.

- **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.

~~4.9.2~~4.7.2 FIRST ANCILLARY PROCEDURE

When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this section will apply.

- The front month must be settled first (the establishment of the front month is based on the month with the greatest open interest).
- 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.
- 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.

~~4.9.3~~4.7.3 ~~4.9.3~~ SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.9.1 and the ancillary procedure in 4.9.2, the following ancillary procedure will apply.

Market supervisors~~officials~~ 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.

~~4.9.4~~4.7.4 ~~4.9.4~~ THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.9.1 and the ancillary procedures in 4.9.2 and in 4.9.3, market supervisors ~~officials~~ 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 regular trading session and which is not compatible with a given settlement price.

In this situation, market supervisors~~officials~~ will keep a record of the criteria used to establish the settlement price.

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1102 Definitions
(07.09.99, 31.01.01, 08.07.02, 02.09.03, 17.06.05, 30.07.13, 17.07.15, 01.12.17, 15.06.18, 11.07.18, 00.00.00)

The following is an alphabetical index of each term defined in English in this article with the corresponding French term in brackets.

[…]

[…]

6001 Discretionary Authority of the Bourse
(10.10.91, 00.00.00)

The Bourse may prescribe such terms and conditions as it shall deem appropriate relating to transactions in Listed Products traded either on or off the Bourse.

6021 Clearing and Settlement of Bourse Transactions
(11.03.85, 11.03.92, 22.11.99, 00.00.00)

a) Except as otherwise provided in the Regulations of the Bourse or specifically authorized by the Bourse, all transactions effected on the Bourse shall be cleared and settled in accordance with the rules and operations procedures of the Clearing Corporation designated from time to time by the Bourse.

b) The Bourse shall not be liable for any loss whatsoever suffered by an Approved Participant through any act or omission of the Clearing Corporation in connection with, or arising out of, the settlement of any transaction.

c) Regulations and procedures prescribed by resolution of the directors of the Clearing Corporation which are not inconsistent with the Regulations of the Bourse shall be binding upon the Approved Participants of the Bourse to the same extent as such regulation and procedures and the breach of any such regulation shall have the same effect as a breach of the Regulations of the Bourse.

6105 Jitney
(10.10.91, 22.11.99, 17.07.15, abr.00.00.00)

6106 Responsibility for Trades Made by a Jitney
(10.10.91, abr.00.00.00)

6108 Evasion of rule
(10.10.91, abr.00.00.00)

6211 Validity of Bids and Offers
(10.10.91, 22.11.99, 00.00.00)

To be valid, bids and offers must be entered during a trading session and in the manner prescribed by the Regulations of the Bourse.

6301 Bids, Asks and Trades at the Close of a Trading Session
(10.10.91, 00.00.00)

At the close of a trading session, no Person shall enter or accept to enter a bid or an ask, nor execute a trade for the purpose of establishing an artificial price or effecting a high or low closing price in a Listed Product.

6302 Unreasonable Quotations May Be Disallowed
(10.10.91, 00.00.00)

At the close of any trading session , if the buying and selling quotations are at the same price, or are more than five per cent apart, a Market Supervisor may refuse to allow either or both of them to be recorded; he may also refuse to allow any unreasonable quotations to be recorded at any time.

6304 Stopping an Order
(10.10.91, 22.11.99, abr. 00.00.00)

6309 Restrictions on Restricted Permit Holders
(10.10.91,17.07.15, abr. 00.00.00)

6313 Recorded Prices on the Bourse
(01.02.88, 10.10.91, 00.00.00)

No Approved Participant acting as agent shall execute a transaction through the facilities of the Bourse in which the price recorded on the Bourse is:

a) in the case of a purchase by a customer, higher than the actual net price to the customer; or

b) in the case of a sale by a customer, lower than the actual net price to the customer.

6365 Electronic Trading System
(25.09.00, 24.09.01, abr. 00.00.00)

6380 Transactions Required on Bourse Facilities
(25.09.00, 24.09.01, 29.10.01, 31.01.05, 10.11.08, 29.01.10, 09.06.14, 21.01.16, 17.01.18, 09.02.18, 07.06.18, 15.06.18, 29.06.18, 11.07.18, 00.00.00)

All trading in Listed Products must occur on or through the electronic trading system or in accordance with the rules of the Bourse.

6380a. Prearranged Transactions Prohibited.

No Person shall prearrange or execute noncompetitively any transaction on or through the electronic trading system of the Bourse, except as permitted by, and in accordance with article 6380b.

6380b. Exceptions to Prohibition on Prearranged Transactions.

The prohibition in article 6380a shall not apply to prearranged transactions pursuant to article 6380c; Block Trades pursuant to article 6380d; Riskless Basis Cross Trades pursuant to article 6380e; Exchange For Related Positions pursuant to articles 6815; and transfers of open positions under article 6816; *provided however*, no transaction under any of the exceptions included in this article may be executed using a hidden volume functionality.

6380c. Prearranged transactions.

1) **In general.**

For the purpose of this article, "communication" means any communication for the purpose of discerning interest in the execution of a transaction prior to the exposure of the order to the market. Any communication that relates to the size, side of market or price of an order, or a potentially forthcoming order, constitutes a communication to prearrange a transaction.

The parties to a transaction may engage in communications to prearrange a transaction on the electronic trading system in an eligible derivative in the minimum amount specified where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the transaction, in accordance with the following conditions:

i) A customer must consent to the Approved Participant engaging in prearranging communications on the customer's behalf. The consent of the client, in whatever form, must be communicated to the Bourse upon request;

ii) After the first order for the prearranged transaction is entered into the electronic trading system the parties may not enter the second order for the prearranged transaction until the following specified time period has elapsed as follows:

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
Three-Month Canadian Bankers' Acceptance Futures Contracts (BAX):		
1st four quarterly months – not including serial months	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Thirty-Day Overnight "Repo" Rate Futures Contracts (ONX):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Overnight Index Swap Futures Contracts (OIS):		
Front month	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
Government of Canada Bond Futures		
All expiry months and strategies	5 seconds	No threshold
Futures Contracts on S&P/TSX		
All expiry months and strategies	0 seconds	≥ 100 contracts

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures Contracts on the FTSE Emerging Markets Index:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts (OGB):		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
Equity, ETF and Currency Options:		
All expiry months	0 seconds	≥ 100 contracts
All expiry months	5 seconds	< 100 contracts
All UDS Strategies	5 seconds	No Threshold
Index Options:		
All expiry months	0 seconds	≥ 50 contracts
All expiry months	5 seconds	< 50 contracts
All UDS Strategies	5 seconds	No Threshold
Canadian Share Futures Contracts:		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
Basis Trade on Close: All expiry months	0 seconds	≥ 100 contracts
Basis Trade on Close: All expiry months	5 seconds	< 100 contracts
Futures and Options on Futures Inter-Group Strategies		
All strategies	5 seconds	No threshold

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

iii) The party that initiates communication regarding a prearranged transaction shall have his or her order entered into the electronic trading system first, unless the parties as part of their negotiation agree otherwise. The consent of the client, in whatever form, must be communicated to the Bourse upon request; provided however, that in a prearranged transaction between an Approved Participant and a customer for an equity, ETF or index option, the customer's order shall always be entered into the electronic trading system first, regardless of which party initiated the communication.

iv) Limit orders resting in the electronic trading system at the time that the first order of the prearranged transaction is entered at or better than the price of the first order shall be matched with the first order entered. Any residual, unfilled amount of the first order may be matched against the second order of the prearranged transaction when the second order is entered.

iv) Parties may not aggregate unrelated orders to meet the minimum threshold for a prearranged transaction.

v) The parties to the prearranging communications shall not disclose to any other party details of the negotiation or otherwise enter an order to take advantage of the negotiation during such communications except as permitted in this article.

2) **Committed Orders.** Committed orders may not be used to execute any transaction under article 6380c or article 6380f having a prescribed time delay longer than zero seconds, and may be used for such transactions only for the following products subject to the minimum volume threshold:

ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS	MINIMUM VOLUME THRESHOLD
All expiry months and strategies	
Futures Contracts on S&P/TSX and FTSE Emerging Markets Indices	100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts	250 contracts
Canadian Share Futures Contracts	100 contracts
All expiry months and excluding UDS strategies	
Equity, ETF and Currency Options	100 contracts
Index Options	50 contracts
Basis Trade on Close	
Futures Contracts on S&P/TSX Indices	100 contracts
Canadian Share Futures Contracts	100 contracts

The minimum volume threshold described in the table above, when applicable to a strategy, refers to the negotiated volume of a given strategy instrument and not to the sum of its legs.

3) **Transactions on eligible products with a prescribed time delay.** The parties may engage in communications to prearrange a transaction on the electronic trading system or via the User Defined Strategy Facility (UDS) where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the transaction, in accordance with the conditions in paragraph 1 of this article 6380c; *provided however*:

i) in the case of a prearranged transaction that is between the bid and ask on the electronic trading system and for an amount at or greater than the minimum threshold, the parties in their discretion may enter the prearranged transaction as a committed order with no delay, subject to the conditions in paragraph 2 of article 6380c; or

ii) in the case of a prearranged transaction that is on or between the bid and ask on the electronic trading system and for an amount at or greater than the minimum threshold, the parties enter the first and second orders of the prearranged transaction with no delay between the two, but nevertheless subject to execution risk (including the priority given resting limit orders at or better than the prearranged price).

4) **Equity, ETF, Index and Currency Option Transactions With 50% Guaranteed Minimum**

The parties to an option strategy transaction may engage in communications to prearrange the transaction where one party wishes to be assured that there will be a counterparty willing to take the opposite side of the transaction, in accordance with the following conditions:

i) market makers are permitted to participate on the transaction up to a total maximum of 50% of the volume of the intended transaction;

ii) each Approved Participant must contact a Market Supervisor and provide details of the intended transaction including total quantity, price, side(s) of the transaction, a description of the legs comprising the strategy and identification of the agreed counterparty; and

iii) the Approved Participant will be permitted to execute the transaction for the remaining volume (a minimum of 50% plus any volume not taken of the 50% that had been offered to the market makers).

