

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), and Block Trade (BT) transactions to the Market Operations Department (MOD) of the Bourse. The forms, which are accessible via <https://sttrf-frots.m-x.ca/> and https://m-x.ca/rob_formulaire_en.php, 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 amount of potential erroneous or rejected submissions. This document is to be used as a guide for users of the “smart form”.

2. Special Term Transaction and Block Trade Reporting Form Submission Process

The submission process will involve the entering of transaction details by an initiating party. The form will automatically identify the transaction as a “Cross Transaction” if the “Initiator firm” and the “Counterparty firm” are the same or 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, the details will subsequently be transmitted to the MOD for final approval. However, if rejected by the counterparty the submission will be returned to the initiator with comments from the former. The initiator of the submission will then be required to either amend or cancel the submission. Please refer to Annex A for a detailed flowchart of the submission process.

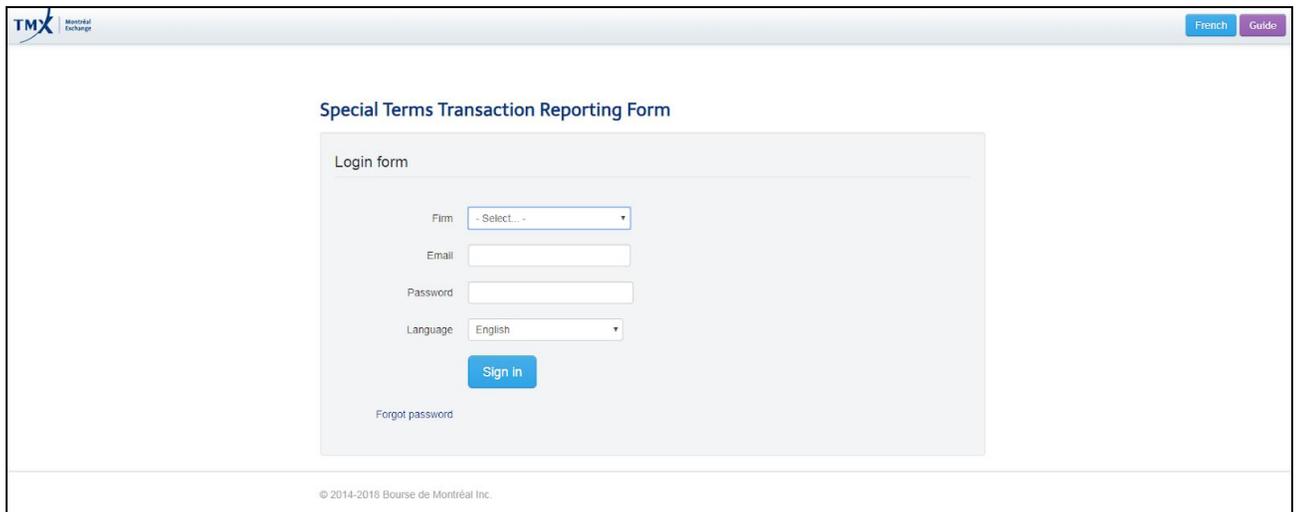
3. Getting Started

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 latter will transmit Administrator login credentials to the Chief Compliance Officers (CCO) of approved participants. The CCO may delegate his/her Administrator privileges to whom he/she deems appropriate. Users possessing Administrator privileges will be able to create credentials for members of their firm. Special Terms Transaction Reporting Form can 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 the reporting form submitted by one of their delegates. Any questions pertaining to the functioning of the Special Term Transaction Reporting Form or the Block trade reporting form and the submission of Special Term 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 and Block Trade Reporting Form Functionality

4.1 Login Screen

Designated users may obtain access to the Special Term Transaction Reporting Form (STTRF) and, by way of the preceding, to the Block Trade Reporting Form, using their unique credentials, via the following URLs <https://sttrf-frots.m-x.ca/> and https://m-x.ca/rob_formulaire_en.php.

