

RULES OF THE MONTREAL EXCHANGE

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PART 1 - GENERAL PROVISIONS AND DEFINITIONS

Chapter A—General Rules

Article 1.0 Binding Regulations

The Regulations of the Bourse as defined herein shall be binding on all Approved Participants, partners, shareholders, directors, Officers, employees, registered representatives, Investment representatives and other Approved Persons of Approved Participants. They shall apply without any territorial restrictions whatsoever.

~~Article 1.1~~ **Notice**

Except where special provisions of the Regulations of the Bourse otherwise provide, any notice or communication of any proceeding, decision or Ruling of the Bourse, whether or not such notice or communication is formally required, may be given on the authority of the committee or Person empowered to hold such proceeding or make such decision or Ruling, either in Person or by telephone to the Person affected or a partner, director, Officer or employee of the Approved Participant with whom such affected Person is associated, provided that in all cases such notice is confirmed forthwith in writing and such confirmation mailed or delivered to such affected Person at his last known address. Except where special provisions of the Regulations of the Bourse otherwise provide, only one hour's notice need be given of any proceeding when such notice is formally required or when the attendance of the affected Person at such proceeding is ordered. A decision or Ruling of the Bourse shall take effect according to its terms independent of any notice which may be given or which may be required to be given.

~~Article 1.2~~ **Publication**

Copies of the Regulations of the Bourse shall be made available to all Approved Participants in such form and at such cost as the Board of Directors ~~of the Bourse~~ may approve.

~~Article 1.3~~ **Interpretation**

With respect to the Rules:

- (a) The division of the Rules into separate Parts, Chapters, Articles, paragraphs and clauses, the provision of a table of contents or of an index, the insertion of headings, notes and footnotes are for convenience of reference only and shall not affect the interpretation of the Rules.
- (b) The interpretation of the Rules made by the Board of Directors shall be final and conclusive.

~~Article 1.4~~ **Severability**

The powers and procedures provided for in the Rules are to be construed as severable, and the validity of any provision hereof shall not affect the validity of any other provision of the Rules.

~~Article 1.5~~ **Language**

The Rules are written in French and in English. Each version is equally authoritative. No version shall be considered the translation of the other, and no version shall have precedence over the other.

~~Article 1.6~~ **Montréal Local Time**

The Bourse shall conform to local Montréal time as set by the Coordinated Universal Time (“UTC”), administered and offered by the National Research Council (“NRC”) or by any other recognized contributor to the calculation of the UTC. Approved Participants shall synchronize their time, using UTC as the common reference time. System (computer-based) clocks shall be continually synchronized during trading hours to within 50 milliseconds of UTC. Manual (mechanical) clocks shall be synchronized at least once per day, prior to the opening of trading. Approved Participants that rely on third-party systems shall ensure such systems comply with the requirements of this Article.

~~Article 1.7~~ **Business Day**

Unless indicated otherwise, as to particular days, the term “business day” means any day on which the Bourse is open for business. However, on any business day that settlement may not occur through the Clearing Corporation, settlements ordinarily due on such a day shall be due on the following business day.

~~Article 1.8~~ **Computation of Delay**

In computing any delay fixed by the Rules, the day which marks the start of the delay is not counted, but the terminal day is counted.

~~Article 1.9~~ **Versions of the Rules**

The version of the Rules dated [insert date of adoption] reorganizes and restates the version of the Rules previously in force. A ~~Concordance~~[concordance](#) of the Rules comparing a rule’s location in the reorganized Rules to its predecessor Rules is available on the Bourse’s website. All of the Bourse’s interpretations that apply to the Articles of the prior version of the Rules apply equally to the Articles in the reorganized Rules. The prior history of an Article’s amendment has not been included in the reorganized and restated Rules, but may be relied upon in determining the meaning of an Article as reorganized and restated herein. The date of amendment to any Article made after the date of the adoption of the Rules shall be noted after the text of the amended Article.

Chapter B—Definitions

Article 1.100 Meaning of Definitions

Unless otherwise specifically provided in the Rules or the context otherwise requires, the terms defined in this Chapter, which are capitalized throughout the Rules, have the meanings specified herein for all purposes of the Rules.

~~Article 1.101~~ Definitions:

The meanings of terms, and the corresponding term in French, are as follows:

Advertisement(s) or Advertising (Publicité(s) ou Publicitaire) includes television or radio commercials or commentaries, newspaper and magazine Advertisements or commentaries, and any published material including materials disseminated or made available electronically promoting the business of an Approved Participant or an Approved Person.

Approved Lender (Prêteur Autorisé) means a Chartered Bank or any other lending institution approved as such by the Bourse.

Approved Participant (Participant Agréé) means an approved participant ~~of the Bourse~~, whose name is duly recorded as such on the register referred to in Article 3.1 of the Rules and who has been approved by the Bourse pursuant to its Rules for the purpose of trading Listed Products on the Bourse.

~~Approved Persons (Personnes Approuvées) are related firms and employees of Approved Participants and related firms that have received Bourse Approval, and partners in and shareholders, directors and Officers of Approved Participants and approved related firms who carry on activities related to Securities or Futures Contracts.~~ **Person** (Personne Approuvée) means the employee of an Approved Participant or the employee of an affiliated corporation or subsidiary of an Approved Participant that has been duly approved by the Bourse in accordance with Section 3.400.

Approved Participant Account (Compte de Participant Agréé) means a Firm Account, a Market Maker Account, ~~or a sponsor account.~~

~~**Bankruptcy Act** (Loi sur la faillite) means the *Bankruptcy and Insolvency Act*, R.S. 1985, chapter B-3 as amended from time to time.~~

Board of Directors of the Bourse or Board (Conseil d'Administration de la Bourse ou Conseil d'Administration) means the **Board**board of **Directors**directors of the Bourse as defined in the by-laws of the Bourse and the resolutions of Directors.

Bond (Obligation) means a bond, debenture, note or other instrument of government or corporate indebtedness.

Bourse Approval (Approbation de la Bourse) means any approval given by the Bourse (including any committee or officer of the Bourse so authorized) under any provision of the Regulations of the Bourse.

Bourse Contract (Contrat de Bourse) means a) any contract between ~~approved participants~~Approved Participants for the purchase or sale of any exchange ~~listed product~~Listed Product and b) any contract between ~~approved participants for delivery~~Approved Participants for Delivery or payment of any ~~listed product~~Listed Product (or product which was listed when the contract was made) arising from settlement through the ~~clearing corporation~~Clearing Corporation.

Bourse (Bourse) means Bourse de Montréal Inc.

Call (Option d'~~achat~~Achat) means an Option by the terms of which its holder has the right, in accordance therewith, to:

- (a) in the case of a ~~delivery~~Delivery settlement Option, purchase from the Clearing Corporation the number of units of the Underlying Interest covered by the Option; or
- (b) in the case of a cash settlement Option, require from the Clearing Corporation a cash payment corresponding to the amount by which the Option Contract is In-the-money.

CDCC (CCCPD) means Canadian Derivatives Clearing Corporation, a corporation incorporated under the *Canada Business Corporations Act*, which issues and Guarantees CDCC Option Contracts and Futures Contracts.

Chartered Bank (Banque à Charte) means any bank incorporated under the *Bank Act* (Canada).

Class of Options (Classe d'options) means all Options of the same style, covering the same Underlying Interest which are Guaranteed by the same Clearing Corporation.

Clearing Approved Participant (Participant Agréé Compensateur) means, with respect to each category of listing, any Approved Participant which is a member of the Clearing Corporation.

Clearing Corporation (Corporation de Compensation) means a corporation or other entity which provides Trade reporting, confirmation and settlement services and which is designated as such by the Bourse for each category of listing.

Client Account (Compte Client) means an account for a client of an Approved Participant, for Securities or Futures Contract Transactions but does not include an account in which a member of a self-regulatory organization, or a ~~related firm~~Related Firm, Approved Person or employee of such an Approved Participant, member or ~~related firm~~Related Firm, as the case may be, has a direct or indirect interest, other than an interest in a commission charged.

Closing Trade (Options and Futures Contracts) (Opération de Liquidation- Options et Contrats à Terme) means a Transaction on the market which results in the reduction or elimination of a position in Options or Futures Contract:

- (a) in relation to a Long Position, by taking an offsetting Short Position in an Option or Futures Contract having the same deliverable or cash settled Underlying Interest deliverable and the same expiry; or
- (b) in relation to a Short Position, by taking an offsetting Long Position in an Option or Futures Contract having the same deliverable or cash-settled Underlying Interest and the same expiry.

Code of Civil Procedure (Code de Procédure Civile) means the *Code of Civil Procedure* (chapter C-25.01), as amended from time to time.

Companies' Creditors Arrangement Act (Loi sur les arrangements avec les créanciers des compagnies) means the *Companies' Creditors Arrangement Act* (R.S.C., 1985, c. C-36) ~~36~~, as amended from time to time.

Corporate Approved Participant (Participant Agréé Corporatif) means an Approved Participant approved as such by the Bourse and meeting the requirements set forth under Article 3.2 of the Rules.

Correspondence (Correspondance) means any written or electronic business related communication prepared for delivery to a single current or prospective client, and not for dissemination to multiple clients or to the general public.

Current Index Value (Valeur Courante de l'Indice) means the current level of a particular underlying stock Index established on the basis of the reported prices of the component stocks comprising such Index.

Cycle (Cycle) means a combination of months including the expiration dates (e.g. February/ May/August/November).

~~**Dealer** (Négociant) means a Person or company that Trades in Options, Futures Contracts or Options on Futures Contracts in the capacity of principal or agent.~~

Debt (Dette) is an Investment which provides its holder with a legal right, in specified circumstances, to demand payment of the amount owed; this term is also used to include debtor-creditor relationships whether or not represented by a written instrument or Security.

Defaulter (Défaillant) means ~~a~~ an Approved Participant or an Approved Person declared as a defaulter pursuant to Article 4.406 of the Rules.

Delivery (Livraison) means the voluntary transfer of possession of Securities or the making of appropriate entries in respect of Securities in the records of the Clearing Corporation.

Delivery Month or **Settlement Month** (Mois de Livraison ou Mois de Règlement) means the calendar month in which a Futures Contract may be settled by making or taking Delivery or by making or receiving a cash Settlement of the contract.

Derivatives Act (Loi sur les instruments dérivés) means the *Derivatives Act*, chapter I-14.01, as amended from time to time.

Derivative Instrument (Instrument Dérivé) means a financial instrument, the value of which derives from the value of an Underlying Interest. Without limiting the foregoing, this Underlying Interest may be a commodity or a financial instrument such as a stock, a Bond, a currency, ~~a stock or an Index~~, an economic Index or any other asset.

Designated Representative (Représentant Attitré) means a physical Person appointed to represent an Approved Participant in accordance with Article 3.104 of the Rules.

Director (Administrateur) means a physical Person who is a member of the Board of Directors ~~of Bourse de Montréal Inc.~~

Disciplinary Committee (Comité de Discipline) means the committee constituted by the Bourse in order to hear complaints brought under Part 4 of the Rules ~~of the Bourse.~~

Electronic Trading Rules (Règles sur la Négociation Électronique) means *Regulation 23-103 respecting Electronic Trading and Direct Electronic Access to Marketplaces* (~~CQLR-Chapter-V-1.1~~, r. 7.1) as well as any applicable policy statement or notice.

Electronic Trading System or **Trading System** (Système de Négociation Électronique ou Système de Négociation) means the electronic systems administered by or on behalf of the Bourse for execution of Transactions on the Bourse, including both system defined strategies and User Defined Strategies.

Escrow Receipt (Récépissé d'Entiercement) means:

- (a) ~~in the case of an equity, exchange-traded fund or income trust unit~~, a document issued by a Financial Institution approved by ~~CDC~~the Clearing Corporation certifying that ~~a Security is held and will be delivered upon Exercise~~the Underlying Interest or its direct substitute approved by the Bourse and the Clearing Corporation is held by such Financial Institution ~~in respect of~~to Guarantee a specified Option of a particular client of an Approved Participant; or
- (b) ~~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.~~

Exchange Contract (Contrat de Bourse) means a) any contract between approved participants for the purchase or sale of any exchange listed product and b) any contract between approved participants for delivery or payment of any listed product (or product

which was listed when the contract was made) arising from settlement through the clearing corporation

Exercise (Lever) means:

- (a) in the case of a Call Option settled by the Delivery of the Underlying Interest, to submit an Exercise notice in order to take Delivery of and pay for the Underlying Interest which is the object of the Option or, in the case of a Put Option, to sell and receive payment for the Underlying Interest which is the object of the Option; or
- (b) in the case of a cash settlement Option, to submit an Exercise notice in order to receive the cash value amount by which the Option is In-the-money.

Exercise Price (Prix de Levée) means:

- (a) in the case of a Delivery settlement Option, the specified price per unit at which the Underlying ~~interest~~Interest may be purchased, in the case of a Call, or sold, in the case of a Put, upon Exercise of the Option, plus accrued interest in the case of Options on Debt instruments; or
- (b) in the case of a cash settlement Option, the specified price per unit against which the marking price is compared in the event of an Exercise to determine the amount by which the Option Contract is In-the-money.

Financial Institution (Institution Financière) means any entity engaged in the banking, loan, trust, pension fund, mutual fund or life insurance businesses.

Firm Account (Compte de Firme) means an account established by an Approved Participant which is confined to Securities or Futures Contracts Transactions executed by the Approved Participant and positions carried by the Approved Participant on its own behalf.

Floating Margin Rate (Taux de Marge Flottant) means:

- (a) 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
- (b) where a violation has occurred, the last calculated regulatory Margin interval determined at the date of the violation, effective for a minimum of twenty (20) business days, such rate to be reset at the close of the twentieth (20th) ~~business-day~~Trading Day, to the calculated regulatory Margin interval determined at that date, where a reset results in a lower Margin rate.

(c) For the purposes 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;

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 responsibility and must not be longer than sixty (60) ~~business days~~ Trading Days;

the term “regulatory Margin interval” means the Margin interval calculated by the Bourse in collaboration with CDCC; and

the term “violation” means the circumstance where the maximum one (1) or two (2) day percentage change in the daily closing prices is greater than the Margin rate.

Foreign Approved Participant (Participant Agréé Étranger) means an Approved Participant approved as such by the Bourse, pursuant to Article ~~3.3.3.3~~.

Futures Contract or **Futures** (Contrat à Terme) means the obligation incurred to make or receive Delivery or a cash settlement of the value of an underlying asset during specified months, which obligation may be satisfied by offset, by Delivery or by cash settlement during such months.

Futures Contract on Index (Contrat à Terme sur Indice) means a Futures Contract whose Underlying Interest is an Index.

Guaranteeing (Garantissant) means being liable for, ensuring the Delivery of a Security for or entering into an agreement (contingent or otherwise) having the effect or result of so becoming liable or ensuring the Delivery of a Security for a Person, including any agreement to purchase an Investment, property or services, to supply funds, property or services or to make an Investment for the purpose of directly or indirectly enabling such Person to perform its obligations in respect of such Security or Investment or assuring the investor of such performance.

Hedger (Contrepartiste) means a Person or company who carries on activities in a particular field and, as a necessary part of these activities, becomes exposed from time to time to risk attendant upon fluctuations in the price of goods which are related to such activities and offsets that risk through ~~trading~~ Trading in Options, Futures Contracts or Options on Futures Contracts on these goods or on related goods whether or not any particular Trade is effected for that purpose.

Holding Company (Société de Portefeuille) means, in respect of any corporation, any other corporation which owns more than 50% of each class of Voting Securities and more than 50% of each class of Participating Securities of the first-mentioned corporation or of any other corporation which is a Holding Company of the first-mentioned corporation, but an Industry

Investor shall not be considered to be a Holding Company by reason of the ownership of Securities in its capacity as an Industry Investor.

In-the-money (En Jeu) in respect of an Option means the market price of the Underlying Interest is above, in the case of a Call, or below, in the case of a Put, the Exercise Price of the Option.

Index (Indice) means an equity ~~Index~~index where:

- (a) the basket of equity Securities underlying the Index is comprised of eight or more Securities;
- (b) 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;
- (c) the average market capitalization for each Security position in the basket of equity Securities underlying the Index is at least \$50 million; and
- (d) 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~~general notes and Definitions of the “~~Joint Regulatory Financial Questionnaire and Report~~”form Form 1” of the Investment Industry Regulatory Organization of Canada (IIROC).

Index Option (Option sur Indice) means an Option Contract traded on the Bourse the Underlying Interest of which is an Index. In the case of the Exercise of an Index Option, the seller pays to the buyer via the Clearing Corporation a cash amount equivalent to the amount by which the Exercised Option Contract is In-the-money on the date of Exercise.

Index Participation Unit (IPU) (Unité de Participation Indicielle (UPI)) means a unit of beneficial interest in the assets of a fund established under a trust agreement, the underlying assets of which are Securities underlying an Index.

Industry Investor (Investisseur de l’Industrie) means, in respect of any Approved Participant or Holding Company of an Approved Participant, any of the following Persons who owns a beneficial interest in an Investment in the Approved Participant or its Holding Company:

- (a) the Approved Participant’s full-time Officers and employees;
- (b) spouses of ~~individuals~~Persons referred to in paragraph (a);
- (c) a personal ~~Investment~~investment corporation, if:
 - (i) a majority of each class of the voting shares is held by the Persons referred to in paragraph (a); and

- (ii) all interests in all other equity shares of the personal ~~Investment~~investment corporation are beneficially owned by the Persons referred to in paragraphs (a) or (b) or by investors approved as Industry Investors with respect to the particular Approved Participant or its Holding Company;
- (d) a family trust established and maintained for the benefit of the children of the Persons referred to in paragraph (a) or (b), if:
 - (i) these Persons maintain full direction and control of the family trust, including, without limitation, its ~~Investment~~investment portfolio and the exercise of voting and other rights attaching to instruments and Securities contained in the ~~Investment~~investment portfolio; and
 - (ii) all the beneficiaries of the family trust are children of the Persons referred to in paragraph (a) or (b) or are investors approved as Industry Investors with respect to the particular Approved Participant or its Holding Company;
- (e) a registered retirement savings plan established under the *Income Tax Act* (Canada) (or pursuant to equivalent provisions) by one of the Persons referred to in paragraph (d)(i) if control over the ~~Investment~~investment policy of the registered retirement savings plan is held by that Person and if no other Person has any beneficial interest in the registered retirement savings plan;
- (f) a pension fund established by an Approved Participant for the benefit of its Officers and employees, if the pension fund is organized so that full power over its ~~Investment~~investment portfolio and the exercise of voting and other rights attaching to instruments and Securities contained in the ~~Investment~~investment portfolio is held by Persons referred to in paragraph (a);
- (g) the estate of one of the Persons referred to in paragraph (a) or (b), for a period of one year after the death of such Person or such longer period as may be permitted by the board of directors of the Approved Participant or of its Holding Company and the Bourse;
- (h) *provided however*, any of the foregoing is an Industry Investor only if an approval for purposes of this definition has been given, and not withdrawn, by:
 - (i) the board or directors of the Approved Participant or of its Holding Company, as the case may be; and
 - (ii) the Bourse.

Industry Member (Membre de l'Industrie) means, in respect of any Approved Participant, a physical Person who has been approved by the Bourse for purposes of this definition and is actively engaged in the business of the Approved Participant and devotes a major part of his or her time to that business; to determine whether or not a Person may be approved as an Industry Member, the Bourse shall take into account whether the Person:

- (a) has experience acceptable to the Bourse as a broker or ~~Dealer~~dealer in Securities or Futures Contracts for a period of five years or such lesser period as may be approved by the Bourse;
- (b) to an extent acceptable to the Bourse, is actively engaged in the business of the Approved Participant and devotes the major portion of his or her time thereto; and
- (c) has successfully completed such training or such course as may from time to time be required by the Bourse.

Investment (Investissement) means, in respect of any Person, any Security or debt obligation issued, assumed or guaranteed by such Person, any loan to such Person, and any right to share or participate in the assets, profit or income of such Person.

Listed Product (Produit Inscrit) means any Derivative Instrument listed for trading on the Bourse.

Long Position (Futures Contracts) (Position Acheteur- Contrats à Terme) means, in the case of a Futures Contract with a Delivery feature, to take Delivery of the Underlying Interest or, in the case of a Futures Contract with a cash settlement feature, to make or receive a cash settlement as per the Futures Contract specifications.

Long Position (Options) (Position Acheteur- Options) means a Person's interest as the holder of one or more Option Contracts.

Major Position (Position Importante) means having the power to direct or cause the direction of the management or policies of a Person whether through ownership of Securities, by contract or otherwise. A Person is considered to hold a Major Position in the capital of another Person if such Person, directly or indirectly:

- (a) has the right to vote 10% or more of the Voting Securities; or
- (b) is entitled to receive 10% or more of the net profits of the other Person.

Margin (Marge) means the minimum deposit required for each Listed Product in accordance with the Rules.

Market Maker (Mainteneur de Marché) refers to an Approved Participant or a client of an Approved Participant who has been granted a Market Making Assignment in accordance with the Regulations of the Bourse.

Market Maker Account (Compte de Mainteneur de Marché) means a Firm Account of an Approved Participant that is confined to Transactions initiated by the Approved Participant acting as a Market Maker.

Market Making Agreement (Convention de Maintien de Marché) means an agreement entered into by the Bourse and a Market Maker which sets out the terms and conditions of the Market Making Assignment.

Market Making Assignment (Assignment à Titre de Mainteneur de Marché) means an assignment granted by the Bourse to a Market Maker to carry out certain market making obligations with regards to specific Listed Products pursuant to the Regulations of the Bourse.

Market Supervisor (Superviseur de Marché) means an employee of the Bourse who monitors the day-to-day trading on the Trading System.

~~**OCC Option** (Option OCC) means a Call Option or a Put Option issued by The Options Clearing Corporation.~~

Officer (Dirigeant) means any Person exercising the functions of a president, vice-president, chief executive officer, chief financial officer, chief operating officer, secretary, any other Person designated an Officer of an Approved Participant by law or similar authority, or any Person acting in a similar capacity on behalf of an Approved Participant.

Omnibus Account (Compte Omnibus) means an account held in the name of an entity or Person which may be utilized for recording and clearing the Trades of two or more undisclosed customers of the account holder.

Open Interest (Intérêt en Cours) means the total ~~outstanding~~Outstanding Long Positions or Short Positions for each series and in aggregate, in Options, Futures Contracts or Options on Futures Contracts relating to a particular Underlying Interest.

Open Position (Position en Cours) means the position of a buyer or seller of a Futures Contract.

Opening Purchase Transaction (Options and Futures Contracts) (Achat Initial-Options et Contrats à Terme) means an exchange Transaction in which the result is to create or increase a Long Position in Options or Futures Contracts involved in such Transaction.

Opening Writing Transaction (Options and Futures Contracts) (Vente Initiale-Options et Contrats à Terme) means an exchange Transaction in which the result is to create or increase a Short Position in Options or Futures Contracts involved in such Transaction.

Option Contract or **Option** (Contrat d'Option ou Option) means, in the case of settlement by Delivery of the Underlying Interest, a contract Guaranteed by a designated Clearing Corporation granting to the holder a right to sell (Put) or a right to buy (Call) a Unit of Trading of the Underlying Interest at a fixed price during a predetermined period, in the case of an American Option or at the end of this predetermined period in the case of a European Option; in the case of cash settlement, a contract Guaranteed by a designated Clearing Corporation granting to the

holder a right to receive a cash payment equivalent to the In-the-money amount of the Option at the time of Exercise or expiry (e.g. Index Options).

Out-of-the-money (Hors Jeu) in respect of an Option, means the market price of the Underlying Interest is below, in the case of a Call, or above, in the case of a Put, the Exercise Price of the Option.

Outside Investor (Investisseur Externe) means, in respect of an Approved Participant or a Holding Company of an Approved Participant, a Person who is not:

- (a) an Approved Lender with respect to that Approved Participant or Holding Company of an Approved Participant; or
- (b) an Industry Investor with respect to that Approved Participant or Holding Company of an Approved Participant;

provided however, an Outside Investor who becomes an Industry Member shall cease to be an Outside Investor only six months after becoming an Industry Member or on such earlier date as he obtains the requisite approvals to become an Industry Member.

Outstanding (En Cours), in respect of an Option, means that the Option is duly recorded and Guaranteed by the Clearing Corporation and has neither been Exercised, assigned or the subject of a closing Transaction nor has expired.

Over-the-counter Trade or OTC (Opération Hors Bourse) means the trading of a Derivative Instrument, or of a Security, by mutual agreement between two parties without the use of an organized market.

Parent Company (Société-Mère) means a corporation that has another corporation as a subsidiary.

Participating Securities (Valeurs Participantes) of an organization, whether incorporated or unincorporated, are those of its Securities outstanding from time to time which entitle the holders thereof to a participation, limited or unlimited, in the earnings or profits of the issuing organization, either alone or in addition to a claim for interest or dividends at a fixed rate, and includes, except where the reference is to outstanding Participating Securities, those Securities which entitle the holders thereof, on conversion, exchange, the exercise of rights under a warrant, or otherwise, to acquire Participating Securities.

Partnership (Société de Personnes) means an enterprise in which ~~two or more Persons (the partners) put assets, their credit and their expertise in common with the view of sharing the benefits that may result from such pooling~~the parties, in a spirit of cooperation, agree to carry on an activity, including the operation of an enterprise, to contribute thereto by combining property, knowledge or activities and to share among themselves any resulting pecuniary profits.

Partnership Approved Participant (Participant Agréé en Société) means an Approved Participant approved as such by the Bourse and meeting the requirements set forth under Article 3.2 of the Rules.

Person (Personne) means an individual, a Partnership, a corporation, a government or any department or agency thereof, a court, a trustee, any unincorporated organization and the heirs, executors, administrators or other legal representatives of an individual.

Premium (Prime) means the price of the Option, per unit of the Underlying Interest, agreed upon between the purchaser and seller in a Transaction on the Option market.

Professional Account (Compte Professionnel) means an account in which a direct or indirect beneficial interest is held by an Approved Participant, a ~~related firm~~ Related Firm or an Approved Person.

Put (Option de Vente) means an Option by the terms of which the holder has the right in accordance therewith, to:

- (a) in the case of a Delivery settlement Option, sell to the Clearing Corporation the number of units of the Underlying Interest covered by the Option Contract;
- (b) in the case of cash settlement Option, require from the Clearing Corporation a cash payment corresponding to the amount by which the Option Contract is In-the-money.

Recognized Exchange (Bourse Reconnue) means any exchange carrying on its activities within the territory of one of the Basel Accord Countries and of the countries that have adopted the banking and supervisory rules set out in that Accord, and any other exchange or group of exchanges with whom the Bourse has entered into a collaboration agreement.

Regulations of the Bourse (Réglementation de la Bourse) means the Rules, the Rulings and the other policies and procedures of the Bourse, and the instructions, decisions and directions of the Bourse (including those of any committee or person so authorized) as amended, supplemented and in effect from time to time.

Regulatory Division (Division de la Réglementation) means the ~~Regulatory Division~~ regulatory division of the Bourse established by the Board of Directors.

Related Firm (Entreprise Liée) means a sole proprietorship, Partnership or corporation which is related with an Approved Participant in that either of them, together with the partners and directors, officers, shareholders and employees of it, collectively have at least a 20% ownership interest in the other of them, including an interest as a partner or shareholder, directly or indirectly, and whether or not through ~~holding companies~~ Holding Companies; which carries on as a substantial part of its business that of a broker, ~~Dealer~~ dealer or adviser in Securities or Futures Contracts; which deals with or has obligations to any Person other than such Approved Participant or for obligations to any Person incurred through such Approved Participant; and which is under the audit jurisdiction of a self-regulatory organization which is a participant to the Canadian Investor Protection Fund.

Rules (Règles) refers to those Regulations of the Bourse of general application to all Approved Participants or to a class of Approved Participants which the Bourse is empowered to adopt and which are in effect from time to time.

Rulings (Ordonnances) refer to those Regulations of the Bourse whose application is limited to one or more specific Approved Participants and which the Board of Directors ~~of the Bourse~~ or any other committee or Person appointed by the Board of Directors is empowered to make, including without limitation all orders, decisions and adjudications.

Sales Literature (Documentation Commerciale) includes any written or electronic communication, other than Advertisements and Correspondence, distributed to or made generally available to a client or potential client including a recommendation with respect to a Security or Trading Strategy. Sales literature includes but is not limited to records, videotapes and similar material, market letters, research reports, circulars, promotional seminar text, telemarketing scripts and reprints or excerpts of any other Sales Literature or published material, but does not include preliminary or final prospectuses.

Securities or Security (Valeurs Mobilières) refer to forms of Investment contemplated by ~~section~~ Section 1 of the Québec Securities Act, CQLR, c. V-1.1 and shall include, where the context requires, Futures Contracts.

~~**Securities Act** (Loi sur les valeurs mobilières) means the Québec Securities Act, chapter V-1.1, as amended from time to time.~~

Series of Options (Série d'Options) means all Options of the same class, the same type, covering the same quantity of an Underlying Interest and having the same Exercise Price and expiration date.

Settlement Price (Prix de Règlement) means the price which is used by the Bourse and the Clearing Corporation to determine daily the net gains or losses in the value of Open Positions in Futures Contracts;

Share Futures Contract (Contrat à Terme sur Actions) means a Futures Contract whose Underlying Interest is a Canadian or an international stock, an exchange-traded fund or a trust unit listed on a Recognized Exchange.

Short Position (Futures Contracts) (Position Vendeur- Contrats à Terme) where used in relation to a Futures Contract, means, in the case of a Futures Contract with a Delivery feature, to be under an obligation to make Delivery of the Underlying Interest or, in the case of a Futures Contract with a cash settlement feature, to make or receive a cash payment.

Short Position (Options) (Position Vendeur- Options) means a Person's obligation as the writer of one or more Option Contracts.

Special Committee (Comité Spécial) means the Special Committee of the Regulatory Division appointed by the Board of Directors ~~of Bourse de Montréal Inc.~~ pursuant to the rules adopted in that regard.

Spread Position (Futures Contracts) (Position Mixte- Contrats à Terme) means the assumption of a Long Position and a Short Position in Futures Contracts having different expiry months in the same Underlying Interest for the same account.

Tracking Error Margin Rate (Taux de Marge pour les Erreurs de Suivi) 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.

Trade or Transaction (Opération) means a contract for the purchase or sale of a Listed Product.

Trader (Négociateur) means a person approved as such by the Bourse.

Trading Day (Jour de négociation) means, with respect to each Listed Product, a business day during which trading of the Listed Product is permitted on the Electronic Trading Systems, during hours determined by the Bourse from time to time, and may be composed of one or more trading sessions, as the case may be.

Trading Strategy (Stratégie de Négociation) means a broad general approach to Investments including matters such as the use of specific products, leverage, frequency of trading or a method of selecting particular Investments but does not include specific Trade or sectorial weighting recommendations.

Uncovered (À Découvert) in respect of a Short Position in an Option, means that the Short Position is not covered.

Underlying Index (Indice Sous-Jacent) means a stock Index calculated by a calculation agent on which an Option, a Futures Contract or an Option on a Futures Contract is listed and which reflects representative stock market values of either a broad segment of the stock market (“broad market Index”) or of a particular industry or group of related industries (“sectorial Index”).

Underlying Interest (Valeur Sous-Jacente) means an asset which underlies and determines the value of a Derivative Instrument. The Underlying Interest may be a commodity, a financial instrument, such as a stock, a currency, a stock or economic Index or any other asset.

Unit of Trading (Quotité de Négociation) means in respect of any series of Derivative ~~Instrument~~Instruments, the number of units of the Underlying Interest which has been designated by the Clearing Corporation and the Bourse as the number to be the subject of a single Derivative Instrument contract.

User Defined Strategy or **UDS** (Stratégies Définies par l’Utilisateur ou SDU) means a facility of the Trading System that enables Approved Participants to create customized strategies to be disseminated and traded.

Voting Securities (Valeurs Mobilières avec Droit de Vote) of an Approved Participant or its Holding Company means all Securities of that Approved Participant or its Holding Company outstanding from time to time that carry the right to vote for the election of directors, and includes:

- (a) except where the reference is to outstanding Voting Securities, those Securities which entitle the holders thereof, on conversion, exchange, the exercise of rights under a warrant, or otherwise, to acquire Voting Securities; and
- (b) preferred shares which carry the right to vote for the election of directors only upon the occurrence of a specific event if such specific event has occurred.

~~Article 1.102~~ **Interpretation**

For all purposes of these Rules, except as otherwise expressly provided herein or unless the context otherwise requires:

- (a) terms defined in the Rules include the plural as well as the singular and vice versa;
- (b) words importing gender include all genders;
- (c) any reference in an Article to a paragraph, subparagraph or clause is to the referenced paragraph, subparagraph or clause in such Article;
- (d) references to days, months and years refer to calendar days, months and years, respectively; and
- (e) all references to “including” are deemed to be followed by the words “without limitation;” and/or “among others”

~~Article 1.103~~ **Affiliated Corporations and subsidiaries**

For the ~~purposes of these Rules~~ purpose of the Rules, the expression "affiliated corporations and subsidiaries" means the following situations:

- (a) a corporation is deemed to be an affiliate of another corporation if one of them is the subsidiary of the other or if both are subsidiaries of the same corporation or if each of them is controlled, directly or indirectly by the same Person or group of Persons;
- (b) a corporation shall be deemed to be controlled by another Person or by a group of Persons if:
 - (i) Voting Securities of the corporation carrying more than 50% of the votes for the election of directors are held, otherwise than by way of Security only, by or for the benefit of the other Person or group of Persons; and

- (ii) the votes carried by such Securities are entitled, if exercised, to elect a majority of the board of directors of the corporation; and
 - (iii) where the Bourse determines that a Person shall, or shall not, be deemed to be controlled by another Person, then such determination shall be determinant as to their relationship;
- (c) a corporation shall be deemed to be a subsidiary of another corporation if:
 - (i) it is controlled by:
 - (1) that other corporation; or
 - (2) that other corporation and one or more other corporations each of which is controlled by that other corporation; or
 - (3) two or more corporations each of which is controlled by that other corporation; or
 - (4) it is a subsidiary of a corporation which is itself a subsidiary of that other corporation;
- (d) a Person, other than a corporation, shall be deemed to beneficially own Securities held by a corporation controlled by him or by an affiliate of such corporation; or
- (e) a corporation shall be deemed to beneficially own Securities held by its affiliates.

~~PART 2~~ GOVERNANCE

Chapter A—Board of Directors

Article 2.0 Exercise of Power of the Bourse

Whenever the Bourse is specified as having any powers, rights, discretion or is entitled to take any action, then such powers may be exercised on behalf of the Bourse by the Board of Directors ~~of the Bourse~~, its designated officers or by any committee or Person designated by the Board of Directors ~~of the Bourse~~ or the President of the Bourse, unless the subject matter or context otherwise requires.

Chapter B—Regulatory Division

Article 2.100 Creation of the Regulatory Division

The Regulatory Division is created by the Board of Directors with the aim of ensuring that the regulatory functions of the Bourse are carried out efficiently and fairly. To this end, the supervision of the regulatory duties and operations of the Bourse are entrusted to the Regulatory Division, which shall operate as a distinct business unit separate from the other activities of the Bourse. The Regulatory Division shall be not-for-profit and financially self-sufficient.

Article 2.101 Duties of the Regulatory Division

The Regulatory Division carries on its duties in the following fields of activity:

- (a) Market analysis, including but not limited to:
 - (i) review and analysis of the Transactions executed on the market of the Bourse to determine whether the applicable Regulations of the Bourse are being complied with;
 - (ii) review and analysis of position reports filed on a regular basis with the Regulatory Division by the Approved Participants ~~of the Bourse~~;
 - (iii) monitoring of insider trading activities on the market of the Bourse; and
 - (iv) analysis and processing of exemption requests filed by Approved Participants with the Regulatory Division.
- (b) Examinations of Approved Participants' Derivative Instruments trading desks, including but not limited to:
 - (i) verification of compliance of the trading practices of Approved Participants and their Approved Persons with the Regulations of the Bourse; and

- (ii) issuance of reports of any deficiency identified in the course of an examination.
- (c) Investigations, including but not limited to:
 - (i) investigation of possible violations of the Regulations of the Bourse by an Approved Participant or an Approved Person; and
 - (ii) referring of any conclusive investigation to the ~~Person~~person of the Regulatory Division designated as being responsible for enforcement and disciplinary matters.
- (d) Enforcement and discipline, including but not limited to, initiation of disciplinary procedures against an Approved Participant or Approved Person.
- (e) Development of regulatory proposals and issuance of circulars, including, but not limited to:
 - (i) development of regulatory proposals that seek to amend the Regulations of the Bourse; and
 - (ii) preparation of regulatory circulars published on a regular basis by the Bourse.
- (f) Registration, including, but not limited to:
 - (i) processing of applications for admission as an Approved Participant;
 - (ii) processing of applications as Approved Persons;
 - (iii) processing of files relating to corporate changes affecting Approved Participants, such as changes in control, acquisitions of Major Positions in an Approved Participant's capital and reorganization.