6380d. Block Trades

1) **In general.** Approved Participants of the Bourse may negotiate and execute a transaction off of the electronic trading system pursuant to the following conditions:

i) A block trade transaction may be arranged and executed only during trading hours on the Bourse for the eligible derivative.

ii) Block trades are only permitted in the derivative instruments and for a quantity which meets or exceeds the minimum volume thresholds as follows**:**

ELIGIBLE DERIVATIVES	MINIMUM VOLUME THRESHOLD
30-Day Overnight Repo Rate Futures Contracts (ONX)	1,000 contracts
Overnight Index Swap Futures Contracts (OIS)	200 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB)	1,500 contracts
Two-Year Government of Canada Bond Futures Contracts (CGZ)	500 contracts
30-Year Government of Canada Bond Futures Contracts (LGB)	500 contracts
Five-Year Government of Canada Bond Futures Contracts (CGF)	500 contracts

ELIGIBLE DERIVATIVES	MINIMUM VOLUME THRESHOLD
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	2,000 contracts
Futures contracts on the FTSE Emerging Markets Index	100 contracts
Bankers' Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	1,000 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	500 contracts

iii) Where a block strategy involves the trading of different derivative instruments, or different contract months or premiums of the same instrument, each of derivatives of the strategy need meet only the lowest applicable threshold.

iv) Approved Participants may not aggregate separate orders in order to meet the minimum volume thresholds.

v) Each party to a block trade must be an accredited counterparty as defined in section 3 of the Quebec Derivatives Act, CQLR c I-14.01.

vi) The price at which a block trade is arranged must be "fair and reasonable" in light of (a) the size of the block trade; (b) currently traded prices and bid and ask prices in the same derivative instrument; (c) the underlying markets; and (d) general market conditions, all at the relevant time. The fairness and reasonableness of the price of a block trade priced at a basis to an index as permitted under paragraph 2 of this article may also take into account the following additional considerations: (e) financing rates, (f) expected dividend income, and (g) time remaining until the index futures contract expiration, all at the relevant time. Although there is no requirement for a block trade to be executed within the daily high and low prices, execution outside of that price range may result in a request by the Regulatory Division for additional information about the transaction.

vii) Block trades shall not trigger special terms orders or otherwise affect orders on the electronic trading system.

viii) A block trade on a contract roll strategy is not permitted, except for the FTSE Emerging Markets Index futures contract.

ix) The details of a block trade must be reported by Approved Participants for both the buyer and seller to the Market Operations Department by telephone at 1-888-696-6366 or at 514-871-7871 and on a Block Trade Reporting Form, available on the Bourse's web site at http://www.m-x.ca/rob_formulaire_en.php, within 15 minutes of the Block Trade's execution.

x) Following validation of the trade details by the Bourse (which is not a confirmation by the Bourse that the block trade has been effected in accordance with this Article), the Bourse shall disseminate the trade and price information relating to the block trade.

xi) Upon request, the Approved Participant shall provide evidence that the block trade transaction has been effected in accordance with these Rules.

xii) In all circumstances, a block trade can only be arranged by the Approved Participant's Approved Persons.

2) **Block Trades Priced at a Basis to Index Close.** Approved Participants may mutually agree to price a block trade at a positive or negative increment ("basis") to the price at which the index underlying an eligible contract will close ("BIC"), for any trading day except the last trading day of an expiring contract month, subject to the conditions in paragraph (1) of article 6380d and the following additional condition:

i) The Approved Participants shall report the basis along with other trade details in accordance with the requirements of paragraph 1) ix) of this article, and shall submit to the Bourse's Market Operations Department a second Block Trade Reporting Form which includes the agreed-upon basis, the closing level of the underlying index and the price of the block trade to the nearest 0.01 index point increment within the time required as follows:

ELIGIBLE DERIVATIVES	**MINIMUM VOLUME THRESHOLD**	**PRESCRIBED TIME BY WHICH TO FILE BLOCK TRADE REPORTING FORM**	**PRESCRIBED TIME BY WHICH TO FILE SECOND BLOCK TRADE REPORTING FORM** No sooner than
Futures contracts on the FTSE Emerging Markets Index	100 contracts	Within 15 minutes	9:30 p.m. GMT on the next trading day
Futures contracts on S&P/TSX indices and sectorial indices	100 contracts	Within 15 minutes	4:00 p.m. ET on the same trading day

6380e. Riskless Basis Cross Trades

1) **In general.** An Approved Participant and the customer may prearrange a transaction outside of the electronic trading system in which the price of a stock index futures contract or a share futures contract to the customer is determined to be the average price of cash market transactions entered into by and for the account of the Approved Participant in the components of the underlying index or the underlying security, respectively, plus a spread (basis) as mutually agreed between the Approved Participant and the customer, in accordance with the following conditions:

a) Each party to a riskless basis cross transaction must be an accredited counterparty as defined in section 3 of the Quebec Derivatives Act, CQLR c I-14.01.

b) The parties may agree to either a fixed basis or to a guaranteed execution price of the cash component with the basis adjusted accordingly.

c) To initiate the riskless basis cross transaction, the Approved Participant for its own account must first acquire positions (long or short exposure) in securities, baskets of securities, index participation units, or exchange-traded funds which, for an index, comprise no less than 80% of the underlying components of the applicable index and being reasonably correlated to the underlying index with a correlation coefficient (R) of 90% or greater, calculated using any generally accepted methodology. Although Approved Participants generally should purchase or sell all of the components of the index, an Approved Participant need not obtain any component security due to restrictions on the purchase or sale of the commodity by the Approved Participant or the customer, the unavailability of the component in the market due to a trading halt, illiquidity or other market conditions.

d) The transaction shall be executed at the time agreed by the counterparties, which must be during the regular trading hours of the underlying index components or underlying interest until the end of the extended trading session at the Toronto Stock Exchange (TSX) and the same day that the cash position is completed by the Approved Participant, provided however, if obtaining the cash components of the underlying index cannot be competed in a single day, execution of the futures portion of the transaction shall be proportionate with the proportion of the cash market transactions completed during that day.

e) The riskless basis cross transaction is executed by the Approved Participant reporting details of the transaction to the Market Operations Department on a “Special Terms Transaction Reporting Form” through the Bourse’s web page at http://sttrf-frots.m-x.ca, and allocating the agreed upon quantity of stock index futures contracts to the customer’s account.

f) There is no minimum size requirement to enter into a riskless basis cross transaction nor is there any time period following execution of the riskless basis cross transaction that the Approved Participant must maintain the cash market position.

g) The price at which the futures contract leg of the transaction is arranged must be “fair and reasonable” in light of (i) the size of the transaction (ii) traded prices and bid and ask prices in the same contract (iii) the volatility and liquidity of the relevant market and (iv) general market conditions all at the relevant time. Although there is no requirement for the futures contract leg of a riskless basis cross transaction to be executed within the daily high and low prices, execution outside of that price range may result in a request by the Regulatory Division for additional information about the transaction.

h) Each party to a riskless basis cross transaction must keep full and complete records relating to the riskless basis cross transaction and must provide to the Bourse upon request complete records and documentary evidence relating to such transaction demonstrating that the transaction is a bona fide transaction and that it has been carried out in accordance with the conditions of this article.

i) The Bourse shall exclude riskless basis cross transactions from the daily settlement price procedures but not from daily volume figures. A record of each riskless basis cross shall appear in the “Transaction Report” maintained on the Bourse’s Web page http://www.m-x.ca/dailycrosses_en.php following it being registered by the Market Operations Department in the trading system and shall be specially marked and displayed in the systems (trading platform and data vendors) in the Bourse’s post trade recap.

j) In all circumstances, a riskless basis cross transaction can only be arranged by the Approved Participant’s Approved Persons.

6380f. Trading Against Customer Orders (Cross-Trades).

An Approved Participant may not knowingly, directly or indirectly, take the opposite side of a customer order for the Approved Participant's own account, an account in which the Approved Participant has a direct or indirect financial interest or an account over which the Approved Participant has discretionary trading authority, unless:

a) the customer order has first been entered on the electronic trading system and exposed to the market for a minimum period of 5 seconds for futures and options; or

b) the transaction is otherwise, and explicitly permitted by, and carried out in accordance with, a rule of the Bourse; including, but not limited to prearranged transactions pursuant to article 6380c.

6381 Trade Cancellations and or Price Adjustments of Trades
(25.09.00, 24.09.01, 29.10.01, 24.04.09, 17.01.18, 23.02.18, 07.06.18, 00.00.00)

a) **General.** The Bourse may adjust trade prices or cancel trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the trading system. Notwithstanding any other provision of this article, the Bourse may adjust trade prices or cancel any trade executed through the trading system if the Bourse determines in its sole discretion that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market or the market's orderly operation. The decision of the Bourse in such matters shall be final.

b) **Review of Trades, Requests for Review.** The Bourse may review a trade or trades based upon its analysis of market conditions, including but not limited to market volatility, prices in related markets, or in response to a request for review of a specific trade by an Approved Participant. An Approved Participant must request review of a trade by calling the Market Operations Department of the Bourse at 514 871-7871 or 1-888-693-6366 within 15 minutes of execution; provided however, the Bourse, in its sole discretion, may extend the period in which an Approved Participant may request review of a trade up to one hour following execution in extraordinary circumstances.

c) **Notice to the Parties to the Transaction.** Where the Bourse on its own analysis determines to review a trade or trades for adjustment or cancellation, or where an Approved Participant has requested review of a specific trade and that trade is outside of the No Review Range provided under paragraph g) of this article, the Bourse will notify the parties to the trade that the trade or trades are under review by the Bourse**.**

d) **Price Adjustments and Cancellations Procedures.** Upon making a determination to review a trade, the Bourse shall (1) determine, in its sole discretion, the acceptable marker price, and (2) apply the increments provided under paragraph g) in order to determine the limits of the No Review Range.

i) **Trade Price Inside the No-Review Range**. If the Bourse determines that the trade price is inside the No Review Range, the Bourse will notify the two Approved Participant counterparties to the trade that the trade shall stand as executed; provided however, the Bourse may cancel such a trade within 15 minutes of the trade's execution and within the trading session during which the trade was executed (early, regular or extended), if both Approved Participant counterparties to the trade voluntarily consent to cancellation of the trade.

ii) **Trade Price Outside the No Review Range**. If the Bourse determines that the trade price is outside of the No-Review Range, the Bourse, after endeavoring to contact the Approved Participant counterparties, shall adjust the price to the limit of the No Review Range. The policy of the Bourse is to favor price adjustment as a remedy over trade cancellation and to adjust trades in order to minimize the impact for all market participants involved in the erroneous trades and particularly those who had a regular order in the order book. However, the Bourse, in its discretion, may cancel a trade rather than adjust the price if:

A) Both parties to the trade can be contacted within a reasonable delay and agree to the cancellation of the trade; and

B) Neither party to the trade is either an Approved Participant or the registered holder of a SAM ID.

iii) **Implied Orders, Implied Strategy Orders**.

A) An order generated by the implied pricing algorithm (using regular orders) and registered in the order book by the electronic trading system will be considered by the Bourse as though it were a regular order entered into the trading system by an Approved Participant.

B) An implied or regular strategy trade is considered by the Bourse, as being composed of two regular orders, one for each leg of the strategy trade. If the erroneous trade involves a linked implied order(s) and is priced outside the No Review Range, the initiator of the original error trade will be responsible for the trade resulting from the linked implied order(s).