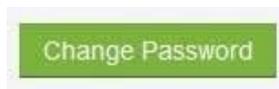


The screenshot shows the login interface for the Special Terms Transaction Reporting Form. At the top left is the TMX Montreal Exchange logo. At the top right are buttons for 'French' and 'Guide'. The main heading is 'Special Terms Transaction Reporting Form'. Below this is a 'Login form' box containing the following fields: 'Firm' (a dropdown menu with '- Select...' selected), 'Email' (a text input field), 'Password' (a text input field), and 'Language' (a dropdown menu with 'English' selected). A blue 'Sign in' button is positioned below the password field. A link for 'Forgot password' is located at the bottom left of the login form. At the bottom of the page, there is a copyright notice: '© 2014-2018 Bourse de Montréal Inc.'

4.2 Create a New User

The functionality to create a new user is restricted to the Administrator of the approved participant. The login ID must be the user's e-mail address and their password will be that which was chosen by the Administrator at the time at which the new user was created.

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



4.3 Edit or Deactivate Users

If desired, a user's registration information may be edited by the Administrator. Also note that an Administrator has the ability to deactivate a login ID (a Login ID must be deactivated by the Administrator if a user ceases to be employed by the participant).

Users will have three login attempts. The login ID will be locked after three failed attempts and may only be unlocked by the Administrator.

4.4 Making a New Submission

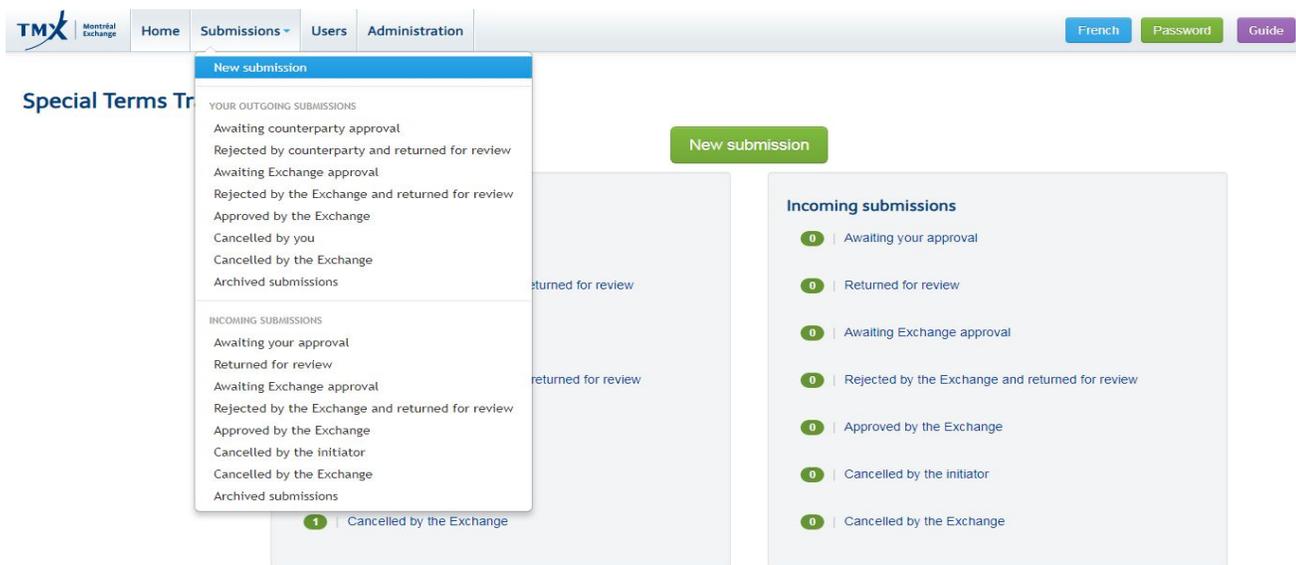
Once inside the Special Terms Transaction Reporting Form users will have access to submitting a new special terms transaction or accessing the block trade reporting form by:

- Selecting the “New Submission” icon



“or”

- Selecting the “Submissions” tab on the left hand of the screen, which will cause a drop down menu to appear, and subsequently selecting the “New Submission” icon that appears.



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4.5 New Submission Process

The New Submission must be initiated by a single party. In cases where the transaction is not a cross, the parties must decide on an initiator (the party that will submit the transaction details). The initiator of the transaction must complete the details found in the form and once submitted the system will automatically prompt the counterparty to validate the information submitted by the initiator.