Article 2.102 Supervision

- (a) The Regulatory Division shall be subject to the supervisory powers of the Special Committee, which shall:
 - (i) ensure that the Regulatory Division has the resources it needs to carry out its duties;
 - (ii) ensure that the Regulatory Division carries out its duties fairly, objectively and without conflicts of interest; and
 - (iii) evaluate the performance of the Regulatory Division semi-annually and report thereon to the Board of Directors.

- (b) The fees relating to the Regulatory Division shall be those approved by the Special Committee.

Article 2.103 Administrative Structure of the Regulatory Division

- (a) The Regulatory Division shall be managed by the Vice-President – Regulatory Division, who, except for matters within the purview of the Special Committee or the Board of Directors, shall have the authority to make all decisions relating to the Regulatory Division.
- (b) The Vice-President and all other managers of the Regulatory Division shall reside in Québec.
- (c) The Vice-President – Regulatory Division shall report to the Special Committee in regard to all regulatory and disciplinary matters and the Vice-President – Regulatory Division or such Person’s designee shall attend the meetings of the Special Committee.
- (d) With regard to day-to-day administrative matters, the Vice-President – Regulatory Division shall report to the Person designated by the Bourse for that purpose.
- (e) The financial structure of the Regulatory Division shall be separate from that of the other activities of the Bourse and will operate on a cost recovery basis. Any surplus, other than fines and other amounts specified in paragraph (f), will be redistributed to Approved Participants, and any shortfall shall be made up by a special assessment ~~upon~~from Approved Participants or by the Bourse upon recommendation to the Board of Directors by the Special Committee.
- (f) Fines and other amounts collected by the Regulatory Division pursuant to settlement offers concluded with the Regulatory Division or disciplinary procedures must be treated as follows:
 - (i) no amounts shall be redistributed to Approved Participants ~~of the Bourse~~;
 - (ii) a separate accounting shall be maintained of revenues and expenses related to disciplinary files;
 - (iii) any amount collected shall first be used to cover the direct costs incurred in connection with such proceedings;
 - (iv) any net excess shall be used, with the approval of the Special Committee, for any of the following purposes:
 - (1) the education or information of ~~derivative products~~Derivative Instruments market participants and of the public in general or for the costs of research in that field;

- (2) payments to a not for profit and tax-exempt organization whose main mission is to protect investors or carry on the activities mentioned in subparagraph (iv)(1);
 - (3) educational projects; or
 - (4) other purposes approved by the Autorité des marchés financiers.
- (g) The Regulatory Division may provide regulatory services to other exchanges, self-regulatory organizations, trading systems or other Persons.
 - (h) The Regulatory Division may subcontract some of its work to other exchanges, self-regulatory organizations or other Persons.

Chapter C—Special Committee of the Regulatory Division

Article 2.200 Special Committee of the Regulatory Division

The Special Committee shall be appointed by the Board of Directors to perform those duties and to exercise those powers provided in this Chapter. Its rules of procedure shall be the rules of procedure of the Board of Directors, subject to such changes as may be necessary to adapt them to the circumstances.

~~Article 2.201~~ **Composition of the Special Committee**

The Special Committee shall consist of:

- (a) at least 50% of Persons who are Québec residents at the time of their appointment and for the duration of their term;
- (b) at least 50% of Persons who satisfy the independence conditions that are applicable to the Directors of the Bourse, and
- (c) at least 50% of Persons having expertise in ~~Derivative Instruments~~derivatives.

~~Article 2.202~~ **Appointment of Special Committee**

The members of the Special Committee shall be appointed by resolution of the Board of Directors for a term of two years. Such appointment may be renewed at the discretion of the Board of Directors. A member of the Special Committee whose term has expired shall remain in office as long as necessary to permit the completion of any matter on which such member was sitting prior to the expiry of the term.

~~Article 2.203~~ **Quorum**

The quorum at meetings shall be constituted of a majority of members in office of the Special Committee attending in Person, by telephone or by videoconference and the majority of members so attending must be Québec residents at the time of their nomination and for the

duration of their term and must satisfy the independence criteria that are applicable to the Directors of the Bourse.

~~Article 2.204~~ **Powers of the Special Committee**

The Special Committee shall have the following powers:

- (a) make recommendations to the Board [of Directors](#) regarding the separate budget of the Regulatory Division;
- (b) supervise and control the activities of the Regulatory Division, subject to the final authority of the Board [of Directors](#) and the Autorité des marchés financiers;
- (c) adopt or amend the Regulations of the Bourse relating to:
 - (i) applications for admission as Approved Participant;
 - (ii) the operations and standards of practice and business conduct applicable to Approved Participants;
 - (iii) investigations and disciplinary matters; and
 - (iv) dispute resolution.
- (d) recommend to the Board [of Directors](#) the adoption or amendment of the Regulations of the Bourse relating to:
 - (i) Margin requirements;
 - (ii) capital requirements applicable to Approved Participants; and
 - (iii) market surveillance;
- (e) approve the applications for Approved Participant or Designated Representative status, as well as the suspension and revocation of such approvals pursuant to Part 3 of the Rules;
- (f) approve the resignations of Approved Participants pursuant to ~~Articles~~[Article](#) 3.300 to [Article](#) 3.303 of the Rules;
- (g) approve corporate changes affecting Approved Participants, such as changes of control, acquisitions of Major Positions and reorganizations;
- (h) order that a special examination or investigation be made pursuant to Article 4.3 of the Rules;
- (i) order a suspension for failure to provide information pursuant to Article 4.5 of the Rules;

- (j) proceed summarily in the situations mentioned in ~~Articles~~[Article](#) 4.4 and [Article](#) 4.401 as the circumstances warrant, and following of the Rules;
- (k) proceed to the hearing of appeals from decisions rendered by the Disciplinary Committee in regard to complaints, pursuant to ~~Articles~~[Article](#) 4.201 and following [of](#) the Rules or from decisions rendered by any other committee or staff of the Bourse;
- (l) report to the Board [of Directors](#) regarding the execution by the Regulatory Division of its regulatory duties; and
- (m) periodically review and approve the fees relating to the Regulatory Division.

~~Article 2.205~~ **Decisions of the Special Committee**

- (a) Decisions of the Special Committee shall require the vote of the majority of those attending in Person, by telephone or by video conference. In disciplinary matters or summary proceedings, if a member becomes unable to act before a decision is rendered, the decision may be reached by the remaining members, provided they are at least four.
- (b) Copies of the minutes of each meeting shall be sent to all members of the Special Committee, to the Chairman of the Board [of Directors](#), to the President of the Bourse and to the Vice-President, Legal Affairs (Derivatives).

~~PART 3~~ APPROVED PARTICIPANTS AND APPROVED PERSONS

Chapter A—Admission Criteria and Process for Approved Participants

Article 2.0 Admission

- (a) Each Approved Participant must be approved as such by the Special Committee at the time of admission, and must thereafter comply with the conditions required to remain an Approved Participant as set forth in the Regulations of the Bourse. Approved Participants may be Partnerships (referred to as “Partnership Approved Participants”) or corporations (referred to as “Corporate Approved Participants”);
- (b) The Bourse shall give its approval where in its opinion, the Approved Participant or Approved Person, has the necessary competence and integrity. In the case of an Approved Participant, the Bourse must be satisfied that it has available adequate financial resources;
- (c) Anyone seeking and obtaining Bourse Approval thereby undertakes to be bound by and to comply with the Regulations of the Bourse and must comply on a continuing basis with the ~~conditions required~~criteria set forth in the Regulations of the Bourse to remain an Approved Participant~~as set forth in the Regulations of the Bourse.~~
- (d) For the purpose of this Part, the term “Approved Person” also includes the Designated Representatives duly approved pursuant to Article 3.104.

~~Article 3.1~~ Registration

No one may claim to be an Approved Participant ~~of the Bourse~~ without being registered as such in the register kept for that purpose by the Bourse. Registration as an Approved Participant shall not occur until all the other conditions of approval have been fulfilled, and such approval shall be deemed to commence upon such registration.

~~Article 3.2~~ Admission Criteria for Approved Participants

No one may be admitted as an Approved Participant unless:

- (a) ~~the applicant~~it complies with all the conditions required under this Article;
- (b) ~~the applicant~~it has signed a declaration in the form prescribed by the Bourse binding the applicant to abide by the Regulations of the Bourse and acknowledging that the Approved Participant’s rights shall at all times remain subject to revocation.
- (c) If a Partnership, ~~the applicant~~it initially, and as an Approved Participant on a continuing basis thereafter, comply with the following conditions:

- (i) it must be formed under a Partnership agreement governed by the laws of one of the Provinces of Canada, unless it is a Foreign Approved Participant in which case it must be formed under a Partnership agreement of its jurisdiction;
 - (ii) it must be registered with a securities or derivative instruments regulator, or a recognized self-regulatory organization, unless it is a Foreign Approved Participant exempted from such registration in its jurisdiction and subject to all other applicable restriction;
 - (iii) it must not be dissolved, liquidate its assets or change its name, nor permit any partner to retire, or effect or permit any change of Major Position in the partners' interests in the Partnership without prior notification to the Bourse;
 - (iv) it must have as its principal business that of a broker or ~~Dealer~~dealer in Securities or Derivative Instruments and it must ~~Trade~~trade the Listed Products on the Bourse to an extent acceptable to the Bourse;
 - (v) it must not own any Major Position in any Partnership or any corporation without prior notification to the Bourse; and
 - (vi) it must be a member of the Clearing Corporation or have entered into an agreement with a member of the Clearing Corporation.
- (d) If a corporation, ~~the applicant~~it initially, and as ~~an~~ Corporate Approved Participant on a continuing basis thereafter comply with the following conditions:
- (i) it must be incorporated under the laws of Canada or one of its provinces or territories thereof, unless it is a Foreign Approved Participant, in which case it must be formed as a corporation under the laws of its jurisdiction;
 - (ii) it must be registered with a securities or derivative instruments regulator or a recognized self-regulatory organization, unless it is a Foreign Approved Participant exempted from such registration in its jurisdiction and subject to all other applicable restriction;
 - (iii) it must not, without prior notification to the Bourse, change its name, effect or permit any change in its constitution affecting voting rights, dissolve, wind up, surrender its charter, liquidate its assets or take any step authorizing or with a view to such action, or effect or permit any alteration in its capital structure, including allotment, issue, transfer, re-purchase, redemption, cancellation, subdivision or consolidation of any shares in its capital stock;
 - (iv) it must not issue, incur or become obligated in respect of any ~~Option~~option, warrant or agreement creating any obligation to allot, issue or transfer any share of its capital stock without prior notification to the

Bourse; but agreements entered into by a Corporate Approved Participant to ensure transferability of its shares to a transferee for whom approval of the Bourse is not required under the Rules, and whose ownership is permitted under the Rules, do not require approval under this paragraph;

- (v) it must have as its principal business that of a broker or ~~Dealer~~dealer in Securities or Derivative Instruments and it must ~~Trade~~trade the Listed Products on the Bourse to an extent acceptable to the Bourse;
 - (vi) it must not be engaged in any business disapproved by the Bourse; and
 - (vii) it must be a member of the Clearing Corporation or have entered into an agreement with a member of the Clearing Corporation.
- (e) Major Position. At the time of approval and on a continuing basis thereafter:
- (i) no Person may hold a Major Position in such Approved Participant without prior notification to the Bourse, except when the holding of such a Major Position is part of the ordinary course of activities of the Securities business or Derivative Instruments; and
 - (ii) approval of the Special Committee must be obtained prior to any Person taking a Major Position in an Approved Participant which results in a change of control of the Approved Participant which is likely materially to affect its operations.

~~Article 3.3~~ Admission Criteria for Foreign Approved Participants

- (a) In addition to the requirements of Article ~~3.2~~,3.2, a Foreign Approved Participant must:
 - (i) appoint a Person who is a resident of Québec as agent for the service of process; and
 - (ii) enter into an agreement with a member of the Clearing Corporation.
- (b) The Bourse can exempt a Foreign Approved Participant from complying with certain requirements of the Regulations of the Bourse when it judges that this Foreign Approved Participant is already required to comply with similar or equivalent requirements pursuant to its registration with the competent securities or derivative instruments regulator of its jurisdiction or, if applicable, pursuant to its registration with the self-regulatory organization that is recognized by the competent regulator of its jurisdiction.

~~Article 3.4~~ Access to Electronic Trading System

- (a) Only Approved Participants ~~of the Bourse~~, through their respective Clearing Approved Participants, with the prior approval of the Bourse, may have access to

the Electronic Trading System for ~~derivatives instruments~~ Derivatives Instruments traded on the Bourse, subject to meeting the following conditions. Such Approved Participants must:

- (i) certify to the Bourse that only ~~their designated Personnel approved by the Bourse and~~ the Approved Persons who have received the required training have access to the Electronic Trading System; and
 - ~~(ii) certify to the Bourse that only the designated Personnel approved by a Recognized Exchange and who has received the required training has access to the said system; and~~
 - (ii) ~~(iii)~~ put in place an internal security procedure for access to the Electronic Trading System.
- (b) Each Approved Participant is entirely and exclusively responsible for any unauthorized access to the Electronic Trading System.
- ~~(c) The Approved Participant must give notice to the Bourse of the termination of employment of its designated Personnel approved by the Bourse within ten (10) business days from the date of termination of employment.~~

~~Article 3.5~~ **Sponsored Access**

- (a) Definitions. For the purposes of this Article, ~~the following terms are defined as follows:~~
- (i) “client” means:
 - (1) a Person, other than those registered as an investment dealer with a securities regulatory authority or approved as a Foreign Approved Participant by the Bourse, having entered into a written agreement with an Approved Participant which permits to transmit electronically orders to the Bourse through the systems of an Approved Participant, using the Approved Participant’s identifier; or
 - (2) an investment dealer registered with a securities regulatory authority, or a Foreign Approved Participant ~~of the Bourse~~, having entered into a written agreement with an Approved Participant which permits the investment dealer or Foreign Approved Participant to transmit electronically orders to the Bourse, through the systems of the Approved Participant, using the Approved Participant’s identifier.
 - (ii) “Bourse and regulatory requirements” means and refers to the Regulations of the Bourse, or to any condition imposed by the Bourse for the purpose

of the electronic access provided to a client by an Approved Participant, as well as to applicable securities or derivatives legislation.

- (b) Sponsored Access Permitted. Approved Participants may authorize clients to transmit orders electronically to the Bourse through the ~~Trading Systems~~[systems](#) of the Approved Participant, using the Approved Participant's identifier, subject to, and in compliance with, the following conditions:
- (i) An Approved Participant must establish, maintain and apply standards that are reasonably designed to manage, in accordance with prudent business practices, the Approved Participant's risks associated with providing electronic access to a client, pursuant to this paragraph, including those set out in the Electronic Trading Rules and, as the case may be, those associated with Market Making Assignments granted to the client. The standards must include that a client must not have an electronic access to the Bourse, pursuant to this paragraph, unless:
 - (1) it has sufficient resources to meet any financial obligations that may result from the use of such electronic access by that client;
 - (2) it has reasonable arrangements in place to ensure that all individuals using such electronic access, on behalf of the client, have reasonable knowledge of and proficiency in the use of the order entry system that facilitates such electronic access;
 - (3) it has reasonable knowledge of and the ability to comply with all applicable Bourse and regulatory requirements; and
 - (4) it has reasonable arrangements in place to monitor the entry of orders through such electronic access.
 - (ii) The Approved Participant authorizing such access must assess, confirm and document, at least annually, that a client continues to meet the standards established by the Approved Participant pursuant to paragraph (i).
 - (iii) An Approved Participant must not provide to a client electronic access to the Bourse, pursuant to paragraph (b), unless the client has entered into a written agreement with the Approved Participant, that provides that:
 - (1) the client's trading activity shall comply with all applicable Bourse and regulatory requirements;
 - (2) the client's trading activity shall comply with the product limits and credit or other financial limits specified by the Approved Participant;

- (3) the client shall take all reasonable steps to prevent unauthorized access to the technology that facilitates such electronic access;
 - (4) the client shall not permit any Person to use such electronic access provided by the Approved Participant, other than those authorized by a client as defined in paragraph (a)(i)(1) or, in the case of a client as defined in paragraph (a)(i)(2), other than those authorized and named by the client under the provision of the agreement referred to in subparagraph (iii)(8);
 - (5) the client shall fully cooperate with the Approved Participant in connection with any investigation or proceeding by the Bourse with respect to ~~trading conducted pursuant to~~ Trades made using such electronic access, including, upon request by the Approved Participant, providing access to the Bourse to information that is necessary for the purposes of the investigation or proceeding;
 - (6) the client shall immediately inform the Approved Participant, if it fails or expects not to meet the standards set by the Approved Participant;
 - (7) when trading for the accounts of another Person, the client shall ensure that the orders of the other Person are transmitted through the systems of the client and shall be subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client;
 - (8) a client shall immediately provide to the Approved Participant, in writing, the names of all Personnel acting on the client's behalf that it has authorized to enter an order, using the electronic access to the Bourse pursuant to paragraph (b), as well as any changes thereof;
 - (9) the Approved Participant shall have the authority, without prior notice, to reject any order, to vary or correct any order to comply with Bourse and regulatory requirements, to cancel any order entered on the Bourse and to discontinue accepting orders from the client.
- (iv) An Approved Participant must not allow any order to be transmitted to the Bourse, pursuant to paragraph (b) unless:
- (1) the Approved Participant maintains and applies the standards it has established under paragraphs (i), (ii) and (iii) and is satisfied that the client continues to meet those standards and is in compliance with its written agreement required under paragraph (iii); and

- (2) the order is subject to all applicable requirements pursuant to the Electronic Trading Rules, including those pertaining to the risk management and supervisory controls, policies and procedures of the Approved Participant.
- (v) An Approved Participant must not allow a client to have, or continue to have, electronic access to the Bourse pursuant to paragraph (b), unless it is satisfied that the client has reasonable knowledge of the applicable Bourse and regulatory requirements, and of the standards established by the Approved Participant under paragraphs (i), (ii) and (iii).
- (vi) An Approved Participant must ensure that its client receives any relevant amendments to applicable Bourse and regulatory requirements, or changes or updates to the standards established by the Approved Participant under paragraphs (i), (ii) and (iii).
- (vii) Upon providing to a client an electronic access to the Bourse, pursuant to paragraph (b), an Approved Participant must ensure the client is assigned a client identifier in the form and manner required by the Bourse and must ensure that an order entered by a client using electronic access includes the appropriate client identifier.
- (viii) An Approved Participant must promptly inform the Bourse if a Person ceases to be a client pursuant to paragraph (b).
- (ix) An Approved Participant must not provide an electronic access to the Bourse, pursuant to paragraph (b) to a client as defined in subparagraph (a)(i)(1) that is trading for the account of another Person, unless:
 - (1) the client is registered or exempted from registration as an adviser under securities legislation; or a Person that:
 - (A) carries on business in a foreign jurisdiction;
 - (B) under the laws of the foreign jurisdiction, may Trade for the account of another Person, using such an electronic access; and
 - (C) is regulated in the foreign jurisdiction by a signatory to the International Organization of securities Commissions' Multilateral Memorandum of Understanding; and
- (x) ~~(2)~~ the client ensures that the orders of the other Person are initially transmitted through the systems of the client; and
- (xi) ~~(3)~~ the Approved Participant ensures that the orders of the other Person are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client.

(c) ~~(x)~~ Responsibility. An Approved Participant who provides electronic access to the Bourse, pursuant to paragraph (b) remains responsible for compliance with all applicable Bourse and regulatory requirements with respect to the entry and execution of orders from its clients.

(d) ~~(xi)~~ Notifications to the Bourse. An Approved Participant must immediately report to the Bourse, in writing, that:

- (1) it has terminated the electronic access of a client, or
- (2) if it is aware of or has reason to believe that a client has, or may have, breached a material provision of any standard established by the Approved Participant, or of the written agreement between the Approved Participant and the client.

~~Article 3.6~~ **Application Procedures in General**

Application for admission must be made on the form prescribed by the Bourse and must be signed by the applicant.

~~Article 3.7~~ **Decision of the Special Committee**

- (a) In considering whether it should approve an application for admission as an Approved Participant, the Special Committee may require whatever information it deems appropriate. It may, in its discretion, require the applicant to appear before it. However, before rendering a decision that unfavourably affects the applicant, the Special Committee must give the applicant an opportunity to be heard.
- (b) If the Special Committee rejects an application for admission as an Approved Participant, at least six (6) months must elapse before the applicant may again submit an application; *provided however*, if presented with a new fact during this six (6) month period, the Special Committee may review its decision and the provisions of paragraph (a) shall apply, mutatis mutandis, to the decision to review the application for admission and the review process itself.

Article 2.1 ~~Suspension, Revocation of Approval~~ Reserved

~~An Approved Participant who no longer complies with the conditions to be an Approved Participant provided in the Regulations of the Bourse may be suspended or expelled by the Special Committee or the Person or Persons authorized to give such Approval.~~

Chapter B—Obligations of Approved Participants

Article 2.100 **Supervision, Surveillance and Compliance**

- (a) Each Approved Participant at the time of its approval and so long as it remains approved, must establish and maintain a system to supervise the activities of each employee, Approved Person and agent of the Approved Participant, that is

reasonably designed to achieve compliance with the Regulations of the Bourse and with any legislation and regulations applicable to Securities and Derivative Instruments activities. Such a supervisory system must provide, at a minimum, the following:

- (i) the establishment, maintenance and enforcement of written policies and procedures acceptable to the Bourse regarding the conduct of the type of business in which it engages and the supervision of each employee, Approved Person and agent of the Approved Participant that are reasonably designed to achieve compliance with the applicable legislation and regulation;
 - (ii) procedures reasonably designed to ensure that each employee, Approved Person and agent of the Approved Participant understand their responsibilities under the written policies and procedures in subparagraph (i);
 - (iii) procedures to ensure that the written policies and procedures of the Approved Participant are amended as appropriate within a reasonable time after changes in applicable laws, regulations, ~~rules~~ Rules and policies and that such changes are communicated to all relevant personnel;
 - (iv) sufficient personnel and resources to fully and properly enforce the written policies and procedures in paragraph (i);
 - (v) the designation of supervisory personnel with the necessary qualifications and authority to carry out the supervisory responsibilities assigned to them;
 - (vi) procedures for follow-up and review to ensure that supervisory personnel are properly executing their supervisory functions; and
 - (vii) the maintenance of adequate records of supervisory activity, compliance issues identified and the resolution of those issues.
- (b) Notwithstanding any other provision in the Regulations of the Bourse, each Approved Participant must comply with:
- (i) the Electronic Trading Rules, especially regarding the risk management and supervisory controls, policies and procedures, the authorization to set or adjust these risk management and supervisory controls, policies and procedures, as well as the use of automated order systems; and
 - (ii) the requirements of any legislation applicable to the regulation of brokerage and accounts.

~~Article 3.101~~ **Approved Participant's Supervisory Responsibility**

Each Approved Participant must ensure that all its employees. Approved Persons ~~approved by the Bourse or by any other regulatory or self-regulatory organization employed by it~~and Designated Representatives who are duly approved pursuant to Article 3.104 comply with the provisions of ~~all~~the Regulations of the Bourse.

~~Article 3.102~~ **Business Continuity Plan**

- (a) Each Approved Participant must establish and maintain a business continuity plan identifying the necessary procedures to be undertaken during an emergency or significant business disruption. Such procedures must be reasonably designed to enable the Approved Participant to stay in business in the event of a future significant business disruption in order to meet obligations to its clients and capital markets counterparts and must be derived from the Approved Participant's assessment of its critical business functions and required levels of operation during and following a disruption.
- (b) Each Approved Participant must update its plan in the event of any material change to its operations, structure, business or location. Each Approved Participant must also conduct an annual review and test of its business continuity plan to determine whether any modifications are necessary in light of changes to the Approved Participant's operations, structure, business or location. The Bourse, in its discretion, may require this annual review to be performed by a qualified third party.

~~Article 3.103~~ **Notice**

Each Partnership Approved Participant must notify the Bourse in writing within ten (10) ~~business days~~Business Days:

- (a) of the termination of employment of a Person approved by the Bourse. The ten (10) ~~business days~~Business Days delay starts on the first ~~business day~~Business Day following the date of such termination of employment and the written notice must be made, as the case may be, in the form prescribed by the Bourse;
- (b) of any non-compliance with any of the provisions of Article 3.2(c), except for matters where a specific prior notification obligation is provided for;
- (c) of any proposed change in or amendment to any document relating to the Partnership agreement or constitution of the Partnership or its partners which has been filed with the Bourse or which the Bourse requires to be filed with it; or
- (d) of all positions taken in a Person or entity that is not an Approved Participant.

~~Article 3.104~~ **Appointment of ~~Representatives~~Representative**

Each Partnership Approved Participant must appoint one of its partners or Officer as its Designated Representative. Each Corporate Approved Participant must appoint one of its directors, one of the directors of its Parent Company or an Officer, where applicable, as its Designated Representative. The appointment of a ~~designated—representative~~Designated Representative must be filed in writing with the Bourse on the form prescribed by the Bourse and must constitute each Designated Representative as the representative of the Approved Participant for all dealings with the Bourse with full authority to act for and bind the Approved Participant.

Each Designated Representative at the time of his or her appointment and so long as he or she is a Designated Representative must be approved as such by the Special Committee. Such approval may be revoked at any time by the Special Committee without any formality whatsoever and shall terminate automatically if the Designated Representative ceases to be a partner, a director, as the case may be, of the Approved Participant or its Parent Company or an Officer. Any vacancy in such appointment must be filled promptly.

~~Article 3.105~~ **Notification of Regulatory Division of Non-Compliance**

- (a) An Approved Participant must immediately notify the Regulatory Division in the event that this Approved Participant or any of its Approved Person:
- (i) fails to be able to continue to meet its obligations;
 - (ii) becomes insolvent;
 - (iii) ~~(a) Immediate notice must be given in writing to the Regulatory Division by an Approved Participant or Approved Person in the event that such person, or any other Approved Participant, employee or Approved Person fails to be able to continue to meet its obligations or becomes insolvent or commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3; or~~
- (b) ~~Notice must be given to the Regulatory Division by an Approved Participant or Approved Person using the prescribed form, within ten (10) business days of a finding, in the event that such person, or any other Approved Participant, employee or client authorized to use the order routing system of an Approved Participant pursuant to Article 3.5 or Approved Person fails to comply with the Regulations of the Bourse.~~
- (iv) becomes a debtor company within the meaning of the Companies' Creditor Arrangement Act.
- (b) ~~(c) Without limiting the above, An Approved Participants~~Participant must diligently conduct ~~and complete all necessary audits and investigations, in compliance with their~~a review in accordance with its internal supervision policies and procedures, ~~when they suspect~~upon becoming aware that, such Approved Participant, an employee, an Approved Person, or a client ~~of having contravened~~

~~the Regulations of the Bourse~~ authorized pursuant to Article 3.5 possibly violated the Rules pertaining to, notably:

- (i) ~~the obligation to trade in compliance with equitable principles;~~ Article 7.6 respecting front running;
- (ii) ~~the prohibition to use any~~ Article 7.5 respecting manipulative or deceptive methods of trading;
- (iii) ~~the prohibition to enter orders or to execute trades in an irregular manner;~~ Article 7.3 respecting best execution;
- (iv) ~~the prohibition of front running;~~ Articles 3.4 and 3.5 respecting access to electronic trading;
- (v) ~~the obligation to execute clients' orders at the best possible price;~~ Articles 6.114 and 6.116 respecting management of priorities;
- (vi) ~~the obligation to ensure the priority of client's orders;~~ Articles 6.203, 6.204, 6.205, 6.206 and 6.207 respecting Transactions required on Bourse facilities;
- (vii) ~~the obligation to execute on the Bourse's market all transactions on derivative instruments listed on the Bourse, subject to specific exceptions provided for in the Regulations of the Bourse; and~~ Article 6.200 respecting off-exchange transfers of existing Futures Contracts.
- (viii) ~~any other obligation, prohibition or requirement that may be established by the Bourse from time to time.~~

~~(d) Any verification or investigation made in accordance with this article, regardless of the conclusion, must be recorded in writing and adequately documented. Records so created must be kept for a period of at least seven (7) years as of their date of creation and must be made available to the Regulatory Division upon request.~~

(c) ~~(e)~~ If upon the completion of the ~~verifications and investigations~~ review provided for in paragraph ~~(e)~~ (b), an Approved Participant concludes to a possible violation of any of the obligations, prohibitions or requirements ~~mentioned~~ listed in ~~said~~ paragraph (b), it must ~~forward the required information to~~ notify the Regulatory Division ~~of the Bourse, using~~ in the prescribed ~~form no later than the tenth (10th)~~ manner within ten (10) business ~~day~~ days following the date on which it reached such conclusion.

(d) Any review made in accordance with this Article, regardless of the conclusion, must be recorded in writing and adequately documented. Records must be kept for a period of at least seven (7) years as of the date of the conclusion of the review and must be made available to the Regulatory Division upon request.

- (e) ~~(f)~~ The obligations of an Approved Participant provided for in this Article are in addition to the other obligations stipulated in the ~~Regulations of the Bourse~~ Rules, notably with regards to supervision and, in any case, shall not prevent the Bourse from undertaking disciplinary measures against an Approved Participant or an Approved Person.

~~Article 3.106~~ **Dealing with Clients**

- (a) No Approved Participant must have any dealing with any client or prospective client in obtaining, taking or soliciting orders for or advising on Trades in Derivative Instruments unless one or more ~~Persons~~ persons employed by the Approved Participant are approved by the relevant self-regulatory organization as responsible Persons for the supervision of trading in Derivative Instruments.
- (b) Every Approved Participant shall be responsible for ensuring that every account dealing in Derivative Instruments is operated and supervised in accordance with any applicable regulatory requirement and with best business practices.

~~Article 3.107~~ **Liability of Approved Participants for Conduct of Agents**

An Approved Participant may be found liable by the Bourse for the conduct of one of its Approved Persons or employees. The Approved Participant shall be subject to the same penalties as if it had itself engaged in that conduct and the imposition of any penalty against an Approved Participant does not prevent the imposition by the Bourse of any penalty against an Approved Person in respect of the same facts.

~~Article 3.108~~ **Liability of Supervisory Personnel**

An Approved Person who has authority over, supervises or is responsible to the Approved Participant for another Approved Person or employee of the Approved Participant may be found liable by the Bourse for the conduct of the Approved Person or employee under their supervision and shall be subject to the same penalties as if they had themselves engaged in that conduct. The imposition of any sanction against a supervising Approved Person does not prevent the imposition by the Bourse of any penalty against the supervised Approved Person or the Approved Participant in respect of the same facts.

~~Article 3.109~~ **Electronic Recordkeeping**

An Approved Participant is permitted to maintain required records and documents in electronic form provided that :

- (a) such records are retained for the required time and are protected against loss or falsification, and
- (b) the Approved Participant provides means for making the records available for inspection in a complete and intelligible form within a reasonable period of time.

~~Article 3.110~~ **Requirement to File ~~Report~~Reports**

Each Approved Participant must file with the Bourse such reports as may be prescribed from time to time by the Bourse.

~~Article 3.111~~ **Assessments, Fees, and Charges**

- (a) Each Approved Participant must pay such assessments, fees and charges, whether special or general, as fixed by the Bourse and which become due and payable to the Bourse at such time or times and in such manner as the Bourse directs. Liability hereunder shall not be affected by the dissolution, winding-up, suspension, revocation of any permit or of any approval or expulsion of the Approved Participant.
- (b) Subject to Article ~~2.101~~,2.101, the Bourse may levy fees and charges as approved from time to time by the President of the Bourse or the Senior Vice-President in respect of services or facilities provided by the Bourse.
- (c) The Bourse may require, in exceptional circumstances, reimbursement of the professional fees incurred by it for the services of its lawyers and accountants in accordance with their normal hourly rates.

~~Article 3.112~~ **Market Makers – Options and Futures**

- (a) General. In order to provide transparency and liquidity in the market and facilitate price discovery and the handling of orders, any Listed Product can be assigned by the Bourse to one or several Market Makers who have agreed to undertake the Market Maker's responsibilities of quoting two-sided markets in the applicable products, for a minimum period of time, at predetermined average bid/ask spreads and minimum quote sizes and have signed a Market Making Agreement.
- (b) Market Maker Programs. The Bourse may implement Market Maker programs (in this Article each, individually, a "program" or collectively, "programs") or modify existing programs from time to time. This Article 3.112 sets forth terms and conditions applicable to all programs generally. Terms and conditions applicable to specific programs will be published by the Bourse, in a circular or otherwise.
- (c) Eligibility Criteria. Only an Approved Participant or a client of an Approved Participant who has been authorized by the Approved Participant to electronically transmit orders to the Bourse through its systems in compliance with the Regulations of the Bourse will be eligible for Market Making Assignments.
- (d) Application Process. Eligible market participants may submit their candidacy for a Market Making Assignment under a program in accordance with the application procedure determined by the Bourse.
- (e) Selection Process. The Bourse shall select Market Makers taking into consideration the ability to meet the quoting requirements of the relevant

product(s) on an electronic trading platform, adequacy of capital, experience with trading a similar Derivative Instrument, willingness to promote the Bourse as a market place, operational capacity, trading infrastructure and technology to support electronic trading, support Personnel, history of compliance with the Regulations of the Bourse and general reputation, past performance in relation to fulfilment of Market Maker obligations in other programs and the contribution that the applicant's prices and trading activity have made to market activity in other products, where relevant, the level of access to the underlying cash market, and any other factor which the Bourse deems relevant.

(f) Market Making Agreement. A Market Making Assignment under a program will be conditional upon the signature of a Market Making Agreement between the selected Market Maker and the Bourse. The Market Making Assignment, and the right to receive the related incentives, may not commence before the Market Making Agreement is completed, signed and received by the Bourse. The Bourse shall be solely responsible for overseeing the performance of the Market Makers and their compliance with the Market Making Agreement. For greater certainty, specific market making obligations and the terms of the Market Making Agreement are contractual obligations between the Bourse and the Market Maker and are not considered Regulations of the Bourse. As such, they are subject to contractual remedies only, and a breach thereof shall not in and of itself constitute a violation of the Regulations of the Bourse, except to the extent the contractual breach may also independently constitute a violation of a specific regulation of the Bourse.

(g) Conditions specific to clients of an Approved Participant:

(i) Under the terms of the mandatory Market Making Agreement referred to under paragraph (f) above, a client of an Approved Participant notably agrees to the following with respect to its trading activities and conduct as a Market Maker and must (i) be subject to the jurisdiction of the Bourse, acting as a self-regulatory organization, including its Regulatory Division and any of its Committee, during the term of the Market Making Assignment and thereafter in accordance with ~~paragraphs (b) and (c) of~~ Article 4.201 to the same extent and as if it was itself an Approved Participant and (ii) comply with all the Regulations of the Bourse as if it was itself an Approved Participant, with the necessary adaptations, including with Part 4, Chapter C hereof (except with respect to inspections), Articles ~~7.7, 6.209, 7.6, 7.5, 3.100, 3.110, 4.1, 6.3, 6.10, 6.11, 6.114, 6.115, 6.118, 6.118(j)(k), 6.119, 6.120, 6.202,~~ 6.203, 6.204, 6.205, 6.206, 6.207, ~~6.209, 6.210, 6.119, 6.120,~~ 6.309 and following regarding position limits, ~~6.10, 6.11, 3.100, 4.1, 3.110, 6.118~~ 7.5, 7.6, 7.7 and 12.7 and following regarding position limits, as these may be amended and/or replaced from time to time.

(ii) The Bourse shall not grant any Market Making Assignment to a client who has been authorized by an Approved Participant to electronically transmit

orders to the Bourse through its systems in compliance with the Rules ~~of the Bourse~~ without first obtaining the acknowledgement of the Approved Participant providing such electronic access. Neither the Approved Participant nor the client shall be relieved of any responsibility or obligation with regards to the electronic access of the client under the relevant Rules ~~of the Bourse~~, which shall continue to apply. However, it is understood that the Approved Participant shall not be liable with regard to market making obligations set forth in the Market Making Agreement.