C) The adjustment relating to an erroneous strategy trade will equal at least the increment between the No Review Range and the traded price on one of the individual legs, and no more than the sum of each individual legs' increments.

iv) **Stop Orders.** Trades that have occurred as a result of "stop orders" in the Trading System being triggered by an erroneous trade are also subject to cancellation by the Bourse acting in its sole discretion. The determination of the Bourse shall be final.

e) **Decision of the Bourse.** The Bourse shall endeavor to determine to adjust or cancel a trade within 30 minutes following a request to review the trade, or, as applicable, notice to the market that a trade or trades were being reviewed.

i) If the decision is to cancel the trade, the Bourse will remove the transaction as an executed trade from the records of the Bourse.

ii) Upon cancelation of a trade, the parties, if they choose, may reenter new orders into the trading system.

f) If the Bourse determines that a trade should not be adjusted or cancelled, the parties to the trade shall not themselves decide to cancel it by making a position transfer through the Canadian Derivatives Clearing Corporation.

g) **No Review Range.** The Bourse will determine the limits of the No Review Range by determining what was the acceptable market price for the derivative instrument before the trade under review occurred based upon all relevant information, including the last trade price, a better bid or offer, a more recent price for a related derivative instrument (for example a different expiry month) and the prices of similar derivative instruments trading on other markets Once the acceptable market price is established, the Bourse applies the following increments to determine the limits of the No Review Range.

DERIVATIVE INSTRUMENT	INCREMENT
Three-Month Canadian Banker's Acceptance Futures – BAX (all quarterly and serial months)	5 basis points
Three-Month Canadian Banker's Acceptance Futures – BAX Strategies: - Regular strategy orders - Implied strategy orders	 5 basis points Sum of the strategy's individual legs' increments.
Options on Three-Month Canadian Banker's Acceptance Futures	5 basis points
Two-Year Government of Canada Bond Futures (CGZ) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Five-Year Government of Canada Bond Futures (CGF) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Ten-Year Government of Canada Bond Futures (CGB) - Regular strategy orders	40 basis points 20 basis points
30-Year Government of Canada Bond Futures (LGB)	40 basis points

- Regular strategy orders - Implied Strategy orders	40 basis points Sum of strategy's individual legs' increments
Options on Government of Canada Bond Futures	40 basis points
Futures Contracts on S&P/TSX Indices and on the FTSE Emerging Markets Index - Regular strategy orders and Basis Trade on Close	1% of the acceptable market price of these futures contracts 5% of the increments for the outright month
30-Day Overnight Repo Rate Futures Regular strategy orders	5 basis points 5 basis points
Overnight Index Swap Futures	5 basis points
Overnight Index Swap Futures – OIS Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments.
Futures and Options on Futures Inter-Group Strategies: - Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Equity, Currency, ETF and Index Options Price ranges: Below $2.00 $2.00 to $5.00 Above $5.00 to $10.00 Above $10.00 to $20.00 Above $20.00 to $50.00 Above $50.00 to $100.00 Above $100.00	 $0.25 $0.40 $0.50 $0.80 $1.00 $1.50 $2.00
Equity, Currency, ETF and Index Options Strategies: - Regular strategy orders - Implied strategy orders	Sum of the strategy's individual legs' increments
Canadian Share Futures Contracts; and Canadian Share Futures Contracts: Basis Trade on Close	1. 0.50$, if the acceptable market price of these futures contracts is less than 25$;

	2. 1.00$, if the acceptable market price of these futures contracts is equal to or higher than 25$ but less than 100$; 3. 1% of the acceptable market price of these futures contracts if the acceptable market price of these futures contracts is equal to or higher than 100$.
Canadian Share Futures Contracts - Regular strategy orders	1. 0.12$, if the acceptable market price of these futures contracts is less than 25$; 2. 0.25$, if the acceptable market price of these futures contracts is equal to or higher than 25$ but less than 100$; 3. 0.25% of the acceptable market price of these futures contracts if the acceptable market price of these futures contracts is equal to or higher than 100$.

6391 Entry of Orders in the Electronic Trading System
(25.09.00, 24.09.01, 29.10.01, 02.10.17, 00.00.00)

a) The electronic trading system shall contain all orders to buy and to sell.

b) Orders may be entered into the electronic trading system during pre-opening or during the pre-auction stage of an intra-session auction period.

c) Orders cannot be modified or cancelled during the no-cancellation stage before the opening or closing, or during the no-cancellation stage of an intra-session auction period.

6601 Standard Contract
(06.08.86, 10.11.92, 07.09.99, 00.00.00)

No option contract shall trade on the Bourse unless it is guaranteed by a Clearing Corporation designated by the Bourse and have terms in respect of:

a) the qualifications and specifications of the underlying interest;

b) the number of units of the underlying interest which constitutes one contract;

c) the expiration date;

d) the exercise price;

e) the introduction of put and call options;

f) the exercise procedure (i.e. "American" or "European" style).

6602 Qualification for Underlying Interests
(13.03.87, 31.05.88, 10.11.92, 07.09.99, 28.01.02, 26.09.05, 04.06.15, 21.01.16, 00.00.00)

Products qualify as underlying interests provided they meet certain requirements.

a) Every equity issue shall be listed on a Canadian Exchange, meet the criteria of the Canadian Derivatives Clearing Corporation, or be a security recommended for approval by the Bourse.

b) In the case of Government of Canada Bonds, every issue shall have an outstanding amount of at least $500,000,000 face value at maturity.

c) A Futures contract must be listed on the Bourse.

d) In the case of a currency, it must have been previously approved by the Bourse.

e) In the case of an index, the index administrator must have governance arrangements in place designed to protect the integrity of the index and must be considered to have a methodology for constructing and maintaining the index that is sufficiently transparent to facilitate a stakeholder's ability to understand the methodology and to evaluate the credibility of the index.

6603 Unit of Trading, Expiration Months, Exercise Prices
(06.08.86, 15.08.86, 13.03.87, 19.05.87, 20.03.91, 17.12.91, 10.11.92, 07.09.99, 28.01.02, abr. 00.00.00)

6624 Minimum Price Increment
(13.03.87, 19.05.87, 20.03.91, 10.11.92, 07.04.94, 15.04.96, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 27.07.07, 18.01.16; 29.02.16, 00.00.00)

The minimum price increments are as follows:

a) Equity options

1) For equity options excluded from the penny trading program:

i) Option series priced below $0.10 are quoted in increments of $0.01.
ii) Option series priced at $0.10 or more are quoted in increments of $0.05.

2) For equity options included in the penny trading program:

i) Option series priced below $3.00 are quoted in increments of $0.01.
ii) Option series priced at $3.00 or more are quoted in increments of $0.05.

b) Exchange-traded fund (ETF) options

1) For ETF options excluded from the penny trading program:

i) Option series priced below $0.10 are quoted in increments of $0.01.
ii) Option series priced at $0.10 or more are quoted in increments of $0.05.

2) For ETF options included in the penny trading program, all option series are quoted in increments of $0.01, regardless of price level.

c) Index options 0.01 index point

d) Futures options 0.001 point

e) Currency options CAN 0.01 cent per unit of foreign currency

6634 Liquidation Trades
(10.11.92, 07.09.99, 00.00.00)

All liquidation trades shall take place on the Bourse and shall be subject to the Regulations of the Bourse and of the designated Clearing Corporation.

6637 Expiration Date
(06.08.86, 20.03.91, 17.12.91, 10.11.92, 07.04.94, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 24.05.13, 19.06.14, 07.05.15, 03.09.15, 00.00.00)

a) No transaction of options contracts in expiring series shall be made after the close of trading on the last day of trading.

b) In the case of equity options, exchange-traded fund options, index options and currency options other than weekly options, the expiration date shall be the third Friday of the contract month, provided it is a business day. If it is not a business day, the expiration date shall be the preceding business day.

In the case of futures options, the expiration date shall be the last trading day.

In the case of weekly index, equity and exchange-traded fund options, the expiration date shall be any of the five Fridays following the listing week which is a business day, but which is not an expiration day for any other options already listed on the same underlying. If any such Friday is not a business day, then the expiration date will be the first preceding business day that is not an expiration day for any other options already listed on the same underlying.

6638 Failure to Pay Premium
(10.11.92, 07.09.99, 00.00.00)

When the Clearing Corporation rejects a transaction because of the failure of the purchasing Approved Participant to pay the aggregate premium due thereon, the selling Approved Participant shall have the right to either cancel the transaction by giving notice thereof to the Approved Participant in default, or write a new option contract, charging any loss resulting therefrom to the defaulting Approved Participant.

6640 Currency
(28.01.02, abr. 00.00.00)

6641 Trading Hours
(28.01.02, abr. 00.00.00)

6642 Eligibility criteria of a sponsor
(28.01.02, 12.02.04, abr. 00.00.00)

6643 Marketing of Sponsored Options
(28.01.02, abr. 00.00.00)

6656 Limit on Outstanding Uncovered Short Positions
(10.11.92, 07.04.94, 00.00.00)

a) Whenever it is determined that there are outstanding an excessive number of uncovered short positions in option contracts of a given class or that an excessively high percentage of outstanding short positions in option contracts of a given class are uncovered, the Bourse may prohibit any further opening writing transactions in options contracts of that class unless the resulting short position will be covered.

b) The Bourse may also prohibit the uncovering of any existing covered short positions in one or more series of options of that class, as it deems appropriate in the interest of maintaining a fair and orderly market in option contracts or in the underlying interest.

6658 Other Restrictions on Options Transactions and Exercises
(10.11.92, 07.04.94, 00.00.00)

a) The Bourse may impose such restrictions on transactions or on exercises as it deems advisable in the interests of maintaining a fair and orderly market in options contracts or in the underlying interests or as it otherwise deems advisable in the public interest or for the protection of investors.

b) During the period of any such restriction, no Approved Participant shall, for his own account or for the account of a client, engage in any transaction or exercise in contravention of such restriction.

c) Notwithstanding the foregoing, during the ten (10) business days prior to the expiration date of a given series of options, no restriction on exercise may be in effect with respect with that series of options, except that during such ten (10) business day period, the Bourse may:

   i) restrict or otherwise modify the requirements for delivery resulting from an exercise against an uncovered writer;

   ii) order that an exercised options contract be settled in accordance with article 6676.

6672 Allocation of Exercise Notices
(10.11.92, 22.01.16, 00.00.00)

Each Approved Participant shall establish a fixed written procedure for the allocation of exercise notices assigned in respect of a short position in such Approved Participant's clients' accounts. The procedure to be adopted may be on a "first in, first out" basis, on a random selection basis or another allocation method that is fair and equitable to the Approved Participant's clients.