The following steps are required by the initiator:

Step 1

Selecting Block Trade Reporting Form or the type of special terms transaction from the drop down menu as well as selecting the Trade Date and Trade Time “Montreal Time”. The choices that appear in the drop down menu are:

- Exchange for Physical (EFP)
- Exchange for Risk (EFR)
- Riskless Basis Cross (RBC)
- Block Trade Reporting Form (BT)

If completing an Exchange for Physical (EFP), Exchange for Risk (EFR) or Riskless Basis Cross (RBC) continue with step 2.a, if completing a block trade reporting form proceed to step 2.b further below.

Step 2.a

In the event EFP, EFR, or RBC are selected provide “Initiator Information” & “Counterparty Information” pertaining to the special terms transaction by selecting an option from the respective drop down menus. Note that the “Transaction type” box will be automatically populated by the system once the “Counterparty firm” has been selected.

Step 2.a.1

Provide details pertaining to the “Futures contract component” by selecting an option from the respective drop down menu and entering the appropriate details. Note that additional details will be requested once the “Symbol” is selected.

Step 2.a.2

Providing details pertaining to the “Cash Component or OTC Derivative Instrument” by selecting an option from the respective drop down menus and entering the appropriate details. Note that different details, pertaining to the Cash Component or OTC Derivative Instrument, will be requested depending on the Cash Component or OTC Derivative Instrument that is selected. Users will be expected to provide the maximum amount of details pertaining to Cash Component or OTC Derivative Instrument (Examples: in the instance of an EFP where the cash component is a bond the user would be 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 would be expected to provide the term, quantity and rate of the swap).

The screenshot shows a form titled "Cash Component or OTC Derivative Instrument". It contains several input fields and dropdown menus:

- Buyer / Seller:** A dropdown menu with "Buyer & Seller" selected.
- Trade date and "Montréal time":** A date field set to "2013-06-17" and a time field set to "10 : 27".
- The cash component or OTC derivative instrument was executed by:** A dropdown menu with "Select..." selected.
- Type:** A dropdown menu with "Select..." selected.
- Nominal value (with no thousands separator):** An empty text input field followed by a "CAN \$" label.
- Price of bond (Must be 4 decimals, eg: 123.0123):** An empty text input field followed by a "CAN \$" label.
- Correlation coefficient (From -1 to 1. Two decimals, eg: -0.67):** An empty text input field.
- Correlation matrix attachment (Mandatory for all EFRs):** An empty text input field followed by a "Parcourir..." button.
- Market value:** A text input field containing "0.0000".
- Description of cash component or OTC derivative instrument:** A large empty text area.

If users wish to provide additional details pertaining to the “Special Terms Transaction” they can do so by utilizing the “Additional Details” box that has been provided below the “Cash Component or OTC derivative instrument” section that has been provided. Note that users are encouraged to provide maximum details as submissions lacking information may be selected for auditing purposes.

The screenshot shows a box titled "Additional details" with a large empty text area for input. Below the text area, there is a disclaimer in small text: "The transmission of the above information to the Bourse and the subsequent validation and dissemination of the transaction by the Market Monitoring Department will not preclude the Bourse from initiating any analysis and/or investigation to ensure that the transaction has been made in accordance with the applicable requirements of the Bourse (Rules of the Bourse). If, following such analysis and investigation, it appears that the transaction was not in full compliance with applicable regulatory requirements, the Bourse has the discretion to initiate a disciplinary process."

Step 2.b

In the event Block Trade Reporting Form is selected provide Submission date and "Eastern time" & Transaction date and "Eastern time" of the trade:

The screenshot shows the "Add a new submission" form on the TMX Montreal Exchange website. The form includes:

- Special Term Transaction type:** A dropdown menu with "Block Trade Reporting Form (BT)" selected.
- Transaction type:** An empty text input field.
- Submission date and "Eastern time":** A date field set to "2018-08-24" and a time field set to "14 : 02".
- Transaction date and "Eastern time":** A date field set to "2018-08-24" and a time field set to "-- : 00".

The date and time fields for both submission and transaction are highlighted with a red box.

Step 2.b.1

Provide the appropriate Initiator Information and Counterparty Information.