- (iii) The client of an Approved Participant that has been granted a Market Making Assignment by the Bourse has the right to communicate directly with the Bourse in the same manner as Approved Participants may do so, but only for purposes of its trading as a Market Maker and to the extent required to carry out its obligations in such capacity.
- (h) Authority. The Bourse shall have the sole authority to administer the programs, limit the number of Market Makers under a given program, assess the performance of the Market Makers and determine whether an applicant or current Market Maker meets or has met the program terms and conditions or complies with the Market Making Agreement. The Bourse reserves the right in its sole discretion to apply and interpret the programs and to determine whether an applicant is admitted into or continues participation in any program. All decisions and determinations of the Bourse shall be final.
- (i) Arbitration. By entering into a Market Making Agreement, each Market Maker agrees to the arbitration of any monetary claim made against it by any other Approved Participant or Market Maker arising out of its activities on the Bourse relative to its Market Making Assignment, irrespective of whether the Market Making Assignment has expired at the time the claim is asserted.

Chapter C—Financial Requirements of Approved Participants

Article 2.200 Financial Questions and Reports

- (a) Canadian Approved Participants must file with the Bourse, when requested by it, a copy of the most recent audited regulatory financial questionnaire and report completed in the form prescribed by the Investment Industry Regulatory Organization of Canada.
- (b) Where a Foreign Approved Participant ~~of the Bourse~~ is also a regulated entity, as defined in the Investment Industry Regulatory Organization of Canada “~~Joint Regulatory Financial Questionnaire and Report~~ [Form 1](#)”, and prepares reports and financial statements as required by another Recognized Exchange or regulatory or self-regulatory organization, the Bourse will accept, in lieu of the questionnaire and report to which Article 3.200 refers, a copy of the most recent audited reports and financial statements filed by the Foreign Approved Participant with this other exchange or regulatory or self-regulatory organization along with a written

confirmation from such other exchange or regulatory or self-regulatory organization that the Foreign Approved Participant satisfies all of its requirements relating to the regulatory capital required to be maintained.

~~Article 3.201~~ **General Statistical Information**

Every Approved Participant must provide to the Bourse, upon request, such statistical information with respect to its business as, in the opinion of the Bourse, may be necessary or in the interest of the Bourse or all Approved Participants ~~of the Bourse~~.

Chapter D—Suspension, Revocation, Termination and Resignation of Approved Participants and Others

Article 2.300 Process for Resignation

- (a) No Approved Participant ~~of the Bourse~~ may resign without the prior approval of the Special Committee.
- (b) An Approved Participant wishing to resign must file with the Vice-President of the Regulatory Division a written application signed by a partner, a director or an Officer of the Approved Participant to obtain the Special Committee's approval of the resignation. This application must be accompanied, as the case may be, with the payment of fees that may be requested by the Bourse in such a case.
- (c) An Approved Participant who tenders its resignation, must, in its application, state its reasons for resigning and must file with the Vice-President of the Regulatory Division all financial or other information deemed relevant by the Vice-President of the Regulatory Division, or required by the Special Committee.
- (d) An Approved Participant who has tendered its resignation shall cease to be an Approved Participant ~~of the Bourse~~ on the date of its resignation approval by the Special Committee or on any other date designated by the Special Committee.
- (e) This procedure shall apply in cases of merger and similar agreements between Approved Participants ~~of the Bourse~~.

~~Article 3.301~~ **Continuing Responsibility Upon Resignation**

The Approved Participant shall continue to be liable for all assessments or fees falling due prior to the date of resignation approval or applicable to the period terminating on such date, and shall make timely payment thereof in the normal manner. After the effective date of resignation, the former Approved Participant shall no longer be required to pay assessments or fees as they become due.

Article 2.301 Suspension ~~or Revocation~~ and Expulsion

An Approved Participant who no longer complies with the conditions to be an Approved Participant provided in the Regulations of the Bourse may be suspended or expelled by the

Special Committee, ~~or any Approved Person under Article 3.0 be suspended or revoked by either the Special Committee or the Person or Persons authorized to give such approval.~~

~~Article 3.303~~ **Effect**Effects of Suspension or Expulsion

- (a) Suspension from Approved Participant status shall automatically entail suspension of all the Approved Participant's rights and privileges as an Approved Participant. Expulsion shall automatically terminate all the rights and privileges related to the Approved Participant's status.
- (b) Suspension or expulsion of an Approved Participant shall automatically create a vacancy in any position or office at the Bourse held by a director, partner, Officer or employee of this Approved Participant. The reinstatement or lifting of the suspension of the Approved Participant will not allow such director, partner, Officer or employee to resume his functions at the Bourse.
- (c) An Approved Participant that is suspended shall remain subject to the jurisdiction of the Bourse. An Approved Participant that is expelled shall remain subject to the jurisdiction of the Bourse, in accordance with paragraph (c) of Article ~~4.201~~4.201.
- (d) An Approved Participant suspended or expelled shall remain liable to the Bourse for assessments, fees, charges, fines, costs and other debts imposed or which became payable during the time it was an Approved Participant or in respect of any matter over which the Bourse retains jurisdiction.

~~Article 3.304~~ **Revocation of Approved Status of Others**

Suspension or revocation of Bourse Approval of any Person other than an Approved Participant shall automatically preclude such Person from acting in the capacity for which such Bourse Approval was required. No Approved Participant shall allow any Person to continue to act in the capacity, nor hold the position, for which Bourse Approval has been suspended or revoked.

Chapter E—Approval, Requirements and Obligations Relating to Approved Persons

Article 2.400 Application for Approval

Any Person employed by an Approved Participant ~~of the Bourse and wishing~~or an affiliated corporation or subsidiary of an Approved Participant who wishes to have access to the Electronic Trading System ~~of the Bourse must obtain the prior~~in order to act as an Approved Person in accordance with the Rules must submit an application for approval ~~of~~to the Bourse. ~~beforehand. Such an application for approval shall not limit the rights of Approved Participants to give access to the Electronic Trading System in accordance with Article 3.5.~~

The application for approval as an Approved Person must be submitted in the form prescribed by the Bourse and must be signed by both the applicant ~~and~~, the Approved Participant

~~by whom and, where applicable, the affiliated corporation or subsidiary of the Approved Participant that employs~~ the applicant ~~is employed~~.

To be eligible for approval by the Bourse, an Approved Person must, among others, be at least eighteen (18) years old, be considered in all respects to be a suitable Person for the privilege and responsibility of trading Listed Products and have completed the training requirements prescribed by the Bourse.

~~Article 3.401~~ **General Restrictions Applicable to Approved Persons**

- (a) ~~Unless~~ Subject to the prior written ~~consent~~ approval of the Bourse to the contrary- ~~from the Bourse, a, an Approved~~ Person ~~approved by the Bourse~~ may only transact business for the account of the Approved Participant ~~by for~~ whom ~~this the~~ Approved Person is ~~employed~~ acting in accordance with Article 3.400 and for the accounts of the Approved Participant's clients.
- (b) ~~All Transactions made by an Approved Person must be made on behalf of the Approved Participant by whom the Person is employed, and such~~ In all cases, the Approved Participant is responsible for all acts and omissions of such Approved Person. Any act or omission of an Approved Person which would constitute an infraction of any rule, policy or procedure of the Bourse shall be deemed to be an infraction by the Approved Participant ~~who was employing this Approved Person at the time such act or omission occurred~~.

~~Article 3.402~~ **Joint Accounts**

No Approved Participant may permit the opening of a joint account in which an Approved Person ~~employed by such Approved Participant~~ has an interest of any kind, whether direct or indirect.

~~Article 3.403~~ **Restrictions on Accounts With Other Approved Participants**

No Approved Person ~~approved by the Bourse~~ may maintain, in his own name or any other name, an account in Securities, Options or Futures Contracts over which he has direct or indirect trading authority or control, with any Approved Participant other than the Approved Participant ~~by which he is employed~~, without the written consent of ~~his employer~~ the Approved Participant as required by Article ~~7.103-7.103~~.

~~Article 3.404~~ **Notice to the Bourse**

- (a) An Approved Participant must notify the Bourse, within the prescribed time, of the termination of the employment of any Approved Person and, in the case of a dismissal for cause, a statement of the reasons therefore.
- (b) An Approved Participant must notify the Bourse, as soon as possible, of any information it has regarding any lawsuit, investigation or proceeding affecting the

approval of any of its Approved Persons by any regulatory authority or self-regulatory organization.

~~Article 3.405~~ **Transfer**Transfers of Approved Person~~Persons~~

- (a) An Approved Participant or affiliated corporation or subsidiary of an Approved Participant must not employ an Approved Person formerly employed by another Approved Participant until the Bourse consents to the employment. Any application for Bourse consent must be submitted in the form prescribed by the Bourse and must be signed by both the Approved Person and the ~~proposed employer~~Approved Participant as well as, as the case may be, by the affiliated corporation or subsidiary of an Approved Participant proposing to employ him.
- (b) The Bourse will not consent if the prior Approved Participant employer has failed to notify the Bourse of the termination of employment as required under Article ~~3.404~~3.404.
- (c) If the period of time between termination of employment with the prior Approved Participant ~~employer~~or an affiliated corporation or subsidiary of another Approved Participant is ninety (90) days or greater, the Bourse will not give its consent under this Article and an application for approval pursuant to Article 3.400 must be submitted to the Bourse.

~~Article 3.406~~ **Suspension or Revocation Of Approval**

- (a) If an Approved Person no longer meets the required qualifications or any other condition or requirement that may be prescribed by the Bourse, ~~the Bourse~~such Approved Person may ~~suspend~~be suspended or ~~revoke its approval~~its Bourse Approval may be revoked by the Special Committee or the Person or Persons authorized to give such Bourse Approval.
- (b) In the event of a suspension or revocation ~~by the Bourse~~ of Bourse Approval of an Approved Person pursuant to this Article or pursuant to Article ~~4.205~~4.205, unless otherwise ordered by the ~~Special Committee~~Vice president of the Regulatory Division, the Approved Participant, the affiliated corporation or subsidiary of the Approved Participant employing this Person must immediately discontinue such Approved Person's employment, and thereafter this Person may not be employed in the same capacity by any Approved Participant, any affiliated corporation or subsidiary of an Approved Participant without permission of the ~~Special Committee~~Vice president of the Regulatory Division, which may be revoked at any time.
- (c) Bourse Approval of any Approved Person who's employment has been terminated shall automatically be revoked if such Approved Person is not re-employed by an Approved Participant, an affiliated corporation or subsidiary of an Approved Participant in a capacity requiring approval within ninety (90) days of termination.

- (d) An Approved Person that is suspended shall remain subject to the jurisdiction of the Bourse. An Approved Person whose Bourse Approval is revoked shall remain subject to the jurisdiction of the Bourse, in accordance with paragraph (c) of Article ~~4.201~~[4.201](#).

~~PART 4~~ — INSPECTIONS AND ENFORCEMENT

Chapter A—Inspections, Investigations and Summary Proceedings

Article 2.0 Service of Documents to Regulatory Division Definition

For the purposes of Part 4:

- (a) any document required to be served on the Bourse must be addressed to the attention of the Vice-President, Legal Affairs (Derivatives), and delivered by messenger or by registered mail, in either case, with proof of receipt signed by a representative of the Bourse;
- (b) any document required to be served on any Person other than the Bourse must be served by delivering it directly to the Person, by messenger or by sending it by registered mail addressed to the Person to their latest residence or business address shown in the records of the Bourse;
- (c) any document required to be served on an Approved Person who is located outside of Canada may be served on the Approved Participant or, as the case may be, on a person who is a resident of Québec and appointed as agent for the service of process.
 - (i) If it is not possible to serve a document in accordance with the requirements of paragraph (b), the Bourse may use any other manner of service that is likely to bring the document to the attention of the Person.
 - (ii) An affidavit signed by an employee or representative of the Bourse attesting that the service requirements of paragraph (b) have been complied with is sufficient proof of service.
- (d) The term “Approved Person” also includes:
 - (i) The Designated Representatives who are duly approved pursuant to Article 3.104; and
 - (ii) Partners and shareholders, directors and Officers of Approved Participants and Related Firms.

Article 2.1 Obligation to Respond to Inspection

Approved Participants, their employees, and Approved Persons must comply with the obligation to provide information as set forth in this Chapter.

- (a) Upon the request of the Regulatory Division or of one of its representatives, such Persons must provide without delay all information related to their business,

Trades, positions or conduct as well as to the identity, business, Trades or positions of any of their customers and employees and customers of Persons for whom they provide account maintenance services. To this end, these Persons must submit and give to the Regulatory Division access to any records, registers, data, data bases, files, documents, papers and information for examination, and allow the Regulatory Division or its representative to obtain a copy thereof on demand.

- (b) For the purposes of any investigation or examination, the Regulatory Division or its representative may obtain such information from any source whatsoever, including any of the customers of any Approved Participants.
- (c) The Regulatory Division may at any time make available to any other exchange or securities commission or similar authority any report or information of the sort described in this Article. For that purpose, the Regulatory Division may, on behalf of the Bourse, enter into agreements with any Person or entity, in Québec or outside of Québec, for the sharing of information.
- (d) The obligation to inform extends to Officers, partners, directors, employees and auditors of any Approved Participant and also entails the obligation to appear before the Bourse and provide testimony at the time and place indicated by the Regulatory Division.
- (e) Compliance with the provisions of this Article shall not create any liability towards any other Approved Participant, employee of an Approved Participant, Approved Person, or client.

~~Article 4.2~~ **Reserved**

~~Article 4.3~~ **Special Investigations**

Without in any way limiting the powers conferred upon the personnel of the Bourse by Article ~~4.1, 4.1.1~~, the Special Committee or the Vice-President of the Regulatory Division may in their absolute discretion, at any time, direct a special examination or investigation to be made in respect of the conduct, the business or affairs of an Approved Participant or an Approved Person.

~~Article 4.4~~ **Summary Proceedings**

If, following an examination or investigation or by reason of any information otherwise obtained by the Bourse, it appears that circumstances so warrant, the Special Committee may proceed by way of summary proceedings in accordance with the provisions of Article 4.401 and following ~~of these Rules~~.

~~Article 4.5~~ **Failure to Respond**

Any Approved Participant or Approved Person who refuses or neglects to provide information in the manner prescribed in this Chapter or who fails to attend a hearing after having been given notice thereof, may be suspended without any notice, hearing or formality by the

Special Committee until the required information has been provided or an attendance made as set out in the summary proceedings provided for in Article 4.401 and following.

~~Article 4.6~~ **Costs and Expenses**

The costs and expenses paid or incurred by the Regulatory Division in connection with any examination or investigation instituted pursuant to the provisions of ~~Articles~~[Article](#) 4.1 or [Article](#) 4.3 and all proceedings relating thereto or steps taken as a result thereof shall be a debt owed to the Bourse by the Approved Participant or Approved Person who must pay the amount thereof upon demand.

~~Article 4.7~~ **Information Requests by Other Authorities**

Upon request from any exchange, self-regulatory organization, securities commission or any similar authority, to whose jurisdiction the Approved Participant is subjected in any manner or with whom the Bourse has entered into an agreement for the sharing of information, to provide information in connection with an investigation being carried out by such organization and subject to the legislation relating to the protection of personal information, each Approved Participant must submit the requested information directly to the requesting organization, in the form and manner prescribed by that organization, including electronically.

Chapter B--Reserved

Chapter C—Disciplinary Proceedings

Article 2.200 Reserved

Article 2.201 ~~Complaint~~ [Complaints](#)

The Bourse, in accordance with the procedures provided in this Chapter, may file a complaint against an Approved Participant or an Approved Person for violation of:

- (a) any of the Regulations of the Bourse, including as provided under ~~Article 7.2, 7.2~~ [\(a\)](#), any act, conduct, practice or proceeding unbecoming an Approved Participant or an Approved Person of the Bourse, inconsistent with just and equitable principles of ~~Trade~~[trade](#), or detrimental to the reputation of the Bourse or to the interests or the welfare of the public or of the Bourse, whether or not such act, conduct or proceeding is related to dealings or Transactions on the Bourse.
- (b) The Bourse may also file a complaint described in ~~paragraphs~~[paragraph](#) (a) ~~and (b)~~ against a former Approved Participant or Approved Person provided an originating notice is served on such Person within thirty-six (36) months from the date upon which the Person ceased to be an Approved Participant or Approved Person.
- (c) This provision is in addition to the powers that the Bourse may hold and choose to exercise pursuant to powers delegated by a securities commission.

~~Article 4.202~~ **Composition of the Disciplinary Committee**

- (a) A committee known as the Disciplinary Committee is constituted pursuant to the provisions of this Article to hear complaints brought under Article ~~4.201,4.201~~, as well as to accept or reject offers of settlement pursuant to Article ~~4.301.4.301 and following~~.
- (b) The Disciplinary Committee is comprised of three Persons named by the Vice-President, Legal Affairs (Derivatives), who shall select two of them among the Persons mentioned in sub-paragraph ~~(b)(ia)~~ of Article 4.203 or among the members of the Special Committee, and one among Persons mentioned in sub-paragraph ~~(b)(ii)~~ of Article ~~4.203.4.203~~.

~~Article 4.203~~ **Members of the Disciplinary Committee**

The Bourse maintains a list of persons eligible to sit on a Disciplinary Committee. This list and any change thereto must be approved by the Special Committee.

The list shall consist of:

- (a) Individuals:
 - (i) Who are directors, officers or partners of Approved Participants; or
 - (ii) Who are retired from the securities industry and who were previously directors, officers or partners of an Approved Participant.
- (b) At least two (2) individuals who are related neither to an Approved Participant, nor to the Bourse.

~~Article 4.204~~ **Conflict of Interest**

Before a hearing, each Persons designated to hear the case must make a solemn affirmation to the effect that:

- (a) to the ~~Person~~person's knowledge, there is no legitimate grounds for that ~~Person~~person's recusal as provided in paragraphs 1 to 6 of Article 202 or in Article 203 of the *Code of Civil Procedure*; and
- (b) that ~~Person~~person will not reveal or make known, without being authorized by law, anything whatsoever of which he or she takes cognizance in the performance of the ~~Person~~person's duties.

~~Article 4.205~~ **Penalties**

- (a) In finding any Approved Participant or Approved Person guilty pursuant to a complaint therein made, or of some lesser and included offence, the Disciplinary Committee or the Special Committee may, with respect to each offence, impose any one or more of the following penalties or ~~orders~~Rulings:
- (i) a reprimand;
 - (ii) a fine not exceeding \$ 1,000,000;
 - (iii) suspension or revocation of the rights as an Approved Participant or Approved Person for such period and upon such conditions, including conditions of reinstatement, as the Committee may determine;
 - (iv) a prohibition to obtain an approval for the time and upon such conditions determined by the Committee, including the conditions for the release of such a prohibition.
 - (v) expulsion of the Approved Participant;
 - (vi) making restitution to any Person who has suffered a loss as a result of the acts or omissions of a Person under the jurisdiction of the Bourse;
 - (vii) an obligation to take one or more courses given by the CSI Global Education Inc. or any other course deemed appropriate; or
 - (viii) reimbursement in whole or in part of the costs and expenses (including professional fees) paid or incurred by the Bourse in connection with the complaint and the matters out of which it arose including all investigations, hearings, appeals and other proceedings before or after the complaint.
- (b) These penalties and ~~orders~~Rulings shall be in addition to such other action as the Bourse may take pursuant to any other provision of the Regulations of the Bourse.

~~Article 4.206~~ **Costs and Expenses**

Where the Regulatory Division conducts an investigation following a complaint that was made, or information that was provided by a Person under its jurisdiction and determines that the complaint or information was frivolous or unfounded, the Bourse may recover the costs of the investigation from that Person.

~~Article 4.207~~ -4.250 Reserved

Article 2.251 Notice of Proceeding

- (a) The Bourse must serve an originating notice ~~on~~to any Person who is directly concerned whenever, as a result of an investigation or otherwise, it:
 - (i) decides to initiate disciplinary proceedings pursuant to Article 4.201 and following;
 - (ii) intends to deny granting an unconditional approval to a ~~Partnership~~partnership or corporation as an Approved Participant or an unconditional approval of a Person;
 - (iii) proposes to revoke, suspend or amend any of the rights or privileges of an Approved Participant, or of an Approved Person;
 - (iv) proposes to exercise the powers delegated to it by a securities commission or other regulatory organization.
- (b) The originating notice must contain:
 - (i) a reference to the regulatory provisions governing the matter;
 - (ii) a summary statement of the facts alleged and intended to be relied upon by the Regulatory Division and the conclusions drawn by the Regulatory Division based on the alleged facts;
 - (iii) a statement of the intent of the Bourse to conduct a hearing of the matter on a date and at a place to be determined in the originating notice or, subsequently, in the notice of hearing;
 - (iv) a reminder of the existence of Article 4.301 and following;
 - (v) a warning that failure to file a reply within the prescribed delay may result in foreclosure from producing any witness at the hearing.
- (c) A copy of the originating notice, together with proof of service, shall be filed with the Vice-President, Legal Affairs (Derivatives).

~~Article 4.252~~ **Reply**

- (a) A Person served with an originating notice must, within ten (10) business days from the date of service, serve to the Vice-President, Legal Affairs (Derivatives), a reply signed by ~~the~~such Person or by an individual authorized to sign on behalf of the Person.
- (b) The reply must set out specifically for each fact alleged in the originating notice, whether such fact is admitted or denied, and contain a statement of the Person's

position with regard to the conclusions drawn by the Bourse in the originating notice and a statement of any additional facts relied on by the Person.

- (c) Failure to file a reply within the prescribed delay may result in foreclosure from producing any witness at the hearing.

~~Article 4.253~~ **Notice of Hearing**

When by reason of the reply to the originating notice or for any other reason the Regulatory Division determines that a formal hearing is required, the Bourse shall proceed as follows:

- (a) Following a period of ten (10) business days for service of the reply, the Bourse shall serve a notice of hearing of at least ten (10) business days indicating the date, time and place of the hearing ~~on~~to the Persons to whom the originating notice was addressed.
- (b) The notice of hearing shall include a statement requiring the Person to attend the hearing, failing which the Disciplinary Committee may proceed with the hearing of the matter in that Person's absence.

~~Article 4.254~~ **Public Hearing**

All hearings are held in public, except for those pertaining to offers of settlement presented pursuant to Article 4.301 and following, which shall only be held in public once such an offer of settlement has been accepted by the Disciplinary Committee; *provided however*, that the Disciplinary Committee hearing the matter may, on its own initiative or upon request, order that a hearing be held in camera, in part or in whole, or prohibit the publication or disclosure of specific information or documents, in the interest of good morals or public order, particularly to preserve confidential business information or privileged communications or to preserve an individual's privacy or reputation.

~~Article 4.255~~ **Hearing Procedure**

- (a) Any Person on whom an originating notice was served and that Person's representatives is entitled to attend the hearing, in Person or, if necessary, by way of videoconference, for the purpose of hearing the evidence, cross-examining the witnesses presented by the Regulatory Division, presenting their own witnesses subject to the last paragraph of Article ~~4.252~~4.252, and making representations to the Disciplinary Committee hearing the matter;
- (b) Such Person may be assisted by a lawyer at the hearing;
- (c) If a written report in respect of the matter has been prepared by the Regulatory Division and if the latter proposes to table such report at the hearing, a copy of such report must be given to the parties beforehand;

- (d) The Disciplinary Committee may admit as evidence any documentary proof without a witness if the Committee is of the opinion that the rights of cross-examination would not be affected; and
- (e) In the event of a guilty verdict in disciplinary matters, the parties are entitled to be heard on the penalty to be imposed, unless the Disciplinary Committee has previously ruled that representations on the penalty shall be made prior to its deliberations on the merits.

~~Article 4.256~~ **Testimony**

Any Person required to testify before the Disciplinary Committee must make a solemn declaration.

~~Article 4.257~~ **Obligation to Respond**

The Regulatory Division has the right to question a Person who is subject to a complaint or who is accused of having breached a provision of the Regulations of the Bourse as well as to any other Person under its jurisdiction, and such Person shall be obliged to answer all questions.

~~Article 4.258~~ **Failure to Appear**

If a Person notified of the hearing fails to attend the hearing specified in the notice of hearing, the Disciplinary Committee may proceed with the hearing and disposition of the matter on the date and at the time and place set out in the notice of hearing without further notice, and in the absence of the Person, even if the Person has served a reply in accordance with Article ~~4.252-4.252~~.

~~Article 4.259~~ **Deliberations of the Disciplinary Committee**

The deliberations of the Disciplinary Committee hearing the matter must be made in the absence of any other Person.

~~Article 4.260~~ **Decision of the Disciplinary Committee**

- (a) The decision of the Disciplinary Committee must be in writing and served ~~onto~~ [to](#) the Person concerned.
- (b) The Disciplinary Committee must give the reasons supporting its decision.
- (c) A notice of the decision must be sent to the complainant, distributed to the Approved Participants ~~of the Bourse~~, filed in the records of the Bourse and be made available to the public and the press.
- (d) Notice of the decision must be given to such other Persons designated by the Disciplinary Committee hearing the matter.

- (e) If an offer of settlement is rejected pursuant to Article ~~4.305~~,[4.305](#), the reasons underlying such a decision by the Disciplinary Committee shall not be made public, but shall be made available to the members of the Disciplinary Committee to whom another offer of settlement would be presented.

~~Article 4.261~~ **Report of the Disciplinary Committee to the Special Committee**

If no appeal has been brought at the expiry of the delay to appeal, the Disciplinary Committee that has conducted the hearing must report thereon to the Special Committee.

Chapter D—Settlements and Appeals

Article 2.300 Reserved

Article 2.301 Offer of Settlement

The Regulatory Division may negotiate, at any time, an offer of settlement with any Person served with an originating notice.

~~Article 4.302~~ **Form of Settlement**

The offer of settlement must be in writing, in the form prescribed by the Regulatory Division, signed by the Person proposing the settlement, and contain the following:

- (a) the provisions of the Regulations of the Bourse that have been breached or not complied with, according to the Regulatory Division;
- (b) a statement of the facts agreed upon by the Regulatory Division and the Person proposing the offer of settlement;
- (c) the disposition of the matter, including any penalty to be imposed and the amount of costs and expenses of the Regulatory Division to be paid by the Person proposing the offer of settlement;
- (d) the consent of this Person to the settlement;
- (e) a statement that the settlement must be approved by the Disciplinary Committee or, in the cases provided for in Article ~~4.304~~,[4.304](#), by the Vice-President, Regulatory Division, failing which it shall not bind the parties involved, and the Bourse shall proceed with the hearing of the matter; and
- (f) a waiver by the Person of all rights under the Regulations of the Bourse to a hearing or to an appeal should the offer of settlement be accepted by the Disciplinary Committee or, in the cases provided for in Article ~~4.304~~,[4.304](#), by the Vice-President, Regulatory Division.

~~Article 4.303~~ **Submission of Offer Settlement**

The offer of settlement must be submitted to the Vice-President, Regulatory Division.

~~Article 4.304~~ **Acceptance of Offer of Settlement**

An offer of settlement of a disciplinary matter may be approved by the Vice-President, Regulatory Division when the penalty to be imposed is a reprimand, a fine not exceeding \$5,000, the penalty provided in sub-paragraph (a) (~~vii~~viii) of Article ~~4.205,4.205~~, or a combination of the three. Upon submission of the offer, the Vice-President, Regulatory Division must:

- (a) accept the offer of settlement,
- (b) reject the offer of settlement, or
- (c) accept the offer with a lesser penalty than the one agreed upon.

~~Article 4.305~~ **Rejection of Offer of Settlement**

In the event that an offer of settlement is rejected by the Disciplinary Committee or by the Vice-President, Regulatory Division, as the case may be, the Bourse must proceed with the hearing of the matter unless the parties involved agree to negotiate a new offer of settlement.

~~Article 4.306~~ **Privilege**

All discussions in relation with an offer of settlement are without prejudice. No part of such a discussion must be used as evidence or referred to in any proceedings whatsoever.

~~Article 4.307~~ **Effect of Acceptance of an Offer of Settlement**

In the event an offer of settlement is accepted by the Disciplinary Committee or, in the cases provided for in Article ~~4.304,4.304~~, by the Vice-President, Regulatory Division:

- (a) the matter becomes final and the settlement constitutes a decision;
- (b) there can be no appeal of the matter;
- (c) the disposition of the matter agreed upon in the settlement must be recorded in the permanent records of the Bourse; and
- (d) a notice of the decision must be sent to the complainant, distributed to the Approved Participants ~~of the Bourse~~, filed in the records of the Bourse and made available to the public and the press.

Article 2.302 Fine for Minor Violation

- (a) The Vice-President of the Regulatory Division may, in accordance with the procedure provided in Articles 4.310 and following, for any violation appearing in the *List of Fines for Minor Violations* published on the website of the Bourse,

impose a predetermined fine that cannot exceed \$5000 per violation, against an Approved Participant or an Approved Person. The violations included in the *List of Fines for Minor Violations* are:

- (i) Incomplete or inaccurate report pertaining to the accumulation of positions for Derivative Instruments (Article 6.500 (a));
 - (ii) Exceeding position limits (Article 6.310);
 - (iii) Non-compliance with the time limit for reporting an Exchange for Physical or an Exchange for Risk transaction (EFP/EFR) (Article 6.208 (d));
 - (iv) Non-compliance with the time of market exposure (Article 6.205);
 - (v) Failure to send a notice of non-compliance or a notice of exceeding position limits, within the prescribed time (Articles 3.105 and 6.500 (j));
 - (vi) Prohibited use of the "hidden volume" functionality (Article 6.204);
 - (vii) Granting unapproved access to the Electronic Trading System (Articles 3.4 (a) and 3.400).
- (b) The Vice-President of the Regulatory Division, may impose a fine for any violation included in the *List of Fines for Minor Violations* against a former Approved Participant or former Approved Person, on the condition that a notice of minor violation is served within the delay provided in article 4.201 (b).
- (c) Notwithstanding the possibility of imposing a fine for a minor violation included in the *List of Fines for Minor Violations* in accordance with paragraphs a) and b), the Vice-President of the Regulatory Division, may, at his discretion, choose to file a complaint in accordance with the procedure provided in Articles 4.251 and following.

Article 2.303 Notice of Minor Violation

- (a) Before imposing a fine, the Vice-President of the Regulatory Division shall serve a notice of a minor violation to the Approved Participant or the Approved Person.
- (b) The notice of minor violation shall:
 - (i) Be in writing;
 - (ii) Be signed by the Vice-President of the Regulatory Division;
 - (iii) Contain the following items for each violation:
 - (1) the alleged violation;
 - (2) the regulatory provision or provisions related to the alleged violation;
 - (3) the date of the violation;
 - (4) a summary statement of the facts on which the violation is based;

- (5) the amount of the fine for the violation;
- (6) the delay of time provided by Article 4.310 during which the Approved Participant or the Approved Person may submit observations or serve a request for the matter to be heard by a Disciplinary Committee;
- (7) a notice that failure to submit observations or a response results in foreclosure from contesting any fine to be imposed.

Article 2.304 Observations or Challenge from the Approved Participant or the Approved Person

- (a) Once a notice of minor violation has been served, the Approved Participant or the Approved Person may, within twenty (20) business days:
 - (i) Submit observations in writing to the Vice-President of the Regulatory Division. These observations must confirm or refute the facts. As part of the process to impose a fine for a minor violation, a defense of due diligence is neither allowed nor receivable; or
 - (ii) Contest the notice of minor violation by serving the Vice-President of the Regulatory Division with a request for the matter to be heard by a Disciplinary Committee in accordance with Articles 4.202 and following, which request must be accompanied by a response as described in Article 4.252. In this instance, the notice of minor violation is deemed a complaint under Article 4.201.
- (b) If observations are not submitted and the notice of minor violation is not contested within the prescribed time, the Approved Participant or the Approved Person will be deemed to have agreed to pay the fine and to have relinquished all rights under the Regulations of the Bourse concerning the hearing and contesting the violation.

Article 2.305 Notice of Fine for Minor Violation

- (a) Upon expiry of the delay provided for in Article 4.310, and after having considered the observations of the Approved Participant or the Approved Person, if any, the Vice-President of the Regulatory Division may impose the fine prescribed in *List of Fines for Minor Violations* on this Approved Participant or this Approved Person by serving a notice of a fine for violation or decide not to impose a fine for minor violation. In this case, a notice advising of the closing of the matter will be sent to the Approved Participant or the Approved Person.
- (b) The decision by the Vice-President of the Division to impose a fine for minor violation may be appealed to the Special Committee in accordance with Articles 4.351 and following. A defense of due diligence is neither allowed nor receivable during the appeal before the Special Committee.
- (c) The fine for minor violation imposed against the Approved Participant or the Approved Person is payable within the ten (10) business days following service of the notice of fine for minor violation.

Article 2.306 Publication of Information Regarding Fines Imposed for Minor Violations

The Regulatory Division will make information publicly available, on an anonymous basis, regarding fines imposed for minor violations, including the nature of the minor violations, the fines imposed during the period as well as any other information that the Regulatory Division considers relevant.

Article 2.307 ~~Article 4.308~~-4350 Reserved

Article 2.351 Jurisdiction of the Special Committee

An appeal from a decision of the Disciplinary Committee, any other committee of the Bourse or the staff of the Bourse may be brought before the Special Committee. The members of the Disciplinary Committee who participated to the hearing of the case in the first instance, cannot participate to the hearing of the appeal by the Special Committee.

~~Article 4.352~~ **Time to Appeal**

The appeal must be brought within ten (10) business days of the service of the decision.

~~Article 4.353~~ **Notice of Appeal**

Any appeal of a decision of the Disciplinary Committee, of another committee of the Bourse, or of a member of the staff of the Bourse must be brought by filing a written notice of appeal with the Vice-President, Legal Affairs (Derivatives). The notice must contain a brief statement of the grounds for appeal and be served upon the parties.

~~Article 4.354~~ **Security for Costs**

When the appeal appears abusive, dilatory, frivolous, or for some other special reason, the Special Committee may, upon request, order the appellant to furnish, within a prescribed period, Security to guarantee, in whole or in part, the payment of the costs of appeal, the amount of the fine and the costs and expenses listed in ~~Article 4.206~~, 4.206, if the appeal is dismissed. If the appellant does not furnish Security within the prescribed period, the Special Committee may dismiss the appeal.

~~Article 4.355~~ **Appeal Briefs**

- (a) Within fifteen (15) business days of the filing of the notice of appeal, the appellant must file with the Vice-President, Legal Affairs (Derivatives), nine (9) copies of the appellant's brief containing the appellant's arguments, and must serve one (1) copy on the respondent.
- (b) Within fifteen (15) business days of the receipt of the appellant's brief, the respondent must file with the Vice-President, Legal Affairs (Derivatives), nine (9) copies of the respondent's brief and must serve one (1) copy on the appellant.

- (c) If the appellant fails to file the brief within the above-mentioned period, the appeal may be dismissed upon application to the Special Committee.

~~Article 4.356~~ **Stay of Decision**

Unless otherwise ordered by the Special Committee, an appeal suspends the execution of the decision of the Disciplinary Committee or of the personnel of the Bourse when such decision imposes a penalty other than those provided for sub-paragraphs (a) (iii), (iv) ~~and~~, (v) ~~and (vi)~~ of Article 4.205; *provided however*, suspension of the rights of an Approved Participant or Approved Person, prohibition to obtain Bourse Approval, expulsion of an Approved Participant and revocation of Bourse Approval is executory, notwithstanding appeal, unless otherwise ordered by the Special Committee.

~~Article 4.357~~ **Basis of the Appeal**

The appeal is argued on the basis of the file in the first instance and of the appeal briefs; *provided however*, in exceptional circumstances and if justice so requires, the Special Committee may authorize the presentation of additional evidence.

~~Article 4.358~~ **Applicable Procedures**

Subject to the provisions in this Chapter, ~~Articles~~ Article 4.253 and following apply to any hearing before the Special Committee, with the necessary changes.

~~Article 4.359~~ **Disqualification**

- (a) No officer of the Bourse is eligible to sit at a hearing in first instance or on appeal.
- (b) A member of the Special Committee who has any grounds for recusal pursuant to Article 4.204 is not eligible to sit in appeal from a decision.