6674 Payment of Underlying Interest
(19.05.87, 20.03.91, 10.11.92, 07.09.99, 28.01.02, 26.09.05, 00.00.00)

a) In the case of cash-settled options, delivery will be made in accordance with article 6676;

b) In the case of equity options, clearing of transactions in the underlying interests arising from exercise notices will be through the facilities of the Canadian Depository for Securities Limited or in another manner prescribed by the Bourse and the Canadian Derivatives Clearing Corporation;

c) In the case of futures options, the clearing of transactions arising from exercise notices will be through the facilities of the Canadian Derivatives Clearing Corporation.

6675 Bonds Acceptable for Delivery
(28.09.82, 10.11.92, abr. 00.00.00)

6676 Settlement in the Case of Cash Settled Options
(24.04.84, 06.08.86, 10.11.92, 07.09.99, 31.01.01, 29.04.02, 26.09.05, 18.12.12, 28.02.17, 00.00.00)

a) Settlement of positions held in the S&P/TSX 60 Stock Index option following an exercise shall be made by an exchange of cash between the Clearing Corporation and each of its short and long clearing members pursuant to the rules of the Clearing Corporation. The amount to be paid or received in final settlement of each S&P/TSX 60 Stock Index option contract is determined by multiplying $10 by the difference between the strike price and the official opening level of the S&P/TSX 60 Stock Index on the expiration date, expressed to two decimal places.

b) Settlement of options positions held in the S&P/TSX sectorial indices following an exercise shall be made by an exchange of cash between the Clearing Corporation and each of its short and long clearing members pursuant to the rules of the Clearing Corporation. The amount to be paid or received in final settlement of each S&P/TSX sectorial index option contract is determined by multiplying the trading unit by the difference between the strike price and the official opening level of the S&P/TSX sectorial index on the expiration date, expressed to two decimal places.

c) Settlement of positions held in currency option following an exercise shall be made by an exchange of cash between the Clearing Corporation and each of its short and long clearing members pursuant to the rules of the Clearing Corporation. The amount to be paid or received in final settlement of each currency option contract is determined by multiplying the unit of trading by the difference between the strike price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time expressed in Canadian cents for the corresponding currency vis-à-vis the Canadian dollar on the expiration date.

6677 Settlement when Delivery of the Underlying Interest is Restricted
(09.05.77, 10.11.92, 07.04.94, 07.09.99, 00.00.00)

When the Bourse, acting in accordance with article 6658 restricts or modifies the delivery of the underlying interest upon the exercise of any series of option contracts during the ten (10) business days prior to the expiration date, the Clearing Corporation shall, at the beginning of each business day during which such restriction is in effect, establish a settlement value, if any, for such series of option contracts. In such event, the Bourse may direct cash settlement, and determine the amount of such settlement, when it is in the public interest.

6678 Failure to Deliver or Accept Delivery of the Underlying Interest
(10.11.92, 07.09.99, 00.00.00)

a) If, in the case of equity options on the exercise of a Call, the delivery of the underlying interest is not made on the exercise settlement date, the holder may instruct his clearing member to issue a "buy-in" notice. Similarly, if, on the exercise of a Put, payment for the underlying interest is not made on the exercise settlement date, the exercising holder may instruct his clearing member to issue a "sell-out" notice. The clearing member shall deliver a copy of such notice by 10:00 a.m. of the following business day to the defaulting assigned clearing member, to the Clearing Corporation and to the Bourse.

b) A "buy-in" notice must state that the undelivered underlying interest will be "bought-out" unless the obligation to deliver is disputed before 1:00 p.m., or delivery is made before 2:00 p.m., of the day of issuance of the notice. A "sell-out" notice must state that the underlying interest to be delivered will be "sold-out" unless the obligation to accept delivery is disputed before 1:00 p.m. or delivery is accepted before 2:00 p.m. of the day of issuance of the notice.

c) The defaulting clearing member may dispute the obligation, or the Clearing Corporation may postpone the operation of the buy-in or sell-out procedure where to do so is in the best interests of the public market in options or the underlying interests, where a fair market in which to exercise the buy-in or sell-out does not exist or where there is other good reasons for so doing.

d) Any dispute by the defaulting clearing member will be resolved by the Clearing Corporation. In the absence of a dispute or postponement, if the underlying interest is not delivered, in the case of a Call, or delivery thereof is not accepted, in the case of a Put, within the specific time, the Clearing Corporation may purchase the undelivered underlying interest, in the case of a Call, or sell the underlying interest for which delivery is not accepted, in the case of a Put, in the best available market for the account of the exercising clearing member.

e) Delivery shall be made to, or received from, as the case may be, the exercising clearing member, by 2:30 p.m. on the day on which the buy-in or sell-out, as the case may be, is executed against payment.

f) The exercising clearing member shall forthwith notify the defaulting clearing member of any difference between the price paid on the buy-in, in the case of a Call, or received on the sell-out, in the case of a Put, for the underlying interest and the exercise price. The defaulting clearing member is obligated to pay such amount to the exercising clearing member by the close of business on the day following the day on which the buy-in or sell-out is executed. If the defaulting clearing member fails to make such payment, the Clearing Corporation is obligated to do so.

6679 Failure to Pay for or Deliver the Underlying Interest
(10.11.92, 07.09.99, 00.00.00)

If, in the case of equity options, payment for the underlying interest is not made in the case of a Call, or the underlying interest is not delivered, in the case of a Put, by the exercising clearing member, the writer may instruct his clearing member to issue a sell-out notice, in the case of a Call, or a buy-in notice, in the case of a Put, and the procedure set out in article 6678 shall be followed with regard to notification and the sale or purchase of the underlying interests. The defaulting exercising clearing member is obligated to pay to the assisted clearing member any difference between the exercise price and the price obtained on the sell-out, in the case of a Call, or paid on the buy-in, in the case of a Put. If the defaulting clearing member fails to make such payment, the Clearing Corporation is obligated to do so.

6681 Liability of the Bourse to Holders and Writers of Options
(24.04.84, 10.11.92, 07.09.99, 00.00.00)

a) The rights and obligations of holders and writers of options shall be as set forth in the regulation or General Conditions of the relevant Clearing Corporation.

b) The Bourse shall have no liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any current stock prices or index values or prices of other underlying interests resulting from an act, condition or cause beyond the reasonable control of the Bourse, including, but not limited to, an act of God, fire, flood, extraordinary weather conditions, war, insurrection, riot, strike, accident, action of government, communications or power failure, equipment or software malfunction; any error omission or delay in the reports of transactions in one or more component stocks; or any error, omission or delay in the reports of the current index value by the Bourse.

6814 Settlement of margins, gains and losses
(22.04.88, 08.09.89, 07.09.99, 00.00.00)

Unless otherwise determined by the Bourse or the Clearing Corporation, settlement shall be on a next business day basis through the facilities of the appropriate Clearing Corporation and no delayed or private settlement of transactions in Bourse futures contracts is permitted.

6815 Exchanges for Related Products (EFRP)
(08.09.89, 17.10.91, 05.01.94, 19.01.95, 01.05.95, 07.09.99, 31.01.01, 03.05.04, 21.04.08,17.04.09, 12.02.16, 17.01.18, 15.06.18, 11.07.18, 00.00.00)

1) EFRP transactions in general. Exchanges for Related Product (“EFRP”) transactions involving futures contracts listed and traded on the Bourse are permitted if such transactions are executed in accordance with the requirements of this article. An EFRP transaction is composed of the privately negotiated execution of a Bourse futures contract and the opposite, simultaneous execution of an approximately equivalent quantity or value of cash product, by-product, related product, or over-the-counter (“OTC”) derivative instrument underlying the futures contract.

a) An EFRP transaction is permitted to be executed off of the Bourse’s trading system pursuant to article 6380b if such transaction is conducted in accordance with each of the requirements and conditions of this article.

b) The following separate types of transactions are referred to collectively as EFRP transaction under this article, and are included under, and subject to, its provisions:

i) **Exchange for Physical (“EFP”)** – the simultaneous execution of a Bourse futures contract and a corresponding spot or forward transaction.

ii) **Exchange for Risk (“EFR”)** – the simultaneous execution of a Bourse futures contract and a corresponding OTC swap or other OTC derivative transaction.

c) Each party to an EFRP transaction must be an accredited counterparty as defined in section 3 of the Quebec Derivatives Act, CQLR c I-14.01.

d) The accounts involved on each side of an EFRP transaction must:

i) have different beneficial ownership;

ii) have the same beneficial ownership, but are under separate control;

iii) have accounts that are commonly controlled, but involve separate legal entities which may or may not have the same beneficial ownership; or

(iv) when the parties to an EFRP transaction involve the same legal entity, same beneficial ownership, or separate legal entities under common control, the parties must be able to demonstrate that the exchange transaction was a legitimate arms-length transaction.

e) The cash market instrument leg of the EFRP transaction must provide for, and result in, the transfer of ownership of the cash market instrument within the time customary in the applicable cash market or in OTC practice. If the seller does not have actual possession of the cash market or OTC derivative instrument before execution of the EFRP, the seller must be able to demonstrate an ability to satisfy the delivery requirement.

f) With regard to the futures leg of an EFRP, if the minimum price fluctuation of transactions in the futures contract vary by strategy or otherwise, such as variation in the minimum price fluctuation for equity index futures contracts between outright and calendar spread transactions, the minimum price fluctuation of the EFRP futures component shall be the lowest minimum price fluctuation provided for in the Rules with regard to the futures contract.

g) The Approved Participants involved in an EFRP, upon request by the Bourse, must be able to demonstrate that:

i) the related futures and cash or OTC position are reasonably correlated, with a correlation of R=0.70 or greater, calculated using any generally accepted methodology, for all EFRP transactions except as otherwise specifically provided, each such correlation based on daily price data for a period of at least six (6) months or weekly price data for a period of at least one (1) year; and

ii) the quantity or value of the cash or OTC component of the EFRP transaction must be approximately equivalent to the quantity or value of the futures contract.

h) The price at which an EFRP transaction is arranged must be "fair and reasonable" in light of (i) the size of the transaction; (ii) currently traded prices and bid and ask prices in the same contract (iii) the underlying markets; and (iv) general market conditions, all at the relevant time. Although there is no requirement for an EFRP to be executed within the daily high and low prices, execution outside of that price range may result in a request by the Regulatory Division for additional information about the transaction.

i) It is prohibited to effect an EFRP transaction for the purpose of reporting, registering or recording a non-bona fide price or entering into a transaction which is a "wash sale"," an accommodation trade or a fictitious sale.

j) Neither party to an EFRP transaction may enter into the transaction to circumvent the contract month roll in the corresponding security or derivative instrument.

k) **Reporting EFRP transactions**. Approved Participants for both the seller and buyer must report within one hour upon determination of all the relevant terms of the transaction to the Market Operations Department on the Special Terms Transaction Reporting Form available at http://sttrf-frots.m-x.ca/ each EFRP transaction executed during the trading hours of the applicable futures contract. For those EFRP transactions executed after such trading hours, the transaction shall be reported to the Bourse no later than 10:00 a.m. (Montréal time) on the trading day following execution. The Market Operations

Department will validate the details of the report before accepting the transaction (which is not a confirmation by the Bourse that the EFRP transaction has been effected in accordance with this article).

l) **Books and records**. Each party to an EFRP transaction must maintain full and complete records and documentary evidence relating to the EFRP, including but not limited to all records relating to the purchase or sale of the cash market or OTC derivative component of the transaction and to any transfer of funds or ownership made in connection with such transaction. Such records include, but are not limited to, documentation customarily generated in accordance with market practice, such as cash account statements, trade confirmation statements, ISDA® Master Agreements or other documents of title; third party documentation supporting proof of payment or transfer of title, such as canceled checks, bank statements; cash account statements and cash instruments clearing corporation documents. In addition, futures contracts order tickets (which must clearly indicate the time of execution of the EFRP transaction) must be maintained. Records related to the transaction must be provided to the Bourse upon request and it is the responsibility of the Approved Participant to obtain and provide on a timely basis records of their clients as requested by the Bourse.

m) In all circumstances, an EFRP transaction can only be arranged by the Approved Participant's Approved Persons.

