

MONTRÉAL EXCHANGE

Special Terms Transaction Reporting Form

User Guide



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1. Purpose of the Special Terms Transaction Reporting Form

The Special Terms Transaction Reporting Form, which includes the Block Trade Reporting Form, is to be used by approved participants of the Bourse to report Exchange for Physical (EFP), Exchange for Risk (EFR), Riskless Basis Cross (RBC), Block Trade (BT), and Block Trade Priced at a Basis to Index Close (BIC) transactions to the Market Operations Department (MOD) of the Bourse. The forms, which are accessible at <https://sttrf-frots.m-x.ca/>, must include the use of login credentials, drop down menus, reference numbers, and mandatory/conditional fields. The “smart forms” are interactive and self-explanatory and serve to minimize the number of potential erroneous or rejected submissions. This document is to be used as a guide for users of the “smart form.”

2. Special Terms Transaction, Block Trade and BIC Reporting Form Submission Process

The submission process involves an initiating party entering transaction details on the portal. The form will automatically identify the transaction as a “Cross Transaction” if the “Initiator firm” and the “Counterparty firm” are the same, or as a “Trade against another firm” if the “Initiator firm” and the “Counterparty firm” are different. If the submission is indicated as being a cross transaction, its details will be sent to the Market Operations Department (MOD) of the Bourse for approval. Conversely, if the submission is marked as a “Trade against another firm,” the details of the submission will be transmitted to the designated counterparty firm and approved person for review and approval. If the details of the transaction are approved by the said counterparty, they will subsequently be transmitted to the MOD for final approval. However, if they are rejected by the counterparty, the submission will be returned to the initiator along with the counterparty’s comments. The initiator of the submission will then be required to either amend or cancel the submission. Please see Annex A for a detailed flowchart of the submission process.

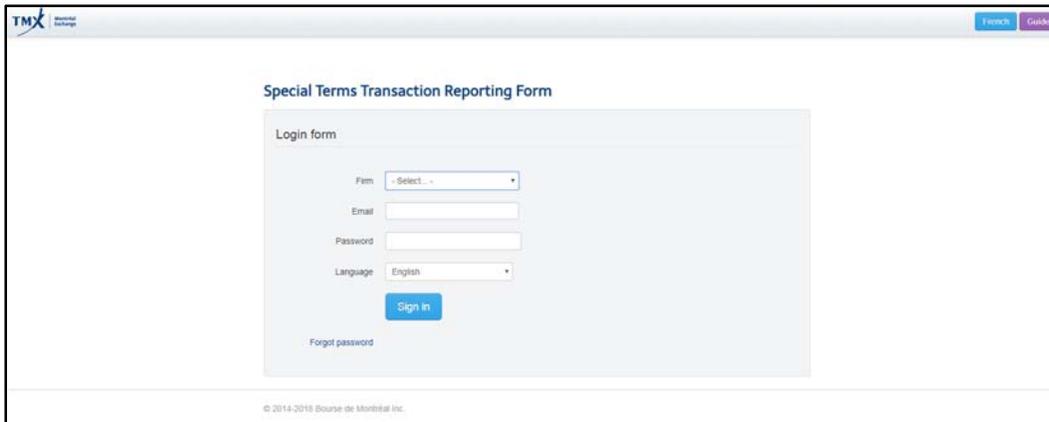
3. Getting Started

In order to gain entry to the Special Terms Transaction Reporting Form portal, Administrator login credentials must be obtained from the Regulatory Division of the Bourse. The Bourse will transmit Administrator login credentials to the Chief Compliance Officer (CCO) of each approved participant. The CCO may delegate his/her Administrator privileges to whomever he/she deems appropriate. Users with Administrator privileges will be able to create credentials for members of their firm. The Special Terms Transaction Reporting Form may be completed and submitted by delegates, however, all transactions reported must be associated with an approved person of the Canadian or foreign approved participant of the Bourse. Approved persons are accountable for the information contained in any reporting form submitted by one of their delegates. Any questions pertaining to the functioning of the Special Terms Transaction Reporting Form or the Block Trade Reporting Form and submissions of Special Terms Transactions or Block Trades should be directed to the Market Operations Department of the Bourse (1-888-693-6366 or 514-871-7871).