~~Article 4.360~~ **Appeal Under the Derivatives Act**

Any appeal from a decision of the Special Committee is governed by the Derivatives Act, as amended from time to time.

Chapter E—Summary Proceedings

~~Article 4.400~~ **Reserved**

Article 2.400 Summary Suspension

Where the Special Committee deems it necessary for the protection of the public and the reputation of the Bourse, it may suspend an Approved Participant or suspend or revoke Bourse Approval of any Person without following the procedures set forth in Article 4.251 and following, provided that the Bourse issues forthwith a notice of hearing and convenes a hearing within the following fifteen (15) business days. The Special Committee may without notice,

take such action including, ~~but not limited to,~~whenever the circumstances enumerated in ~~Articles~~Article 4.402 to ~~4.406.~~Article 4.406 occur.

~~Article 4.402~~ **Grounds for Summary Action**

If any Approved Participant or Approved Person is convicted of a crime or of an infraction in connection with trading in Securities or Futures Contracts or of an offence under any statute or regulation applicable to Securities or Derivative Instruments, or if any Approved Participant or Approved Person has their registration or license under any such statute or regulation suspended or revoked, the Special Committee may, without any notice, hearing or formality whatsoever, suspend the Approved Participant or Approved Person and withdraw Bourse Approval of such Approved Person pending the completion of all appeal proceedings relating to such conviction, suspension or revocation; *provided however*, if no appeal is launched within the prescribed period from such conviction, suspension or revocation, or if such a conviction, suspension or revocation is made or upheld on appeal, the Special Committee may thereupon, without any notice, hearing or formality whatsoever, suspend or expel such Approved Participant and suspend or revoke Bourse Approval of such Approved Person.

~~Article 4.403~~ **Additional Grounds for Summary Action**

If any Approved Participant or Approved Person is suspended, expelled or has their approval or permit suspended, withdrawn or revoked by another exchange or self-regulatory organization, the Special Committee may suspend or expel such Approved Participant or suspend or revoke Bourse Approval of such Approved Person, provided that the Bourse shall forthwith issue a notice of hearing and convene a hearing within the following fifteen (15) business days.

~~Article 4.404~~ **Failure to Provide Information or Appear**

If any Approved Participant, employee of an Approved Participant or Approved Person refuses or neglects to provide information or to appear in the manner prescribed by the Regulations of the Bourse, the Special Committee may without any notice, hearing or formality whatsoever, suspend the Approved Participant or Approved Person until the information has been provided or the appearance has been made.

~~Article 4.405~~ **Summary ~~Action~~Actions Relating to Financial Condition**

- (a) Notwithstanding anything to the contrary contained in any other provision of the Regulations of the Bourse, the Special Committee may impose without any notice, hearing or formality whatsoever, one or more of the interim orders described in paragraph (b), if following any inspection or investigation with respect to the business, affairs or conduct of an Approved Participant or Approved Person whether made pursuant to the Regulations of the Bourse, the applicable legislation or otherwise, or if, on the basis of any reliable information otherwise obtained by or given to the Regulatory Division, it is established that:
 - (i) such Approved Participant is insolvent or does not have the risk adjusted capital required under the Regulations of the Bourse;

- (ii) the financial or general condition of such Approved Participant or Approved Person is such that it is or may become detrimental to the reputation of the Bourse or to the interests or welfare of the Bourse or the public;
 - (iii) the system of book or record keeping or accounting used by such Approved Participant is unsatisfactory; or
 - (iv) the methods or practices adopted by such Approved Participant or Approved Person in carrying on business may be detrimental to the reputation of the Bourse or to the interests or welfare of the Bourse or the public.
- (b) The following orders may be imposed by the Special Committee under the authority and in the circumstances set forth in paragraph (a):
- (i) the suspension of the Approved Participant or of any of the rights and privileges of the Approved Participant or Approved Person for a period and upon the terms and conditions, if any, determined by the Special Committee;
 - (ii) the suspension or amendment of the terms and conditions of a previously granted Bourse Approval;
 - (iii) the imposition of any terms and conditions that must be satisfied by a Person to continue as an Approved Participant or Approved Person; or
 - (iv) the imposition of any other terms, conditions or instructions deemed appropriate in the circumstances including, without limitation, ~~one or more of the following~~:
 - (1) restricting one or more sectors of the Approved Participant's operations;
 - (2) requiring the presence of employees or representatives of the Bourse at the Approved Participant's premises for the surveillance of its trading activities on the ~~derivatives instruments listed on the Bourse~~ [Listed Products](#); or
 - (3) requiring the mailing of notices to clients in terms specified by the Regulatory Division.
- (c) If interim orders are imposed pursuant to the above paragraph (b), the Bourse must issue a notice of hearing to be held within fifteen (15) business days following the Special Committee's decision unless the parties agree to an extension of the period or to a waiver of the hearing.

- (d) Interim orders imposed by the Special Committee remain in force until the hearing is held, at which time the orders may be confirmed, set aside or modified.

~~Article 4.406~~ **Summary ~~Action~~ Actions Relating to Default**

- (a) An Approved Participant or an Approved Person may be declared a Defaulter by the Special Committee without any notice, hearing or formality whatsoever in any of the following cases:
 - (i) the Approved Participant or the Approved Person fails to pay on demand any assessment, fee or charge which has become due to the Bourse pursuant to the Regulations of the Bourse or its list of fees, or any other indebtedness to the Bourse, such as a fine, or the costs of a hearing, investigation or surveillance operation; or
 - (ii) the Approved Participant or the Approved Person fails to meet or admits or discloses his inability to meet his liabilities or obligations to the Bourse, another Approved Participant or to the public.
- (b) An Approved Participant or the Approved Person who is declared a Defaulter by the Special Committee who makes an assignment of his property under the applicable legislation or against whom a receiving order is issued under this same law shall automatically be suspended.
- (c) If the cause of such default is not corrected to the satisfaction of the Special Committee within fourteen (14) business days after a Person was declared a Defaulter, or such other period as the Special Committee may decide, the Approved Participant may be expelled, or Bourse Approval of the Approved Person may be suspended or revoked by the Special Committee without any notice, hearing or formality whatsoever.
- (d) No Approved Participant shall do business for the account of a defaulter without the written consent of the Special Committee.

~~Article 4.407~~ **Reinstatement of Defaulters**

- (a) An Approved Participant who has been expelled may apply to the Special Committee for reinstatement as an Approved Participant. No one may be reinstated as an Approved Participant pursuant to this Article, if:
 - (i) the Approved Participant was expelled pursuant to a provision of the Regulations of the Bourse other than those covered by ~~Articles~~ Article 4.401 and following;
 - (ii) the Approved Participant is insolvent or bankrupt;
 - (iii) the Special Committee is not satisfied that the Approved Participant is no longer in default of any of its liabilities or obligations; or

- (iv) the application for reinstatement is not approved by the Special Committee.

~~PART 5~~ DISPUTES

Article 2.0 Arbitration Required

Any dispute arising between Approved Participants regarding a Listed Product traded on or subject to the Rules ~~of the Bourse~~, including the adjustment or cancellation of Transactions, must be submitted to the majority decision of three arbitrators appointed as provided under Article ~~5.1.5.1~~.

~~Article 5.1~~ Appointment of Arbitrators

The procedure for the appointment of the arbitrators shall be as follows. The Approved Participant believing himself to be the injured party shall deliver to the Vice-President, Regulatory Division a written memorandum in triplicate, stating in a summary way the matter in dispute and the redress he claims and appointing an arbitrator. The Vice-President, Regulatory Division shall forward one (1) copy of such memorandum to the opposite party, who shall, within seven (7) business days after receipt thereof, file with the Vice-President, Regulatory Division a written memorandum in triplicate containing his statement of the matter in dispute and appointing an arbitrator. The Vice-President, Regulatory Division shall forward one (1) copy thereof to the opposite party and copies of both memoranda to the arbitrators so appointed, and the latter shall proceed within forty-eight (48) hours after receipt of the memoranda to appoint a third arbitrator. If a party fails to appoint an arbitrator, the Vice-President, Regulatory Division shall appoint one for him, and in the event of the two arbitrators already appointed failing to appoint the third arbitrator within the time set above, he shall be appointed by the Vice-President, Regulatory Division.

Article 2.1 Arbitration Hearing

The three arbitrators so appointed must promptly give written notice to the parties of the date, time and place of their first meeting, which shall be held within seven (7) days after the appointment of the third arbitrator and at which the parties shall be required to be present and to produce any books or documents respecting the matter in dispute. The arbitrators shall hear the parties, receive such evidence as they may deem necessary, make their award and fix the costs of the arbitration within thirty (30) days from the date of the first sitting or such other period as the parties may agree upon. They shall forward their award in writing to the Vice-President, Regulatory Division who shall give notice thereof to all the parties concerned.

~~Article 5.3~~ Notice to Special Committee of Legal Proceedings

Submission to arbitration in accordance with this Part shall be a condition precedent to any legal proceedings between Approved Participants with reference to a ~~Listed Product~~ Bourse Contract. Following an arbitration, an Approved Participant must notify the Special Committee prior to commencing a legal proceeding against another Approved Participant with reference to such a dispute.

~~Article 5.4~~ **Customer and Other Persons; Arbitration of Disputes**

A Person who is not an Approved Participant may submit to arbitration under this Part 5 any dispute with an Approved Participant and relating to a ~~Listed Product~~Bourse Contract.

~~Article 5.5~~ **Multiple Party Disputes**

When more than two parties are involved in a dispute which is subject to arbitration, the Articles of this Part shall apply *mutatis mutandis*. Each party to the dispute shall be entitled to appoint an arbitrator, and in the event that an even number of parties is involved, the arbitrators appointed by or for them shall appoint an additional arbitrator in the manner provided in Article ~~5.1.5.1~~. In the event that an uneven number of parties is involved, the arbitrators appointed by or for them shall appoint two additional arbitrators in the manner provided in Article ~~5.1.5.1~~.

~~Article 5.6~~ **Costs**

The arbitrators may require that prior to an arbitration hearing the parties deposit with the Vice-President, Regulatory Division such sum as an advance on the costs for which the parties or either of them may be adjudged liable.

~~Article 5.7~~ ~~Failure to Satisfy~~ **Arbitration Award** and Failure to Comply

Any Approved Participant who fails to comply with any arbitration award shall deemed to be guilty of an act detrimental to the interest and welfare of the Bourse.

~~PART 6~~ TRADING RULES

Chapter A—In General

Article 2.0 Discretionary Authority of Bourse

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.

~~Article 6.1~~ Emergency Authority of the Bourse

- (a) The Bourse has the power and the authority to act in the event that it determines the existence of an emergency situation which threatens the integrity, liquidity or orderly trading or liquidation of any Listed Product. The Bourse may exercise its emergency powers in the event that it believes in good faith that any of the circumstances similar to the following exist:
- (i) a manipulation, attempted manipulation, corner or squeeze is occurring or threatens to occur;
 - (ii) the liquidity of a ~~Derivative Instruments listed~~ Listed Product on the Bourse or its orderly liquidation is threatened by the concentration of positions in the hands of entities or individuals who are unable or unwilling to settle or to make or take Delivery in the ordinary course;
 - (iii) an action of the Government of Canada, of a Canadian provincial government or any foreign government or of any other Derivative Instruments market is likely to have a direct and adverse impact on the integrity, liquidity and orderly liquidation of any ~~Derivative Instrument listed~~ Listed Product on the Bourse; or
 - (iv) an unusual, unforeseeable, and adverse circumstance has occurred.
- (b) In the event that the Bourse determines that an emergency situation exists, it may take any of the following actions or any other action that may be appropriate to remedy the situation:
- (i) terminate trading;
 - (ii) limit trading to liquidation of ~~Derivative Instruments~~ Listed Products only;
 - (iii) order liquidation of all or a portion of an Approved Participant's accounts;
 - (iv) order liquidation of positions as to which the holder is unable or unwilling to settle or to make or take Delivery;

- (v) confine trading to a specific price range or otherwise modify the daily price limit when such a limit exists;
 - (vi) modify the Trading Days or trading ~~days or~~ hours;
 - (vii) alter conditions of Delivery or of settlement;
 - (viii) fix the Settlement Price at which ~~Derivative Instruments~~ Listed Products are to be liquidated according to the rules of the Clearing Corporation;
 - (ix) require additional Margins to be deposited with the Clearing Corporation.
- (c) When the Clearing Corporation informs the Bourse of any emergency situation, whether in progress or feared, of which it has become aware, the Bourse shall act within twenty-four (24) hours to consider appropriate measures, if any. The Clearing Corporation shall have the right to participate in any deliberation made pursuant to the present Article.
- (d) As soon as practicable following the imposition of emergency action, the Board of Directors ~~of the Bourse~~ must be promptly notified. Any action taken pursuant to this Article may not extend beyond the duration of the emergency. In no event shall actions taken pursuant to this Article remain in effect for more than ninety (90) days following their imposition.

~~Article 6.2~~ Trading Restricted to the Bourse

Subject to the exceptions set out in ~~Articles~~ Article 6.204 and ~~6.200,~~ Article 6.200, all Transactions in Listed Products made by Approved Participants, an affiliated corporation or a Person must take place on the Bourse during a trading session thereof.

~~Article 6.3~~ Transactions Required on the Bourse ~~Facilities~~ Electronic Trading System

All trading in Listed Products must occur on or through the Trading System, except as otherwise permitted in accordance with the Rules.

~~Article 6.4~~ Open Positions; Liquidation Trades

- (a) All Derivative Instruments positions for a Client Account or non-client account must remain open until liquidated by a closing Transaction, by Delivery, by cash settlement or failure to perform as provided in the rules of the exchange where such Derivative Instruments are traded and the Clearing Corporation.
- (b) All Closing Trades shall take place on the Bourse and shall be subject to the Regulations of the Bourse and of the designated Clearing Corporation.

~~Article 6.5~~ **Dissemination of Trades**

All Trades shall be disseminated through the market data feed after execution.

~~Article 6.6~~ **Trading Hours**

- (a) Trading hours are determined by the Bourse.
- (b) ~~There will not be any extended trading session on the expiry day of a contract month except in cases where the final Settlement Price of the contract is established after the close of the extended trading session.~~

~~Article 6.7~~ **Trading Outside Trading Hours**

Except as permitted by ~~Articles~~Article 6.208 and ~~6.200,~~Article 6.200, no Futures Contracts may be traded or transferred, and no agreement to ~~Trade~~trade or transfer Futures Contracts may be entered into, before the opening or after the closing of trading in any Futures Contract such as determined by the Bourse.

~~Article 6.8~~ **Treatment of Long Position and Short Position**

- (a) Unless concurrent Long Positions and Short Positions in the same ~~contract month~~Delivery Month or Settlement Month are held on behalf of an Omnibus Account; or in accordance with the provisions of paragraph (c) of this ~~rule~~Article, a clearing member shall not be permitted to maintain with the Clearing Corporation such positions for (y) a single account; or (z) 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 Position and Short Position.
- (b) A clearing member shall promptly close out a customer's open Long Position or Short Position held with the Clearing Corporation if an offsetting purchase or sale Transaction is made for such customer's account.
- (c) A clearing member would be permitted to carry with the Clearing Corporation concurrent Long Position and Short Position 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 6.200 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 Position and Short Position would be held contrary to this Rule. The positions which would create the concurrent Long Position and Short Position 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~~.

~~Article 6.9~~ **Oral Communications with the Market Operations Department**

Whenever an Article permits, or requires, an Approved Participant (or its authorized client under Article ~~3.53.1~~) to contact the Market Operations Department by telephone, the Market Operations Department will act upon, and treat as authorized and binding upon the Approved Participant (or authorized client), the oral communication of the Approved Participant's Designated Representative or of any Person providing a valid Trader ID and matching account number of the Approved Participant or authorized client.

~~Article 6.10~~ **Recording of Telephone Conversations**

To ensure the integrity of the markets and resolve disputes regarding Trades in Listed Products, the Bourse will record all telephone conversations of the Bourse's Market Operations Department regarding the trading of Listed Products.

~~Article 6.11~~ **Procedures for Consulting Recordings**

- (a) Authorization to consult the recordings of telephone conversations shall be granted in the case of an investigation by the Bourse, upon request by any competent government authority, regulatory body or self-regulatory organization or as prescribed by applicable law or regulation, by the valid order of a court, tribunal or by legal process.
- (b) Only Persons authorized by the President of the Bourse and authorized representatives of the Approved Participants may listen to a recording.
- (c) Before consulting a recording and only to the extent legally permissible, the Bourse shall notify the Person concerned or its authorized representative, who may wish to be present during consultation, except in the case of an investigation.
- (d) In the case of litigation or in disciplinary matters, the recordings may be filed as evidence.
- (e) Except for Persons authorized by the President of the Bourse, all concerned Persons or their authorized representative who wish to consult their recording must make a written request to the Director, Market Operations, of the Bourse

explaining the reasons for the request. Upon approval, the authorized Person may consult the recording in the presence of one of the authorized Persons of the Bourse as per paragraph (b).

- (f) Approved Participants must advise their clients of the recording process of telephone conversations and abide to the provisions of Article ~~7.100~~[7.100](#).

Chapter B—Trading

Article 2.100 Trading Session

Except as may be otherwise determined by the Bourse, trading sessions shall be held on the Bourse every day except Saturdays, Sundays and holidays. Market opening and closing times are established by the Bourse and such times may be different for each category of Listed Products. An advance notice must be given to Approved Participants of any changes.

~~Article 6.101~~ **Trading Delays and Interruptions**

- (a) In order to assist in the orderly opening or re-opening of a Listed Product, a Market Supervisor has the authority to delay the opening or to interrupt trading in any Listed Product for any period of less than two hours. Such two hour period can be extended at the Market Supervisor's discretion in order to assist in re-establishing orderly trading.
- (b) A Market Supervisor may determine the conditions and time at which trading in any Listed Product will resume.
- (c) A Market Supervisor has the authority to take such decisions as may be required to cancel or modify any given intra-session auction period.

~~Article 6.102~~ **Trading Halts**

- (a) Trading on equity Options, index Options, exchange-traded funds Options, share Futures Contracts and stock Index Futures will automatically be halted upon notice to the Bourse from the Toronto Stock Exchange (TSX) that a single-stock or market-wide circuit breaker has been triggered or when IIROC imposes a regulatory trading halt in the security underlying a Listed Product traded on the Bourse.
- (b) With respect to any Listed Product not within the scope of paragraph (a), [of this Article](#), the Market Supervisor may halt trading on the Bourse in his or her sole discretion whenever and for such time as the exchange on which an instrument underlying a Listed Product halts trading in that instrument due to market volatility or otherwise.

Article 6.102A Daily Price Limits on Options

1. For the purpose of this Article:

- a) “control price” means a price calculated for each options using a generalized version of the Barone–Adesi model for American style options and Black-Scholes model for European style options.
 - b) “X limits” means price limits based on a percentage of the control price under and above which an order is not allowed to register in the central limit order book.
 - c) “Y limits” means price limits based on a percentage of the control price under and above which an incoming order would not be executed and would be eliminated, or under and above which a theoretical opening price would put the derivative instrument into a reserved state.
 - d) “reserved state” means a trading halt triggered by a theoretical opening price under or above the Y limits at the opening of a given instrument.
2. The Bourse may subject options to the X limits and Y limits as follows:
- a) X limits: any order entered by a participant in breach of the X limits is automatically rejected by the Trading System and a message is automatically sent to the participant to confirm such order rejection.
 - b) Y limits
 - i) At the opening of an instrument, a theoretical opening price under or above the calculated Y limits causes the Derivative Instrument to enter into a reserved state.
 - ii) Participants can enter new orders and modify or cancel their orders on an instrument which is in reserved state.
 - iii) When an instrument is in reserved state, the Trading System will attempt to automatically re-open the trading of such instrument through a volatility auction. Should the resulting reopening price be within the Y limits, trading on the instrument will resume. Should the resulting reopening price be outside the Y limits, the instrument will be maintained in a reserved state and another volatility auction will take place. Such process will automatically take place until trading on the instrument resumes. The Bourse can extend the trading halt created by the reserved state to ensure orderly trading.
 - iv) The Bourse will notify the market through its market data feed when an instrument enters into a reserved state and when trading is resumed for such instrument.
 - v) During the continuous trading phase, passive orders priced outside the Y limits but within the X limits will be allowed in the Trading System. Should the potential execution price of an incoming order be outside the Y limits, such incoming order will be eliminated, preventing the trade, and a message will be automatically sent to the participant to confirm such order elimination.
 - vi) A limit order priced outside the Y limits that could otherwise be partially executed will be partially executed up until a lot is priced outside of the Y limits, and the remaining quantity of the order will be priced at the Y limit.
3. Control prices and percentages of the X limits and Y limits can be modified and Y limits can be temporarily lifted at the Bourse’s discretion to ensure regular trading.

4. The X limits are disseminated to the market via the Bourse's market data feed daily prior to the opening of the market.
5. The X limits do not apply to bulk quotes entered by Approved Participants or clients of Approved Participants while acting as duly appointed Market makers pursuant to Article ~~3.112~~[3.112](#).

Article 6.102B Daily Price Limits on Futures

1. For the purpose of this Article:
 - a) "control price" means a price calculated for each Futures based on the previous day Settlement Price.
 - b) "X limits" means price limits based on a percentage of the control price under and above which an order is not allowed to register in the central limit order book.
 - c) "Y limits" means price limits based on a percentage of the control price under and above which an incoming order would not be executed and would be eliminated, or under and above which a theoretical opening price would put the derivative instrument into a reserved state.
 - d) "reserved state" means a trading halt triggered by a theoretical opening price under or above the Y limits at the opening of a given instrument.
2. The Bourse may subject Futures to the X limits and Y limits as follows:
 - a) X limits: any order entered by a participant in breach of the X limits is automatically rejected by the Trading System and a message is automatically sent to the participant to confirm such order rejection.
 - b) Y limits
 - i) At the opening of an instrument, a theoretical opening price under or above the calculated Y limits causes the Derivative Instrument to enter into a reserved state.
 - ii) Participants can enter new orders and modify or cancel their orders on an instrument which is in reserved state.
 - iii) When an instrument is in reserved state, the Trading System will attempt to automatically re-open the trading of such instrument through a volatility auction. Should the resulting reopening price be within the Y limits, trading on the instrument will resume. Should the resulting reopening price be outside the Y limits, the instrument will be maintained in a reserved state and another volatility auction will take place. Such process will automatically take place until trading on the instrument resumes. The Bourse can extend the trading halt created by the reserved state to ensure orderly trading.
 - iv) The Bourse will notify the market through its market data feed when an instrument enters into a reserved state and when trading is resumed for such instrument.

- v) During the continuous trading phase, passive orders priced outside the Y limits but within the X limits will be allowed in the trading system. Should the potential execution price of an incoming order be outside the Y limits, such incoming order will be eliminated, preventing the trade, and a message will be automatically sent to the participant to confirm such order elimination.
 - vi) A limit order priced outside the Y limits that could otherwise be partially executed will be partially executed up until a lot is priced outside of the Y limits, and the remaining quantity of the order will be priced at the Y limit.
3. Control prices and percentages of the X limits and Y limits can be modified and Y limits can be temporarily lifted at the Bourse's discretion to ensure regular trading.
 4. The X limits are disseminated to the market via the Bourse's market data feed daily prior to the opening of the market.
 5. The X limits do not apply to bulk quotes entered by Approved Participants or clients of Approved Participants while acting as duly appointed Market Makers pursuant to Article ~~3.112~~[3.112](#).

Article 6.102C Maximum Price Variation Thresholds

Unless otherwise specified in the Rules, the Bourse establishes for each ~~Derivative Instrument~~[Listed Product](#) maximum price variation thresholds, based on a percentage, with respect to the previous day's Settlement Price and there shall be no trading above or below these thresholds.

~~Article 6.103~~ **Suspension of Trading Session**

When urgent circumstances warrant it, the Bourse may suspend trading for one trading session [or more](#), or any part of a trading session.

~~Article 6.104~~ **Malfunction of Electronic Trading System**

- (a) If the Electronic Trading System malfunctions, a Market Supervisor may interrupt access to the Trading System.
- (b) An Approved Participant can withdraw orders from the Trading System recorded before the malfunction by preparing cancellation instructions for the orders. Upon the Trading System functioning again, there will be a pre-opening session where the cancellation instructions for the orders will be executed.

~~Article 6.105~~ **Opening time**

- (a) Whenever trading in the underlying instrument of a Listed Product has not opened, a Market Supervisor may postpone the opening of trading in the Listed Product accordingly.

- (b) The opening time for a Trading Strategy shall not be earlier than the opening of trading in the Listed Products that are the components of such ~~strategy~~Trading Strategy.

~~Article 6.106~~ **Entry of Order in the Electronic Trading System**

The ~~Electronic~~-Trading System shall contain all orders to buy and to sell. Orders may be entered into the ~~Electronic~~-Trading System during pre-opening or during the pre-auction stage of an intra-session auction period, but 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.

~~Article 6.107~~ **Bids and ~~offers binding~~Offers Binding**

All bids and offers ~~made~~entered and accepted in accordance with the Bourse requirements during a trading session, or a Trading Day, as the case may be, shall be binding, and all Bourse Contracts thereby effected and arising therefrom shall be subject to the authority of the Bourse in respect thereto.

~~Article 6.108~~ **Trading ~~stages~~Stages**

The Electronic Trading System operates using various trading and no-cancel stages, which may vary, as determined by the Listed Products' specifications. The following trading stages shall apply to the operation of the Electronic Trading System:

- (a) pre-opening;
- (b) no-cancellation stage, lasting for a time period as prescribed by the Bourse not exceeding the last two (2) minutes of the Pre-opening stage. During this stage, orders cannot be cancelled or CFO'd (modification of an order); orders can only be entered;
- (c) opening/closing; and
- (d) market session (continuous trading).

Depending on the product, trading stages and no-cancellation stage may vary, as determined by the products specifications.

- (e) Intra-session Auction Period

Intra-session auction periods will be determined and scheduled by the Bourse from time to time. The Bourse will determine and publish the list of ~~derivative instruments~~Derivative Instruments subject to intra-session auctions, the number of intra-session auctions for each selected ~~derivative instrument~~Derivative Instrument during one ~~trading session~~Trading Day, and the trading hours of such intra-session auctions including, without limitation, the time periods for:

- ; the pre-auction stage;
- ; the no-cancellation stage; and
- ; when applicable, the random opening of the intra-session auctions;

| the whole customized for each ~~derivative instrument~~[Derivative Instrument](#) and reassessed by the Bourse from time to time.

~~Article 6.109~~ **Trade Matching and Order Priorities**

- (a) Pre-opening, pre-closing and Intra-session Auctions. During the pre-opening stage and the pre-closing stages of the ~~trading day~~ Trading Day, and during the pre-auction stage of an intra-session auction period, orders are entered but no Trades are generated until the end of the stage. The ~~Electronic~~-Trading System will calculate the opening price, the closing price or the auction price, as the case may be, using the Calculated Theoretical-Opening price methodology (CTO).
- (i) The CTO price represents the overlapping bid/ask price range that results in the maximum possible Trade volume. When there is more than one possible CTO at which the maximum volume is reached, the price with the lowest residual is used. Furthermore under the following conditions:
- (1) if there is an imbalance on the buy side, the highest price is taken;
 - (2) if there is an imbalance on the sell side, the lowest price is taken; and
 - (3) where the residuals are the same, the price which is closest to the previous Settlement Price is taken.
- (ii) Stop limit orders do not enter into the CTO calculation.
- (b) Market session (continuous trading). The ~~Electronic~~-Trading System allocates the tradeable orders first on a price basis, and then on a first in, first out basis (FIFO), except when part of the allocation is subject to an execution guarantee as defined by the Bourse. Stop limit orders in the Electronic Trading System shall be presented to the market as soon as their triggering limit is reached.

~~Article 6.110~~ **Orders**

- (a) To be considered valid, an order must specify the name or symbol of the Listed Product, whether it is a buy or sell order, the quantity of the order, explicit instructions regarding the trading price and the conditions which must be met prior to the order becoming effective and the type and duration qualifier of the order.
- (b) The types of which entered into the Electronic Trading System are as follows:
- (i) Market order (best limit; bid/ask). A market order is executed at the best limit that is available on the other side of the market at the moment the order is introduced into the ~~Electronic~~-Trading System, at the quantity available at this limit. If the order is partially filled, the unfilled quantity becomes a limit order at the price the first part of the order was executed.

- (1) A market order can only be entered during the market session (~~Continuous-Trading~~[continuous trading](#)); and.
 - (2) A ~~Market~~[market](#) order is only accepted by the system if a price limit exists on the other side.
- (ii) Limit order. A limit order is an order to buy or sell at a specified price, or better.
- (iii) Stop limit order. A stop limit order is order to buy or sell which becomes a limit order once the contract has traded at the stop-price or higher in the case of a buy order; at the stop-price or lower in the case of a sell order.
- (1) If more than one stop order has the same trigger price, then the first in, first out basis (FIFO) rule will apply. Once the stop order becomes a limit order, a new time priority is given to it.
 - (2) Stop limit orders can only be entered as day orders.
- (iv) Opening/closing price order (market-on-open and market-on-close). This order must be input during the pre-opening / pre-closing session by which a ~~trader~~[Trader](#) is the buyer or the seller of contracts at the opening / closing price as defined by the Electronic Trading System at the pre-opening / pre-closing session.
- (1) If an opening price order is not filled in full, the order is assigned the opening price Calculated Theoretical-Opening (CTO) as defined in Article 6.109 as its new limit.
- (v) Hidden quantity order. A hidden quantity order enables a Trader to hide a certain quantity of the order to the market by displaying to the market only that portion of the total order which has been initially parameterized by the user to be seen by the market. The hidden quantity, which is the remainder of the order is seen only by the Bourse. When the order is executed for the disclosed quantity, it is renewed for the same disclosed quantity but positioned at the end of the queue at the same limit. It loops until the whole order quantity (total quantity) has been filled.
- (vi) Committed order. A committed order is an order that can only be matched with another opposite committed order that meet the following conditions:
- (1) The identification code on the initial and the opposing orders both match the identification code of the same Approved Participant;
 - (2) Both orders are entered with the same price and for the same quantity; *provided however*, that such price is between the best bid and the best offer at the time of the Transaction;

- (3) Both orders must be entered during the same trading session. Otherwise, the initial order will automatically be cancelled.
- (vii) Implied order. An implied order is generated by the Electronic Trading System using an implied pricing algorithm and orders registered in the order book.
- (c) Each order must include a duration qualifier which determines the period during which the order remains in effect. All orders are deemed to be day orders, unless otherwise specified. The duration qualifiers are as follows:
 - (i) Day order is an order to buy or sell valid only for the ~~day~~Trading Day it is given.
 - (ii) Good 'til date (G.T.D) order is an order that remains effective until it is executed or has reached the specified cancellation date.
 - (iii) Good 'til cancel (G.T.C) order is an order, that remains effective until it is cancelled or until the end of expiry month; and
 - (iv) While connected order is an unexecuted day order which is automatically withdrawn from the Bourse's central order book in the event that the Approved Participant's server through which the order was transmitted is disconnected from the Bourse.
- (d) Unless otherwise determined by the Bourse, and except for market orders and implied orders, all types of orders described under this Article can be executed during an intra-session auction period, to the extent any such order is available for the Listed Product subject to the intra-session auctions.
- (e) The Bourse may decide that certain types of orders are not available.

~~Article 6.111~~ **Cancellation and Modification of Orders**

- (a) An order can be cancelled at any time during the ~~day~~Trading Day except if it has been filled, if trading is in the no-cancellation stage of the pre-opening or pre-closing stages, or if trading is in the no-cancellation stage of an intra-session auction.
- (b) An order can be CFO'd at any time during the ~~day~~Trading Day except if it has been filled, if trading is in the no-cancellation state of the pre-opening or pre-closing stages, or if trading is in the no-cancellation stage of an intra-session auction.
- (c) Modification of an order will have one or more of the following effects:
 - (i) if the quantity of an order is decreased, the order retains its priority in the Trading System;

- (ii) if the quantity of an order is increased or its price modified, the order is treated as a new order; and/or
- (iii) upon modification of any order's characteristic, a new ticket must be completed and time-stamped. If not, the original ticket will be time-stamped again:
 - (1) upon a quantity's reduction, the new ticket retains the initial priority; upon a quantity's increase, the new ticket acquires a new priority; and
 - (2) for any other modification to the initial ticket, the new ticket is considered as a new order.

~~Article 6.112~~ **Order Price Filter**

- (a) In order to minimize errors during order entry in the Trading System that may affect orderly trading, the Bourse establishes an order price filter for each Listed Product. Any order exceeding the order price filter automatically will be rejected by the Trading System and the Person entering the rejected order will be notified.
- (b) Unless otherwise specified in the Rules, the order price filter is determined by the Bourse before the start of ~~trading on every business day~~ the Trading Day based upon the previous day's Settlement Price and may be adjusted at any time by the Market Supervisor acting in his or her discretion and upon his or her own initiative or upon request.
- (c) Any changes in the level of the order price filter shall be broadcast to the market.
- (d) The order price filter will not be re-adjusted intra-session for trading sessions during which the underlying exchange-traded products are not open for trading.

~~Article 6.113~~ **Prohibition of Stop Orders**

The Bourse may, at any time, order the cancellation of all stop orders and prohibit the taking of such orders in any Listed Products.

~~Article 6.114~~ **Order Priorities**

The management of orders' priorities is made on the basis of the chronology of their receipt. The orders initiated for the Firm Account of Approved Participants must be made on an order ticket at the same conditions as those for client orders. In all cases, each Approved Participant is responsible for insuring that, at the same price and time stamp, it gives priority to client orders over its own professional orders, unless the client has expressly waived the priority of his order and that such waiver is documented by the Approved Participant.

Article 2.101 Order Identification

- (a) Approved Participants must ensure the proper identification of orders when entered into the Trading System in order to ensure compliance with the provisions of Article 6.114 regarding management of priorities.
- (i) “Order for the account of a customer” means an order for a Security or a Derivative Instrument entered for the account of a customer of any Approved Participant or of a customer of a ~~related firm~~ Related Firm of an Approved Participant, but does not include an order entered for an account in which an Approved Participant, a Related Firm of an Approved Participant or an Approved Person has a direct or indirect interest, other than an interest in a commission charged;
 - (ii) “Order for the account of a professional” means an order for a Security or a Derivative Instrument for an account in which a director, Officer, partner, employee or agent of an Approved Participant or of a Related Firm of the Approved Participant or an Approved Person has a direct or indirect interest, other than an interest in a commission charged. The Bourse may designate any order as being an order for the account of a professional if, in its opinion, circumstances justify it;
 - (iii) “Order for the account of the firm” means an order for a Security or a Derivative Instrument for an account in which the Approved Participant or a Related Firm of the Approved Participant has a direct or indirect interest, other than an interest in a commission charged;
 - (iv) “Order for an insider or significant shareholder” means an order for a Security or a Derivative Instrument for the account of a client, a professional or a firm who is an insider and/or significant shareholder of the issuer of the underlying Security which is the subject of the order. If such client, professional or firm is both an insider and a significant shareholder, the significant shareholder designation must be used.
- (b) For the purposes of this Article :
- (i) “insider” means a Person who is an insider, pursuant to applicable Securities legislation, of the issuer of the Security underlying the Security or the Derivative Instrument traded;
 - (ii) “significant shareholder” means any Person holding separately, or jointly with other Persons, more than 20% of the outstanding Voting Securities of the issuer whose Security is underlying the Security or the Derivative Instrument traded; and
 - (iii) “Related Firm” has the meaning given to that term in the definitions in Article 1.101 of the Rules.