2) EFPs

a) EFP transactions on the following futures contracts and the related physical or cash instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable physical or cash instrument
Interest rates Futures Contracts	Fixed income instruments with a correlation coefficient (R) of 0.70 or more, calculated using any generally accepted methodology, maturities and risk characteristics that parallel the underlying instrument of the futures contracts or the futures contract itself where the use of the underlying instrument is not practical due to a lack of available market data, including but not limited to: • Money market instruments including asset backed commercial paper, • Government of Canada and Federal Crown Corporation fixed income instruments • Provincials fixed income instruments, • Investment grade corporates including Maple Bonds and mortgage instruments including collateralized mortgage obligations (CMOs), or • Fixed income instruments denominated in the currency of a G7 member country
Futures Contracts on S&P/TSX indices	• Stock baskets reasonably correlated with the underlying index with a

Futures Contracts on the FTSE Emerging Markets index	correlation coefficient (R) of 0.90 or more, calculated using any generally accepted methodology, having a weight of at least 50% of the underlying index or including at least 50% of the securities of the underlying index. The notional value of the basket must be fairly equal to the value of the futures contract component of the exchange transaction, or • Exchange-traded funds that mirror the index futures contract
Share Futures Contracts	• Underlying interest of the futures contract

3) EFRs

a) EFR transactions on the following futures contracts and the related OTC derivative instrument are recognized by the Bourse:

Types of Futures Contracts	Acceptable Over-the-Counter Derivative Instrument
Bonds Futures Contracts	i) Interest Rate Swaps with the following characteristics: • Plain vanilla; • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments, • Denominated in currency of G7 country, and • Correlation R= 0.70 or greater, calculated using any generally accepted methodology. Or ii) Any individual or combination of OTC bond, interest rate swap or FRA options (e.g. caps, floors, collars).
Short-term interest rate Futures Contracts	i) Any OTC swap or options with characteristics noted above with respect to EFR for bonds; Or

	ii) Forward Rate Agreements (FRAs) with the following characteristics: • Conventional FRA, • Written under the terms of an ISDA® MasterAgreement, • Predetermined interest rate, • Agreed start/end date, and • Defined interest (repo) rate.
Stock index Futures Contracts	i) Index Swaps with the following characteristics: • Plain vanilla swap, • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments against the positive or negative performance of a stock, exchange-traded fund (ETF), basket of securities or a stock index, • Denominated in currency of G7 country, and • Correlation R= 0.90 or greater, using a generally accepted methodology; Or ii) Any individual or combination of OTC stock index option positions; Or iii) Index Forwards: Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), basket of securities or stock index at a predetermined price for settlement at a future date.
Shares Futures Contracts	i) Equity Swaps with the following characteristics: • Plain vanilla swap, • Written under the terms of an ISDA® Master Agreement, • Regular fixed against floating rate payments against the positive or negative performance of a stock,

	• exchange-traded fund (ETF), trust unit, basket of securities or a stock index, • Denominated in currency of G7 country; Or ii) Any individual or combination of OTC equity option positions; Or iii) Equity Forwards: Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), trust unit, basket of securities or stock index at a predetermined price for settlement at a future date.
Commodities Futures Contracts	i) Commodities Swaps or Forwards with the following characteristics: • Written under the terms of an ISDA® Master Agreement, • Correlation R = 0.80 or greater, calculated using any generally accepted methodology.

6817 Treatment of Long and Short Positions
(07.10.93, 03.01.95, 07.09.99, 00.00.00)

a) Unless concurrent long and short futures positions in the same contract month are held on behalf of i) an omnibus account; or ii) in accordance with the provisions of paragraph c) of this rule, a clearing member shall not be permitted to maintain with the Clearing Corporation such positions for i) a single account; or ii) accounts under common control and ownership. It is the duty of the clearing member to ascertain that such positions are permitted to be concurrently long and short.

b) A clearing member shall promptly close out a customer's open long or short position held with the Clearing Corporation if an offsetting purchase or sale is made for such customer's account.

c) A clearing member would be permitted to carry with the Clearing Corporation concurrent long and short positions for separate accounts of a customer, provided that :

i) each person directing trading for one of the separate accounts is unaffiliated with and acts independently from each other person directing trading for a separate account;

ii) each trading decision made for each separate account is determined independently of all trading decisions made for the other separate account or accounts; and

iii) no position held in accordance with the above sub-paragraphs i) and ii) may be offset by transfer, adjustment, or any other bookkeeping procedures. Each position must be offset by transactions made on the electronic trading system of the Bourse.

d) Although article 6816 allows for off-exchange transfers of futures contracts, a clearing member shall not be permitted to knowingly allow such transfers when, as a result, concurrent long and short positions would be held contrary to this rule. The positions which would create the concurrent long and short situation may not be so transferred, but must remain with the original clearing member, be transferred elsewhere, or liquidated by transactions made on the electronic trading system of the Bourse.

6818 Average Price Trades
(20.03.00, 00.00.00)

Approved Participants, at the request of a client, may accumulate a futures position in an inventory account and transfer this position to the client account at an average price. This may only be done if the Approved Participant has a firm time-stamped order from the client before accumulating the position.

The Bourse requires that confirmations to clients of average price trades must indicate that the transaction price is an average price. The Approved Participant must be able to provide clients with full details of the execution of the transaction in a timely manner.

If an Approved Participant has a firm time-stamped client order and accumulates futures in an inventory account for administrative purposes only, the transfer of the position to the client must be done over-the-counter (OTC). This procedure is required to ensure that the unwinding does not represent a change in beneficial interest (i.e. the client is the beneficial owner of the futures in the inventory account at all times). However, if an Approved Participant accumulates a position based on an indication of interest from the client, the transfer of the position to the client account must result in a transaction on the electronic trading system of the Bourse.

The date used on the client's confirmation shall be the date of the unwinding, provided that the client requested an average price. Approved Participants must, however, maintain records of each individual trade and of the transfer, which must be available to both the client and regulatory authorities on request.

8004 Designation of Securities
(03.09.08, abr. 00.00.00)

9001 Definitions
(01.01.05, 01.02.07, 30.11.15, 14.01.16, 23.11.16, 01.12.17, 00.00.00)

For the purpose of the present Rule:

"**approved participant account**" means all non-client accounts including firm accounts and, market maker accounts;

"**client account**" means an account for a client of an Approved Participant, but does not include account in which a member of a self-regulatory organization, or a related firm, approved person or employee of such an Approved Participant, member or related firm, as the case may be, has a direct or indirect interest, other than an interest in a commission charged;

“**escrow receipt**” means:

i) in the case of an equity, exchange-traded fund or income trust unit, a document issued by a financial institution approved by the Canadian Derivatives Clearing Corporation certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified option of a particular client of an Approved Participant; or

ii) in the case of an OCC option, a document issued by a depository approved by the clearing corporation, after executing and delivering agreements required by The Options Clearing Corporation, certifying that a security is held and will be delivered upon exercise by such financial institution in respect of a specified OCC option of a particular client of an Approved Participant;

“**firm account**” means an account established by an Approved Participant, which is confined to positions carried by the Approved Participant on its own behalf;

“**floating margin rate**” means:

i) the last calculated regulatory margin interval, effective for the regular reset period or until a violation occurs, such rate to be reset on the regular reset date, to the calculated regulatory margin interval determined at that date; or

ii) where a violation has occurred, the last calculated regulatory margin interval determined at the date of the violation, effective for a minimum of twenty trading days, such rate to be reset at the close of the twentieth trading day, to the calculated regulatory margin interval determined at that date, where a reset results in a lower margin rate.

For the purpose of this definition, the term “regular reset date” is the date subsequent to the last reset date where the maximum number of trading days in the regular reset period has passed.

For the purpose of this definition, the term “regular reset period” is the normal period between margin rate resets. This period must be determined by the Canadian self-regulatory organizations with member regulation responsibilities and must not be no longer than sixty trading days.

For the purpose of this definition, the term “regulatory margin interval” means the margin interval calculated by the Bourse in collaboration with the Canadian Derivatives Clearing Corporation.

For the purpose of this definition, the term "violation" means the circumstance where the maximum 1 or 2 day percentage change in the daily closing prices is greater than the margin rate;

"**index**" means an equity index where:

i) the basket of equity securities underlying the index is comprised of eight or more securities;

ii) the weight of the single largest security position in the basket of equity securities underlying the index represents no more than 35% of the overall market value of the basket;

iii) the average market capitalization for each security position in the basket of equity securities underlying the index is at least $50 million; and

iv) in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange as set out in the definition of "regulated entities" included in the General Notes and Definitions of the ''Joint Regulatory Financial Questionnaire and Report'' form of the Investment Industry Regulatory Organization of Canada;

"**market maker account**" means a firm account of an Approved Participant that is confined to transactions initiated by the Approved Participant acting as a market maker;

"**non-client account**" means an account established with an Approved Participant by another member of a self-regulatory organization, a related firm, an approved person or employee of an Approved Participant or of a member of self-regulatory organization or of a related firm, as the case may be, in which the Approved Participant does not have an interest, direct or indirect, other than an interest in fees or commissions charged;

"**OCC option**" means a call option or a put option issued by The Options Clearing Corporation;

"tracking error margin rate" means the last calculated regulatory margin interval for the tracking error resulting from a particular offset strategy. The meaning of the term "regulatory margin interval" and the margin rate policy are the same as for the floating margin rate.