4. Special Terms Transaction Reporting Form, Block Trade Reporting Form and BIC Reporting Form Functionality

4.1. Login Screen

Designated users may obtain access to the Special Terms Transaction Reporting Form (STTRF) and, as per the above, to the Block Trade Reporting Form using their unique credentials at the following URL: <https://sttrf-frots.m-x.ca/>



The screenshot shows a web browser window with the title "Special Terms Transaction Reporting Form". The page contains a "Login form" with the following fields: "Firm" (a dropdown menu with "- Select -"), "Email" (a text input field), "Password" (a text input field), and "Language" (a dropdown menu with "English"). Below the fields is a blue "Sign in" button and a link for "Forgot password". The TMX logo is in the top left corner, and "French" and "Guide" buttons are in the top right corner. The footer contains the copyright notice "© 2014-2018 Bourse de Montréal Inc."

4.2. Create a New User

The Administrator of the approved participant possesses sole access to the functionality for creating a new user. The login ID must be the user's e-mail address and the password will be that chosen by the Administrator when the new user was created.

If desired, the new user can subsequently reset his/her password, once logged into the portal, by selecting "Password" on the right-hand side of the screen.



4.3. Edit or Deactivate Users

The Administrator may edit a user's registration information as desired. Also note that an Administrator can deactivate a login ID (a login ID must be deactivated by the Administrator if its user ceases to be employed by the participant).

Users will be allowed three successive login attempts. After three failed attempts at logging in, the user's login ID will be locked and then may only be unlocked by the Administrator.

4.4. Making a New Submission

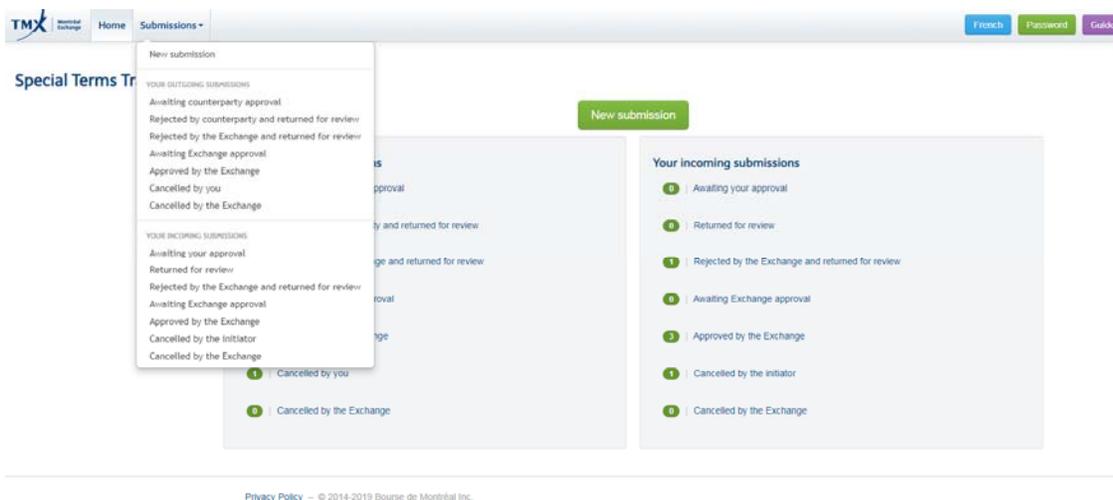
Once inside the Special Terms Transaction Reporting Form, users will be able to submit a new special terms transaction or access the Block Trade Reporting Form by:

- Clicking on the "New submission" button



Or

- Selecting the “Submissions” tab in the top left-hand corner of the screen, which will cause a drop-down menu to appear, and subsequently selecting “New Submission.”