~~Article 6.116~~ **Input of Orders and Use of the Basis Trade on Close
Functionality**

- (a) An Approved Participant shall not withhold or withdraw from the market any order, or any part of an order, for the benefit of any Person other than the Person placing the order.
- (b) Any order which is entered into the Trading System must indicate if the order is for the account of a firm, of a client or of a professional, as these terms are defined in Article ~~6.115~~-6.115. In addition, if the order is for the account of an insider or of a significant shareholder, as these terms are defined in Article ~~6.115~~,6.115, it must be identified as such. When these conditions are met, the system automatically records the order. If a chronological ranking of receipt cannot be established between many orders, the client priority rules of Article 6.114 of the Rules apply.
- (c) The Bourse may, from time to time, allow Approved Participants to enter orders using the Basis Trade on Close (“BTC”) functionality. A BTC is a Trade effected on the Bourse on a Futures Contract designated by the Bourse that is priced in reference to the closing price of the applicable Underlying Interest, adjusted by a valid price increment (the “basis”). A BTC may result in a final Futures Contract price to be outside of applicable daily price limits. The final Futures Contract price will be calculated as follows: Underlying Interest closing price + basis (the basis could be either positive or negative). The Underlying Interest closing price will be the last price published by the Toronto Stock Exchange (“TSX”) at the calculation time on a given day. If no price is available, the Underlying Interest closing price published by TSX on the previous day will be used. Should the Underlying Interest closing price be modified after the calculation time, but before 5:00pm, the final Futures Contract price will be automatically adjusted by the Electronic Trading System on the same trading day. Should the Underlying Interest closing price change after 5:00pm, the final Futures Contract price will be adjusted the following trading day. The calculation time may differ from one Futures Contract to another. In the event of a disruption in the primary market for a given Underlying Interest, a trading halt will be invoked on the BTC by a Market Supervisor. The Bourse will publish by circular the trading schedule, calculation time and minimum price fluctuation for each futures contract for which the BTC is offered. The BTC trading schedule may be different from the related Futures Contract trading schedule. However, the last day of Trading of the BTC shall be the same as the last trading day of the related Futures Contract

~~Article 6.117~~ **Opening Transaction or Closing Transaction Indicator
Field**

The Bourse has provided an open/closed indicator field at the input of orders on all Listed Products which:

- (a) shall be included in the submission of each order entered into the Trading System by an Approved Participant in the following circumstances:
 - (i) the order is entered for the account of an Approved Participant or its customer who is in default or is otherwise ordered to Trade for liquidation only;
 - (ii) the order is entered for the account of an Approved Participant or its customer who has been ordered to reduce positions by the Bourse;
 - (iii) the order is for an equity Option or Share Futures Contracts that is the subject of a trading restriction or other limit due to a corporate action in the underlying Security;
 - (iv) the Approved Participant, its client, or the market generally is subject to an order of the Bourse to Trade for liquidation only;
- (b) may otherwise be used by Approved Participants in the submission of orders in their own discretion.

~~Article 6.118~~ **Recordkeeping Requirements Regarding Orders**

- (a) With the exception of ~~Orders~~orders entered by a Market Maker to comply with obligations required by his role and responsibilities, a record must be kept by each Approved Participant of each ~~Order~~order received for the purchase or sale of Securities or Derivative Instruments traded on the Bourse.
- (b) The record of each ~~Order~~order executed must indicate the person who received the ~~Order~~order, the time the ~~Order~~order was received, the time it was entered into the Electronic Trading System ~~of the Bourse~~, the price at which it was executed, its time of execution, its classification pursuant to the provisions of Article ~~6.115, 6.115~~, the Approved Participant from or to or through whom the Security or Derivative Instrument traded on the Bourse was purchased or sold and, as the case may be, if the ~~Order~~order was executed as a cross Transaction, a prearranged Transaction or a block trade pursuant to the provisions of Article ~~6.202, 6.202~~, Article 6.205 or ~~6.206~~-Article 6.206. Such record must be retained for seven years.
- (c) No ~~Order~~order can be executed on the ~~Electronic~~ Trading System ~~of the Bourse~~ until it has been identified as above by the Approved Participant who received the ~~Order~~order.

All ~~Orders~~orders for Securities or Derivative Instruments traded on the Bourse must be time-stamped and, if applicable, indicate any special instructions including the consent of the client to prenegotiation discussions.

- (d) The record of each ~~Order~~order which remains unfilled must indicate the person who received the ~~Order~~order, its time of receipt and its classification pursuant to the provisions of Article 6.115 and such record must be retained for seven years.
- (e) All telephone conversations related to trading in Securities or Derivative Instruments listed on the Bourse must be recorded. The following conditions apply:
 - i) Recordings must be kept by Approved Participants for a period of one year.
 - ii) Authorization to consult the recordings of telephone conversations shall be granted in the case of an investigation by the Bourse, the Autorité des marchés financiers or by any other regulatory body with which the Bourse has concluded an information sharing agreement;
 - iii) In the case of litigation or in disciplinary matters, the recording may be filed as evidence.
 - iv) Approved Participants must advise their clients of the recording of telephone conversations and comply with the provisions of Article ~~7.100~~7.100.
- (f) Where an ~~Order~~order ticket is completed, it must comply, for what concerns the information that must be entered on it, with the requirements of Section 11.2 of National Instrument 23-101 regarding Trading ~~Rules~~rules.
- (g) Exceptionally, the Bourse may grant exemptions from all or any part of the requirements set in paragraphs a) to e) above.

~~Article 6.119~~ **Bulk Quote Messages**

Bulk quote messages are individual messages that contain multiple orders. They are available to Approved Participants who are registered, or whose clients are registered, in eligible programs as established by the Bourse, the eligibility criteria and product scope of which shall be specified by the Bourse.

~~Article 6.120~~ **Cancellation of Bulk Quote Orders**

Orders submitted to the Bourse via a bulk quote message may be cancelled by the Electronic Trading System ~~of the Bourse~~ if the parameters of the bulk quote management functionality are triggered. The bulk quote management parameters configured by the Bourse will take precedence, except if the Approved Participant configures parameters more restrictive for the bulk quote management functionality for their own bulk quote messages. The following parameters can be configured by Approved Participants through the bulk quote management functionality:

- (a) Maximum number of trades / minimum traded volume;

- (b) Maximum traded volume;
- (c) Delta maximum volume;
- (d) Maximum traded value;
- (e) Delta maximum value; and
- (f) Time interval.

Chapter C—Prearranged Transactions and Trade Cancellation

Article 6.200 Non-Trading System Transfers of Existing Futures Contracts

- (a) Notwithstanding Article ~~6.3~~, 6.3, off-exchange transfers of open Futures Contracts may be accomplished only if there is no change in the beneficial ownership of the Futures Contracts, the Approved Participants involved in the transfer are able to produce to the Bourse upon request, all orders, records and memoranda pertaining thereto and the transfer either:
 - (i) is made at the request of the beneficial owner of the Futures Contracts from one Approved Participant to another; or
 - (ii) is made at the request of one Approved Participant to another Approved Participant; or
 - (iii) is made to correct an error in clearing; or
 - (iv) is made to correct an error in the recording of Transactions in the Approved Participant's books.
- (b) Both Approved Participants which are parties to an off-exchange transfer pursuant to this Article shall complete and submit to the designated Clearing Corporation such information evidencing the terms of the off-exchange transfer as may be prescribed by the Clearing Corporation on the day on which such transfer is effected.
- (c) Notwithstanding the provisions of paragraph (a), a transfer of a position either on the books of an Approved Participant, or from one Approved Participant to another, may be permitted at the discretion of the Bourse if the transfer:
 - (i) is in connection with, or results from, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities; or
 - (ii) involves a Partnership, investment fund, or commodity pool and the purpose of the transfer is to facilitate a restructuring or consolidation of

such Partnership, investment fund, or pool, provided that the managing partner or pool operator remains the same, the transfer does not result in the liquidation of any Open Positions, and the pro rata allocation of interests in the consolidating account does not result in more than a *de minimis* change in the value of the interest of any party; or

(iii) is in the best interests of the market and the situation so requires.

~~Article 6.201~~ Average Price Transactions

- (a) 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.
- (b) 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.
- (c) 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~~through Over-the-counter Trade (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~~.
- (d) 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.

~~Article 6.202~~ 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, the Rules; including, but not limited to, prearranged Transactions pursuant to Article ~~6.205~~6.205.

~~Article 6.203~~ **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, the procedures of Article ~~6.204~~6.204.

~~Article 6.204~~ **Exceptions to Prohibition on Prearranged Transactions**

The prohibition in Article 6.203 shall not apply to prearranged Transactions pursuant to Article 6.205; block ~~trades~~Trades pursuant to Article 6.206; riskless basis cross ~~trades~~Trades pursuant to Article 6.207; exchange of Futures for risk pursuant to ~~Articles~~Article 6.208; and transfers of Open Positions under Article 6.200; *provided however*, no Transaction under any of the exceptions included in this Article may be executed using a hidden volume functionality.

~~Article 6.205~~ **Prearranged Transactions**

- (a) In general. For the purpose of this Article, “communication” means any communication for the purpose of discerning interest in the execution of a Transaction in the Electronic Trading System 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.
- (b) 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 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

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME 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 Contracts:		
All expiry months and strategies	5 seconds	No threshold
Futures Contracts on S&P/TSX Indices:		
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
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

ELIGIBLE DERIVATIVES	PRESCRIBED TIME PERIOD	MINIMUM VOLUME THRESHOLD
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.
 - (v) Parties may not aggregate unrelated orders to meet the minimum threshold for a prearranged Transaction.
 - (vi) 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.
- (c) Committed Orders. Committed orders may not be used to execute any Transaction under this Article or Article 6.202 having a prescribed time delay, ~~or to execute strategies longer than zero seconds~~, and may be used for such Transactions only for the following products subject to the minimum ~~quantity~~volume threshold:

ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS	MINIMUM VOLUME THRESHOLD
<u>All expiry months and strategies</u>	
<u>Futures Contracts on S&P/TSX Indices</u>	<u>100 contracts</u>
Basis Trade on Close -Futures Contracts on S&P/TSX <u>and FTSE Emerging Markets</u> 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
<u>Canadian Share Futures Contracts</u>	<u>100 contracts</u>
<u>All expiry months and excluding UDS strategies</u>	
Equity, ETF and Currency Options	100 contracts
Index Options	50 contracts
<u>Basis Trade on Close</u>	
Canadian Share Futures Contracts	100 contracts
<u>Futures Contracts on S&P/TSX Indices</u>	<u>100 contracts</u>
Basis Trade on Close -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.

- (d) 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~~ 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 (a) of this Article; *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 (c) of this Article, 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 [Transaction](#) price).

- (e) Equity, ETF, Index and Currency Option Strategy 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).

~~Article 6.206~~ **Block Trades**

- (a) 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 (only to the extent the eligible security or derivative instrument is available for trading):

ELIGIBLE DERIVATIVES <u>eligible derivatives instruments</u>	<u>Prescribed time delay (from 6AM until the end of the Trading Day)</u>	MINIMUM VOLUME THRESHOLD <u>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</u>	<u>Prescribed time delay (from 2AM until 5h59m59s)</u>	<u>Block - Minimum volume threshold (from 2AM until 5h59m59s)</u>
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<u>ELIGIBLE- DERIVATIVESE</u> <u>ligible derivatives instruments</u>	<u>Prescribed time delay (from 6AM until the end of the Trading Day)</u>	<u>MINIMUM- VOLUME- THRESHOLD</u> <u>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</u>	<u>Prescribed time delay (from 2AM until 5h59m59s)</u>	<u>Block - Minimum volume threshold (from 2AM until 5h59m59s)</u>
	<u>(As soon as practicable and in any event within the following time delay)</u>		<u>(As soon as practicable and in any event within the following time delay)</u>	
30-Day Overnight Repo Rate Futures Contracts (ONX)	<u>15 minutes</u>	1,000 contracts	<u>1 hour</u>	<u>250 contracts</u>
Overnight Index Swap Futures Contracts (OIS)	<u>15 minutes</u>	200 contracts	<u>1 hour</u>	<u>50 contracts</u>
Ten-Year Government of Canada Bond Futures Contracts (CGB)	<u>15 minutes</u>	1,500 contracts	<u>1 hour</u>	<u>350 contracts</u>
Two-Year Government of Canada Bond Futures Contracts (CGZ)	<u>15 minutes</u>	500 250 contracts	<u>1 hour</u>	<u>100 contracts</u>
Thirty 30-Year Government of Canada Bond Futures Contracts (LGB)	<u>15 minutes</u>	500 100 contracts	<u>1 hour</u>	<u>100 contracts</u>

<u>ELIGIBLE- DERIVATIVESE</u> <u>ligible derivatives</u> <u>instruments</u>	<u>Prescribed time</u> <u>delay (from 6AM</u> <u>until the end of</u> <u>the Trading Day)</u>	<u>MINIMUM-</u> <u>VOLUME-</u> <u>THRESHOLD</u> <u>Block - Minimum</u> <u>volume threshold</u> <u>(from 6AM until</u> <u>the end of the</u> <u>Trading Day)</u>	<u>Prescribed time</u> <u>delay (from 2AM</u> <u>until 5h59m59s)</u>	<u>Block - Minimum</u> <u>volume threshold</u> <u>(from 2AM until</u> <u>5h59m59s)</u>
	<u>(As soon as</u> <u>practicable and</u> <u>in any event</u> <u>within the</u> <u>following time</u> <u>delay)</u>		<u>(As soon as</u> <u>practicable and</u> <u>in any event</u> <u>within the</u> <u>following time</u> <u>delay)</u>	
Five-Year Government of Canada Bond Futures Contracts (CGF)	<u>15 minutes</u>	500 contracts	<u>1 hour</u>	<u>100 contracts</u>
Options on Three-Month Canadian Bankers ² Acceptance Futures Contracts	<u>15 minutes</u>	2,000 contracts	<u>1 hour</u>	<u>500 contracts</u>
<u>Three-Month</u> <u>Canadian Bankers²</u> <u>Acceptance</u> Futures contracts- on the FTSE- Emerging- Markets Index- <u>Contracts</u> <u>quarterlies one</u> <u>through four</u> <u>(BAX Whites)</u>	<u>15 minutes</u>	100- contracts	<u>1 hour</u>	<u>500 contracts</u>
<u>Three-Month</u> <u>Canadian Bankers²</u> Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	<u>15 minutes</u>	1,000 contracts	<u>1 hour</u>	<u>250 contracts</u>

<u>ELIGIBLE- DERIVATIVESE</u> <u>ligible derivatives</u> <u>instruments</u>	<u>Prescribed time</u> <u>delay (from 6AM</u> <u>until the end of</u> <u>the Trading Day)</u>	<u>MINIMUM-</u> <u>VOLUME-</u> <u>THRESHOLD</u> <u>Block - Minimum</u> <u>volume threshold</u> <u>(from 6AM until</u> <u>the end of the</u> <u>Trading Day)</u>	<u>Prescribed time</u> <u>delay (from 2AM</u> <u>until 5h59m59s)</u>	<u>Block - Minimum</u> <u>volume threshold</u> <u>(from 2AM until</u> <u>5h59m59s)</u>
	<u>(As soon as</u> <u>practicable and</u> <u>in any event</u> <u>within the</u> <u>following time</u> <u>delay)</u>		<u>(As soon as</u> <u>practicable and</u> <u>in any event</u> <u>within the</u> <u>following time</u> <u>delay)</u>	
Three-Month Canadian Bankers’ Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	<u>15 minutes</u>	500 contracts	<u>1 hour</u>	<u>100 contracts</u>
<u>Three-Month</u> <u>Canadian</u> <u>Bankers’</u> <u>Acceptance</u> <u>Futures</u> <u>Contracts (BAX)</u> <u>/ Options on</u> <u>Three-Month</u> <u>Canadian Banker’s</u> <u>Acceptance</u> <u>Futures Contracts</u> <u>Strategy</u> <u>Instruments</u>	<u>15 minutes</u>	<u>Sum of the</u> <u>strategy legs:</u> <u>2,000 contracts in</u> <u>which the options</u> <u>leg(s) volume</u> <u>must amount to at</u> <u>least 50% of the</u> <u>sum of the strategy</u> <u>legs</u>	<u>1 hour</u>	<u>Sum of the</u> <u>strategy legs:</u> <u>2,000 contracts in</u> <u>which the options</u> <u>leg(s) volume</u> <u>must amount to at</u> <u>least 50% of the</u> <u>sum of the strategy</u> <u>legs</u>
<u>Ten-Year</u> <u>Government of</u> <u>Canada Bond</u> <u>Futures Contracts</u> <u>(CGB) / Options</u> <u>on Ten-Year</u> <u>Government of</u> <u>Canada Bond</u> <u>Futures Contracts</u>	<u>15 minutes</u>	<u>Sum of the</u> <u>strategy legs:</u> <u>2,000 contracts in</u> <u>which the options</u> <u>leg(s) volume</u> <u>must amount to at</u> <u>least 50% of the</u> <u>sum of the strategy</u> <u>legs</u>	<u>1 hour</u>	<u>Sum of the</u> <u>strategy legs:</u> <u>2,000 contracts in</u> <u>which the options</u> <u>leg(s) volume</u> <u>must amount to at</u> <u>least 50% of the</u> <u>sum of the strategy</u> <u>legs</u>

ELIGIBLE- DERIVATIVESE <u>ligible derivatives instruments</u>	<u>Prescribed time delay (from 6AM until the end of the Trading Day)</u>	MINIMUM- VOLUME- THRESHOLD <u>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</u>	<u>Prescribed time delay (from 2AM until 5h59m59s)</u>	<u>Block - Minimum volume threshold (from 2AM until 5h59m59s)</u>
	<u>(As soon as practicable and in any event within the following time delay)</u>		<u>(As soon as practicable and in any event within the following time delay)</u>	
<u>(OGB) Strategy Instruments</u>				

- (iii) Where a block strategy Transaction involves the trading of ~~different~~intra-group strategy Derivative Instruments, ~~or different contract months or Premiums of the same instrument, each of derivatives~~each derivative leg of the strategy ~~need~~needs to meet only the lowest applicable minimum volume threshold.

Where a block strategy Transaction involves the trading of inter-group strategy Derivative Instruments (excluding futures/options combinations), each derivative leg of the strategy needs to meet its applicable minimum volume threshold.

Where a block strategy transaction involves the trading of futures/options combinations strategy Derivative Instruments, the applicable minimum volume thresholds are defined in the last two rows of the table above.

- (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~~Section 3 of the 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~~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 of the Transaction. The fairness and reasonableness of the price of a block trade priced at a basis to an Index as permitted under paragraph (b) 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~~Trade shall not trigger special terms orders or otherwise affect orders on the Electronic Trading System.
- (viii) A block ~~trade~~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~~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~~block Trade Reporting Form, available on the Bourse’s web site at ~~http://www.m-x.ca/rob_formulaire_en.php~~<https://sttrf-frots.m-x.ca>, within ~~15 minutes of the block trade’s execution~~[the time prescribed in 6.206 \(a\) \(ii\)](#).
- (x) Following validation of the Trade details by the Bourse (which is not a confirmation by the Bourse that the block ~~trade~~Trade has been effected in accordance with this Article), the Bourse shall disseminate the Trade and price information relating to the block ~~trade~~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.

(b) **Block Trades Priced at a Basis to Index Close.** Approved Participants may mutually agree to price a block ~~trade~~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~~Trading Day except the last ~~trading-day~~Trading Day of an expiring contract month, subject to the conditions in paragraph (a) of this Article 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 [\(a\) \(ix\)](#) 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	PRESCRIBED TIME BY WHICH	PRESCRIBED TIME BY WHICH
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	THRESHOLD	TO FILE BLOCK TRADE REPORTING FORM	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

Article 2.201 Riskless Basis Cross-Trades

(a) 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~~Underlying Interest, respectively, plus a spread (basis) as mutually agreed between the Approved Participant and the customer, in accordance with the following conditions:

- (i) Each party to a riskless basis cross ~~trade~~Transaction must be an accredited counterparty as defined in ~~section~~Section 3 of the Derivatives Act, ~~CQLR-14.01.~~
- (ii) The parties may agree to either a fixed basis or to a guaranteed execution price of the cash component with the basis adjusted accordingly.
- (iii) 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~~Underlying 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..
- (iv) 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 completed in a single day, execution of the ~~futures~~Futures portion of the Transaction shall be proportionate with the proportion of the cash market transactions completed during that day.

- (v) 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.
- (vi) 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.
- (vii) 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.

~~(viii) Each riskless basis cross Transaction must be reported to the Bourse in accordance with the procedures set by the Bourse. Such report must be in the form prescribed by the Bourse and must contain all the information required on such prescribed form.~~

- (b) 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.
- (c) 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.

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

~~Article 6.208~~ **Exchange of Futures for Related Products**

- (a) 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.
- (i) An EFRP Transaction is permitted to be executed off of the ~~Bourse's~~ Trading System pursuant to Article 6.204 if such Transaction is conducted in accordance with each of the requirements and conditions of this Article.
- (ii) 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:
- (1) Exchange for Physical (“EFP”) – the simultaneous execution of a Bourse Futures Contract and a corresponding cash market transaction; and
 - (2) Exchange for Risk (“EFR”) – the simultaneous execution of a Bourse Futures Contract and a corresponding OTC swap or other OTC derivative transaction.
- (iii) Each party to an EFRP Transaction must be an accredited counterparty as defined in ~~section~~Section 3 of the Derivatives Act ~~CQLR c I-14.01.~~
- (iv) The accounts involved on each side of an EFRP Transaction must:
- (1) have different beneficial ownership;
 - (2) have the same beneficial ownership, but are under separate control;
 - (3) have accounts that are commonly controlled, but involve separate legal entities which may or may not have the same beneficial ownership; or
 - (4) 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.

- (v) 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.
- (vi) 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.
- (vii) The Approved Participants involved in an EFRP, upon request by the Bourse, must be able to demonstrate that:
 - (1) 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
 - (2) 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.
- (viii) The price at which an EFRP Transaction is arranged must be “fair and reasonable” in light of (w) the size of the Transaction; (x) currently traded prices and bid and ask prices in the same contract (y) the underlying markets; and (z) general market conditions, all at the ~~relevant~~ time of the Transaction. 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.
- (ix) 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.

(x) Neither party to an EFRP Transaction may enter into the Transaction to circumvent the contract month roll in the corresponding Security or Derivative Instrument.

(b) EFPs. 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	<p>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<u>Futures Contracts</u> or the futures—contract<u>Futures Contract</u> itself where the use of the underlying instrument<u>Underlying Interest</u> is not practical due to a lack of available market data, including but not limited to:</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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
Share Futures Contracts	<ul style="list-style-type: none"> • Underlying Interest of the Futures Contract

(c) EFRs. 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	<p>i) Interest Rate Swaps with the following characteristics:</p> <ul style="list-style-type: none"> • 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. <p>Or</p> <p>ii) Any individual or combination of OTC Bond, interest rate swap or FRA options (e.g. caps, floors, collars).</p>
Short-term interest rate Futures contracts	<p>i) Any OTC swap or options with characteristics noted above with respect to EFR for Bonds;</p> <p>or</p> <p>ii) Forward Rate Agreements (FRAs) with the following characteristics:</p> <ul style="list-style-type: none"> • Conventional FRA, • Written under the terms of an ISDA® Master Agreement, • Predetermined interest rate, • Agreed start/end date, and • Defined interest (repo) rate.
Stock Index	<p>i) Index Swaps with the following characteristics:</p> <ul style="list-style-type: none"> • 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; <p>or</p>

	<p>ii) Any individual or combination of OTC equity or stock Index option positions;</p> <p>or</p> <p>iii) Index Forwards:</p> <p>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.</p>
Shares	<p>i) Equity Swaps with the following characteristics:</p> <ul style="list-style-type: none"> • 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; <p>or</p> <p>ii) Any individual or combination of OTC equity Option positions;</p> <p>or</p> <p>iii) Equity Forwards:</p> <p>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.</p>
Commodities	<p>i) Commodities Swaps or Forwards with the following characteristics:</p> <ul style="list-style-type: none"> • Written under the terms of an ISDA® Master Agreement, • Correlation R = 0.80 or greater, calculated using any generally accepted methodology.

- (d) 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~~ 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).

- (e) Books and records of EFRP Transactions. 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.

- (f) In all circumstances, an EFRP Transaction can only be arranged by the Approved Participant's Approved Persons.

Article 2.202 Validation, Alteration or Cancellation of a Trade

If certain urgent events require it or if certain extraordinary market conditions exist, and in order to maintain a fair and equitable market for all participants, a Market Supervisor can validate, alter, disallow or cancel any Trade and such Trade will be validated, altered, disallowed or cancelled. These decisions are final and cannot be appealed. In the case of a cancellation, the Trade will have no standing whatsoever and shall be expunged from the records.

~~Article 6.210~~ **Trade Cancellation and or Price Adjustment**

- (a) In 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.

- (i) 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.
 - (ii) 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.
- (c) 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.
- (d) 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:
- (i) both parties to the Trade can be contacted within a reasonable delay and agree to the cancellation of the Trade; and
 - (ii) neither party to the Trade is either an Approved Participant or the registered holder of a SAM ID.
- (e) Implied Orders, Implied Strategy Orders. 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.

- (i) An implied or regular strategy ~~trade~~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).
- (ii) 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.
- (f) 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 his or her sole discretion. The determination of the Bourse shall be final.
- (g) 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. Upon cancellation of a Trade, the parties, if they choose, may reenter new orders into the Trading System.
- (ii) 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 CDCC.
- (h) 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 Bankers' Acceptance Futures – BAX (all quarterly and serial months)	5 basis points
Three-Month Canadian Bankers' Acceptance Futures – BAX Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments

DERIVATIVE INSTRUMENT	INCREMENT
Options on Three-Month Canadian Bankers' 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
Thirty-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
Thirty-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	\$0.25
\$2.00 to \$5.00	\$0.40
Above \$5.00 to \$10.00	\$0.50
Above \$10.00 to \$20.00	\$0.80
Above \$20.00 to \$50.00	\$1.00
Above \$50.00 to \$100.00	\$1.50
Above \$100.00	\$2.00
Equity, Currency, ETF and Index Options	Sum of the strategy's individual legs'

DERIVATIVE INSTRUMENT	INCREMENT
Strategies: - Regular strategy orders - Implied strategy orders	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 Shares 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\$.

Article 2.203 Cancellation of Option Upon Failure to Pay Premium

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.

Chapter D—Listed Products

Article 6.300 Standard Option Contract Terms

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 [Options](#) and Call Options;
- (f) the Exercise procedure (i.e. “American” or “European” style).

~~Article 6.301~~ **Qualification for Underlying Interests**

Products qualify as Underlying Interests provided they meet the following requirements, as applicable:

- (a) every equity issue must be listed on a Canadian exchange, meet the criteria of CDCC, or be ~~a Security~~ recommended for approval by the Bourse;
- (b) Government of Canada Bonds must have an outstanding amount of at least \$500,000,000 face value at maturity for every issue;
- (c) a Futures Contract must be listed on the Bourse;
- (d) a currency must have been previously approved by the Bourse; or
- (e) an Index must have governance arrangements in place designed to protect the integrity of the Index and the Index administrator 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.

~~Article 6.302~~ **Introduction and Deletion of Classes of Options and Series of Options**

- (a) Introduction of new Option class. Before submitting a formal application to the Clearing Corporation for the introduction of a new Class of Options, the Bourse shall be satisfied that the following conditions are met:
 - (i) the liquidity of the Options market on the Bourse is not unduly reduced by reason of such addition;
 - (ii) the symbol for such Option has been determined;
 - (iii) the date that trading shall begin has been determined; and
 - (iv) Additional requirements applicable for equity and ETF Options. The following conditions, in addition to the conditions in subparagraphs (i), (ii) and (iii), shall apply to the introduction of equity [Options](#) and ETF ~~options~~[Options](#):
 - (1) the new Series of Options should be introduced in such a manner as to enable the proper functioning of the spread process within the new Series of Options; and

- (2) the Bourse shall open at least two series of Options in each expiration month, so that the Exercise Price of one Series of Options is above, and one is below, the price per unit of the Underlying Interest; *provided however*, the Bourse may, in its discretion, open more than two Series of Options in an expiration month if it determines that doing so would be beneficial to the market.
- (b) Deletion of Option class. Whenever the Bourse determines that an Underlying Interest [previously approved for on-exchange Option trading](#) no longer meets the requirements for continued approval or for any other reason, it may decide in its discretion not to open for trading any additional ~~series~~[Series](#) of the Class of Options covering the Underlying Interest and to prohibit any Opening Purchase Transactions in already existing Series of Options of that Class of Options. In making its determination, the Bourse shall take into consideration namely the following factors:
- (i) the necessity of maintaining a fair and orderly market and to ensure the protection of purchasers and writers of Option Contracts;
 - (ii) the fact that specific Series of Options of any Class of Options has no Open Interest; and
 - (iii) Additional considerations applicable for equity and ETF Options. The following additional factors in addition to the factors in paragraphs (i), (ii) and (iii) shall apply to the deletion of equity and ETF Options:
 - (1) whether the issuer has failed to make timely reports as required by the rules where the Underlying Interest is traded;
 - (2) if both Puts and Calls have been opened for trading, corresponding Puts and Calls satisfy the deletion criteria; and
 - (3) the Series of Options are deep-In-the-money or deep-Out-of-the-money and there is no other Series of Options which is as deep-In-the-money or as deep-Out-of-the-money with a later expiration date and has Open Interest.

~~Article 6.303~~ **Opening of Additional Series**

Once a Class of Options has been approved for listing and trading by the Bourse, the Bourse may, from time to time, in its discretion introduce for trading additional Series of Options.

~~Article 6.304~~ **Adjustment to Terms of Contract**

The terms of a 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 published by the Bourse.

~~Article 6.305~~ **Standard Trading Unit**

The standard ~~trading unit~~Unit of Trading shall be one contract.

~~Article 6.306~~ **Quoted Premium**

During the life of a contract, the Premium is the only variable. It is the Premium per unit of the Underlying Interest.

~~Article 6.307~~ **Aggregate Premium**

The aggregate Premium for a contract shall be the quoted Premium multiplied by the number of units in a contract.

~~Article 6.308~~ **Minimum Price Increment**

The minimum price increments are as follows:

- (a) For equity Options excluded from the penny trading program:
 - (i) Option series priced below \$0.10 are quoted in increments of \$0.01; and
 - (ii) Option series priced at \$0.10 or more are quoted in increments of \$0.05.
- (b) For equity Options included in the penny trading program:
 - (i) Option series priced below \$3.00 are quoted in increments of \$0.01; and
 - (ii) Option series priced at \$3.00 or more are quoted in increments of \$0.05.
- (c) For ETF Options excluded from the penny trading program:
 - (i) Option series priced below \$0.10 are quoted in increments of \$0.01; and
 - (ii) Option series priced at \$0.10 or more are quoted in increments of \$0.05.
- (d) For ETF Options included in the penny trading program, all Series of Options are quoted in increments of \$0.01, regardless of price level.
- (e) For Index Options, all Series of Options are quoted in increments of 0.01 Index point, regardless of price level.

- (f) For Futures Options, all Series of Options series are quoted in increments of 0.001 point, regardless of price level.
- (g) For currency Options, all Series of Options are quoted in increments of CAN 0.01 cent per unit of foreign currency.

~~Article 6.309~~ **Position Limits for Options and Share Futures Contracts**

- (a) Except for those limits specified in Article ~~6.309~~, 6.309, no Approved Participant shall make, for any account in which it has an interest or for the account of any client, a Transaction in a Listed Product if the Approved Participant has reason to believe that as a result of such Transaction the Approved Participant or its client would, acting alone or in concert with others, directly or indirectly, hold or control a position in excess of the position limit established by the Bourse.
- (b) Except otherwise indicated, the applicable position limits for options, share futures contracts or aggregated options and share futures contracts (as defined under paragraph c) iii)) are as follows:
 - (i) Share Futures Contracts, aggregated Options and Share Futures Contracts positions as well as Options on stocks, exchange-traded funds or trust units
 - (1) 25,000 Contracts where the underlying security does not meet the requirements set out in sub-paragraphs b)(i)2) and b)(i)3) of the present Article;
 - (2) 50,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or trust unit totals at least 20 million shares or units, or the most recent interlisted six-month trading volume of transactions totals at least 15 million shares or units of the Underlying Interest and at least 40 million shares or units of this Underlying Interest are currently outstanding;
 - (3) 75,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or trust unit totals at least 40 million shares or units, or the most recent interlisted six-month trading volume on the Underlying Interest totals at least 30 million shares or units of the Underlying Interest and at least 120 million shares or units of this Underlying Interest are currently outstanding;
 - (4) 200,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or trust unit totals at least 80

million shares or units, or the most recent interlisted six-month trading volume on the Underlying Interest totals at least 60 million shares or units of the Underlying Interest and at least 240 million shares or units of this Underlying Interest are currently outstanding;

- (5) 250,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or trust unit totals at least 100 million shares or units of the Underlying Interest or the most recent interlisted six month trading volume on the Underlying Interest totals at least 75 million shares or units of the Underlying Interest and at least 300 million shares or units of this Underlying Interest are currently outstanding;
- (6) 600,000 contracts on the following exchange-traded funds: units of the iShares S&P/TSX 60 Index Fund (XIU);
- (7) except for the specific limits provided for under paragraph b)(i)6) above, for Contracts where the underlying security is an equity holding exchange-traded fund, defined as an ~~exchangetraded~~ exchange-traded fund for which all of the components are exchange-traded stocks, the position limits shall be equal to twice the limit levels provided for under paragraphs b)(i)1) to 5) above.

- (ii) Debt options
8,000 contracts.
- (iii) Index options
500,000 contracts.
- (iv) Sector index options
40,000 contracts.
- (v) Options on futures

The number of contracts established as the position limits for the underlying Futures Contract.

For the purpose of this Article, Options Contract positions are aggregated with the underlying Futures Contract positions. For aggregation purposes, the Futures equivalent of one In-the-money option contract is one Futures Contract and the Futures equivalent of

one at-the-money or Out-of-the-money Option Contract is half a Futures Contract.

~~(vi) Sponsored options-~~

~~The position limits described above apply to sponsored Options. However, these position limits must be adjusted by using an equivalent unit of trading-~~

~~When the Underlying Interest is traded on a market other than the Bourse, the position limits of this market apply to sponsored Options by using an equivalent unit of trading-~~

(vi) ~~(vii)~~ Currency options

40,000 contracts when the trading unit is 10,000 units of foreign currency. The limit will be adjusted to obtain the same notional amount if the trading unit is amended or if the Bourse introduces new trading units.

(c) For the purpose of this article:

(i) ~~calls~~Calls written, ~~puts~~Puts held, a net short share futures position, and short Underlying Interest are on the same side of the market and ~~puts~~Puts written, ~~calls~~Calls held, a net long ~~share futures~~Share Futures position, and long Underlying Interest are on the same side of the market;

(ii) the Bourse may, by notice, change the position limits. A change in the position limit will be effective on the date set by the Bourse and reasonable notice shall be given of each new position limit;

(iii) the “aggregated options and share futures contracts position” is obtained by first netting share Futures Contracts positions relating to the same Underlying Interest and subsequently adding the net Futures Contracts position (net long or net short) to Options positions relating to the same Underlying Interest on a per side basis (whether long or short) to determine the aggregate per side quantity held; one Option Contract being equal to one share Futures Contract for purposes of this calculation

(d) Conversions, reverse conversions, long and short hedges

(i) For the purposes of this Article the following defined hedges are approved by the Bourse:

(1) conversion: where an opening long put Transaction in any Option is entirely offset by an opening short call Transaction having the same expiry month and ~~strike price~~Exercise Price in the same Option Class, either of which Option Transaction is

effectively hedged by a Long Position in the Underlying Interest of the Option;

- (2) reverse conversion: where an opening short put Transaction in any Option is entirely offset by an opening long call Transaction having the same expiry month and ~~strike price~~Exercise Price in the same Option class, either of which Option Transaction is effectively hedged by a Short Position in the Underlying Interest of the Option;
 - (3) short hedge: where an opening long call Transaction or an opening short put Transaction in any Option is entirely offset by a Short Position in the Underlying Interest of the Option;
 - (4) long hedge: where an opening short call Transaction or an opening long put Transaction in any Option is entirely offset by a Long Position in the Underlying Interest of the Option.
- (ii) In addition to the position limits set out in paragraph b), any one account may hold an amount of options not exceeding the applicable paragraph b) limit of any combination of the approved hedge positions defined in sub-paragraphs d (i)1) to d)(i)4), inclusive.
- (iii) For all position limits set out in this article, in the case of conversion and reverse conversion as defined in paragraph (d)(i)(1) and (2), such limits shall apply as if calls written and puts held, or puts written and calls held, as the case may be, were not on the same side of the market.
- (e) Exemption

As described in Policy C-1, an Approved Participant or a client may file, in the form prescribed, an application with the Bourse to obtain on behalf of a bona fide hedger or for risk management purposes an exemption from the position limits prescribed by the Bourse. The application must be filed on the appropriate form, no later than the next business day after the limit has been exceeded. If the application is rejected, the Approved Participant or client shall reduce the position below the prescribed limit within the period set by the Bourse. The Bourse may modify any exemption which has been previously granted.