9152 Margin Requirements for Positions in and Offsets Involving Sponsored Options
(01.01.05, 14.01.16, abr. 00.00.00)

9252 Capital Requirements for Positions In and Offsets Involving Sponsored Options
(01.01.05, 14.01.16, abr. 00.00.00)

9301 Exchange Traded Bond Options - General
(01.01.05, 01.02.07, 14.01.16, abr. 00.00.00)

9302 Long Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

9303 Short Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

9304 Covered Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

9305 Bond Options Spreads and Combinations
(01.01.05, 14.01.16, abr. 00.00.00)

9306 Bond Option and Security Combinations
(01.01.05, 14.01.16, abr. 00.00.00)

9324 Bond Futures Contracts Combinations with Bond Options
(01.01.05, abr. 00.00.00)

9401 Exchange Traded Bond Options – General
(01.01.05, 01.02.07, 14.01.16, 01.12.17, abr. 00.00.00)

9402 Long Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

9403 Short Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

9404 Covered Bond Option Positions
(01.01.05, 14.01.16, abr. 00.00.00)

9405 Bond Options Spreads and Combinations
(01.01.05, 14.01.16, abr. 00.00.00)

9406 Bond Option and Security Combinations
(01.01.05, 14.01.16, abr. 00.00.00)

9424 Bond Futures Contract Combinations with Bond Options
(01.01.05, abr. 00.00.00)

14102 Reports Pertaining to the Accumulation of Positions for Derivative Instruments
(24.04.84, 01.06.84, 13.09.05, 04.03.08, 01.04.13, 09.06.14, 01.10.15, 23.11.16, 15.06.18, 00.00.00)

1) Each Approved Participant must file daily with the Bourse, in the prescribed manner, a report detailing all gross positions held for its own account or for an account or group of accounts which are all owned by the same beneficial owner in derivative instruments listed on the Bourse when these gross positions exceed the reporting thresholds prescribed by the Bourse for each of these derivative instruments or a report confirming that there are no positions to be reported when none of the reporting thresholds prescribed by the Bourse have been exceeded for each of these derivative instruments.

2) Any report transmitted to the Bourse pursuant to this article must be transmitted within the reporting hours prescribed by the Bourse and not later than 9:00 a.m. (ET) on the business day following the one for which positions must be reported.

3) For each account subject to a positions report to the Bourse, each Approved Participant must provide to the Bourse all the information necessary to the Bourse to allow it to adequately identify and classify this account. The information that must be provided to the Bourse is the following:

   a) the name and complete coordinates of the account beneficial owner;

   b) the full account number as it appears in the Approved Participant records;

   c) the account type (client, firm, market-maker, professional or omnibus);

   d) the beneficial account owner classification according to the typology established by the Bourse; and

   e) the identification of the nature of transactions made by the account (speculation or hedging). If it is impossible to clearly determine if the account is used for speculative or hedging purposes, it must then, by default, be identified as being a speculative account.

4) In addition to providing the above-mentioned information to the Bourse, each Approved Participant must provide, for each account being reported, a unique identifier complying with the following requirements;

   a) for any account opened in the name of a natural person or of a corporation or other type of commercial entity wholly-owned by this natural person:

      i) a unique identifier allowing to link together all the accounts having the same beneficial owner. The unique identifier used in such a case must be created by the Approved Participant in a format that it deems to be appropriate. This unique identifier, once created and used, must not be modified or replaced by a new identifier without having provided prior notice to the Bourse.

   b) for any account owned by many natural persons such as a joint account, an investment club account, partnership or holding company:

      i) if one of the natural persons owning this account has an ownership interest of more than 50% in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above;

      ii) if none of the persons owning the account has an ownership interest of more than 50 %, the unique identifier must be the account name.

   c) for any account opened in the name of a corporation other than a corporation wholly-owned by a natural person:

      i) if one of the natural persons owning shares of this corporation holds an ownership interest of more than 50 % in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above;

      ii) if more than 50 % of the corporation shares are owned by another corporation, the unique identifier must be the Legal Entity Identifier of this other corporation as attributed by the organization responsible for the attribution of such an identifier;

      iii) in all other cases, the unique identifier must be the Legal Entity Identifier of the corporation in whose name the account has been opened;

      iv) if, for corporations mentioned in subparagraphs c) ii) and c) iii), no Legal Entity identifier is available, the identifier to be used shall be the incorporation number of the corporation as attributed by the government authority having issued the incorporation certificate of such corporation.

   In the case where neither the Legal Entity Identifier nor the incorporation number of a corporation are available or can be obtained or communicated by the Approved Participant in reason of legal or regulatory restrictions, the Approved Participant shall use a unique identifier that permits to link together all the accounts having the same corporation as beneficial owner. The unique identifier used in such a case can be either the name of the corporation owning the account or be created by the Approved Participant in a format that it deems appropriate.

   Any unique identifier, be it or not created by the Approved Participant, must not be changed or replaced by a new identifier without prior notice having been given to the Bourse.

For the purposes of this paragraph c), the term “Legal Entity identifier” means the unique identification number attributed to a legal entity by any organization accredited to this effect pursuant to the ISO 17442 standard of the International Standardization Organization, as approved by the Financial Stability Board and the G-20 and aiming at implementing a universal and mandatory identification system for legal entities trading any type of derivative instrument.

5) In order to determine if the reporting thresholds are attained, Approved Participants must aggregate positions held or controlled by the same account beneficial owner.

   For the purposes of this article, the term “control” means a beneficial ownership interest greater than 50 %.

6) The reporting thresholds established by the Bourse are as follows:

   a) For each options class, other than options on futures contracts, and each share futures contracts on a given underlying interest:

      i) 250 contracts, in the case of trust units options and share futures contracts (for all contract months combined of each share future contract) having the same underlying interest, by aggregating positions on trust units options and share futures contracts, one option contract being equal to one share futures contract. While options and share futures contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and share futures contracts shall be reported each separately;

      ii) 250 contracts, in the case of stock options and share futures contracts (for all contract months combined of each share future contract) having the same underlying interest, by aggregating positions on stock options and share futures contracts, one option contract being equal to one share futures contract. While options and share futures contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and share futures contracts shall be reported each separately;

      iii) 500 contracts, in the case of options on Exchange Traded Fund options and share futures contracts (for all contract months combined of each share future contract) having the same underlying interest, by aggregating positions on Exchange Traded Fund options and share futures contracts, one option contract being equal to one share futures contract. While options and share futures contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and share futures contracts shall be reported each separately;

      iv) 500 contracts, in the case of currency options;

      v) 15,000 contracts, in the case of index options;

      vi) 1,000 contracts, in the case of sector index options.

   b) For futures contracts and the related options on futures contracts:

      i) 300 contracts, in the case of futures contracts and options on futures contracts on Three-Month Canadian Bankers’ Acceptance Futures (BAX and OBX), by aggregating positions on options on futures contracts and positions in the underlying futures contract. In this case, one options contract (OBX) is equal to one futures contract (BAX);

ii) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);

iii) 250 contracts, in the case of futures and options on futures contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on options on futures contracts and positions in the underlying futures contract. For the purposes of aggregating positions, one options contract (OGB) is equal to one futures contract (CGB);

iv) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);

v) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);

vi) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both futures contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);

vii) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);

viii) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);

ix) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXK, SXU);

x) 1,000 contracts, in the case of futures contracts on the FTSE Emerging Markets Index;

The Bourse may, at its discretion, impose the application of any other reporting threshold that is more severe and lower than those provided in this Rule.

7) in addition to the reports required under the provisions of the present article, each Approved Participant must report immediately to the Vice-President of the Regulatory Division of the Bourse any situation in which the Approved Participant has reason to believe that itself or a client, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits established by the Bourse;

8) An Approved Participant of the Bourse which does not trade or does not hold or manage any trading accounts for its clients or itself for the purposes of transactions in any of the derivative instruments listed on the Bourse may be exempted from complying with the requirements as provided for in paragraph 1) of the present article, under the following conditions:

i) the Approved Participant must submit an exemption request in writing to the Regulatory Division, confirming that it has not traded any of the derivative instruments listed on the Bourse in the last calendar year and that it does not plan to trade any of them in a foreseeable future;

ii) all exemptions granted will be valid as long as all conditions relative to such exemptions are complied with;

iii) any exemption can be cancelled by the Regulatory Division at any time and, in any case, ends when an Approved Participant executes a transaction on any of the derivative instruments listed on the Bourse;

9) An Approved Participant may, with prior approval of the Bourse, delegate to a third party the transmission of position reports required under the provisions of paragraph 1) of the present Rule. In order for such an exemption to be granted, the following conditions must be met:

i) the Approved Participant which wishes to delegate the task of producing and submitting position reports to a third party rather than doing so by itself must divulge to this third party all information necessary for the production of such reports, as is required by the Bourse;

ii) any delegation established in accordance with the present paragraph must first be approved in writing by the Regulatory Division. An Approved Participant wishing to delegate the submission of positions reports required by the Bourse to a third party must therefore submit a request for approval in writing to the Regulatory Division;

iii) all approvals of delegation granted by the Regulatory Division will be valid as long as all conditions relative to such approvals are complied with;

iv) any approval of delegation can be cancelled by the Regulatory Division at any time and, in any case, ends when the third party delegate ceases to produce reports or is no longer able to submit position reports on behalf of the Approved Participant having delegated such task, pursuant to the requirements of the Bourse;

v) an Approved Participant having chosen to delegate the submission position reports to a third party nevertheless remains responsible for the obligations provided in the present article and must ensure that all the information transmitted to the Bourse by the delegatee is complete and accurate.

15001 Scope of Rule
(24.01.86, 22.04.88, 08.09.89, 16.04.92, 19.01.95, 07.09.99, 31.01.01, 14.06.02, 03.05.04, 16.11.07, 30.05.08, 15.05.09, 18.06.10, 09.06.14, 18.01.16, 15.06.18, 00.00.00)

This Rule is limited in application to futures trading of the following instruments:

a) the overnight repo rate;

b) 1-month Canadian Bankers' Acceptance;

c) 3-month Canadian Bankers' Acceptance;

d) 2-year Government of Canada Bond;

e) 5-year Government of Canada Bond;

f) 10-year Government of Canada Bond;

g) 30-year Government of Canada Bond;

h) the S&P/TSX 60 Index;

i) the S&P/TSX Composite Index;

j) designated S&P/TSX sectorial indices;

k) Canadian and International stocks, exchange-traded funds and trust units;

l) FTSE Emerging Markets Index;

m) Overnight Index Swap.

The procedures for dealing with clients, trading, clearing, settlement, delivery and any other matters not specifically covered herein shall be governed by the Regulations of the Bourse and the General Regulations of the Clearing Corporation.

15002 Definitions
(24.01.86, 22.04.88, 08.09.89, 19.01.95, 07.09.99, 22.01.16, abr. 00.00.00)

15553 Failure to Perform
(16.04.92, 00.00.00)

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined by the Bourse based on the circumstances.

15614 Delivery Procedure
(08.09.89, 07.10.93, 00.00.00)

a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts. In order that the delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

b) Only an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the delivery process.