Initiator Information		Counterparty Information
Initiator firm <input type="text"/>	Account type <input type="text"/>	Counterparty firm <input type="text"/>
Submitted on behalf of <input type="text"/>		Counterparty SAM authorized person <input type="text"/>

Note: For cross transactions please choose your own firm as counterpart

Step 2.b.2

Identify whether a block trade will be submitted for an option or future.

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"/>
Additional details <input type="text"/>				<input type="button" value="Add Options +"/>	<input type="button" value="Add Futures +"/>		

Step 2.b.3

Provide the block trade details for the option or future.

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"/>
Additional details <input type="text"/>				<input type="button" value="Add Options +"/>	<input type="button" value="Add Futures +"/>		

Step 2.b.4

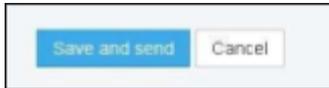
In the event that a second leg must be added such a leg can be added by selecting ``Add Options`` or ``Add Futures`` and the relevant information.

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"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Additional details <input type="text"/>				<input type="button" value="Add Options +"/>	<input type="button" value="Add Futures +"/>		

Step 3

Confirmation or cancellation is achieved by selecting one of the two following options:

- Save and Send
- “Or”
- Cancel
 -

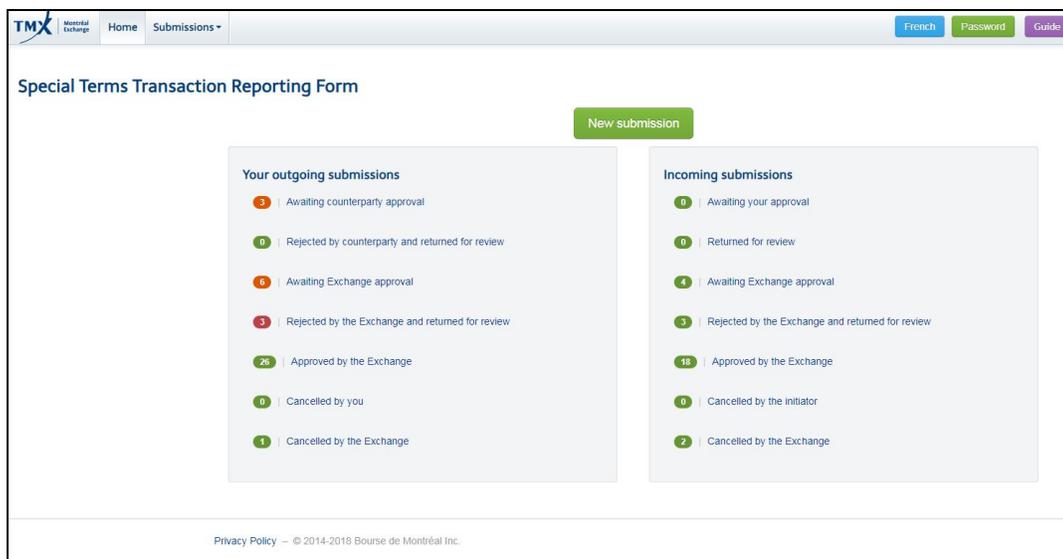


4.5.1 Required approval by the counterparty (when transaction is not a cross)

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 in order to review the details of the transaction and provide approval. If the counterparty approves the “Special Terms Transaction” or “Block Trade” it will automatically be transmitted to the MOD for approval (or rejection). If the counterparty rejects the “Special Term Transaction” or “Block Trade” they will have to provide comments relative to the reasons for the rejection. The rejected submission will then be re-sent to the initiating party in order to address the issues raised by the counterparty, at which point the initiator will have the choice to either cancel the submission or amend it. If the initiator chooses to amend the submission the approval process will recommence and goes on 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 and address the issues raised; after which the approval process will recommence. Please note that the “smart form” has been designed with the objective of increasing the efficiency of the approval process by minimizing the possibilities of erroneous detail entries.

4.5.2 Submission Summary Table

The “Submission Summary Table”, which may be viewed, firsthand upon entry into the Special Terms Transaction Reporting Form, outlines the status of submissions. The fields under the heading “Your outgoing submissions” outline submissions that were entered by the user and the fields under the heading “Incoming submissions” outline submissions where the user was a recipient, (or counterparty), of a special term transaction.