4.5. New Submission Process

Each new submission must be initiated by a single party. In cases where the transaction is not a cross, the parties must choose an initiator (the party that will submit the transaction details). The initiator of the transaction must provide the detailed information required in the form. Once the form has been submitted, the system will automatically prompt the counterparty to validate the information submitted by the initiator.

The initiator must take the following steps:

Step 1

Select the Block Trade Reporting Form or the type of special terms transaction from the drop-down menu and select the Trade Date and Trade Time “Eastern Time.” The drop-down menu provides the following choices:

- Exchange for Physical (EFP)
- Exchange for Risk (EFR)
- Riskless Basis Cross (RBC)
- Block Trade Reporting Form (BT)
- Block Trade priced at a Basis to Index Close (BIC)

Add a new submission

For assistance, contact the Market Operations Department at 514-671-7671 or 1-888-693-6366.

If completing an Exchange for Physical (EFP), Exchange for Risk (EFR) or Riskless Basis Cross (RBC) transaction, continue with Step 2.a. If completing a Block Trade Reporting Form, proceed to Step 2.b below. For a Block Trade at a Basis to Index Close (BIC)* transaction, proceed to Step 2.c.

*In this document and the STTRF portal, a BIC may also be referred to as a Basis on Index Close or a Block Trade at Index Close.

Step 2

Step 2.a

If you have selected EFP, EFR, or RBC, complete the “Initiator Information” and “Counterparty Information” sections with information pertaining to the special terms transaction by selecting an option from the respective drop-down menu. Note that the “Transaction type” box will automatically be populated by the system once you have selected the “Counterparty firm.”

Step 2.a.1

Provide detailed information in the “Futures contract component” window by selecting an option from the respective drop-down menu and entering the appropriate details. Note that additional details will be requested once you have made a selection from the “Symbol” drop-down menu

Step 2.a.2

Provide detailed information in the “Cash Component or OTC Derivative Instrument” window by selecting an option from the respective drop-down menu and entering the appropriate details. Note that the portal will request specific information pertaining to the cash component or OTC derivative instrument (depending on which one you have selected). Users are expected to provide as much detailed information as possible on the cash component or OTC derivative instrument (examples: for an EFP where the cash component is a bond, the user is expected to provide the issuer, the coupon as well as the maturity date of the bond or, in the case of an EFR where the OTC derivative instrument is an interest rate swap (IRS), the user is expected to provide the swap’s term, quantity and rate).

Cash Component or OTC Derivative Instrument

Buyer / Seller
Select...

The cash component or OTC derivative instrument was executed by
Select...

Description of cash component or OTC derivative instrument

If users wish to provide additional details on a special terms transaction, they can use the “Additional details” box provided below the “Cash Component or OTC Derivative Instrument” section. Note that users are encouraged to provide as much information as possible, as submissions lacking information may be scrutinized for auditing purposes.

Additional details

Step 2.b

If the Block Trade Reporting Form has been selected, provide the submission date and the relevant execution "Eastern time" of the trade:

TMX Montreal Exchange Home Submissions

Add a new submission

For assistance, contact the Market Operations Department at 514-871-7871 or 1-888-693-6366.

Special Term Transaction type
Block Trade Reporting Form (BT)

Transaction date and "Eastern time"
2019-09-12 at -- : 00

Transaction type

Step 2.b.1

Provide the appropriate Initiator Information and Counterparty Information.

Initiator Information		Counterparty Information
Initiator firm <input type="text"/>	Account type Select...	Counterparty firm Select...
Submitted on behalf of <input type="text"/>		

Note: For cross transactions, please choose your own firm as the counterparty.

Step 2.b.2

Identify whether the block trade will be submitted for an options contract or a futures contract.