15616 Assignment of Delivery Notice
(08.09.89, 00.00.00)

a) The assignment of a delivery notice to an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The Approved Participant holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the Approved Participant holding the seller's position.

15633 Delivery Procedures
(18.01.16, 00.00.00)

a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts; In order that the delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

b) Only an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the delivery process.

15635 Assignment of Delivery Notice
(18.01.16, 00.00.00)

a) The assignment of a delivery notice to an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The Approved Participant holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the Approved Participant holding the seller's position.

15653 Delivery Procedures
(18.01.16, 00.00.00)

a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts; In order that the delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

b) Only an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the delivery process.

15655 Assignment of Delivery Notice
(18.01.16, 00.00.00)

a) The assignment of a delivery notice to an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The Approved Participant holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the Approved Participant holding the seller's position.

15673 Delivery Procedures
(18.01.16, 00.00.00)

a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts; In order that the delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;

b) Only an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the delivery process.

15675 Assignment of Delivery Notice
(18.01.16, 00.00.00)

a) The assignment of a delivery notice to an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The Approved Participant holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the Approved Participant holding the seller's position.

15723 Failure of Settlement
(07.09.99, 06.05.11, 00.00.00)

Any failure on the part of an Approved Participant to conform to the aforementioned rules of settlement could result in the imposition of disciplinary sanctions as may be determined by the Bourse based on the circumstances.

15814 Delivery Procedure
(31.01.01, 00.00.00)

a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts;

b) Only an Approved Participant holding a seller's position can initiate the delivery process;

c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;

d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the delivery process.

15815 Submission of Delivery Notice
(31.01.01, 00.00.00)

To initiate the delivery process, an Approved Participant holding a seller's position must submit a delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation after the close of the last trading day.

15816 Assignment of Delivery Notice
(31.01.01, 00.00.00)

a) The assignment of a delivery notice to an Approved Participant holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;

b) The Approved Participant an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the Approved Participant holding the seller's position.

15817 Delivery Day
(31.01.01, 15.06.18, 00.00.00)

Delivery in respect to futures contracts on Canadian underlying interests must be done in the manner prescribed by the Bourse and the Clearing Corporation following the submission of the delivery notice by the Approved Participant holding a seller's position.

15818 Execution Default
(31.01.01, 00.00.00)

All defaults from Approved Participants in respect to delivery procedures shall carry the imposition of a disciplinary sanctions, as determined by the Bourse based on the circumstances.

15819 Emergencies, Acts of God, Actions of Governments
(31.01.01, 22.01.16, 15.06.18, 00.00.00)

a) In the event that a delivery operation cannot be carried because of a strike, a fire, an accident, a Government action, an act of God or any other emergency situation, the holder of a buyer's position or a seller's position shall immediately notify the Bourse and the Clearing Corporation. In the event that the Bourse or the Clearing Corporation finds that an immediate action is necessary, a special meeting of the Board of Directors shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties to futures contracts. If the Board of Directors decides that an Emergency situation is in progress, the Board of Directors shall take all necessary actions in the circumstances, and the decision of the Board of Directors shall bind all parties to the futures contract. The Board of Directors could, for instance, extend the delivery period or indicate a different location for delivery operations.

b) In the event the Board of Directors decides that a shortage of deliverable of Canadian underlying interest issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors may, for instance:

   i) designate as a deliverable issue any other issue of the same issuer that does not meet the criteria in article 15813;

   ii) in addition to the normal delivery procedures, decide of a cash settlement based on the cash value of a Canadian underlying interest on the last day of trading.

15820 Adjustment to Terms of Contract
(31.01.01, 00.00.00)

The terms of a share futures contract are subject to adjustment in accordance with the Regulations of the Bourse or with General Conditions of the Clearing Corporation. When adjustments are made, a notice thereof shall be promptly given to Approved Participants.

15931 Definitions
(30.05.08, abr. 00.00.00)

15932 Expiry Cycle
(30.05.08, 18.01.16, abr. 00.00.00)

15933 Trading Unit
(30.05.08, 18.01.16, abr. 00.00.00)

15934 Currency
(30.05.08, abr. 00.00.00)

15935 Price Quotation
(30.05.08, 18.01.16, abr. 00.00.00)

15936 Minimum Price Fluctuation
(30.05.08, 18.01.16, abr. 00.00.00)

15937 Maximum Price Variation Thresholds
(30.05.08, 06.04.18, abr. 00.00.00)

15938 Position Limits
(30.05.08, 18.01.16, abr. 00.00.00)

15939 Position Reporting Threshold
(30.05.08, abr. 00.00.00)

15940 Physical Settlement
(30.05.08, abr. 00.00.00)

15941 Last Day of Trading
(30.05.08, abr. 00.00.00)

15942 Physical Settlement Standards
(30.05.08, abr. 00.00.00)

15943 Physical Settlement Procedure
(30.05.08, abr. 00.00.00)

15944 Submission of Physical Settlement Notice
(30.05.08, abr. 00.00.00)

15945 Assignment of Physical Settlement Notice
(30.05.08, abr. 00.00.00)

15946 Physical Settlement Day
(30.05.08, abr. 00.00.00)

15947 Physical Settlement Default
(30.05.08, abr. 00.00.00)

15948 Force Majeure
(30.05.08, abr. 00.00.00)

15951 Definitions
(30.05.08, abr. 00.00.00)

15952 Expiry Cycle
(30.05.08, 18.01.16, abr. 00.00.00)

15953 Trading Unit
(30.05.08, 18.01.16, abr. 00.00.00)

15954 Currency
(30.05.08, abr. 00.00.00)

15955 Price Quotation
(30.05.08, 18.01.16, abr. 00.00.00)

15956 Minimum Price Fluctuation
(30.05.08, 18.01.16, abr. 00.00.00)

15957 Maximum Price Variation Thresholds
(30.05.08, 06.04.18, abr. 00.00.00)

15958 Position Limits
(30.05.08, 18.01.16, abr. 00.00.00)

15959 Position Reporting Threshold
(30.05.08, abr. 00.00.00)

15960 Cash Settlement
(30.05.08, abr. 00.00.00)

15961 Last Day of Trading
(30.05.08, abr. 00.00.00)

15962 Force Majeure
(30.05.08, abr. 00.00.00)

15963 Final Cash Settlement Date
(30.05.08, abr. 00.00.00)

15964 Cash Settlement Procedures
(30.05.08, abr. 00.00.00)

15965 Failure to Settle
(30.05.08, abr. 00.00.00)

15996.1 Definitions
(18.06.10, abr. 00.00.00)

15996.2 Expiry Cycle
(18.06.10, 18.01.16, abr. 00.00.00)

15996.3 Trading Unit
(18.06.10, 18.01.16, abr. 00.00.00)

15996.4 Currency
(18.06.10, abr. 00.00.00)

15996.5 Price Quotation
(18.06.10, 18.01.16, abr. 00.00.00)

15996.6 Minimum Price Fluctuation
(18.06.10, 18.01.16, abr. 00.00.00)

15996.7 Maximum Price Variation Thresholds
(18.06.10, 06.04.18, abr. 00.00.00)

15996.8 Position Limits
(18.06.10, 18.01.16, abr. 00.00.00)

15996.9 Position Reporting Threshold
(18.06.10, 18.01.16, abr. 00.00.00)

15996.10 Last Day of Trading
(18.06.10, 18.01.16, abr. 00.00.00)

15997.1 Settlement
(18.06.10, abr. 00.00.00)

15997.2 Final Settlement Day
(18.06.10, abr. 00.00.00)

15997.3 Final Settlement Price
(18.06.10, abr. 00.00.00)

15997.4 Failure of Settlement
(18.06.10, abr. 00.00.00)

15997.5 Force Majeure
(18.06.10, abr. 00.00.00)

DAILY SETTLEMENT PRICE PROCEDURES FOR FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

1. RULE

Article 6390 of the Rules of Bourse de Montréal Inc. (the Bourse) stipulates that:

“The daily settlement price or the closing quotation are determined according to the procedures established by the Bourse for each derivative instrument.”

2. SUMMARY

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS DAILY SETTLEMENT PRICES

- These markets use the average price during the last minutes of trading, 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.
- The prices at which block trades, Exchange for Physical (EFP) or Exchange for Risk (EFR) transactions are arranged shall not be used to establish the open, high, low or daily settlement price.

3. OBJECTIVES

The objectives of establishing daily settlement prices are to:

- 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 ;
- Ensure that the Canadian Derivatives Clearing Corporation (CDCC) and all market participants are informed of the settlement prices.

4. DESCRIPTION

4.1 THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS (BAX)

The daily settlement price procedure for the Three-Month Canadian Bankers’ Acceptance Futures contract (BAX) is executed by a fully automated pricing algorithm which utilizes the parameters described in sections 4.1.1, 4.1.2 and 4.1.3 to ensure accuracy in the process.

<u>DEFINITIONS:</u>

“Regular orders”: Orders routed by approved participants to the Montréal Exchange trading system.

“Implied orders”: Orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the electronic trading system.

“Minimum Threshold”: The applicable threshold for BAX will be:

- 150 contracts for the first four quarterly contract months (“whites”);
- 100 contracts for quarterly contract months 5 to 8 (“reds”); and
- 50 contracts for quarterly contract months 9 to 12 (“greens”).

4.1.1 IDENTIFICATION OF THE FRONT QUARTERLY CONTRACT MONTH

The automated daily settlement pricing algorithm identifies the front quarterly contract month from the first two quarterly contract months. 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 market supervisors based on available market information.

4.1.2 ALGORITHM UTILIZED FOR THE DETERMINATION OF THE DAILY SETTLEMENT PRICE OF THE FRONT QUARTERLY CONTRACT MONTH

Once the front quarterly contract month has been identified, the automated daily settlement price algorithm will determine the settlement price of the front quarterly contract month according to the following priorities: first, it will use the weighted average price of cumulated trades that meet the Minimum Threshold, during the last three minute prior to 3:00pm, or prior to 1:00pm on early closing days, on that contract month; if no such average price is available, it will then use the weighted average price of cumulated trades for a total equal to the Minimum Threshold on that contract month for a period not exceeding the last 30 minutes prior to 3:00pm, or prior to 1:00pm on early closing days. Trades resulting from both regular and implied orders will be used in the process. If no such average price is yet available, then the least variation between the bid or offer price that is not as a result of implied orders and the previous day settlement price will be used.

The settlement price must be within the bid/offer price of the individual contract provided that the bid or offer meets the Minimum Threshold of volumes required.

All volumes and orders on a spread will be weighted at 50% relative to the orders and volumes on individual contracts, whereas a butterfly spread will be weighted at 25% relative to the orders and volumes on individual contracts.