Article 2.301 **Position Limits for ~~Futures and Options on Futures~~Derivatives Instruments**

- (a) No Approved Participant shall make, for any account in which it has an interest or for the account of any client, a Transaction in a specific Derivative Instrument listed on the Bourse if the Approved Participant has reason to believe that as a result of such Transaction the Approved Participant or its client would, acting

alone or in concert with others, directly or indirectly, hold or control a position in excess of the position limit established by the Bourse.

- (b) For the purposes of position limit regulations, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, must be aggregated.
- (c) A person with authority over one or more managed accounts must not execute or order the execution of Transactions for such account or accounts where such Transactions, by themselves or in addition to his personal Transactions, exceed the limits prescribed under the Rules ~~of the Bourse~~ regarding total positions in any Derivative Instrument.

~~Article 6.311~~ Exemption Procedures

In accordance with the provisions of Policy C-1, an ~~approved participant~~ Approved Participant may file, in the form prescribed, an application to the Bourse, to obtain on behalf of a bona fide hedger an exemption from the position limits prescribed by the Bourse.

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.

~~Article 6.312~~ Exercise Limits

- (a) Except in highly unusual circumstances and with the prior written permission of the Bourse, no Approved Participant shall Exercise, for any account in which he has an interest or for the account of any client, a Long Position in any Option where such Approved Participant or client, acting alone or in concert with others, directly or indirectly, has or will have Exercised, within any five (5) consecutive business days an aggregate Long Position exceeding the number of contracts established as position limits by Article ~~6.309~~ 6.309.
- (b) With respect to an Option Contract for which an exemption has been granted in accordance with ~~Articles~~ Article 6.309 or ~~6.311~~ Article 6.311, the Exercise limit shall be equal to the amount of contracts permitted under the exemption.

~~Article 6.313~~ Variation to Position and Exercise Limits

In the case of a stock split in the Underlying Interest, the Bourse may establish special position and Exercise limits which may reflect the basis of the stock split, providing that the normal limits shall apply to the aggregate positions of all new Series of Option of that Class of Options listed after the date of the split. The Bourse shall give prompt notice for each new limit fixed by the Bourse through the issuance of a circular.

~~Article 6.314~~ **Limit on Uncovered Short Positions**

- (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.

~~Article 6.315~~ **Liquidation of Positions in Excess of Limits**

Whenever the Bourse finds that a Person or group of Persons acting in concert holds, controls, or is obligated in respect of an aggregate position, long or short, in excess of the applicable position limit for a Listed Product, the Bourse may order all Approved Participants carrying a position in such Listed Product for such Person or group of Persons acting in concert, to liquidate such position in an expeditious manner consistent with the maintenance of a fair and orderly market.

~~Article 6.316~~ **Other Restrictions on Option Transactions or Exercises**

- (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; or
 - (ii) order that an Exercised Options contract be settled in accordance with ~~Article 6.407~~[6.407](#).

~~Article 6.317~~ **Eligibility for Risk Management Exemption**

The following positions qualify as positions taken for risk management purposes:

- (a) a position taken by a Person who regularly buys, sells or carries positions in the cash market underlying a Listed Product; ~~or~~ and
- (b) a position taken by a Person who regularly buys, sells or carries positions in a Listed Product on the stock market or over-the-counter market. This market must be sufficiently liquid relative to the size of the position held.

~~Article 6.318~~ **Definition of *bona fide* hedge**

Bona fide hedging ~~transactions~~ Transactions and positions are ~~transactions~~ Transactions or positions in Derivative Instruments or ~~transactions~~ Transactions to be made or positions to be taken at a later time in the cash market, which are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise and which arise from:

- (a) the potential change in the value of assets which a Person owns, or merchandises or anticipates owning, or merchandising;
- (b) the potential change in the value of liabilities which a Person owes or anticipates incurring; or
- (c) the potential change in the value of services which a Person provides, purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no transactions or positions shall be considered as *bona fide* hedges for the purposes of this Chapter unless their purpose is to offset price risks incidental to commercial cash operations and unless the relevant provisions of this Chapter have been satisfied.

~~Article 6.319~~ **Bona Fide Hedger Accounts**

An Approved Participant must not consider an account as a *bona fide* Hedger account unless the following conditions have been satisfied:

- (a) the prospective Hedger has stated that:
 - (i) the intended positions will be *bona fide* hedges; and
 - (ii) the hedges are necessary or advisable as an integral part of his business (fully explaining the nature and extent of his business);
- (b) the hedge positions are kept in a separate hedge account in the records of the Approved Participant;

- (c) the Hedger complies with whatever limitations or requirements the Bourse imposes in connection with such hedges;
- (d) the Hedger complies with all applicable Regulations of the Bourse; and
- (e) hedges are made in an orderly manner in accordance with sound commercial practices, and are not initiated or liquidated in a manner that would cause unreasonable price fluctuations or unwarranted price changes.

Appendix 6A—Procedures Applicable to the Execution of Strategies Involving Futures and Options on Futures

Appendix 6A-1 OBJECTIVE

The objective of these procedures is to provide for and facilitate the trading of strategies involving Futures Contracts and Options on Futures Contracts from the same product group, .i.e., contracts with the same underlying (“Intra-Group Strategies”) as well as from different product groups, .i.e., contracts with different underlyings (“Inter-Group Strategies”). Strategies involving Futures Contracts and Options contracts on such Futures Contracts are Inter-Group Strategies. Approved Participants may create user-defined Intra-Group or Inter-Group Strategies (each, a “UDS”) via individual trading terminals which allow for customized strategies to be disseminated and traded. When not feasible, an Approved Participant must contact the Bourse Market Operations Department at 1-888-693-6366 or 514-871-7871 for assistance in creating a UDS.

Appendix 6A-2 DESCRIPTION

(a) Creation by Approved Participant.

An Approved Participant requests the creation of a UDS instrument by sending a message to the Bourse’s Trading System through any of the protocols supported by the Bourse. This message contains the parameters of the strategy the Approved Participant wishes to display.

Bourse will determine from time to time the strategy types that will be accepted by the UDS functionality, and will notify the market of such acceptance criteria.

The UDS functionality will validate that the strategy created is among those that are accepted by the Trading System. If accepted, the newly created strategy instrument will be broadcast in real time to the market via Bourse’s High Speed Vendor Feed, similar to the broadcast of any instrument. If the strategy is not accepted by the UDS functionality, an error message will be returned to the Approved Participant submitting the message.

A throttling mechanism is engaged in order to limit the number of strategy instruments created by an Approved Participant. Each Approved Participant is configured by Market Operations Department with a maximum number of instrument creation requests per ~~trading~~dayTrading Day. Bourse will determine that maximum number depending on the capacity of its systems and will notify the market of such number. If the counter falls to zero, the Approved Participant is not able to create any new strategy instrument on that day. Conversely, the counter is credited if a newly created strategy instrument generates at least one Trade during that ~~trading~~sessionTrading Day.

(b) Creation by the Market Operations Department.

If a strategy cannot be created using the UDS facility because it is not accepted by the Bourse’s trading system, the Approved Participant may contact the Market Operations

Department and request the creation of the UDS. The UDS must conform to the acceptance criteria as determined by the Bourse from time to time.

The UDS functionality will validate that the strategy created is among those that are accepted by the Trading System. If accepted, the newly created strategy instrument will be broadcast to the market via the Bourse's High Speed Vendor Feed, similar to the broadcast of any instrument.

In such cases, the Market Operations Department's assistance is limited to creating the UDS. Approved Participants are responsible for entering orders.

Appendix 6B—Procedures Applicable to the Execution of Strategies Involving Options

Appendix 6B-1 OBJECTIVE

The objective of these procedures is to provide and facilitate the trading of strategies involving equity Options for Approved Participants. For the purposes of these procedures, equity Options also include Options on Indices, currencies and exchange-traded funds. Approved Participants may create user-defined strategies (“UDS”) via individual trading terminals which allow customized strategies to be disseminated and traded. When not feasible, an Approved Participant must contact the Bourse’s Market Operations Department at 1-866-576-8836 or 514-871-7877 for assistance in creating or executing a UDS when applicable.

Appendix 6B-2 DESCRIPTION

(a) Creation by Approved Participant.

An Approved Participant requests the creation of a UDS instrument by sending a message to the Bourse’s Trading System through any of the protocols supported by the Bourse. This message contains the parameters of the strategy the Approved Participant wishes to display.

Bourse will determine from time to time the strategy types that will be accepted by the UDS functionality, and will notify the market of such acceptance criteria.

The UDS functionality will validate that the strategy created is among those that are accepted by the Trading System. If accepted, the newly created strategy instrument will be broadcast to the market via Bourse’s High Speed Vendor Feed (“HSVF”) and the Order Book Feed (“OBF”), similar to the broadcast of any instrument. If the strategy is not accepted by the UDS functionality, an error message will be returned to the Approved Participant submitting the message.

A throttling mechanism is engaged in order to limit the number of strategy instruments created by an Approved Participant. Each Approved Participant is configured by the Market Operations Department with a maximum number of instrument creation requests per ~~trading day~~ Trading Day. The Bourse will determine that maximum number depending on the capacity of its systems and will notify the market of such number. If the counter falls to zero, the Approved Participant is not able to create any new strategy instrument on that day. Conversely, the counter is credited if a newly created strategy instrument generates at least one Trade during that ~~trading session~~ Trading Day.

(b) Creation by the Market Operations Department.

If a strategy cannot be created using the UDS facility because it is not accepted by the Bourse’s trading system, the Approved Participant may contact the Market Operations Department and request the creation of the UDS. The information provided by the Approved Participants to the Market Operations Department must include the option series involved and the quantity ratio.

If accepted, the newly created strategy instrument will be broadcast to the market via the Bourse's High Speed Vendor Feed (HSVF) and the Order Book Feed (OBF), similar to the broadcast of any instrument.

In such cases, the Market Operations Department's assistance is limited to creating the UDS. Approved Participants are responsible for entering and executing the orders.

(c) Execution by Market Operations Department.

All option strategies must be executed using the Bourse's UDS facility. Notwithstanding the aforementioned, if a strategy cannot be created and broadcasted using the UDS because the strategy type is not supported by the UDS facility, or because one of the strategy legs is the **underlying share**, the Approved Participant may submit to the Bourse a strategy order for execution using the following procedure:

- (i) The Approved Participant must contact the Market Operations Department and indicate its Option strategy. The information provided must include the Option series involved, the quantity ratio, the price and the total quantity of the order. Approved Participants must have received and time-registered their order prior to contacting the Market Operations Department. If the intended strategy includes an equity leg, the Approved Participant must also indicate the reference price of the Underlying Interest and the number of shares to be executed in the strategy.
- (ii) The Market Operations Department will contact qualifying Market Makers assigned to the Option class. A qualifying Market Maker is defined as a Market Maker that is showing a bid/ask market no wider than the no-bust range of that instrument, with a minimum of 10 contracts per side. The Market Operations Department will respect the following procedure:
 - (1) For strategies involving less than 50 contracts per leg, Market Makers will be contacted individually based on the Market Maker quoting the tightest market on the Options legs comprising the strategy;
 - (2) For strategies involving between 50 and 99 contracts per leg, Market Makers will be contacted by groups of two, according to their rank on their quotes;
 - (3) For strategies involving 100 contracts or more per leg, all qualifying Market Makers quoting on the Option legs of the strategy will be contacted;

In the event that a strategy is comprised of multiple legs, the Market Operations Department will take into account the Option with the furthest expiry to determine which participating Market Makers will be contacted. Qualifying Market Makers will be contacted and shown the strategy as submitted by the Approved Participant. If the Market

Maker(s) accepts the prices provided by the Market Operations Department, the Transaction will be entered and broadcast to all relevant parties (Approved Participants, Market Makers, and stock exchange, if necessary).

- (iii) The Market Makers may provide responding bids, offers and quantities:
 - (1) If Market Makers choose to participate on the strategy, they must be willing to Trade all parts inherent to the Transaction (all series, shares) but they will not be obligated to Trade the entire quantity; and
 - (2) If a particular Market Maker is not available within 15 seconds of the Market Supervisor of the Market Operations Department initiating the telephone call, no additional attempts to contact him will be made. The Market Maker should provide an answer to the Market Operations Department within approximately 30 seconds of the strategy description given by the Market Operations Department. Allowance will be made for a longer response time in the case of a particularly complex strategy. If all attempts fail the order will be rejected.
- (iv) In some situations where the strategy cannot be executed, the Market Operations Department may inform the Approved Participant of the best corresponding bid/offer as well as the corresponding quantities obtained by Market Makers. Once the details of the Transaction are negotiated and confirmed, information on the Transaction will be entered into the Bourse's Trading System by the Market Operations Department and broadcast to the marketplace. The strategy Trade will be broadcast via the Bourse's Web site and the leg prices and volumes will be disseminated via the Bourse's data feed. If the Transaction includes an equity leg and the Option leg has been executed, the Market Operations Department will submit the equity portion of the strategy to the venue where the equity is traded.

~~(+)~~ Execution of Cross Transaction on Strategies Involving Options.

~~(+)~~ Cross Transactions with a 50% Guaranteed minimum will not be accepted electronically. Please refer to Article ~~6.205~~[6.205](#).

~~(+)~~ Cross Transactions on equity Options strategies without a 50% Guaranteed minimum will be accepted electronically. Please refer to Article ~~6.202~~[6.202](#).

Appendix 6C—Procedures Applicable to the Execution of Strategies Involving Share Futures

Appendix 6C-1 OBJECTIVE

The objective of these procedures is to provide and facilitate the trading of strategies involving share Futures and the Underlying Interest for Approved Participants. Approved Participants may request the execution of customized strategies by contacting the Bourse's Market Operations Department at 1-866-576-8836 or 514-871-7877 for assistance in presenting a share Futures strategy to designated Market Makers and ensuring its manual execution in the Bourse's Trading System.

Appendix 6C-2 DESCRIPTION

- (a) Execution by Market Operations Department. A strategy involving a Share Futures Contract and the Underlying Interests must be submitted by an Approved Participant using the following procedure:
- (i) The Approved Participant must contact the Market Operations Department and indicate its Share Futures strategy. The information provided must include the Share Futures instrument and the equity leg involved, the quantity ratio, the price and the total quantity of the order. Approved Participants must have received and time-registered their order prior to contacting the Market Operations Department.
 - (ii) The Market Operations Department will contact qualifying Market Makers assigned to the Share Futures class. A qualifying Market Maker is defined as a Market Maker that is showing a bid/ask market, with a minimum of ten (10) contracts per side. The Market Operations Department will respect the following procedure:
 - (1) For strategies involving less than 50 contracts, Market Makers will be contacted individually in order starting with the Market Maker quoting the tightest market;
 - (2) For strategies involving between 50 and 99 contracts per leg, Market Makers will be contacted by groups of two in order, starting with the two Market Makers quoting the tightest market; and
 - (3) For strategies involving 100 contracts or more per leg, all qualifying Market Makers will be contacted. Qualifying Market Makers will be contacted and shown the strategy as submitted by the Approved Participant. If the Market Maker(s) accepts the prices provided by the Market Operations Department, the Transaction will be entered and broadcast to all relevant parties

(Approved Participants, Market Makers, and stock exchange, if necessary).

(iii) The Market Makers may provide responding bids, offers and quantities:

- (1) If Market Makers choose to participate on the strategy, they must be willing to Trade all parts inherent to the Transaction (both share Futures and Underlying Interests) but they will not be obligated to Trade the entire quantity; and
- (2) If a particular Market Maker is not available within 15 seconds of the Market Supervisor of the Market Operations Department initiating the telephone call, no additional attempts to contact him will be made. The Market Maker should provide an answer to the Market Operations Department within approximately 30 seconds of the strategy description given by the Market Operations Department.

(b) In some situations where the strategy cannot be executed, the Market Operations Department may inform the Approved Participant of the best corresponding bid/offer as well as the corresponding quantities obtained by Market Makers. Once the details of the Transaction are negotiated and confirmed, information on the Transaction will be entered into the Bourse's Trading System by the Market Operations Department and broadcast to the marketplace. The strategy Trade will be broadcast via the Bourse's Web site and the share Futures leg prices and volumes will be disseminated via the Bourse's data feed. The equity leg will be submitted by the Market Operations Department to the venue where the equity is traded, for entry into the Trading System.

Appendix 6D—Policy C-1: Exemption Request from a Position Limit

Appendix 6D-1 REQUEST

- (a) An Approved Participant or a client may file an exemption request from a position limit with the Bourse.

An exemption request must be addressed to the Regulatory Division ~~of the Bourse~~ in writing, and sent electronically.

- (b) An exemption request is made by filling out the appropriate form and shall include the following information:
- (i) a statement to the effect that the request is either a new request, a request for increasing a limit under an existing exemption or a request for the renewal of an existing exemption;
 - (ii) a detailed statement of the Open Positions and a description of upcoming positions in the Derivative. The statement shall include the number of contracts, the expected maturity of the positions and the direction (long or short) of the positions. In the case of Options, the statement must indicate the Exercise Price and the type of Option. The description of upcoming positions must contain the same information if it is available;
 - (iii) the requested position limit and desired duration of the exemption;
 - (iv) a statement to the effect that the positions are bona fide hedging Transactions or that they were taken or will be taken for risk management purposes;

This statement must be accompanied by a complete and accurate description of the positions taken in the Underlying Interest or in a Security related to the Underlying Interest of the Derivative for which the exemption is sought. The existence and ownership of the Underlying Interest or of the Security related to the Underlying Interest must be demonstrated;
 - (v) an undertaking to provide any information or document which the Bourse may deem relevant, including any information which allows the Bourse to assess the financial situation of the applicant;
 - (vi) an undertaking to provide the Bourse with a daily statement of open positions in the Derivative for which the exemption is sought and in any Underlying Interest or Security related to the Underlying Interest;
 - (vii) an undertaking to comply with the Rules, policies and procedures of the Bourse as well as with the terms and restrictions of the exemption;

- (viii) an undertaking to notify the Bourse without delay of any material change in the information provided with the exemption request;
 - (ix) an undertaking to liquidate the positions in an orderly fashion upon maturity or at any other time; and
 - (x) an acknowledgement that the Bourse may at any time, for valid reasons, modify or revoke an exemption from a position limit.
- (c) To be admissible, an exemption request shall serve a risk management purpose or shall relate to a Bona Fide Hedger account, as defined in Article 6.318 and [Article 6.319](#) of the Rules.

An exemption from a position limit shall not be granted for a speculative account.

- (d) The following positions qualify as positions taken for risk management purposes:
- (i) a position taken by a Person who regularly buys, sells or carries positions in the cash market underlying a Derivative; and
 - (ii) a position taken by a Person who regularly buys, sells or carries positions in a Derivative on the stock market or OTC market. This market must be sufficiently liquid relative to the size of the position held.
- (e) An exemption request from a position limit shall be filed the moment the position limit for a specific Derivative is reached or the moment the Approved Participant or client realizes that the limit will be breached as a result of an anticipated Transaction.

Where an exemption request cannot be filed immediately, it shall be filed not later than 10:30 A.M. (Montreal time) on the first business day following the day on which the limit is reached and shall provide justification for the late filing of the request.

- (f) The Approved Participant or the client may file an application with the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, to obtain an extension of the exemption request filing period. This application shall be filed before the Approved Participant or the client fails to file an exemption request within the prescribed time.

The time extension granted by the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, to file a request for exemption shall not exceed five (5) business days after the day on which the position limit is reached.

- (g) An Approved Participant or client who fails to comply with the prescribed time period for filing an exemption request must immediately liquidate the positions who exceed the prescribed limit.

Appendix 6D-2 PROCESSING REQUESTS FOR EXEMPTION FROM POSITION LIMITS

- (h) If all the required information is included in an exemption request, the applicant shall be notified of the approval or refusal as soon as possible after the request is received by the Regulatory Division ~~of the Bourse~~.
- (i) Only the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, may decide to accept or refuse a request for exemption from a position limit.

The designee of the Vice-President, Regulatory Division ~~of the Bourse~~ shall come from the Regulatory Division ~~of the Bourse~~. Before making a decision, the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, shall submit each exemption request to the internal consultation committee.

- (j) The Internal Consultation Committee include the following persons or their designees:
 - (i) Vice-President, Legal Affairs;
 - (ii) Vice-President, CDCC Risk Management;
 - (iii) Vice-President, Financial Markets; and
 - (iv) Vice-President, Research and Development.
- (k) The internal consultation committee may be consulted in person, by phone or by electronic messaging.
- (l) Each member of the internal consultation committee, or his or her designee, shall be provided with the exemption request form, all information provided with the exemption request and any other document on which the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, intends to base his or her decision.
- (m) The Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, may issue a decision if the opinion of the members of the internal consultation committee cannot be obtained within a reasonable time.

Appendix D-3 CONSIDERED FACTORS IN ASSESSING AN EXEMPTION REQUEST FROM A POSITION LIMIT

- (n) The following factors shall be considered by the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, when assessing an exemption request from a position limit:

- (i) the reputation and financial capacity of the Approved Participant or the client;
 - (ii) the level of the Approved Participant's or the client's inventory in the Underlying Interest or in Securities related to such Underlying Interest relative to the limit sought by the Approved Participant or the client;
 - (iii) the Approved Participant's or the client's recent activity in the market for which the request is made;
 - (iv) the regular activity in the market for which the request is made (liquidity, open interest, etc.);
 - (v) the proposed strategy by the Approved Participant or the client; and
 - (vi) any other factor deemed relevant by the Vice-President, Regulatory Division ~~of the Bourse~~ or his or her designee.
- (o) The Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, may at any time require additional information from an Approved Participant or a client.

Appendix D-4 COMMUNICATION AND EFFECTS OF THE DECISION

- (p) The decision of the Vice-President, Regulatory Division ~~of the Bourse~~, or of his or her designee, shall be communicated to the applicant as soon as possible, followed by written confirmation. When the exemption request is approved, the written confirmation shall set forth the terms and restrictions of the exemption.
- (q) The exemption shall be effective when the applicant receives the decision.
- (r) Where the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, refuses an exemption request, the applicant shall have a reasonable time to liquidate, in an orderly fashion the positions that are in excess of the prescribed limit.
- (s) Where the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, refuses an exemption request from a client and the positions in excess of the prescribed limit are not liquidated in a reasonable time, the Vice-President, Regulatory Division ~~of the Bourse~~ may order each Approved Participant with whom the client carries a position to reduce such position proportionately.
- (t) All exemptions from position limits are temporary.

The duration of an exemption is determined by the Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, and shall not exceed three (3) months from the filing of the request.

- (u) The Vice-President, Regulatory Division ~~of the Bourse~~, or his or her designee, may review, amend or terminate an exemption.

**Appendix D-5
AN EXEMPTION**

RENEWING, AMENDING, REVOKING OR INCREASING

- (v) An Approved Participant or a client wishing to increase or renew the limit under an exemption from a position limit must file an exemption request using the appropriate form.
- (w) An Approved Participant or a client wishing to increase the limit under an exemption from a position limit must file a request for exemption.

The exemption request shall be filed the moment it becomes obvious that the limit is insufficient, but not later than 10:30 A.M. (Montréal time) on the business day following the day on which the limit is breached.

- (x) An Approved Participant or a client wishing to renew an exemption from a position limit must file a request for exemption with the Vice-President, Regulatory Division ~~of the Bourse~~. The exemption request shall be filed not later than ten (10) business days before the expiration date of the exemption.
- (y) The decision-making process set forth in Parts II, III and IV of this Policy shall apply when an Approved Participant or a client requests an increase or renewal of a limit under an exemption from a position limit.

Chapter E—Expiration and Settlement

Article 2.400 Liability of the Bourse to Holders and Writers of Options

- (a) The rights and obligations of holders and writers of Options shall be as set forth in the ~~by-laws and rules~~regulations 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.

~~Article 6.401~~ Expiration Day of Options

- (a) No Transaction of Options contracts in expiring series shall be made after the close of trading on the last ~~day of trading~~Trading Day.
- (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~~Delivery Month or Settlement Month, provided it is a business day. If it is not a business day, the expiration date shall be the preceding business day.
- (c) In the case of Futures Options, the expiration date shall be the last ~~trading day~~Trading Day.
- (d) 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~~Underlying Interest.

~~Article 6.402~~ Exercise of Options and Delivery of Futures Contracts

Options shall be Exercised by clearing members in accordance with the by-laws and rules and general conditions of the designated Clearing Corporation. Options may be Exercised only in

a Unit of Trading or in an integral multiple thereof. The prohibition in Article 6.203 shall not apply to Transactions made as a result of the Exercise of an Option or of a Delivery pursuant to a Futures Contract.

~~Article 6.403~~ **Allocation of Exercise Notices**

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.

~~Article 6.404~~ **Time of Settlement**

Settlement of all Transactions shall be on the next business day following the day of the Transaction through the designated Clearing Corporation and no delayed or private settlement is permitted.

~~Article 6.405~~ **Delivery through Clearing Corporation**

All ~~deliveries~~Deliveries and cash settlements must be made through and assigned by the Clearing Corporation. At expiry, all Open Positions must be satisfied by Delivery or cash settlement, as may be the case. Delivery or cash settlement in respect thereof must be made in the manner prescribed by the Bourse and the Clearing Corporation.

~~Article 6.406~~ **Physical Settlement of Options**

- (a) 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 ~~Ltd~~Limited, or in another manner prescribed by the Bourse and CDCC.
- (b) In the case of Futures Options, the clearing of Transactions arising from Exercise notices will be through the facilities of CDCC.

~~Article 6.407~~ **Cash Settlement of Options**

- (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~~Exercise 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~~ Exercise 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~~ Exercise 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.

Article 2.401 Settlement When Physical Settlement is Restricted

When the Bourse, acting in accordance with Article 6.316 restricts or modifies the Delivery of the Underlying Interest upon the Exercise of any Series of Options 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.

~~Article 6.409~~ **Failure to Deliver, Accept Delivery of Underlying Equity**

- (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.

~~Article 6.410~~ **Failure to Pay for or Deliver the Underlying Equity**

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 6.409 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.

~~Article 6.411~~ **Extraordinary Circumstances Related to an Underlying Interest**

In the interest of keeping fair and orderly trading on the Bourse and for the protection of both Option holders and writers, the Bourse may make special trading and settlement rules when an Underlying Interest is involved in:

- (a) a take-over bid under a circular;
- (b) a stock dividend, a share split or a consolidation; or

(c) any other unforeseen events.

Generally, no adjustments will be made for declared dividends, if any, on the Underlying Interest.

~~Article 6.412~~ **Daily Settlement Price or ~~closing quotation~~Closing Quotation**

The daily Settlement Price or the closing quotation are determined according to the procedures established by the Bourse for each Derivative Instrument.

Appendix 6E—Daily Settlement Price Procedures for Futures Contracts and Options on Futures Contracts

Appendix 6E-1 **RULE**

Article 6.412 of the Rules stipulates that, “The daily Settlement Price or the closing quotation are determined according to the procedures established by the Bourse for each Derivative Instrument.”

Appendix 6E-2 **SUMMARY**

(a) Futures Contracts And Options On Futures Contracts Daily Settlement Prices.

- (i) These markets use the average price during the last minutes of trading or other calculation methods, as specified for each instrument in the following procedures, so as to establish a single Settlement Price. These calculations are executed manually by ~~market-officials~~ Market Supervisors or, as the case may be, by an automated algorithm using pre-established guidelines for each product.
- (ii) The prices at which block trades, Exchange for Physical (EFP) or Exchange for Risk (EFR) are arranged shall not be used to establish the open, high, low or daily Settlement Price.

Appendix 6E-3 **OBJECTIVES**

The objectives of establishing daily Settlement Prices are to:

- (a) 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.
- (b) Ensure that CDCC and all market participants are informed of the Settlement Prices.

Appendix 6E-4.1 **DESCRIPTION**

Appendix 6E4.1 **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 paragraphs (b), (c) and (d) of Appendix 6D-4.1 to ensure accuracy in the process.

- (a) Definitions:
- (i) “Regular order” means Orders routed by Approved Participants to the Bourse’s Trading System.
 - (ii) “Implied order” means orders generated by the implied pricing algorithm (using regular orders) and registered in the order book by the Electronic Trading System.
 - (iii) “Minimum Threshold” means the applicable threshold for BAX will be:
 - (1) 150 contracts for the first four quarterly contract months (“whites”);
 - (2) 100 contracts for quarterly contract months 5 to 8 (“reds”); and
 - (3) 50 contracts for quarterly contract months 9 to 12 (“greens”).
- (b) 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 officials~~ Market Supervisors based on available market information.
- (c) Algorithm Utilized for the Determination of the Daily Settlement Price of the Front Quarterly Contract Month.
- (i) 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 3:00 p.m., or prior to 1:00 p.m. 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 3:00 p.m., or prior to 1:00 p.m. 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.
 - (ii) 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.

- (iii) 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.
- (d) Procedure For The Determination Of The Daily Settlement Price Of The Remaining BAX Contract Months.
 - (i) 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 3:00 p.m., or prior to 1:00 p.m. 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.
 - (ii) 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.
 - (iii) 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.
- (e) Ancillary Procedure. In the absence of any required items to apply the aforementioned procedure, ~~market-officials~~ 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 3:00 p.m., or close to 1:00 p.m. on early closing days, and which is not compatible with a given Settlement Price. In this situation, ~~market-officials~~ Market Supervisors will keep a record of the criteria used to establish the Settlement Price.

Appendix 6E-4.2 FUTURES CONTRACTS ON S&P/TSX ~~INDICES~~ INDICES AND INDICES AND 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 calculation period, which ranges from 3:59 p.m. to 4:00 p.m. 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.

- (a) Main Procedure.
 - (i) 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.

- (ii) Last Trades. If there are no Trades in the ~~last minute of trading~~calculation period, then the last Trade before the calculation period will be taken into account while still respecting posted bids and offers in the market.
- (b) First Ancillary Procedure. When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this ~~section~~Chapter will apply.
 - (i) The front month must be settled first (the establishment of the front month is based on the month with the greatest Open Interest).
 - (ii) The spread between the two contract months must be settled next by taking into account the ~~last minute~~ average trading price of the calculation period and by examining the Trades executed during the previous 10 minutes.
 - (iii) 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.
- (c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply.
 - (i) Market ~~officials~~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.
- (d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraph (b) and in paragraph (c), the following ancillary procedure will apply. In this situation, ~~market officials~~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~~Trading Day and which is not compatible with a given Settlement Price. In this situation, ~~market officials~~Market Supervisors will keep a record of the criteria used to establish the Settlement Price

Appendix 6E-4.3 GOVERNMENT OF CANADA BOND FUTURES CONTRACTS

- (a) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, for all contract months.

- (i) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, and its size must be for 10 contracts or more.
 - (ii) 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.
- (b) First Ancillary Procedure. When two contract months and the spread are trading (quarterly calendar roll), the following ancillary procedure will apply.
- (i) The front month must be settled first (the establishment of the front month is based on the month with the greatest Open Interest).
 - (ii) The spread between the two contract months must be settled next by taking into account the last minute average trading price prior to 3:00 p.m., or prior to 1:00 p.m. on early closing days, and by examining the Trades executed during the previous 10 minutes.
 - (iii) 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.
- (c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply.
- (i) Market ~~officials~~ 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.
- (d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraph (b) and (c), the following ancillary procedure will apply.
- (i) In this situation, ~~market officials~~ 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 3:00 p.m., or close to 1:00 p.m. on early closing days, and which is not compatible with a given Settlement Price. In this situation, ~~market officials~~ Market Supervisors will keep a record of the criteria used to establish the Settlement Price.

Appendix 6E-4.4 **OPTIONS ON THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS**

- (a) Main Procedure.
- (i) Weighted average. The Settlement Price shall be the weighted average of the prices traded in the closing range (last minute of trading prior to 3:00 p.m., or prior to 1:00 p.m. 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.
- (ii) Last Trades.
- (1) If no Trade occurs during the closing range, the ~~market officials~~ Market Supervisors will consider Transactions executed during the last 30 minutes of trading prior to 3:00 p.m., or prior to 1:00 p.m. 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 3:00 p.m., or before 1:00 p.m. on early closing days, to be considered.
- (2) If no Trade occurs in the closing range (or in the last 30 minutes of trading prior to 3:00 p.m., or prior to 1:00 p.m. on early closing days), the Settlement Price shall be the theoretical price calculated by the Bourse (as described in paragraph (b)). 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.
- (b) Ancillary procedure. In the absence of the items required to apply the main procedure in paragraph (a), the following ancillary procedure will apply.
- (i) The Settlement Price shall be determined by inserting the following parameters into a standard Option pricing model (Black & Scholes):
- (1) 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.
- (2) Interest rate. The interest rate used will be the rate implied by the Settlement Price of the BAX Futures Contract nearest to expiration.
- (3) 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.

- (4) The ~~strike price~~ Exercise Price of the Options' series and the time to expiration are the other parameters that will be inserted into the model.
- (ii) 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.

Appendix 6E-4.5 30-DAY OVERNIGHT REPO RATE FUTURES CONTRACTS (ONX)

- (a) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, for all contract months.
 - (i) 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.
 - (ii) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, and its size must be for a total of 25 or more contracts in each of the months.
 - (iii) Remaining balances of booked orders partially executed at the close. In the case of a booked order as stipulated in sub-paragraph (a)(ii) 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.
 - (1) 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.
 - (2) 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.

- (iv) Strips and spreads. All Trades and unfilled booked orders for strips and spreads related to any expiry months will be ignored.
- (b) First Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a), the following ancillary procedure will apply
 - (i) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, provided the volume for the strategy taken into account was of 25 or more contracts.
 - (ii) 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 sub-paragraph (a)(i). It has to have been posted for three minutes or longer prior to 3:00 p.m., or prior to 1:00 p.m. on early closing days, and the size must be for 25 or more contracts.
- (c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply.
 - (i) 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.
 - (ii) Conflicts between spreads. If two spreads are in conflict, the calendar spread closest to expiry will have priority.
- (d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraph (b) and paragraph (c), the following ancillary procedure will apply. In this situation, ~~market officials~~ 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 3:00 p.m., or close to 1:00 p.m. on early closing days, and which is not compatible with a given Settlement Price. In this situation, ~~market officials~~ Market Supervisors will keep a record of the criteria used to establish the Settlement Price.

Appendix 6E-4.6 OVERNIGHT INDEX SWAP FUTURES CONTRACTS (OIS)

- (a) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, for all contract months.

- (i) 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.
 - (ii) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, and its size must be for a total of 25 or more contracts in each of the months.
 - (iii) Remaining balances of booked orders partially executed at the close. In the case of a booked order as stipulated in paragraph (a) 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.
 - (1) 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.
 - (2) 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.
 - (iv) Strips and spreads. All Trades and unfilled booked orders for strips and spreads related to any expiry months will be ignored.
- (b) First Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a), the following ancillary procedure will apply:
- (i) 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 3:00 p.m., or prior to 1:00 p.m. on early closing days, provided the volume for the strategy taken into account was of 25 or more contracts.
 - (ii) 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 sub-paragraph (b)(i). It has to have been posted for three minutes or longer prior to 3:00 p.m., or prior to 1:00 p.m. on early closing days, and the size must be for 25 or more contracts.

- (c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply.
- (i) 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.
 - (ii) Conflicts between spreads. If two spreads are in conflict, the calendar spread closest to expiry will have priority.
- (d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraphs (b) and (c), the following ancillary procedure will apply. In this situation, ~~market officials~~ 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 3:00 p.m., or close to 1:00 p.m. on early closing days, and which is not compatible with a given Settlement Price. In this situation, ~~market officials~~ Market Supervisors will keep a record of the criteria used to establish the Settlement Price.

Appendix 6E-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~~ Trading Day for all contract months.

- (a) Main Procedure.
- (i) 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
 - (ii) 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
- (b) First Ancillary Procedure. When two contract months and the spread are trading (quarterly calendar roll), the ancillary procedure of this ~~section~~ Chapter will apply.
- (i) The front month must be settled first (the establishment of the front month is based on the month with the greatest Open Interest).

- (ii) 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.
 - (iii) 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.
- (c) Second Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedure in paragraph (b), the following ancillary procedure will apply. Market ~~officials~~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.
- (d) Third Ancillary Procedure. In the absence of the items required to apply the main procedure in paragraph (a) and the ancillary procedures in paragraphs (b) and (c), ~~market officials~~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~~Trading Day and which is not compatible with a given Settlement Price. In this situation, ~~market officials~~Market Supervisors will keep a record of the criteria used to establish the Settlement Price.