Block Trade Details

This form must be submitted to the Exchange before contacting the Market Operations Department at 514-871-7871 or 1-888-693-6366.

Symbol	Series	Type	Expiry date	Quantity	Price	Strategy	Buyer

Additional details

Step 2.b.3

Provide detailed information on the block trade for an options contract or a futures contract.

Block Trade Details

This form must be submitted to the Exchange before contacting the Market Operations Department at 514-871-7871 or 1-888-693-6366.

Symbol	Series	Type	Expiry date	Quantity	Price	Strategy	Buyer
<input type="text"/>	<input type="text"/>			<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Additional details

Step 2.b.4

In the event that a second leg must be added, select “Add Options” or “Add Futures” and enter the relevant information.

Block Trade Details

This form must be submitted to the Exchange before contacting the Market Operations Department at 514-871-7871 or 1-888-693-6366.

Symbol	Series	Type	Expiry date	Quantity	Price	Strategy	Buyer
<input type="text"/>	<input type="text"/>			<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>			<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Additional details

Step 2.c

If you have selected the Basis On Index Close (BIC) Form, provide the "date & Eastern time" of the trade. Please note that the BIC execution process actually entails two submissions: one form detailing the trade with the established basis and a second form concluding and confirming the closing level, which would ordinarily be disseminated at the end of the trading session.

Add a new submission

For assistance, contact the Market Operations Department at 514-871-7871 or 1-888-693-6366.

Special Term Transaction type
Block Trade at Index Close (BIC)

Transaction date and *Eastern time*
2019-08-22 at :00

Transaction type

Step 2.c.1

Provide the appropriate initiator information and counterparty information (the initiator is the firm completing the form).

Initiator Information

Initiator firm
Buyer account type
Submitted on behalf of

Counterparty Information

Counterparty firm
Seller account type

Note: For cross transactions, select your firm as the counterparty.

Step 2.c.2

Identify and supply detailed information on the BIC trade and enter any comments, if applicable. Ensure that you have agreed to the terms and conditions.

Block Trade at Index Close

This form must be submitted to the Exchange before contacting the Market Operations Department at 514-871-7871 or 1-888-693-6366.