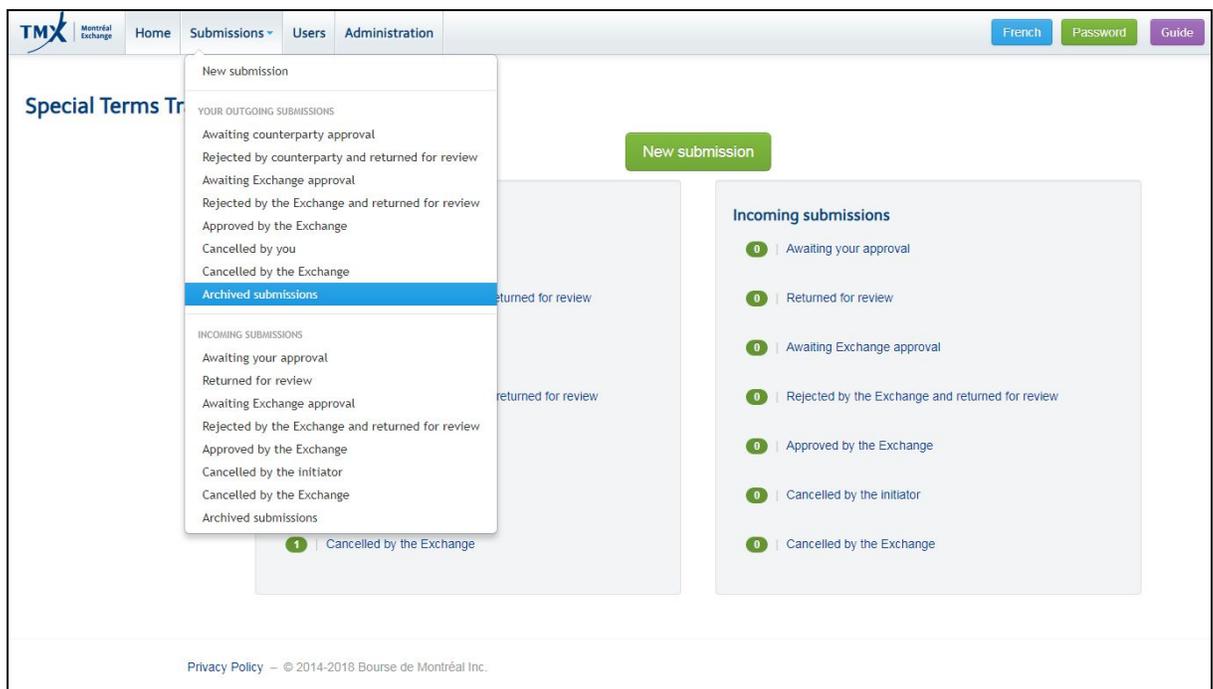
A screenshot of the 'Special Terms Transaction Reporting Form' interface. The page has a header with the TMX logo, 'Home', 'Submissions', and language options 'French', 'Password', and 'Guide'. A green 'New submission' button is at the top. Below are two columns: 'Your outgoing submissions' and 'Incoming submissions'.

Your outgoing submissions	Incoming submissions
3 Awaiting counterparty approval	0 Awaiting your approval
0 Rejected by counterparty and returned for review	0 Returned for review
0 Awaiting Exchange approval	4 Awaiting Exchange approval
3 Rejected by the Exchange and returned for review	3 Rejected by the Exchange and returned for review
26 Approved by the Exchange	18 Approved by the Exchange
0 Cancelled by you	0 Cancelled by the initiator
1 Cancelled by the Exchange	2 Cancelled by the Exchange

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 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 counterparty for approval but rejected by the counterparty;
- Awaiting Bourse Approval: Submissions that are awaiting the Bourse’s approval;
- Rejected by the Bourse and returned for review: Submissions that were rejected by the Bourse and returned for review;
- Approved by the Bourse: Submissions that were approved by the Bourse;
- Cancelled by you: Submissions that were rejected by the user.