Chapter F—Reports

Article 2.500 Reports of Accumulated Positions

- (a) 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.
- (b) 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.
- (c) 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:
 - (i) the name and complete coordinates of the account beneficial owner;
 - (ii) the full account number as it appears in the Approved Participant records;
 - (iii) the account type (Client Account, Firm Account, Market Maker Account, Professional Account or Omnibus Account);
 - (iv) the beneficial account owner classification according to the typology established by the Bourse; and
 - (v) 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.
- (d) 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:
 - (i) for any account opened in the name of a natural ~~Person~~[person](#) or of a corporation or other type of commercial entity wholly-owned by this natural Person:

- (1) 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.
- (ii) for any account owned by man natural Persons such as a joint account, an Investment club account, Partnership or Holding Company:
 - (1) 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 (c)(1) above;
 - (2) if none of the persons owning the account has an ownership interest of more than 50%, the unique identifier must be the account name.
- (iii) for any account opened in the name of a corporation other than a corporation wholly-owned by a natural ~~Person~~person:
 - (1) if one of the natural ~~Persons~~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~~person and must be set as specified in subparagraph (c)(i) above;
 - (2) 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;
 - (3) in all other cases, the unique identifier must be the legal entity identifier of the corporation in whose name the account has been opened;
 - (4) if, for corporations mentioned in subparagraphs (d)(iii)(2) and (3), 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.
- (e) 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.

- (f) 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.
- (g) For the purposes of this subparagraph (d)(iii), 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.
- (h) 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%.
- (i) The reporting thresholds established by the Bourse are as follows:
 - (i) For each Options class, other than Options on Futures Contracts, and each Share Futures Contracts on a given Underlying Interest:
 - (1) 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 Future Contracts, one option contract being equal to one Share Future Contract. While options and Share Future Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and Share Future Contracts shall be reported each separately;
 - (2) 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;
 - (3) 500 contracts, in the case of Options on exchange traded fund Options and Share Future 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 Future Contracts, one option contract being equal to one Share Future Contract. While options and Share Future Contracts must be considered in the aggregate for purposes of the reporting threshold (on a gross basis), positions in options and Share Future Contracts shall be reported each separately;

- (4) 500 contracts, in the case of currency Options;
 - (5) 15,000 contracts, in the case of Index Options; and
 - (6) 1,000 contracts, in the case of sector Index Options.
- (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 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);
 - (9) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU); and
 - (10) 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index;
- (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.
- (j) 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 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.
 - (k) 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 (a), 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; and
 - (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.
 - (l) 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 (a) of this Article. 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; and
- (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 delagatee is complete and accurate.

~~Article 6.501~~ **Reports of Transactions in OTC Options**

Approved Participants must report in the form prescribed by the Bourse, the total number of ~~Puts~~Over-The-Counter puts and ~~Calls~~calls written, issued or ~~Guaranteed in Over-The-Counter options~~guaranteed during each period ending at the close of business on the fifteenth and last days of each month or, if not a business day, the preceding business day. Reports must be transmitted to the Bourse within two (2) business days of the end of the period.

~~Article 6.502~~ **Report of Uncovered Short Option Positions**

Upon request by the Bourse, an Approved Participant shall provide the Bourse with a report of the total Uncovered Short Position in each Option Contract open for trading; *provided however*, Approved Participants shall not report positions carried for the accounts of other Approved Participants where such Approved Participants report the positions themselves. Such reports shall show:

- (a) the position carried by such Approved Participant for its own account; and
- (b) the positions carried by such Approved Participant for the account of clients.

~~PART 7~~ — TRADING AND BUSINESS CONDUCT

Chapter A—Trading Conduct

Article 2.0 Complaints of Violations

Any Approved Participant, Approved Person or client may file a complaint with the Regulatory Department in the form and manner specified against any Approved Participant or Approved Person in respect of a violation or breach of the Regulations of the Bourse.

~~Article 7.1~~ Business Conduct Must Adhere to Principles of Good Business
~~Practice~~ Practices

All Approved Participants must at all times adhere to the principles of good business practice in the conduct of their affairs. The business of Approved Participants ~~or~~ and Approved Persons and their dealings amongst themselves and with the public must at all times comply with the standards set forth in the Regulations of the Bourse.

~~Article 7.2~~ Acts Inconsistent with Just and Equitable Principles of Trade

- (a) It shall be a violation of the Regulations of the Bourse for any Approved Participant or Approved Person to engage in any act, conduct, practice or proceeding unbecoming an Approved Participant or an Approved Person, inconsistent with just and equitable principles of Trade, or detrimental to the reputation of the Bourse or to the interests or the welfare of the public or of the Bourse.
- (b) Conduct, practices or proceedings prohibited by this Article include, but are not limited to the following ~~examples~~:
 - (i) misleading or attempting to mislead the Bourse on any material point;
 - (ii) breaching any statute or regulation related to the trading of Securities or Derivative Instruments;
 - (iii) indiscriminate or improper solicitations of orders, either by telephone or otherwise;
 - (iv) using high pressure or other sales tactics of a character considered undesirable according to the standards of the industry;
 - (v) using or knowingly participating in the use of any manipulative or deceptive methods of trading, including those set out in Article 7.5 of the Rules; or

- (vi) breaching any provisions of the Code of Ethics and Conduct for Registered Representatives, included in the Conduct and Practices Handbook Course, published by the Canadian Securities Institute.
- (c) The Disciplinary Committee or the Special Committee shall decide whether an act, conduct, practice or proceeding is of the type within the scope of this Article.

Article 7.3 Best Execution Required

- (a) Approved Participants shall take reasonable care consistent with just and equitable principles of trade and diligently pursue the execution of each client order on the most advantageous execution terms reasonably available under all of the circumstances relating to the Trade or Trading Strategy and the then current market conditions [at the time of the Trade](#).
- (b) To assess the most advantageous execution terms reasonably available, Approved Participants should consider general factors including, but not limited to: Trading Strategy, Trade price, speed of execution, certainty of execution, and overall cost of execution. In the case of strategy or spread Trades, Approved Participants shall consider these factors as they relate to the execution of the overall strategy, rather than the execution of each individual leg [of the Trade](#).

Article 7.4 Trade-through prohibited

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.

Article 7.5 Manipulative or Deceptive Methods of Trading Prohibited

No Person may directly or indirectly, whether intentionally, recklessly or with willful blindness, use any manipulative or deceptive methods of trading on the marketplace of the Bourse. All orders must be entered for the purpose of executing *bona fide* transactions..

Manipulative or deceptive methods of trading include, but are not limited to:

- (a) manipulating the price of any Listed Product;
- (b) entering an order or effecting a Transaction:
 - i) to mislead other market participants;

- ii) to overload, delay, or disrupt the systems of the Bourse or other market participants;
- iii) to disrupt the orderly conduct of trading or the fair execution of Transactions;
- iv) to engage in wash trading, accommodation trading money passes, or other forms of fraudulent trading; or
- v) with the purpose of transferring funds, assets or liabilities in contravention of legal or regulatory requirements.

Article 7.6 Front Running Prohibited

No Approved Participant, Person employed by or acting on behalf of an Approved Participant or Person associated with an approved Participant shall:

- (a) take advantage of a customer's order by trading ahead of it; or
- (b) engage in Transactions based in whole or in part on non-public information concerning pending transactions in Securities, Options or future contracts, which are likely to affect the market prices of any other Securities, Options or future contracts, unless such Transactions are made solely for the purpose of providing a benefit to the client who is proposing or engaged in the ~~transactions~~Trade.

Article 7.7 Certain Activities at the Close Prohibited

At the close of a ~~trading session~~Trading Day, 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.

Article 7.8 Unreasonable Quotations may be Disallowed

At the close of any ~~trading session~~Trading Day, if the buying and selling quotations are at the same price, or are more than 5% apart, a Market Supervisor may refuse to allow either or both of them to be recorded; he ~~or she~~ may also refuse to allow any unreasonable quotations to be recorded at any time.

Chapter B—Account Handling by Approved Participants

Article 2.100 Know Your Customer; Suitability

- (a) Every Approved Participant must use diligence:
 - (i) to learn and remain informed of the essential facts relative to every customer and to every order or account accepted;

- (ii) to ensure that the acceptance of any order for any account is done in accordance with principles of good business practice;
 - (iii) to ensure, subject to sub-paragraph (iv), hereunder, that the acceptance of any order for any account from a customer is suitable for such customer given his financial situation, his investment knowledge, his investment objectives and his risk tolerance; and
 - (iv) to ensure, when recommending to a customer the purchase, sale, exchange or holding of any Derivative Instrument listed and traded on the Bourse, that the recommendation is suitable for such customer given his financial situation, his investment knowledge, his investment objectives and his risk tolerance.
- (b) Supervision. Every Approved Participant must designate a ~~Person~~person responsible for the supervision and surveillance of the trading activities in Derivative Instruments listed on the Bourse and where necessary to ensure continuous supervision, one or more alternate ~~Person~~person to this responsible ~~Person~~person. The responsible ~~Person~~person:
- (i) is responsible for establishing and maintaining procedures and for supervising trading activities in Derivative Instruments listed on the Bourse. This ~~Person~~person must ensure that the handling of each client orders is within the bounds of ethical conduct, consistent with just and equitable principles of Trade and not detrimental to the reputation of the Bourse or the interests or the welfare of the public or the Bourse. This ~~Person~~person must supervise activities relating to the trading of Derivative Instruments listed on the Bourse in accordance with Bourse requirements and policies. In the absence or incapacity of the responsible ~~Person~~person, his authority and responsibilities must be assumed by an alternate responsible Person: and
 - (ii) is not required, along with the alternate ~~Persons~~persons, to be approved by the Bourse. However, Approved Participants must provide the Bourse with a list of those ~~Persons~~persons along with all necessary information to allow the Bourse to communicate with them as needed. Approved Participants are required to immediately inform the Bourse when changes are made to this list.

~~Article 7.101~~ **Corporate Accounts**

- (a) Corporate Clients. In the case of an account carried by an Approved Participant for a corporation for the purpose of trading in Derivative Instruments, the Approved Participant must make sure that the corporation has the right under its charter and by-laws to engage in the intended Transactions for its own account and that the Persons from whom orders and instructions are accepted are duly authorized by the corporation to act on its behalf. It is advisable in each such case

for the Approved Participant accepting the account to obtain a copy of the corporate charter, by-laws and authorizations; *provided however*, where it is not possible to obtain such documents, a partner, an Officer or a director of the Approved Participant carrying the account must prepare and sign a memorandum for the files of the Approved Participant indicating the basis upon which he believes that the corporation may properly engage in the intended Transactions and that the Persons acting for the corporation are duly authorized to do so.

- (b) Nominee Accounts. When a nominee account is carried by an Approved Participant, its records must contain the name of the principal for whom the nominee is acting and written evidence of the nominee's authority.

~~Article 7.102~~ **Designation of Accounts**

No Approved Participant may carry an account in the name of a Person other than that of the client, except that an account may be designated by a number, a nominee name or other identification provided the Approved Participant maintains sufficient identification in writing to establish the beneficial owner of the account or the Person or Persons financially responsible for same. This information must be available at all times upon the request of the Bourse.

~~Article 7.103~~ **Transactions by Employees of Approved Participants**

No Approved Participant may carry an account for a partner, Officer, director or any employee of another Approved Participant either jointly or with another or others without the prior written consent of the employer; nor must make a Derivative Instrument Transaction or carry an account in Derivative Instruments in which any of the above is directly or indirectly interested. A copy of such consent of the employer must be kept in the client's file and duplicate reports and monthly statements must be sent to a partner, Officer or director designated in such consent (other than the Person for whom the account is carried). This Article does not apply to any director who is an Outside Investor with respect to the Approved Participant or its Holding Company and whose Investment therein does not contravene Part 3.

~~Article 7.104~~ **Conflict of Interest**

No Approved Participant acting as agent for a customer to buy or sell Derivative Instruments listed on the Bourse may be the buyer or seller on his own account or otherwise act in such a manner as to create a conflict between his own interests and those of his client; *provided however*, an Approved Participant acting as a Market Maker will be deemed not to act in a manner as to create a conflict of interest.

~~Article 7.105~~ **Complaints**

- (a) Each Approved Participant must keep an up-to-date record of all written complaints received by the Approved Participant resulting from the conduct of the Approved Participant or of one of its Approved Persons in connection with orders or Transactions in Derivative Instruments listed on the Bourse.

- (b) Complaint files and relevant records must be retained for a period of seven (7) years. ~~Furthermore, Approved Participants must maintain an up-to-date record of all complaints and from the date of receipt of the complaint by the Approved Participant and must be made available to the Bourse upon request. These records must include, among others, all~~ subsequent documentation received relating to the conduct of the Approved Participant or of one of its Approved Persons in connection with orders or Transactions in Derivative Instruments listed on the Bourse. ~~Such record must be retained for a period of seven (7) years from the date of receipt of the complaint by the Approved Participant and must be made available to the Bourse upon request.~~
- (c) The complaint record must, at a minimum, contain the following information:
- (i) the complainant's name;
 - (ii) the date of complaint;
 - (iii) the name of the individual who is the subject of the complaint;
 - (iv) the Derivative Instruments which are the subject of the complaint;
 - (v) the materials reviewed in the investigation made by the Approved Participant;
 - (vi) if applicable, the name and title of the ~~Persons~~persons who were interviewed by the Approved Participant in the course of its investigation of the complaint and the date of such interviews; and
 - (vii) the date and conclusions of the decision rendered in connection with the complaint.

~~PART 8~~ BUSINESS CONDUCT-ADVERTISING

~~Article 8.0~~ -8.1 Reserved

Article 2.2 Prohibited Advertising

An Approved Participant or Approved Person must not issue or send to the public, participate in or knowingly allow its name to be used in respect of any Advertisement, Sales Literature or Correspondence in connection with its or his or her business which:

- (a) contains any untrue statement or omission of a material fact or is otherwise false or misleading;
- (b) contains an unjustified promise of specific results;
- (c) uses unrepresentative statistics to suggest unwarranted or exaggerated conclusions, or fails to identify the material assumptions made in arriving at these conclusions;
- (d) contains any opinion or forecast of future events, which is not clearly labeled as such;
- (e) fails to fairly present the potential risks to the client;
- (f) is detrimental to the interests of the public, the Bourse or its Approved Participants; or
- (g) does not comply with any applicable legislation or the guidelines, policies or directives of any regulatory authority having jurisdiction.

~~Article 8.3~~ Policies and Procedures Required

- (a) Each Approved Participant must develop written policies and procedures that are appropriate for the Approved Participant's size, structure, business and clients for the review and supervision of Advertisements, Sales Literature and Correspondence relating to its business. All such policies and procedures must be approved by the self-regulatory organization having jurisdiction over the Approved Participant.
- (b) The policies and procedures referred to in the preceding paragraph may provide that the review and supervision ~~of Advertisements, Sales Literature and Correspondence~~ will be done by pre-use approval, post use review or post use sampling, as appropriate to the type of material. However, the following types of Advertisements, Sales Literature or Correspondence must be approved prior to publication or use by a partner, director, Officer or branch manager of the Approved Participant who is designated to approve such material:

- (i) research reports;
 - (ii) market letters;
 - (iii) telemarketing scripts;
 - (iv) promotional seminar texts (not including educational seminar texts);
 - (v) original Advertisements;
 - (vi) original template Advertisements; and
 - (vii) any material used to solicit clients that contains performance reports or summaries.
- (c) Where the policies and procedures of the Approved Participant do not require the approval of Advertisements, Sales Literature or Correspondence prior to being issued or send, the Approved Participant must include provisions for the education and training of registered and Approved Persons as to the ~~Approved Participant's~~ policies and procedures governing such materials as well as follow-ups to ensure that such policies and procedures are implemented and adhered to.
- (d) Copies of all Advertisements, Sales Literature and Correspondence and all records of supervision under the policies and procedures required by the present Article must be retained and be readily available for examination by the Bourse. All Advertisements, Sales Literature and related documents must be retained for a period of two (2) years from their date of creation and all Correspondence and related documents must be retained for a period of five (5) years from their date of creation.

~~Article 8.4~~ **8.24 Reserved**

Article 2.25 Ownership of ~~Trade~~Assumed Name

All business carried on by an Approved Participant or by any Person on its behalf must be in the name of the Approved Participant or a business or ~~Trade~~assumed name owned by the Approved Participant, an Approved Person in respect of the Approved Participant or an affiliated corporation of either one of them.

~~Article 8.26~~ **Approval of ~~Trade~~Assumed Name**

A business or a ~~Trade~~assumed name is considered ~~its own~~owned by an Approved Participant when the Approved Participant has given its prior written consent for its uses and that the business or ~~Trade~~assumed name does not contravene to any laws in Québec and Canada regarding the legal publicity.

~~Article 8.27~~ **Notification of ~~Trade~~Assumed Name**

Prior to the use of any business or ~~Trade~~assumed name other than the Approved Participant's legal name, the Approved Participant must notify the Bourse.

~~Article 8.28~~ **Transfer of ~~Trade~~Assumed Name**

Prior to the transfer of a business or ~~Trade~~assumed name to another Approved Participant, the Approved Participant must notify the Bourse and comply with the laws in Québec and Canada regarding the legal publicity.

~~Article 8.29~~ **Single Use of ~~Trade~~Assumed Name**

No Approved Participant or Approved Person may use any business or ~~Trade~~assumed name that is used by any other Approved Participant unless the relationship with such other Approved Participant is that of an introducing/carrying broker arrangement or unless Approved Participants are related firms or affiliated corporations.

~~Article 8.30~~ **Legal Name**

All written agreements with clients must be entered into in the Approved Participant's full legal name.

~~Article 8.31~~ **~~Trade~~Assumed Name to Accompany Legal Name**

A business or ~~Trade~~assumed name used by an Approved Participant or an Approved Person may accompany, but not replace, the legal name of the Approved Participant on material that is used to communicate with the public. The Approved Participant's legal name must be at least equal in size to the business or ~~Trade~~assumed name used. The "material" used to communicate with the public include, but is not limited to, the following:

- (a) letterhead;
- (b) business cards;
- (c) invoices;
- (d) trade confirmations;
- (e) monthly statements;
- (f) websites;
- (g) research reports; and
- (h) ~~Advertisement~~advertisement.

~~Article 8.32~~ **Misleading ~~Trade~~Assumed Names**

No Approved Participant or Approved Person may use any business or ~~trade~~assumed name that is deceptive or misleading.

~~Article 8.33~~ **Prohibition on Use of ~~Trade~~Assumed Name**

The Bourse may prohibit an Approved Participant or Approved Person from using a business or ~~trade~~assumed name that is contrary to the Rules ~~of the Bourse~~.

~~PART 9~~ CLEARING AND FINANCIAL INTEGRITY

Chapter A—Clearing

Article 2.0 Clearing and Settlement of Bourse Transactions

- (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.

~~Article 9.1~~ Designated Clearing Corporations

As provided in Article ~~9.0, 9.0~~, the designated Clearing Corporation ~~for Bourse equities products~~ is the Canadian Depository for Securities Limited (CDS) and for ~~Bourse derivatives instruments~~ ~~is CDCC~~ equity and other underlying interests of Bourse Listed Products and CDCC for Bourse Derivatives Instruments.

~~Article 9.2~~ Clearing Arrangements

Approved Participants who are not members of the designated Clearing Corporation for a category of Listed Products, shall cause their ~~Bourse~~ Transactions to be cleared by a member of the designated Clearing Corporation.

~~Article 9.3~~ Suspension of ~~Clearing Arrangement~~ Trading and Cancellation of Orders

- (a) A Clearing Approved Participant must notify the Vice President, Regulatory Division and the Market Operations Department, telephonically and by electronic mail immediately upon suspending or terminating its clearing relationship with an Approved Participant.
- (b) Upon being notified by the President or Chief Risk Officer of the Clearing Corporation that a Clearing Approved Participant has been suspended, has had its membership terminated or become ~~Non-Conforming~~ non-conforming as defined under Clearing Corporation ~~Rules~~ rules, the Vice President, Regulatory Division,

acting solely in his or her discretion, may instruct the Market Operations Department immediately to suspend access to, and/or cancel any orders resting in, the Trading System by the ~~Non-Conforming~~non-conforming Clearing Approved Participant for itself or for the Approved Participants, and in respect of the particular Listed Products that the Clearing Approved Participant clears.

- (c) Upon being notified by a Clearing Approved Participant as provided in paragraph (a) that it has suspended or terminated its clearing relationship with an Approved Participant, the Vice President, Regulatory Division, acting solely in his or her discretion, may instruct the Market Operations Department immediately to suspend access to, and/or cancel any orders resting in, the Trading System by or for the non-conforming Approved Participant in respect of the particular Listed Products cleared by the notifying Clearing Approved Participant.
- (d) The Vice President, Regulatory Division, acting solely in his or her discretion, may instruct the Market Operations Department to reinstate access to the Trading System:
 - (i) for a Clearing Approved Participant (and the Approved Participants for which it clears) who has been suspended, has had its membership terminated or became non-conforming, upon notification by the President or the Chief Risk Officer of the Clearing Corporation that the Clearing Approved Participant has been reinstated and is in good standing;
 - (ii) for an Approved Participant, upon notification by a Clearing Approved Participant in good standing that it has established a clearing relationship with the Approved Participant.
- (e) The Vice President, Regulatory Division, may make the decisions under this Article acting in his or her sole discretion. However, nothing in this Article precludes the Vice President, Regulatory Division from consulting any other official of the Bourse in making the decisions under this Article or in submitting such decisions to the Special Committee for a determination.

~~Article 9.4~~ **Use of SPAN Risk Margining System**

- (a) Approved Participant Account. The Margin required for the account of an Approved Participant constituted exclusively of positions in Derivative Instruments listed on the Bourse may be calculated using the Standard Portfolio Analysis (SPAN) methodology and the Margin interval calculated by, and assumptions used by, the Canadian Derivatives Clearing Corporation. If the Approved Participant selects the SPAN methodology, the Margin requirements calculated under this methodology will supersede the provisions stipulated in the Rules.
- (b) Client Account. The use of SPAN methodology to determine Margin requirements with respect to a Client Account is prohibited.

~~Article 9.5~~ Inter-commodity Off-sets Prohibited

Unless otherwise specified, offsets are not permitted for positions in Client Accounts or Approved Participant Accounts involving Derivative Instruments based on two different Underlying Interests.

Chapter B—Margin

Article 2.100 Margin for Derivative Instruments

- (a) The Margin requirements applicable to all positions in Derivative Instruments listed on the Bourse and held by an Approved Participant or on behalf of its clients are determined, from time to time by the Bourse, in collaboration with the Clearing Corporation.
- (b) Margin requirements established by the Bourse may be made applicable to one or more, rather than all, Approved Participants or clients if deemed necessary by the Bourse.
- (c) The following requirements shall apply with respect to Margin requirements:
 - (i) every client and non-client position must be marked to the market daily;
 - (ii) every Approved Participant must collect from its clients and non-clients for whom Trades in Derivative Instruments are effected, a Margin (which Margin must be maintained) of not less than the minimum prescribed Margin under the rules or regulations of the derivatives exchange on which the Derivative Instrument is traded (or its Clearing Corporation);
 - (iii) Every Approved Participant must collect from each of its clients and non-clients for whom Trades are effected through an Omnibus Account the amount of Margin that would be required from such clients and non-clients if their Trades were effected through fully-disclosed accounts; and
 - (iv) the Bourse may, in its discretion, require one or more or all Approved Participants to collect from one or more or all clients or non-clients for whom Trades in Derivative Instruments are effected an amount of Margin greater than the minimum prescribed under the rules or regulations of the derivatives exchange on which the Derivative Instrument is traded (or its Clearing Corporation). The Bourse may set such requirements with respect to any or all Derivative Instruments positions of a client or non-client.
 - (v) **Note:** Many derivatives exchanges (especially in the United States) prescribe ~~Margin~~margin requirements based on initial and maintenance rates. In such cases, when a Derivative Instrument position is entered into, the Approved Participant must collect from the client an amount of Margin not less than the prescribed initial Margin rate.

Subsequently, adverse price movements in the value of the Derivative Instruments may reduce the client's ~~Margin~~margin on deposit to an amount below the maintenance ~~Margin~~margin level. When this happens the Approved Participant must then collect from the client a further amount sufficient to restore the ~~Margin~~margin on deposit to the initial rate.

~~Article 9.101~~ **Margin Calls**

- (a) An Approved Participant may ~~Call~~call for additional Margins at his discretion, but whenever a client's Margin is below the minimum amount required, the Approved Participant must ~~Call~~call for such additional Margin necessary to bring the account up to the required level, and the amount of such additional Margin must, each time a Margin ~~Call~~call is made, be calculated to be no less than the amount of the liability of the Approved Participant to the Clearing Corporation, for Margin in respect of the same Open Position, as if no other positions were at that time registered with the Clearing Corporation.
- (b) If within a reasonable delay the client fails to comply with such demand, the Approved Participant may close out all of the client's positions or sufficient positions to restore the client's account to the required Margin status.
- (c) If the Approved Participant is unable to contact the client, a written demand sent to or left at the client's place of business or at the address provided by him to the Approved Participant shall be deemed sufficient.
- (d) Approved Participants must keep a written record of all Margin calls, whether they made in writing, by telephone or by other means of communication.

~~Article 9.102~~ **Orders in Under-Margined Client Accounts**

Approved Participants must not accept orders for new Trades from a client unless the minimum amount of Margin for the new Trades is on deposit or is forthcoming within a reasonable time and unless the Margin on that client's pre-existing Open Positions complies with the Margin requirements established by the Bourse or is forthcoming within a reasonable time. Client credits in excess of Margin requirements on all Open Positions may be allocated to the Margin on a new commitment.

~~Article 9.103~~ **Closing out Client's Positions**

In the event of the failure of an Approved Participant to maintain client Margins as required under the Rules, the Bourse may order such Approved Participant to immediately close out all or such part of the positions on his books in order to correct the Margin deficiency.

~~Article 9.104~~ **Margins on Day Trading**

An Approved Participant may use his discretion in permitting a client having an established account to make day Trades in Derivative Instruments without margining each

Transaction, provided that any such Transactions which are not closed out on the same ~~day~~[Trading Day](#) shall be subject to the full amount of Margin required.

~~Article 9.105~~ **Client Margins-Futures**

- (a) The Bourse shall establish Margin requirements applicable to Futures Contracts positions held by clients and no Approved Participant shall effect a Futures Contract 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 following requirements;
- (i) positions of clients must be marked to market daily and the required Margin must be determined by using the greatest of [the following rates](#):
- (1) the rate required by the Futures Contract exchange on which the contract is entered into or its Clearing Corporation; or
 - (2) the rate required by the broker through which the Approved Participant ensures the clearing of the Futures Contract;
- (ii) in the case of a Futures Contract exchange or its Clearing Corporation that prescribes Margin requirements based on initial and maintenance rates, the initial Margin must be required from the client at the time the contract is entered into and such Margin must not be for an amount less than the prescribed initial rate. When subsequent adverse price movements in the value of the Futures Contract reduce the Margin on deposit to an amount below the maintenance level, a further amount to restore the Margin on deposit to the initial rate must be required. The Approved Participant may, in addition, require such further Margin or deposit as it may consider necessary as a result of fluctuations in market prices;
- (iii) Margin requirements established by the Bourse may be made applicable to one or more rather than all Approved Participants or clients if deemed necessary by the Bourse;
- (iv) for clients, the Margin requirements will be satisfied by the deposit of cash, Escrow Receipts or Securities for which the loan value equals or exceeds the Margin required. In the case of an Escrow Receipt, the receipt must certify that government ~~Securities~~[securities](#) are held [by a depository](#) for Futures Contract positions of a named client. For the purposes of this receipt, the allowable government ~~Securities~~[securities](#) must mature within one year from the date of the deposit and the required Margin covered by the receipt must not be greater than 90% of the par value of such ~~Securities~~[securities](#) held on deposit. All government ~~Securities~~[securities](#) which are an acceptable form of Margin for the Clearing Corporation are acceptable;

- (v) every Approved Participant must require from each of its customers for whom Trades are effected through an Omnibus Account, not less than the amount of Margin that would be required from such customers if their Trades were effected through fully disclosed accounts;
- (vi) specific Margin requirements may be applicable on Spread Positions when a Client Account holds such positions. Every Approved Participant must clearly identify such Spread Positions in its records relating to Margin calculations; and
- (vii) from time to time, the Bourse may impose special Margin requirements with respect to particular Futures Contracts or particular positions in Futures Contracts.

~~Article 9.106~~ Margins for Share Futures Contracts and Index Futures Contracts

- (a) Shares Futures Contracts positions. For simple positions in Share Futures Contracts held in a client's account, the Margin required must be the sum of:
 - (i) the Floating Margin Rate of the Underlying Interest; and
 - (ii) the greater of:
 - (1) 10% of the Floating Margin Rate of the Underlying Interest; and
 - (2) where the Floating Margin Rate of the Underlying Interest is:
 - (A) less than 10%, 5%;
 - (B) less than 20% but greater or equal to 10%, 4%; or
 - (C) greater or equal to 20%, 3%;
 - (3) multiplied by the daily settlement value of the Futures Contracts.
 - (iii) For Spread Positions in Share Futures Contracts held in a client's account, the Margin requirements are determined by the Bourse in collaboration with the Clearing Corporation, from time to time.
- (b) Index Futures Contracts positions. The Margin requirements which must be applied on all positions in Index Futures Contracts held in a client's account are determined by the Bourse, in collaboration with the Clearing Corporation, from time to time.

~~Article 9.107~~ **Margin for Share Futures Contracts and Underlying Combination**

- (a) Share Futures Contracts – Underlying Interest combinations. Where a Client Account contains one of the following combinations:
- (i) ~~long~~Long Positions Share Futures Contract and ~~short~~ an equivalent short position in the Underlying Interest; or
 - (ii) ~~short~~Short Positions Share Futures Contract and ~~long~~ an equivalent long position in the Underlying Interest;

the minimum Margin required must be the published Tracking Error Margin rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.

- (b) Short Share Futures Contracts – long warrants, rights, instalment receipts combination. Where a client holds a ~~short~~Short Position Share Futures Contract on the Underlying Interests of an issuer and a ~~Long Position~~long position in warrants, rights, shares, ~~instalment~~installment receipts or other ~~securities~~Securities pursuant to the terms of which the holder is entitled to acquire the same class and at least the same number of Underlying Interests of the same issuer, the Margin required must be equal to the difference between the market value of the ~~Long Position~~long position and the settlement value of the ~~short~~Short Position Share Futures Contract, plus the aggregate of the subscription price or other cost or charge payable in connection with the acquisition of Underlying Interests to the relevant warrant, right, share, instalment receipt or other ~~Security~~security.
- (c) Short Share Futures Contracts – long capital shares.
- (i) For the purposes of this paragraph:

“capital share” means a share issued by a split share company which represents all or a substantial portion of the capital appreciation portion of the underlying common share;

“capital share conversion loss” means any excess of the market value of the capital shares over the retraction value of the capital shares;

“preferred share” means a share issued by a split share company which represents all or a substantial portion of the dividend portion of the underlying common share, and includes equity dividend shares of split share companies;

“retraction value”, for capital shares, means:

- (A) where the capital shares can be tendered to the split share company for retraction directly for the underlying common shares, at the ~~Option~~option of the holder, the excess of the market value of the underlying common shares received over the retraction cash payment to be made when retraction of the capital shares takes place; or
- (B) where the capital shares cannot be tendered to the split share company for retraction directly for the underlying common shares, at the ~~Option~~option of the holder, the retraction cash payment to be received when retraction of the capital shares takes place;

“split share company” means a corporation formed for the sole purpose of acquiring underlying common shares and issuing its own capital shares based on all or a substantial portion of the capital appreciation portion and its own preferred shares based on all or a substantial portion of the dividend income portion of such underlying common shares.

- (ii) Where a client holds a ~~Long Position~~long position in capital shares and a short Share Futures Contract, the Margin required is the sum of: the capital share conversion loss, if any; and the normal Margin required in the case of Client Account positions on the equivalent number of preferred shares.
- (iii) The market value of the underlying ~~Security~~security to be used for the calculation of the required Margin pursuant to the preceding paragraph is the settlement value of the Share Futures Contract.
- (iv) In no case the Margin required may be less than 3% of the settlement value of the Share Futures Contract.

~~Article 9.108~~ **Margin for Share Futures Contracts and Option Combination**

With respect to Options and Share Futures Contracts held in Client Accounts, where the Option Contracts and the Futures Contracts have the same settlement date and Underlying Interest, or can be settled in either of the two nearest contract months, the Option Contracts and the Futures Contracts may be offset as follows:

- (a) Short Call Options – long Share Futures Contracts. Where a Call Option is carried short for a client’s account and the account is also long a Share Futures Contract on the same number of ~~units~~Units of ~~trading~~Trading on the same Underlying Interest, the minimum Margin required must be the greater of:

- (i) the Margin required on the Futures Contract less the aggregate market value of the Call Option; and
 - (ii) the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.
- (b) Short Put Options – short Share Futures Contracts. Where a Put Option is carried short for ~~a client's account~~ a Client Account and the account is also short a Share Futures Contract on the same number of ~~units~~ Units of ~~trading~~ Trading on the same Underlying Interest, the minimum Margin required must be the greater of:
- (i) the Margin required on the Futures Contract less the aggregate market value of the Put Option; and
 - (ii) the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.
- (c) Long Call Options – Short Share Futures Contracts. Where a Call Option is carried long for a client's account and the account is also short a Share Futures Contract on the same number of ~~units~~ Units of ~~trading~~ Trading on the same Underlying Interest, the minimum Margin required must be the greater of:
- (i) the published tracking error Margin rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest, and either:
 - (1) Out-of-the-money position. The aggregate market value of the Call Option; plus the lesser of:
 - (A) the aggregate Exercise value of the Call Option less the daily settlement value of the Futures Contract; or
 - (B) the Margin required on the Futures Contract; or
 - (2) In-the-money or at-the-money position. The aggregate market value of the Call Option less the aggregate In-the-money amount of the Call Option.
- (d) Long Put Options – long Share Futures Contracts. Where a Put Option is carried long for a client's account and the account is also long a Share Futures Contract on the same number of ~~units~~ Units of ~~trading~~ Trading on the same Underlying Interest, the minimum Margin required must be the greater of:
- (i) the published tracking error Margin rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest and either:

- (1) Out-of-the-money position. The aggregate market value of the Put Option; plus the lesser of:
 - (A) the daily settlement value of the Futures Contract less the aggregate Exercise value of the Put Option; or
 - (B) the Margin required on the Futures Contract; or
 - (2) In-the-money or at-the-money position. The aggregate market value of the Put Option less the aggregate In-the-money amount of the Put Option.
- (e) Conversion or long tripo combination involving Options and Share 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 a Share Futures Contract on the same number of ~~units~~Units of ~~trading~~Trading on the same Underlying Interest with the same expiry date, the minimum Margin required must be the greater of:
- (i) the greater of the difference, plus or minus, between the daily settlement value of the long Futures Contract and the aggregate Exercise value of the long Put Option or the short Call Option, plus the aggregate net market value of the Put and Call Options; and
 - (ii) the published tracking error Margin rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.
- (f) Reconversion or short tripo combination involving Options and Share 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 a Share Futures Contract on the same number of ~~units~~Units of ~~trading~~Trading on the same Underlying Interest with the same expiry date, the minimum Margin required must be the greater of:
- (i) the greater of the difference, plus or minus, between the aggregate Exercise value of the long Call Option or short Put Option and the daily settlement value of the short Futures Contract; plus the aggregate net market value of the Put and Call Options; and
 - (ii) the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.

~~Article 9.109~~ **Margin for Long Options on Futures**

All purchases of Options on Futures Contracts must be for cash and Long Positions shall have no loan value for Margin purposes.

~~Article 9.110~~ **Margin for Short Options on Futures**

The minimum Margin requirement which must be maintained in respect of an Option carried short in a Client Account must be the following: 100% of the market value of the Option, plus the greater of:

- (a) 50% of the normal Margin required on the underlying Futures Contract; or
- (b) the normal Margin required on the underlying Futures Contract less 50% of the amount by which the Option is Out-of-the-money.

~~Article 9.111~~ **Margin for Options on Futures Spreads and Combinations**

(a) Call spreads and Put spreads.

- (i) Where a Client Account contains 1) a spread pairing that is either a long Call Option and short Call Option with the same or higher Exercise Price; or 2) a long Put Option and short Put Option with the same or lower Exercise Price, the minimum Margin required for the spread pairing must be:

- (1) 100% of the market value of the long Option; minus
- (2) 100% of the market value of the short Option; plus
- (3) where the long Option expires before the short Option, 50% of the normal Margin required on the underlying Futures Contract.

