



CIRCULAR 206-20
December 9, 2020

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTREAL INC. TO INTRODUCE ESG EQUITY INDEX FUTURES

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) and the Special Committee of the Regulatory Division of the Bourse approved amendments to the Rules of the Bourse in order to introduce the S&P/TSX 60 ESG Index Future and the S&P/TSX Composite ESG Index Future.

These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached herewith will become effective on **December 11, 2020**, after market close. Please note that the revised articles will also be available on the Bourse’s website (www.m-x.ca).

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

Alexandre Normandeau
Legal Counsel
Bourse de Montréal Inc.

PART 6 – TRADING RULES

[...]

Article 6.500 Reports of Accumulated Positions

[...]

- (ii) For Futures Contracts and the related Options on Futures Contracts:
 - (1) 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);
 - (2) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);
 - (3) 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);
 - (4) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
 - (5) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
 - (6) 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);
 - (7) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);

- (8) 300 contracts, in the case of One-Month CORRA Futures (COA) and Three-Month CORRA Futures (CRA);
 - (9) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU);
 - (10) 500 contracts, in the case of S&P/MX International Cannabis Index Futures; ~~and~~
 - (11) 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index; and
 - ~~(11)~~(12) 1,000 contracts, in the case of S&P/TSX 60 ESG Index Futures (SEG) and S&P/TSX Composite ESG Index Futures (SCG).
- (iii) The Bourse may, at its discretion, impose the application of any other reporting threshold that is more severe and lower than those provided in the Rules.

PART 12 - PRODUCT SPECIFICATIONS FOR FUTURES

Chapter U — S&P/TSX 60 ESG Index Futures

Article 12.2000 Underlying

The Underlying Interest is the S&P/TSX 60 ESG Index.

Article 12.2001 Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX 60 ESG Index Futures are March, June, September and December.

Article 12.2002 Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/TSX 60 ESG Index Futures.

Article 12.2003 Currency

Trading, clearing and settlement of the S&P/TSX 60 ESG Index Futures are in Canadian dollars.

Article 12.2004 Price Quotation

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX 60 ESG Index Futures are quoted in Index points, expressed to two decimals.

Article 12.2005 Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is as follow:

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.

Article 12.2006 Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breakers).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in the S&P/TSX 60 ESG Index Futures shall resume only after a percentage (as determined by the Bourse from time to time) of the Underlying Interest S&P/TSX 60 ESG Index has reopened.

Article 12.2007 Position Limits

There are no position limits for futures or equivalent contracts on the S&P/TSX 60 ESG Index.

Notwithstanding the above paragraph, the Bourse may, if it sees fit or deems necessary to ensure the integrity and fairness of the market, impose specific position limits to one or more approved participants or their clients.

Article 12.2008 Position Reporting Threshold

The position reporting threshold is set pursuant Article 6.500.

Article 12.2009 Settlement Type

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2011 to Article 12.2013 of the Rules.

Article 12.2010 Last Trading Day

Trading ceases on the business day preceding the final settlement date.

Article 12.2011 Final Settlement Date

The final settlement date shall be the third Friday of the Settlement Month provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

Article 12.2012 Final Settlement Price

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX 60 ESG Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX 60 ESG Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All Open Positions at the close of the last Trading Day will be marked to market using the official opening level of the S&P/TSX 60 ESG Index on final settlement day and terminated by cash settlement.

Article 12.2013 Default

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 Bourse.

Article 12.2014 Trading Hours

Trading hours will be determined and published by the Bourse.

Chapter V — S&P/TSX Composite ESG Index Futures

Article 12.2100 Underlying

The Underlying Interest is the S&P/TSX Composite ESG Index.

Article 12.2101 Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite ESG Index Futures are March, June, September and December.

Article 12.2102 Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$5 multiplied by the value of the S&P/TSX Composite ESG Index Futures.

Article 12.2103 Currency

Trading, clearing and settlement of the S&P/TSX Composite ESG Index Futures are in Canadian dollars.

Article 12.2104 Price Quotation

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite ESG Index Futures are quoted in Index points, expressed to two decimals.

Article 12.2105 Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is as follow:

- (a) For outright positions, 5 Index points.
- (b) For calendar spreads, 1 Index point.

Article 12.2106 Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breakers).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in the S&P/TSX Composite ESG Index Futures shall resume

only after a percentage (as determined by the Bourse from time to time) of the Underlying Interest S&P/TSX Composite ESG Index has reopened.

Article 12.2107 Position Limits

There are no position limits for futures or equivalent contracts on the S&P/TSX Composite ESG Index.

Notwithstanding the above paragraph, the Bourse may, if it sees fit or deems necessary to ensure the integrity and fairness of the market, impose specific position limits to one or more approved participants or their clients.

Article 12.2108 Position Reporting Threshold

The position reporting threshold is set pursuant Article 6.500.