Transaction Symbol Future Contract Quantity Basis Buyer
Initial (New) 0 +/0 00

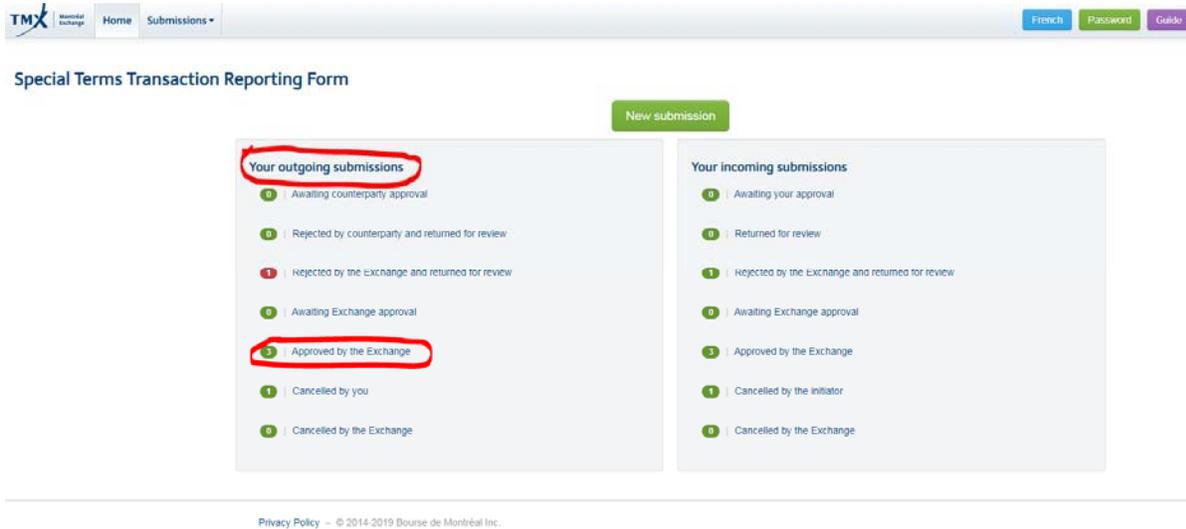
Additional details

I have read, understand, and agree to the terms of the Personal information collection policy of Bourse de Montréal inc. and consent to the collection, use and disclosure of my personal information as set out in such policy.

Your initial submission is now complete.

Step 2.c.3

To submit the second form, you should retrieve the initial BIC form, which can be found in the outgoing submissions section.



Step 2.c.4

Select the outgoing submission approved by the Exchange and then select “Copy,” next to the appropriate BIC.

Reference Number	Recipient	Transaction Type	Symbol	Buyer / Seller	Actions
20190822-BIC-3	xxx.xxx@test.com	Block Trade at Index Close (BIC)	SXF (September 2019)	Buyer & Seller	View Copy

Step 2.c.5

As discussed above, the second submission must provide information on the closing index value along with the corresponding futures price to the nearest 0.01 index point increment, and must be reported no sooner than 4:00 pm.

Block Trade at Index Close

This form must be submitted to the Exchange before contacting the Market Operations Department at 514-871-7871 or 1-888-693-6366.

Transaction	Symbol	Future Contract	Quantity	Basis	Index Value	Price	Buyer
SXF (Sept 2019) @ -1.21	SXF	September 2019 (SXFU1)	100	-1.200	971.29	970.09	Initiator

Additional details

I have read, understand, and agree to the terms of the Personal information collection policy of Bourse de Montréal Inc. and consent to the collection, use and disclosure of my personal information as set out in such policy.

Step 3

Select one of the following two options to confirm or cancel:

- Save and send

Or

- Cancel

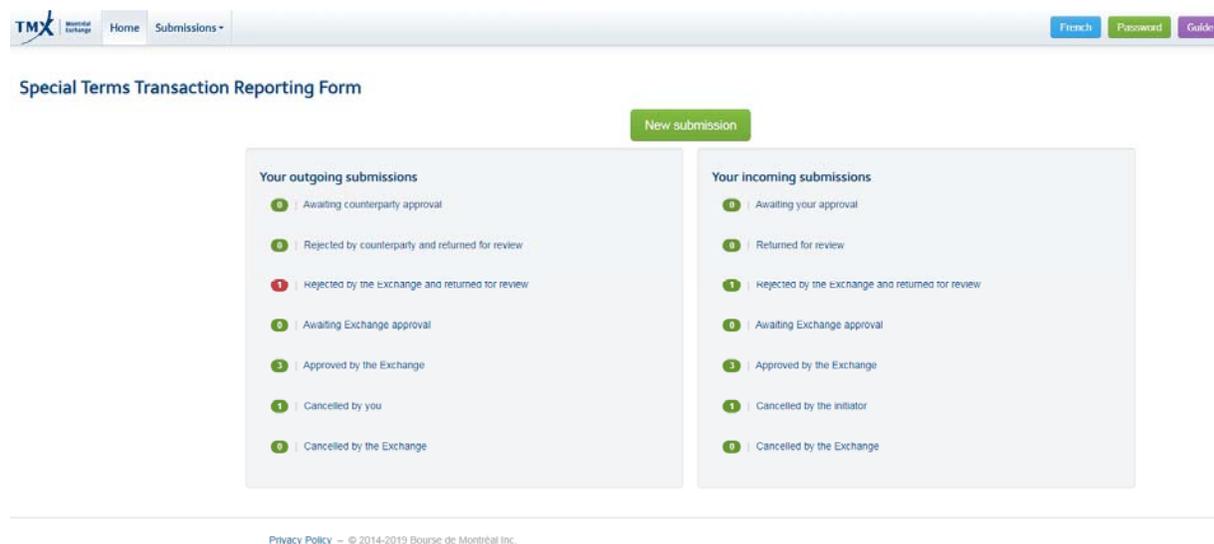


4.5.1 Approval is required from the counterparty (when the transaction is not a cross)

If the transaction type is “Trade against another firm,” the counterparty will automatically be alerted by e-mail and will be prompted to access the Special Terms Transaction portal to review the details of the transaction and approve it. If the counterparty approves the “Special Terms Transaction,” “Block Trade” or “BIC,” it will automatically be sent to the MOD for approval (or rejection). If the counterparty rejects the “Special Terms Transaction,” “Block Trade” or “BIC,” it will have to provide comments justifying the rejection. The rejected submission will then be sent back to the initiating party, who will have to address the issues raised by the counterparty. At that point, the initiator will have to decide whether to cancel the submission or amend it. If the initiator chooses to amend the submission, the approval process begins again. This process is repeated until both parties are in agreement and the submission is transmitted to the MOD for approval. If the MOD rejects the submission, the initiator will have to re-enter the transaction, addressing the issues raised. Then the approval process will begin again. Please note that the “smart form” has been designed to enhance the efficiency of the approval process by minimizing the chances of any errors being made while entering details.

4.5.2 Submission Summary Table

The “Submission Summary Table,” which may be viewed upon entering the Special Terms Transaction Reporting Form, summarizes the status of submissions. The fields under the heading “Your outgoing submissions” summarize submissions entered by the user, and the fields under the heading “Incoming submissions” summarize submissions for which the user was a recipient of (or counterparty to) a special terms transaction.



Field descriptions for “Your outgoing submissions”:

- Awaiting counterparty approval: Submissions with a “Transaction type” = “Trade against another firm” that were entered by the user and sent to the counterparty for approval;
- Rejected by counterparty and returned for review: Submissions with a “Transaction type” = “Trade against another firm” that were entered by the user and sent to the counterparty for approval, but rejected by the counterparty;
- Rejected by the Exchange and returned for review: Submissions that were rejected by the Bourse and returned for review;
- Awaiting Bourse approval: Submissions that are awaiting the Bourse’s approval;
- Approved by the Exchange: Submissions that were approved by the Bourse
- Cancelled by you: Submissions that were rejected by the user;
- Cancelled by the Exchange: Submissions that were nullified by the Exchange.

Special Terms Transaction Reporting Form

New submission

Your outgoing submissions

- 6 | Awaiting counterparty approval
- 3 | Rejected by counterparty and returned for review
- 1 | Rejected by the Exchange and returned for review
- 6 | Awaiting Exchange approval
- 3 | Approved by the Exchange
- 1 | Cancelled by you
- 6 | Cancelled by the Exchange

Your incoming submissions

- 6 | Awaiting your approval
- 1 | Returned for review
- 1 | Rejected by the Exchange and returned for review
- 6 | Awaiting Exchange approval
- 3 | Approved by the Exchange
- 1 | Cancelled by the initiator
- 6 | Cancelled by the Exchange

Field descriptions for “Incoming submissions”:

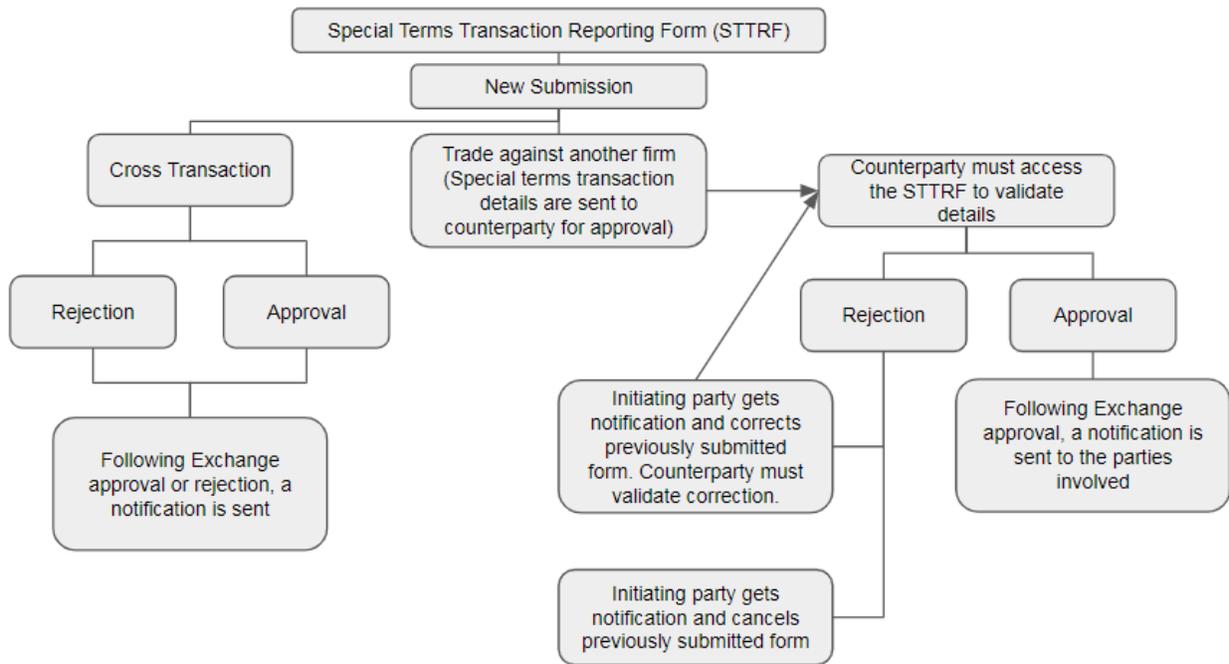
- Awaiting your approval: Submissions with a “Transaction type” = “Trade against another firm” that were sent to the user for approval (note that the recipient will not be able to amend the submission details, but will be able to select the account type).
- Returned for review: Submissions with a “Transaction type” = “Trade against another firm” that were rejected by the user and sent back to the initiator so that the issues can be addressed;
- Rejected by the Exchange and returned for review: Submissions that were rejected by the Bourse and returned for review;
- Awaiting Exchange approval: Submissions that are awaiting the Bourse’s approval;
- Approved by the Exchange: Submissions that were approved by the Bourse;
- Cancelled by the initiator: Submissions with a “Transaction type” = “Trade against another firm” that were rejected by the initiator;
- Cancelled by the Exchange: Submissions that were nullified by the Exchange.

Once users have selected any of the items in the “Your outgoing submissions” section or the “Incoming submissions” section, they will be able to view the details of the submission by selecting “View details.” In cases where they were the initiator of the special terms transaction and the transaction was rejected by either the counterparty or the MOD, they will then be able to either amend the submission or cancel it. Note that users will be able to view comments from the MOD as well as from the counterparty by selecting “View details” or “Edit.” Furthermore, users will also be able to see a history of the submission on the “Comments” screen.

Outgoing, Returned by the Exchange for Review					
Reference Number	Recipient	Transaction Type	Symbol	Buyer / Seller	Actions
20190912-EFP-2	xxx.xxx@test.com	Exchange for Physical (EFP)	CGF (December 2019)	Buyer & Seller	View Edit Cancel

Any questions on how to use the Special Terms Transaction Reporting Form or how to submit special terms transactions should be directed to the Market Operations Department of the Bourse (1-888-693-6366 or 514-871-7871).

ANNEX A



MONTRÉAL EXCHANGE

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Regulatory Division

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