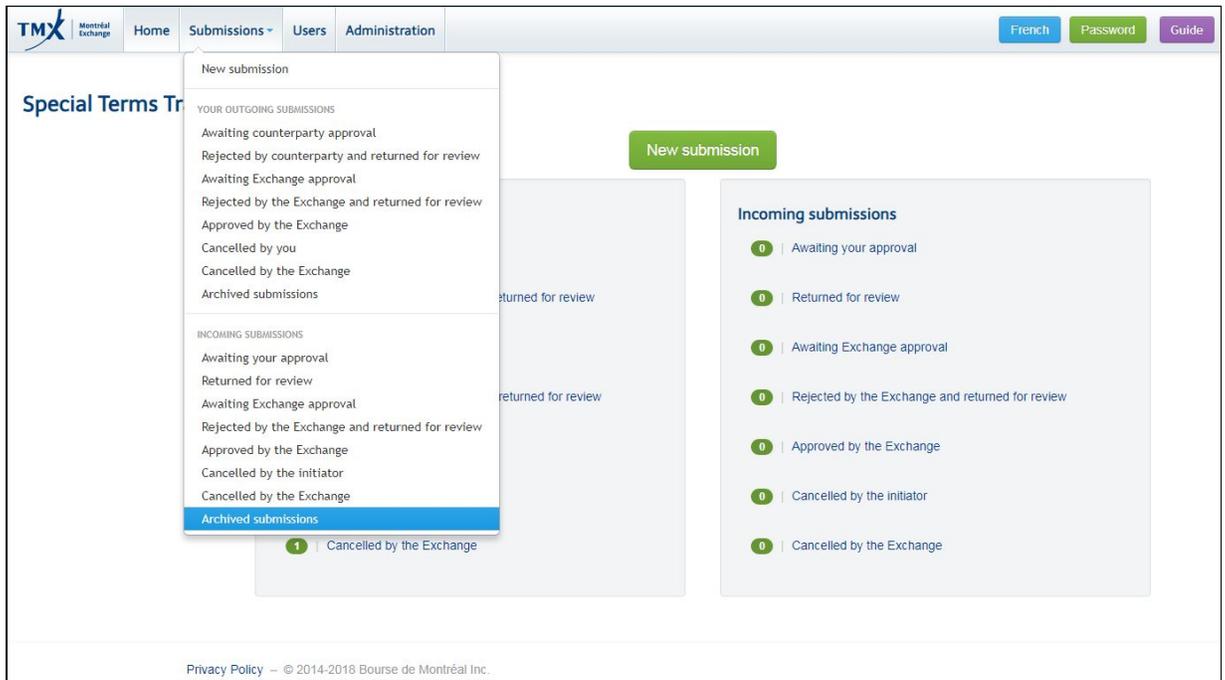
Note that users may view the archived submissions that were approved by the Bourse by selecting the “Submissions” tab on the top left hand of the screen and selecting “Archived submissions” under the heading “Your outgoing submissions”



Field description 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 have the ability 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 to address issues;
- Awaiting Bourse Approval: Submissions that are awaiting the Bourse’s approval;
- Rejected by the Bourse and returned for review: Submissions that were rejected by the Bourse and returned for review;
- Approved by the Bourse: Submissions that were approved by the Bourse;
- Cancelled by initiator: Submissions with a “Transaction type” = “Trade against another firm” that were rejected by the initiator.

*Note that users may view the archived submissions that were approved by the Bourse by selecting the “Submissions” tab on the top left hand of the screen and selecting “Archived submissions” under the heading “Incoming submissions”



Once users have selected any of the items from the “Your outgoing submissions” or the “Incoming submissions” sections, they will subsequently have the ability to view the details of the submission by selecting “view details”. In cases where they were an initiator of the special term transaction and the transaction was rejected by either the counterparty or the MOD, they will have the ability 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, the users will also be able to view an historic progression of the submission via the “comments” screen.

Outgoing, Rejected and Returned for Review						
Reference Number	Recipient	Transaction Type	Symbol	Buyer / Seller	*	Actions
		EFP	OGB	Buyer & Seller	View details	OK Cancel

For any questions pertaining to the functioning of the Special Terms Transaction Reporting Form and the submission of Special Terms Transactions should be directed to the Market Operations Department of the Bourse (1-866-576-8836 or 514-871-7877).

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