Article 12.2109 Settlement Type

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2011 to Article 12.2013 of the Rules.

Article 12.2110 Last Trading Day

Trading ceases on the business day preceding the final settlement date.

Article 12.2111 Final Settlement Date

The final settlement date shall be the third Friday of the Settlement Month provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

Article 12.2112 Final Settlement Price

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Composite ESG Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Composite ESG Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All Open Positions at the close of the last Trading Day will be marked to market using the official opening level of the S&P/TSX Composite ESG Index on final settlement day and terminated by cash settlement.

Article 12.2113 Default

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 Bourse.

Article 12.2114 Trading Hours

Trading hours will be determined and published by the Bourse.

PART 6 – TRADING RULES

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Article 6.500 Reports of Accumulated Positions

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- (ii) For Futures Contracts and the related Options on Futures Contracts:
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 - (3) 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);
 - (4) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
 - (5) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
 - (6) 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);
 - (7) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);

- (8) 300 contracts, in the case of One-Month CORRA Futures (COA) and Three-Month CORRA Futures (CRA);
 - (9) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU);
 - (10) 500 contracts, in the case of S&P/MX International Cannabis Index Futures;
 - (11) 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index; and
 - (12) 1,000 contracts, in the case of S&P/TSX 60 ESG Index Futures (SEG) and S&P/TSX Composite ESG Index Futures (SCG).
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Article 12.2001 Expiry Cycle

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Article 12.2002 Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/TSX 60 ESG Index Futures.

Article 12.2003 Currency

Trading, clearing and settlement of the S&P/TSX 60 ESG Index Futures are in Canadian dollars.

Article 12.2004 Price Quotation

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX 60 ESG Index Futures are quoted in Index points, expressed to two decimals.

Article 12.2005 Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is as follow:

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.

Article 12.2006 Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breakers).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in the S&P/TSX 60 ESG Index Futures shall resume only after a percentage (as determined by the Bourse from time to time) of the Underlying Interest S&P/TSX 60 ESG Index has reopened.

Article 12.2007 Position Limits

There are no position limits for futures or equivalent contracts on the S&P/TSX 60 ESG Index.

Notwithstanding the above paragraph, the Bourse may, if it sees fit or deems necessary to ensure the integrity and fairness of the market, impose specific position limits to one or more approved participants or their clients.

Article 12.2008 Position Reporting Threshold

The position reporting threshold is set pursuant Article 6.500.

Article 12.2009 Settlement Type

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2011 to Article 12.2013 of the Rules.

Article 12.2010 Last Trading Day

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Article 12.2011 Final Settlement Date

The final settlement date shall be the third Friday of the Settlement Month provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

Article 12.2012 Final Settlement Price

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX 60 ESG Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX 60 ESG Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All Open Positions at the close of the last Trading Day will be marked to market using the official opening level of the S&P/TSX 60 ESG Index on final settlement day and terminated by cash settlement.

Article 12.2013 Default

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 Bourse.

Article 12.2014 Trading Hours

Trading hours will be determined and published by the Bourse.

Chapter V — S&P/TSX Composite ESG Index Futures

Article 12.2100 Underlying

The Underlying Interest is the S&P/TSX Composite ESG Index.

Article 12.2101 Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite ESG Index Futures are March, June, September and December.

Article 12.2102 Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$5 multiplied by the value of the S&P/TSX Composite ESG Index Futures.

Article 12.2103 Currency

Trading, clearing and settlement of the S&P/TSX Composite ESG Index Futures are in Canadian dollars.

Article 12.2104 Price Quotation

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite ESG Index Futures are quoted in Index points, expressed to two decimals.

Article 12.2105 Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is as follow:

- (a) For outright positions, 5 Index points.
- (b) For calendar spreads, 1 Index point.

Article 12.2106 Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breakers).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in the S&P/TSX Composite ESG Index Futures shall resume

only after a percentage (as determined by the Bourse from time to time) of the Underlying Interest S&P/TSX Composite ESG Index has reopened.

Article 12.2107 Position Limits

There are no position limits for futures or equivalent contracts on the S&P/TSX Composite ESG Index.

Notwithstanding the above paragraph, the Bourse may, if it sees fit or deems necessary to ensure the integrity and fairness of the market, impose specific position limits to one or more approved participants or their clients.

Article 12.2108 Position Reporting Threshold

The position reporting threshold is set pursuant Article 6.500.

Article 12.2109 Settlement Type

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2011 to Article 12.2013 of the Rules.

Article 12.2110 Last Trading Day

Trading ceases on the business day preceding the final settlement date.

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Article 12.2112 Final Settlement Price

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Composite ESG Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Composite ESG Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All Open Positions at the close of the last Trading Day will be marked to market using the official opening level of the S&P/TSX Composite ESG Index on final settlement day and terminated by cash settlement.

Article 12.2113 Default

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