4.1.3 PROCEDURE FOR THE DETERMINATION OF THE DAILY SETTLEMENT PRICE OF THE REMAINING BAX CONTRACT MONTHS

Upon completion of the aforementioned steps, the automated daily pricing algorithm will then establish the settlement prices for all other BAX contract months sequentially. The daily settlement prices of all other BAX contract months will be based first on the last three minute outright market (resulting from regular and implied orders) prior to 3:00pm, or prior to 1:00pm on early closing days, and strategy combination traded weighted average or, if no weighted average price can be determined in this manner, the least variation between the bid or offer for booked orders.

The settlement price must be within the bid/offer price of the individual contract provided that the bid or offer meets the Minimum Threshold of volumes required.

All volumes and orders on a spread will be weighted at 50% relative to the orders and volumes on individual contracts, whereas a butterfly spread will be weighted at 25% relative to the orders and volumes on individual contracts.

4.1.4 ANCILLARY PROCEDURE

In the absence of any required items to apply the aforementioned procedure, market supervisors will establish the settlement price based on available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, 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.

4.2 FUTURES CONTRACTS ON S&P/TSX INDICESAND ON THE FTSE EMERGING MARKETS INDEX

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 session for all contract months. In the case of mini futures contracts on S&P/TSX indices, the settlement price shall be the same as the standard futures contracts on S&P/TSX indices when such standard futures contracts exist.

4.2.1 MAIN PROCEDURE

- **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.

- **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.

4.2.2 FIRST ANCILLARY PROCEDURE

When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this section will apply.

- The front month must be settled first (the establishment of the front month is based on the month with the greatest open interest).

- The spread between the two contract months must be settled next by taking into account the last minute average trading price and by examining the trades executed during the previous 10 minutes.

- 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.

4.2.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.2.1 and the ancillary procedure in 4.2.2, 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.

4.2.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.2.1 and the ancillary procedures in 4.2.2 and in 4.2.3, 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 regular trading session 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.

4.3 GOVERNMENT OF CANADA BOND FUTURES CONTRACTS

4.3.1 MAIN PROCEDURE

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 trading prior to 3:00pm, or prior to 1:00pm on early closing days, for all contract months.

- **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. This order must have been posted for 20 seconds or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and its size must be for 10 contracts or more.

- **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.

4.3.2 FIRST ANCILLARY PROCEDURE

When two contract months and the spread are trading (quarterly calendar roll), the following ancillary procedure will apply.

- The front month must be settled first (the establishment of the front month is based on the month with the greatest open interest).
- The spread between the two contract months must be settled next by taking into account the last minute average trading price prior to 3:00pm, or prior to 1:00pm on early closing days, and by examining the trades executed during the previous 10 minutes.
- 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.

4.3.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.3.1 and the ancillary procedure in 4.3.2, 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 business day. The settlement price will be adjusted accordingly to respect that contract's previous settlement price.

4.3.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.3.1 and the ancillary procedures in 4.3.2 and 4.3.3, 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 close to 3:00pm, or close to 1:00pm on early closing days, 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.

4.4 OPTIONS ON THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS

4.4.1 MAIN PROCEDURE

4.4.1.1 Weighted average

The settlement price shall be the weighted average of the prices traded in the closing range (last minute of trading prior to 3:00pm, or prior to 1:00pm on early closing days). If there is, at the close, a higher bid or lower offer than the settlement price so obtained, that bid or offer shall be the settlement price.

4.4.1.2 Last trades

If no trade occurs during the closing range, the market supervisors will consider transactions executed during the last 30 minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days. Also, to be considered, the bids and offers shall be for a minimum of 25 contracts and shall have been posted at least one minute before 3:00pm , or before 1:00pm on early closing days, to be considered.

If no trade occurs in the closing range (or in the last 30 minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days), the settlement price shall be the theoretical price calculated by the Bourse (as described in section 4.4.2). If there is, at the close, a higher bid or lower offer than the settlement price so obtained, that bid or offer shall be the settlement price.

4.4.2 ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.4.1, the following ancillary procedure will apply.

The settlement price shall be determined by inserting the following parameters into a standard option pricing model (Black & Scholes):

Price of the underlying:

- The Bourse will capture the settlement price of the underlying BAX futures contract. This will be the price of the underlying.

Interest rate:

- The interest rate used will be the rate implied by the settlement price of the BAX futures contract nearest to expiration.

Volatility:

- The Bourse will use the implied volatility (per contract month, for puts and calls) obtained from the acting Market Maker. The same volatility will be applied for both calls and puts.

The strike price of the options' series and the time to expiration are the other parameters that will be inserted into the model.

In determining the closing price, the Bourse shall take into account the information provided by the posted strategy, for example; if the SEP 9200 straddle is 98 bid, the total of the closing prices of these two series should not be inferior to 98.

4.5 30-DAY OVERNIGHT REPO RATE FUTURES CONTRACTS (ONX)

4.5.1 MAIN PROCEDURE

The settlement price shall be the weighted average of all trades during the closing range. The closing range is defined as the last three minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, for all contract months.

4.5.1.1 Weighted average of closing range trades

The weighted average will be derived from trades that occurred in the outright months during the closing range. The total volume traded in each outright month must be for 25 or more contracts.

4.5.1.2 Booked orders

If there is an unfilled order with a higher bid price or lower offer price in a month, this bid or offer will override the settlement price obtained from the weighted average. This order must have been posted for 15 seconds or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and its size must be for a total of 25 or more contracts in each of the months.

4.5.1.3 Remaining balances of booked orders partially executed at the close

In the case of a booked order as stipulated in paragraph 4.5.1.2 above, which would be only partially executed, the trades during the closing period as well as the remaining balance of booked orders will be considered to establish the settlement price.

Example 1: If there is a booked order for 25 ONX contracts at 97.92 and 15 of those contracts are executed, the 10 remaining contracts, if they are still present on the market at the same price, will be considered to establish the required minimum of 25 contracts.

Example 2: If there is a trade of 15 ONX contracts during the closing period at 97.92 and there is a booked order bid for 10 ONX contracts at 97.91 (respecting the required time limit), the bid will be considered in addition to the trades in the closing period to establish a settlement price.

4.5.1.4 Strips and spreads

All trades and unfilled booked orders for strips and spreads related to any expiry months will be ignored.

4.5.2 FIRST ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.5.1, the following ancillary procedure will apply.

4.5.2.1 Weighted average of trades on strategies

The settlement price shall be the weighted average of the trades on the strategies traded during the last five minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, provided the volume for the strategy taken into account was of 25 or more contracts.

4.5.2.2 Booked orders

If there is an unfilled order with a higher bid or lower offer, this bid or offer will override the settlement obtained from the weighted average described in 4.5.2.1. It has to have been posted for three minutes or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and the size must be for 25 or more contracts.

4.5.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.5.1 and the ancillary procedure in 4.5.2, the following ancillary procedure will apply.

4.5.3.1 Differential with the previous contract month's settlement price

The settlement price will be defined by a price that reflects an appropriate differential with the settlement price of the previous contract month always starting with the contract month closest to expiry.

4.5.3.2 Conflicts between spreads

If two spreads are in conflict, the calendar spread closest to expiry will have priority.

4.5.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.5.1 and the ancillary procedures in 4.5.2 and 4.5.3, the following ancillary procedure will apply.

In this situation, market supervisors will establish the settlement price based on the available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, 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.

4.6 OVERNIGHT INDEX SWAP FUTURES CONTRACTS (OIS)

4.6.1 MAIN PROCEDURE

The settlement price shall be the weighted average of all trades during the closing range. The closing range is defined as the last three minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, for all contract months.

4.6.1.1 Weighted average of closing range trades

The weighted average will be derived from trades that occurred in the outright months during the closing range. The total volume traded in each outright month must be for 25 or more contracts.

4.6.1.2 Booked orders

If there is an unfilled order with a higher bid price or lower offer price in a month, this bid or offer will override the settlement price obtained from the weighted average. This order must have been posted for 15 seconds or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and its size must be for a total of 25 or more contracts in each of the months.

4.6.1.3 Remaining balances of booked orders partially executed at the close

In the case of a booked order as stipulated in paragraph 4.8.1.2 above, which would be only partially executed, the trades during the closing period as well as the remaining balance of booked orders will be considered to establish the settlement price.

Example 1: If there is a booked order for 25 OIS contracts at 97.92 and 15 of those contracts are executed, the 10 remaining contracts, if they are still present on the market at the same price, will be considered to establish the required minimum of 25 contracts.

Example 2: If there is a trade of 15 OIS contracts during the closing period at 97.92 and there is a booked order bid for 10 OIS contracts at 97.91 (respecting the required time limit), the bid will be considered in addition to the trades in the closing period to establish a settlement price.

4.6.1.4 Strips and spreads

All trades and unfilled booked orders for strips and spreads related to any expiry months will be ignored.

4.6.2 FIRST ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.8.1, the following ancillary procedure will apply.

4.6.2.1 Weighted average of trades on strategies

The settlement price shall be the weighted average of the trades on the strategies traded during the last five minutes of trading prior to 3:00pm, or prior to 1:00pm on early closing days, provided the volume for the strategy taken into account was of 25 or more contracts.

4.6.2.2 Booked orders

If there is an unfilled order with a higher bid or lower offer, this bid or offer will override the settlement obtained from the weighted average described in 4.8.2.1. It has to have been posted for three minutes or longer prior to 3:00pm, or prior to 1:00pm on early closing days, and the size must be for 25 or more contracts.

4.6.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.8.1 and the ancillary procedure in 4.8.2, the following ancillary procedure will apply.

4.6.3.1 Differential with the previous contract month's settlement price

The settlement price will be defined by a price that reflects an appropriate differential with the settlement price of the previous contract month always starting with the contract month closest to expiry.

4.6.3.2 Conflicts between spreads

If two spreads are in conflict, the calendar spread closest to expiry will have priority.

4.6.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.8.1 and the ancillary procedures in 4.8.2 and 4.8.3, the following ancillary procedure will apply.

In this situation, market supervisors will establish the settlement price based on the available market information. They may also disregard any event (trade, bid or offer) which occurs close to 3:00pm, or close to 1:00pm on early closing days, 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.

4.7 CANADIAN SHARE FUTURES CONTRACTS

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 session for all contract months.

4.7.1 MAIN PROCEDURE

- **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.

- **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.

4.7.2 FIRST ANCILLARY PROCEDURE

When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this section will apply.

- The front month must be settled first (the establishment of the front month is based on the month with the greatest open interest).

- 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.

- 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.

4.7.3 SECOND ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.9.1 and the ancillary procedure in 4.9.2, 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.

4.7.4 THIRD ANCILLARY PROCEDURE

In the absence of the items required to apply the main procedure in 4.9.1 and the ancillary procedures in 4.9.2 and in 4.9.3, 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 regular trading session 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.

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