- (ii) Where a Client Account contains a spread pairing that is either a long Call Option and short Call Option with a lower Exercise Price, or a long Put Option and short Put Option with a higher Exercise Price, the minimum Margin required for the spread pairing must be the sum of:

(1) the lesser of:

- a) the loss amount that would result if both Options were Exercised; or
- b) where the Long Position and Short Position Options have the same expiry date, the Margin required on the short Option, or where the Long Position and Short Position Options have different expiry dates, the normal Margin required on the underlying Futures Contract;

and

(2) where the Options have different expiry dates, the net market value of the Long Position and Short Position Options.

- (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, the minimum Margin required must be the sum of the greater of:
- (i) the Margin required on the Call Option; or
 - (ii) the Margin required on the Put Option, and
 - (iii) the loss amount that would result if the Option having the lesser Margin required was Exercised.

~~Article 9.112~~ **Margin for Options on Futures and Futures Spreads and Combinations**

- (a) Long Options on Futures Contracts combinations with Futures Contracts. Where a Client Account contains a combination that consists of long Call Options and short an equivalent position in Futures Contracts; or long Put Options and long an equivalent position in Futures Contracts, the minimum Margin required must be the greater of:
- (i) the aggregate market value of the long Options; or
 - (ii) the Margin required on the Futures Contracts.
- (b) Short Options on Futures Contracts combinations with Futures Contracts. Where a Client Account contains a combination that consists of short Call Options and long an equivalent position in Futures Contracts, or short Put Options and short an equivalent position in Futures Contracts, the minimum Margin required must be:
- (i) the aggregate market value of the short Options; plus the greater of:
 - (1) 50% of the Margin required on the Futures Contracts; or
 - (2) the excess of the Margin required on the Futures Contracts over 50% of the In-the-money amount of the Option.

Chapter C—Capital

Article 2.101 -9.119 Reserved

Article 2.220 Capital for Derivative Instruments

The capital requirements which must be applied on all positions in Listed Products contracts held in an Approved Participant's ~~account~~ Account are determined by the Bourse, in collaboration with the Clearing Corporation, from time to time.

Article 9.221 Capital for Futures

- (a) With respect to ~~an account of~~ an Approved Participant Account or a Market Maker Account, the Bourse may establish certain charges against the capital of the Approved Participant carrying the account, which charges may be less onerous than Margin requirements applicable to clients but for which the Approved Participant must maintain adequate capital resources at all times;
- (b) positions of Approved Participants and customers must be marked to market daily and the required capital must be determined by using the greatest of:
 - (i) the rate required by the Futures Contract exchange on which the contract is entered into or its Clearing Corporation; or
 - (ii) the rate required by the broker through which the Approved Participant ensures the clearing of the Futures Contract:
- (c) ~~(1)~~ in the case of a Futures Contract exchange or its Clearing Corporation that prescribes Margin requirements based on initial and maintenance rates, initial capital is required at the time the contract is entered into and the amount of such capital must not be less than the prescribed initial rate. Subsequently, the Approved Participant must maintain, for each position held, a capital amount equivalent to the prescribed maintenance rate;
- (d) ~~(2)~~ capital requirements established by the Bourse may be made applicable to one or more rather than all Approved Participants if deemed necessary by the Bourse;
- (e) ~~(3)~~ specific capital requirements may be applicable on Spread Positions when an Approved Participant Account holds such positions. Every Approved Participant must clearly identify such Spread Positions in its records relating to Margin calculations; and
- (f) ~~(4)~~ from time to time the Bourse may impose special capital requirements with respect to particular Futures Contracts or particular positions in Futures Contracts.

Article 9.222 Capital for Spread Positions

- (a) Share Futures Contracts positions.
 - (i) For simple positions in Share Futures Contracts held in an Approved Participant's ~~account~~ Account, the capital required must be equal to either the Floating Margin Rate of the Underlying Interest multiplied by the daily settlement value of the Futures Contracts or the result of the methodology outlined under Article 9.106(a)(i), at the Bourse's discretion; and
 - (ii) for Spread Positions in Shares Futures Contracts held in an Approved Participant's ~~account~~ Account, the capital requirements are determined by

the Bourse, in collaboration with the Clearing Corporation, from time to time.

(b) Index Futures Contracts positions.

The capital requirements which must be applied on all positions in Index Futures Contracts held in an Approved Participant's ~~account~~ Account are determined by the Bourse, in collaboration with the Clearing Corporation, from time to time.

~~Article 9.223~~ **Capital for Share Futures Contracts and Underlying Security**

- (a) Share Futures Contracts – Underlying Interest combinations. Where an Approved Participant Account contains a combination that is a ~~long~~Long Position Share Futures Contract and short an equivalent position in the Underlying Interest; or a ~~short~~Short Position Share Futures Contract and long an equivalent position in the Underlying Interest, the minimum capital required must be the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.
- (b) Short Position Share Futures Contracts – long convertible Security combination. Where an Approved Participant holds a ~~short~~Short Position Share Futures Contract on the Underlying Interest of an issuer and a ~~Long Position in Securities~~long position in securities which are currently convertible or exchangeable into the same class and at least the same number of Underlying Interests of the same issuer, the capital required must be the excess of the market value of the Long Position over the settlement value of the ~~short~~Short Position Share Futures Contracts.
- (i) Any residual net credit money balance between the market value and settlement value of the positions which are paired cannot be used to reduce capital otherwise required on the ~~Long Position~~long position or Short Position remaining unhedged after applying the pairing described above.
- (ii) Where the ~~Securities~~securities representing the ~~Long Position~~long position held by the Approved Participant are not convertible or exchangeable until the expiry of a specific period of time but the Approved Participant has entered into a written, legally enforceable agreement, pursuant to which it has borrowed ~~Securities~~securities of the same class as those of the Short Position which do not have to be returned until the expiration of the period of time until conversion or exchange, the above-mentioned pairing may be done as if the ~~Securities~~securities representing the ~~Long Position~~long position were currently convertible or exchangeable.
- (c) Short Position Share Futures Contracts – long warrants, rights, instalment receipts combination. Where an Approved Participant holds a ~~short~~Short Position Share Futures Contract on the Underlying Interests of an issuer and a ~~Long Position~~long

position in warrants, rights, shares, instalment receipts or other Securities pursuant to the terms of which the holder is entitled to acquire the same class and at least the same number of Underlying Interests of the same issuer, the capital required must be equal to the aggregate of the subscription price or other cost or charge payable in connection with the acquisition of the Underlying Interests pursuant to the warrant, right, share, instalment receipt or other ~~Security~~security plus (or minus, if the result is negative) the difference between the aggregate market value of the warrant, right, share, instalment receipt or other ~~Security~~security and the settlement value of the Share Futures Contracts.

(d) Short Share Futures Contracts – long capital shares.

(i) For the purposes of this paragraph:

“capital share” means a share issued by a split share company which represents all or a substantial portion of the capital appreciation portion of the underlying common share;

“capital share conversion loss” means any excess of the market value of the capital shares over the retraction value of the capital shares;

“preferred share” means a share issued by a split share company which represents all or a substantial portion of the dividend portion of the underlying common share, and includes equity dividend shares of split share companies;

“retraction value”, for capital shares, means:

(A) where the capital shares can be tendered to the split share company for retraction directly for the underlying common shares, at the Option of the holder, the excess of the market value of the underlying common shares received over the retraction cash payment to be made when retraction of the capital shares takes place;

(B) where the capital shares cannot be tendered to the split share company for retraction directly for the underlying common shares, at the Option of the holder, the retraction cash payment to be received when retraction of the capital shares takes place;

(C) “split share company” means a corporation formed for the sole purpose of acquiring underlying common shares and issuing its own capital shares based on all or a substantial portion of the capital appreciation portion and its own preferred shares based on all or a substantial portion of the

dividend income portion of such underlying common shares.

- (ii) Where an Approved Participant Account holds a ~~Long Position~~long position in capital shares and a ~~short~~Short Position in Share Futures Contract, the capital required is equal to the sum of the conversion loss, if any, and the normal capital required on the equivalent number of preferred shares.
- (iii) The market value of the underlying ~~Security~~security to be used for the calculation of the required capital pursuant to the preceding paragraph is the settlement value of the Share Futures Contract.
- (iv) In no case, the capital required shall be less than 3% of the settlement value of the Share Futures Contract.

~~Article 9.224~~ **Capital for Share Futures Contracts and Options Combinations**

With respect to Options and Share Futures Contracts held in Approved Participants ~~accounts~~Accounts, where the Option Contracts and the Futures Contracts have the same settlement date and Underlying Interest, or can be settled in either of the two nearest contract months, the Option Contracts and the Futures Contracts may be offset as follows:

- (a) Short Call Options – long Share Futures Contracts. Where a Short Position Call Option is carried ~~short~~ for an Approved Participant's ~~account~~ Account and the account is also long a Long Position on Share Futures Contract on the same number of Units of Trading on the same Underlying Interest, the minimum capital required must be the greater of:
 - (i) the capital required on the Futures Contract, less the aggregate market value of the Call Option; and
 - (ii) the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.
- (b) Short Put Options – short Share Futures Contracts. Where a Short Position Put Option is carried ~~short~~ for an Approved Participant's ~~account~~ Account and the account is also ~~short~~Short Position on a Share Futures Contract on the same number of ~~units~~Units of ~~trading~~Trading on the same Underlying Interest, the minimum capital required must be the greater of:
 - (i) the capital required on the Futures Contract less the aggregate market value of the Put Option; and

- (ii) the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.
- (c) Long Call Options – short Share Futures Contracts. Where a Long Position Call Option is carried ~~long~~ for an Approved Participant Account and the account is also ~~short~~ Short Position on a Share Futures Contract on the same number of ~~units~~ Units of ~~trading~~ Trading on the same Underlying Interest, the minimum capital required must be the greater of:
- (i) the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest; and ~~either~~:
 - (1) Out-of-the-Money position. The aggregate market value of the Call Option; plus the lesser of:
 - (A) the aggregate Exercise value of the Call Option less the daily settlement value of the Futures Contract; or
 - (B) the capital required on the Futures Contract; or
 - (2) In-the-Money or at-the-money position. The aggregate market value of the Call Option, less the aggregate In-the-money amount of the Call Option.
- (d) Long Put Options – long Share Futures Contracts. Where a Long Position Put Option is carried ~~long~~ for an Approved Participant's ~~account~~ Account and the account is also ~~long~~ Long Position on a Share Futures Contract on the same number of ~~units~~ Units of ~~trading~~ Trading on the same Underlying Interest, the minimum capital required must be the greater of:
- (i) the published Tracking Error Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest; and either
 - (1) Out-of-the-Money position. The aggregate market value of the Put Option; plus the lesser of:
 - (A) the daily settlement value of the Futures Contract less the aggregate Exercise value of the Put Option; or
 - (B) the capital required on the Futures Contract; or
 - (2) In-the-Money or at-the-money position. The aggregate market value of the Put Option, less the aggregate In-the-money amount of the Put Option.

- (e) Conversion or ~~long~~ tripo combination Long Position involving Options and Share Futures Contracts. Where a Long Position Put Option is carried ~~long~~ for an Approved Participant's ~~account~~ Account and the account is also ~~short~~ Short Position on a Call Option and ~~long~~ Long Position on a Share Futures Contract on the same number of ~~units~~ Units of ~~trading~~ Trading on the same Underlying Interest with the same expiry date, the minimum capital required must be the greater of:
- (i) the greater of the difference, plus or minus, between the daily settlement value of the long Futures Contract and the aggregate Exercise value of the ~~long~~ Long Position Put Option or the ~~short~~ Short Position Call Option, plus the aggregate net market value of the Put Options and Call Options; and
 - (ii) the published ~~tracking error~~ Tracking Error Margin ~~rate~~ Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.
- (f) Reconversion or short tripo combination involving Options and Share Futures Contracts. Where a Short Position Put Option is carried ~~short~~ for an Approved Participant's ~~account~~ Account and the account is also ~~long~~ Long Position on a Call Option and ~~short~~ Short Position on a Share Futures Contract on the same number of ~~units~~ Units of ~~trading~~ Trading on the same Underlying Interest with the same expiry date, the minimum capital required must be the greater of:
- (i) the greater of the difference, plus or minus, between the aggregate Exercise value of the ~~long~~ Long Position Call Option or ~~short~~ Short Position Put Option and the daily settlement value of the short Futures Contract, plus the aggregate net market value of the Put Options and Call Options; and
 - (ii) the published ~~tracking error~~ Tracking Error Margin ~~rate~~ Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.

~~Article 9.225~~ **Capital for Interest Rate Options and Futures**

The minimum capital required to carry a ~~long~~ Long Position Call Option or a ~~long~~ Long Position Put Option in an Approved Participant's ~~account~~ Account is the market value of the Option, but this amount may be reduced by 50% of the amount by which the Option is In-the-money when the Premium is equal to or greater than 4 basis points in the case of Options on Canadian bankers' acceptance Futures Contracts and 10 basis points in the case of Options on Government of Canada Bond Futures Contracts.

~~Article 9.226~~ **Capital for Short Futures Contract**

The minimum capital required which must be maintained in respect of ~~ana~~ Short Position Option carried ~~short~~ in an Approved Participant Account must be the greater of:

- (i) 50% of the capital required on the underlying Futures Contract; or

- (ii) the capital required on the Futures Contract less the amount by which the Option is Out-of-the-money.

~~Article 9.227~~ **Capital for Futures and Options on Futures Spread and Combinations**

- (a) Call spreads and Put spreads. Where an Approved Participant Account contains a pairing consisting of a ~~long~~Long Position Call Option and ~~short~~Short Position Call Option, or a ~~long~~Long Position Put Option and ~~short~~Short Position Put Option, the minimum capital required must be:
 - (i) 100% of the market value of the ~~long~~Long Option; minus
 - (ii) 100% of the market value of the ~~short~~Short Option; and
 - (iii) plus the loss (up to the amount of capital required on the ~~short~~Short Position 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 (note: to recognize an In-the-money amount, the Premium should be equal or greater than 4 basis points in the case of Options on Canadian bankers' acceptance Futures Contracts and 10 basis points in the case of Options on Government of Canada Bond Futures Contracts).
- (b) Short Call – ~~short~~Short Position Put spreads. Where a Short Position Call Option is carried ~~short~~ for an Approved Participant Account and the account is also ~~short~~Short Position on a Put Option, the minimum capital required must be the sum of:
 - (i) the greater of the capital required on the Call Option; ~~or~~and
 - (ii) the capital required on the Put Option, and the loss that would result if the Option having the lesser capital required were Exercised.
- (c) Long Call – ~~long~~Long Position Put spreads. Where a Long Position Call Option is carried ~~long~~ for an Approved Participant Account and the account is also long a Long Position on Put Option, the minimum capital required must be:
 - (i) 100% of the market value of the Call Option, plus 100% of the market value of the Put Option; minus the greater of:
 - (1) the amount by which the aggregate Exercise value of the Put Option exceeds the Exercise value of the Call Option; or
 - (2) 50% of the total of the amount by which each Option is In-the-money when the Premium is equal to or greater than four basis points in the case of Options on Canadian bankers' acceptance Futures Contracts and 10 basis points in the case of Options on Government of Canada Bond Futures Contracts.

~~Article 9.228~~ **Capital Futures General**

- (a) With respect to ~~an account of~~ an Approved Participant Account or a Market Maker Account, the Bourse has established certain charges against the capital of the Approved Participant carrying the account, which charges may be less onerous than Margin requirements applicable to clients but for which the Approved Participant must maintain adequate capital resources at all times.
- (b) Specific capital requirements may be applicable on Spread Positions when an Approved Participant Account holds such positions. Every Approved Participant must clearly identify such Spread Positions in its records relating to ~~Margin~~capital calculations.
- (c) From time to time the Bourse may impose special capital requirements with respect to particular Futures Contracts or particular positions in Futures Contracts.

~~Article 9.229~~ **Capital for Combination of Futures and Options on Futures**

For the following combinations, the Delivery Months of the Options and of the Futures Contracts have no importance.

- (a) Long Options on Futures Contracts – position in Futures Contracts. Where an Approved Participant Account contains a combination that consists of (y) ~~long~~Long Position Call Options and ~~short~~ an equivalent ~~position~~Short Position in Futures Contracts; or (z) ~~long~~Long Position Put Options ~~and long~~ an equivalent ~~position~~Long Position in Futures Contracts, the minimum capital required must be the greater of:
 - (i) the capital required on the long Option; and
 - (ii) the capital required on the Futures Contract; less the amount by which the Option is In-the-money.
- (b) Short Options on Futures Contracts – position in Futures Contracts. Where an Approved Participant Account contains a combination that consists of (y) ~~short~~Short Position Call Options and ~~long~~ an equivalent ~~position~~Long Position in Futures Contracts; or (z) short Put Options and ~~short~~ an equivalent ~~position~~Short Position in Futures Contracts, the minimum capital required must be the greater of:
 - (i) 50% of the capital required on the Futures Contract; and
 - (ii) the capital required on the Futures Contract; less the amount by which the Option is In-the-money.

- (c) Conversion or long tripo combination involving Options on Futures Contracts and Futures Contracts. Where a ~~position~~Long Position in a Futures Contract is carried-~~long~~ in an Approved Participant's ~~account~~ Account and the account is also ~~long~~ an equivalent ~~position~~Long Position in Put Options and ~~short~~ an equivalent ~~position~~Short Position in Call Options, the minimum capital required must be the greater of:
- (i) the greater of the difference, plus or minus, between the daily settlement value of the ~~long~~Long Position Futures Contracts and the Exercise value of the ~~long~~Long Position Put Options or short Call Options; plus the net market value of the ~~long~~Long Position Put and ~~short~~Short Position Call Options; and
 - (ii) 50% of the capital required on the Futures Contracts.
- (d) Reconversion or short tripo combination involving Options on Futures Contracts and Futures Contracts. Where a ~~position~~Short Position in a Futures Contract is carried-~~short~~ in an Approved Participant's ~~account~~ Account and the account is also ~~short~~ an equivalent ~~position~~Long Position in Put Options and long an equivalent position in Call Options, the minimum capital required must be the greater of:
- (i) the greater of the difference, plus or minus, between the Exercise value of the ~~long~~Long Position Call Options or ~~short~~Short Position Put Options and the daily settlement value of the Futures Contracts; plus the net market value of the ~~short~~Short Position Put and ~~long~~Long Position Call Options; and
 - (ii) 50% of the capital required on the Futures Contracts.

~~PART 10~~ LIABILITY AND DISCLAIMERS

Chapter A- Liability of the Bourse

Article 2.0 Liability to the Bourse for the Acts of Another

No Director, member of any committee, officer or employee of the Bourse shall be liable to the Bourse for the acts, receipts, errors or omissions of any other Director, member of any committee, officer or employee of the Bourse, or for joining in any receipt or other act for conformity, or for any loss, damage or expense occurring through the insufficiency or deficiency of title to any property acquired for or on behalf of the Bourse, or for the insufficiency or deficiency of any Security in or upon which any of the moneys of the Bourse shall be invested or for any loss or damage arising from the bankruptcy, insolvency or wrongful act of any Person with whom any of the moneys, securities or assets of the Bourse shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own intentional or gross fault.

~~Article 10.1~~ Liability of the Bourse

- (a) Any claim against the Bourse by an Approved Participant, an Approved Person, or a partner, shareholder, director, Officer, agent or employee of an Approved Participant shall be governed by the laws of Québec.
- (b) Except as expressly provided herein, the Bourse and its Directors, officers, committee members and employees shall be exempt from all liability arising out of the acts or omissions of the Bourse, an affiliate of the Bourse, or the Directors, officers, employees, agents, and independent contractors of the Bourse or of an affiliate of the Bourse.
- (c) The exemption from liability set out in paragraph (b) shall not extend to, nor limit liability for damages caused through an intentional or gross fault as defined in Article 1474 of the Civil Code of Québec.
- (d) Notwithstanding paragraph (b), the Bourse undertakes to make payments in settlement of claims by Approved Participants for losses arising out of an error by an employee of the Bourse in regard to an order of the Approved Participant on the Trading Systems of the Bourse. Such payments shall be subject to the following conditions and limitations:
 - (i) Any such payment may only be made as compensation for losses, except for loss of profit, sustained as an immediate, direct and foreseeable consequence of an error by an employee of the Bourse in regard to an order on the Trading Systems of the Bourse.

- (ii) The Bourse's total liability in respect of all such claims by all Approved Participants ~~of the Bourse~~ in any calendar year shall be limited to \$240,000. All claims by Approved Participants shall be reviewed and evaluated by the Bourse on a yearly basis and shall share *pro rata* whenever the aggregate amount payable in respect of all such claims by all Approved Participants as determined by the Bourse exceeds the yearly limit.

- (iii) Immediately upon becoming aware of an error for which it may make a claim, the Approved Participant must inform the Bourse of all the relevant details of which the Approved Participant is aware in order for the Bourse to trace the affected order in its systems (the "Advance Notice Requirement"). The Bourse will process a claim for payment only if (x) the Approved Participant has complied with the Advance Notice Requirement, (y) the Approved Participant has submitted a claim in writing to the Bourse within thirty days from the date the Approved Participant first knew of the loss, but in any event no later than thirty days from the end of the calendar year during which the Approved Participant's order relating to the loss occurred, and (z) the Approved Participant has provided to the Bourse, as soon as available but in any event no later than thirty days from the earlier of the date the Approved Participant first knew of the loss and the end of the calendar year during which the Approved Participant's order relating to the loss occurred, all documents and information reasonably required by the Bourse to enable it to evaluate the claim (the "Required Information"). The Bourse undertakes to review and evaluate such claims in a commercially reasonable manner and to advise the Approved Participant of its decision regarding payment of the claim within thirty days from the receipt of the Required Information. The Bourse undertakes to pay the amount which it determines is due in respect of each claim, subject to any pro rating required under paragraph (d)(~~iv~~vi) within sixty days from the end of the calendar year in which the loss occurred. Any disputed claim must be arbitrated in accordance with ~~Articles~~Article 5.0 *et seq.* of Part Five, which shall apply *mutatis mutandis*.

- (iv) Without limiting the generality of paragraph (d)(i), no loss shall be eligible for payment by the Bourse under paragraph (d):
 - (1) if it was the result of a failure or defect in the hardware or software used by the Bourse or an interruption in the supply of energy or communications services, except to the extent that the fault of an employee of the Bourse contributed to the loss;

 - (2) if it relates to the market surveillance or regulatory activities of the Bourse;

- (3) to the extent that it was due to the failure of the Approved Participant or its client to take reasonable steps to mitigate the loss.
- (e) No payment by the Bourse under this paragraph (d) shall be construed as an admission of liability by the Bourse.

~~Article 10.2~~ **Indemnification**

- (a) Every Approved Participant shall ensure that all of its clients on whose behalf the Approved Participant enters orders on the Trading System of the Bourse have agreed to comply with the Rules, including the provisions of ~~the present Rules~~[this Article](#) relating to limitation of the Bourse's liability. An Approved Participant shall hold harmless and indemnify the Bourse, its affiliates and the Directors, officers, committee members and employees of the Bourse and of its affiliates in respect of any claim by a client of the Approved Participant which arises out of the Approved Participant's failure to fulfill this requirement.
- (b) An Approved Participant or an Approved Person shall reimburse the Bourse for the cost of attending or providing evidence in any proceedings against the Approved Participant or Approved Person by a third party.

Chapter B- Third Part Liability

Article 2.100 Standard & Poor's (S&P)

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Article 2.101 FTSE

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Article 10.102 Thomson Reuters

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~~PART 11~~ PRODUCT SPECIFICATIONS FOR EQUITY INDEX, EQUITY, ETF AND CURRENCY OPTIONS

Chapter A—Options on the S&P/TSX Composite Index Banks (Industry Group)

Article 2.0 Underlying Interest

The Underlying Interest is the S&P/TSX Composite Index Banks (Industry Group).

~~Article 11.1~~ **Expiry Cycle**

- (a) At a minimum, the nearest three months plus the next two months in the designated quarterly Cycle: March, June, September and December.
- (b) Annual expiry of December for long term Options.

~~Article 11.2~~ **Trading Unit**

The trading unit is \$10 per S&P/TSX Composite Index Banks (Industry Group) point.

~~Article 11.3~~ **Currency**

Trading, clearing and settlement of Options on the S&P/TSX Composite Index Banks (Industry Group) are in Canadian dollars.

~~Article 11.4~~ **StrikeExercise Prices**

~~Strike prices~~Exercise Prices are set at a minimum of 2.5 Index points intervals.

~~Article 11.5~~ **Minimum Fluctuation of OptionPremium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the ~~Option~~Premium is:

- (a) 0.01 Index points representing \$0.10 per contract for Premiums of less than 0.10 Index points.
- (b) 0.05 Index points representing \$0.50 per contract for Premiums of 0.10 Index points or more.

~~Article 11.6~~ **Trading Halts**

Trading halts on Options on the S&P/TSX Composite Index Banks (Industry Group) shall be coordinated with the trading halt mechanism of the Underlying Interest (circuit breaker).

~~Article 11.7~~ **Position Limits**

The position limit for Options on the S&P/TSX Composite Index Bank (Industry Group) is set pursuant Article ~~6.309~~6.309.

~~Article 11.8~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 11.9~~ **Nature of the Option/Settlement Type**

- (a) A buyer of one Option on the S&P/TSX Composite Index Banks (Industry Group) may Exercise his Option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the ~~strike price~~Exercise Price and the official opening level of the S&P/TSX Composite Index Banks (Industry Group) on the expiration date, as provided for in Article 6.407 (b) of the Rules.
- (b) The seller of one Option on the S&P/TSX Composite Index Banks (Industry Group) has, if the Option is Exercised, the obligation of rendering payment equal to the difference between the ~~strike price~~Exercise Price and the official opening level of the S&P/TSX Composite Index Banks (Industry Group) on the expiration date, as provided for in Article 6.407(b) of the Rules.

~~Article 11.10~~ **Reserved**

Article 2.1 Last Trading Day

Options on the S&P/TSX Composite Index Banks (Industry Group) cease trading on the ~~business day~~Trading Day prior to the expiration day.

~~Article 11.12~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 11.13~~ **Expiration Day**

The expiration day is the third Friday of the ~~contract month~~Settlement Month, provided it is a business day. If it is not a business day, expiration occurs on the first preceding business day.

~~Article 11.14~~ **Final Settlement Price**

Options on the S&P/TSX Composite Index Banks (Industry Group) are cash-settled.

The final Settlement Price is the ~~Official Opening Level~~official opening level of the S&P/TSX Composite Index Banks (Industry Group) on the expiration day.

~~Article 11.15~~ **Trading Halt or Suspension**

- (a) Trading on the Bourse in an Option on the S&P/TSX Composite Index Banks (Industry Group) shall be halted whenever a Market Supervisor shall conclude, in his judgement, that such action is appropriate in the interests of a fair and orderly market. A Market Supervisor must take the following factors into account when deciding whether to halt or suspend trading in an Option on the S&P/TSX Composite Index Banks (Industry Group):
- (i) the extent to which trading is not occurring in stocks comprising the Underlying Index;
 - (ii) whether the most current calculation of the Index derived from the current market prices of the stocks underlying the Index is available;
 - (iii) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- (b) Trading in Options on the S&P/TSX Composite Index Banks (Industry Group) of a ~~class~~Class of Options or a ~~series~~Series of Options that has been the subject of a halt or suspension by the Bourse may resume if a Market Supervisor determines that the interests of a fair and orderly market are served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt or suspension are no longer present and the extent to which trading is occurring in stocks comprising the Underlying Index.
- (c) Once trading resumes, the pre-opening stage shall be done in accordance with Article 6.109 of the Rules.

Chapter B—Options on the S&P/TSX 60 Index

Article 2.100 Underlying Interest

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

~~Article 11.101~~ **Expiry Cycle**

- (a) At a minimum, the nearest three expiries, plus the next two expiries in the quarterly Cycle March, June, September, December.
- (b) Annual expiry of December for long term Options.

~~Article 11.102~~ **Trading Unit**

The multiplier for one Option Contract shall be \$10 per Index point of the S&P/TSX 60 Index.

~~Article 11.103~~ **Currency**

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

~~Article 11.104~~ **Strike**~~Exercise~~ **Prices**

- (a) ~~Strike prices~~Exercise Prices are set at a minimum of 2.5 Index point intervals.
- (b) At a minimum, there are five ~~strike prices~~Exercise Prices bracketing the current Underlying Index's market level.

~~Article 11.105~~ **Minimum Fluctuation of Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the ~~Option~~ Premium is:

- (a) 0.05 Index point representing \$0.50 per contract for Premiums of 0.10 Index points and over; and
- (b) 0.01 Index point representing \$0.10 per contract for Premiums of less than 0.10 Index points.

~~Article 11.106~~ **Trading Halts**

Trading halts on Options on the S&P/TSX 60 Index are coordinated with the trading halt mechanism of the S&P/TSX 60 Index (circuit-breaker).

~~Article 11.107~~ **Position Limits**

The position limit for Options on the S&P/TSX 60 Index is set pursuant Article ~~6.309~~6.309.

~~Article 11.108~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 11.109~~ **Nature of the Option/Settlement Type**

- (a) A buyer of one Option on the S&P/TSX 60 Index may Exercise his Option only on the expiration date ("European style") to receive a cash payment equal to the difference between the ~~strike price~~Exercise Price and the official opening level of the S&P/TSX 60 Index on the expiration date, as provided for in Article 6.407 (a) of the Rules.
- (b) The seller of one Option on the S&P/TSX 60 Index has, if the Option is Exercised, the obligation of rendering payment equal to the difference between the ~~strike price~~Exercise Price and the official opening level of the S&P/TSX 60 Index on the expiration date, as provided for in Article 6.407(a) of the Rules.

~~Article 11.110~~ **Reserved**

Article 2.101 Last Trading Day

Options on the S&P/TSX 60 Index cease trading on the first business day prior to the expiration day.

~~Article 11.112~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 11.113~~ **Expiration Day**

The expiration day for Options on the S&P/TSX 60 Index is the third Friday of the ~~contract month~~ Settlement Month, provided it is a business day. If it is not a business day, the expiration day is the first preceding business day.

~~Article 11.114~~ **Final Settlement Price**

- (a) Options on the S&P/TSX 60 Index are cash-settled.
- (b) The final Settlement Price is the official opening level of the S&P/TSX 60 Index on the expiration day.

~~Article 11.115~~ **Trading Halt or Suspension**

- (a) Trading on the Bourse in an Option on the S&P/TSX 60 Index shall be halted whenever a Market Supervisor shall conclude, in his judgment, that such action is appropriate in the interests of a fair and orderly market. A Market Supervisor must take the following factors into account when deciding whether to halt or suspend trading in ~~an Option~~ a Class of Options on the S&P/TSX 60 Index ~~class~~:
 - (i) the extent to which trading is not occurring in stocks comprising the Underlying Index;
 - (ii) whether the most current calculation of the Index derived from the current market prices of the stocks is available; and
 - (iii) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- (b) Trading in Options on the S&P/TSX 60 Index of a ~~class~~ Class of Options or a ~~series~~ Series of Options that has been the subject of a halt or suspension by the Bourse may resume if a Market Supervisor determines that the interests of a fair and orderly market are served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt or suspension are no longer present and the extent to which trading is occurring in stocks comprising the Underlying Index.

- (c) Once trading resumes, the pre-opening stage shall be done in accordance with Article 6.109 of the Rules.

Chapter C—Options on the S&P/TSX Capped Utilities Index

Article 2.200 Underlying Interest

The Underlying Interest is the S&P/TSX Capped Utilities Index.

~~Article 11.201~~ **Expiry Cycle**

(a) At a minimum, the nearest three months plus the next two months in the designated quarterly Cycle: March, June, September and December.

(b) Annual expiry of December for long term options.

~~Article 11.202~~ **Trading Unit**

The trading unit is \$100 per S&P/TSX Capped Utilities Index point.

~~Article 11.203~~ **Currency**

Trading, clearing and settlement of Options on the S&P/TSX Capped Utilities Index are in Canadian dollars.

~~Article 11.204~~ **StrikeExercise Prices**

~~Strike prices~~Exercise Prices are set at a minimum of 2.5 Index point intervals.

~~Article 11.205~~ **Minimum Fluctuation of Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the ~~Option~~ Premium is:

- (a) 0.01 Index points representing \$1.00 per contract for Premiums of less than 0.10 Index points.
- (b) 0.05 Index points representing \$5.00 per contract for Premiums of 0.10 Index points or more.

~~Article 11.206~~ **Trading Halt**

Trading halts on Options on the S&P/TSX Capped Utilities Index are coordinated with the trading halt mechanism of the S&P/TSX Capped Utilities Index (circuit-breaker).

~~Article 11.207~~ **Position Limits**

The position limit for Options on the S&P/TSX Capped Utilities Index is set pursuant Article ~~6.309-6.309~~.

~~Article 11.208~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500-6.500~~.

~~Article 11.209~~ **Nature of the Option/Settlement Type**

- (a) A buyer of one Option on the S&P/TSX Capped Utilities Index may Exercise his Option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the ~~strike price~~ Exercise Price and the official opening level of the S&P/TSX Capped Utilities Index on the expiration date, as provided for in Article 6.407 (b) of the Rules.
- (b) The seller of one Option on the S&P/TSX Capped Utilities Index has, if the Option is Exercised, the obligation of rendering payment equal to the difference between the ~~strike price~~ Exercise Price and the official opening level of the S&P/TSX Capped Utilities Index on the expiration date, as provided for in Article 6.407 (b) of the Rules.

~~Article 11.210~~ **Reserved**

Article 2.201 Last Trading Day

S&P/TSX Capped Utilities Index Options cease on the business day preceding the expiration day.

~~Article 11.212~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 11.213~~ **Expiration Day**

The expiration day is the third Friday of the ~~contract month~~ Settlement Month, provided it is a business day. If it is not a business day, the expiration day is the preceding business day.

~~Article 11.214~~ **Final Settlement Price**

- (a) Options on the S&P/TSX Capped Utilities Index are cash-settled.
- (b) The final Settlement Price is the official opening level of the S&P/TSX Capped Utilities Index on the expiration day.

~~Article 11.215~~ **Trading Halt or Suspension**

- (a) Trading on the Bourse in an Option on the S&P/TSX Capped Utilities Index shall be halted whenever a Market Supervisor shall conclude, in his judgement, that such action is appropriate in the interests of a fair and orderly market. A Market Supervisor must take the following factors into account when deciding whether to halt or suspend trading in ~~an Option~~ a Class of Options on the S&P/TSX Capped Utilities Index:
 - (i) the extent to which trading is not occurring in stocks comprising the Underlying Index;
 - (ii) whether the most current calculation of the Index derived from the current market prices of the stocks comprising the Index is available;
 - (iii) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- (b) Trading in Options on the S&P/TSX Capped Utilities Index of a ~~class~~ Class of Options or a ~~series~~ Series of Options that has been the subject of a halt or suspension by the Bourse may resume if a Market Supervisor determines that the interests of a fair and orderly market are served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt or suspension are no longer present and the extent to which trading is occurring in stocks comprising the Underlying Index.
- (c) Once trading resumes, the pre-opening stage shall be done in accordance with Article 6.109 of the Rules.

Chapter D—Equity Options

Article 2.300 Underlying Interest

The Underlying Interests are shares of eligible stock, subject to criteria set by the Clearing Corporation.

~~Article 11.301~~ **Eligibility Criteria**

To be eligible as an Underlying Interest, the Underlying Interest must meet stringent eligibility requirements including sufficient liquidity and market capitalization.

~~Article 11.302~~ **Expiry Cycle**

- (a) At a minimum, the two nearest expiries, plus the next two quarterly expiries as defined in the expiry ~~Cycle~~ cycle published on the Bourse's website.
- (b) Annual expiry of January for long term Options.

~~Article 11.303~~ **Trading Unit**

The trading unit is one contract, representing 100 shares.

~~Article 11.304~~ **Currency**

Trading and clearing of equity Options are in Canadian dollars.

~~Article 11.305~~ **Strike**~~Exercise~~ **Prices**

At a minimum, there are five (5) ~~strike prices~~Exercise Prices bracketing the current Underlying Interest's market price.

~~Article 11.306~~ **Minimum Fluctuation of Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the ~~Option~~-Premium is:

- (a) For equity Options excluded from the penny trading program:
 - (i) Option ~~series~~Series priced below \$0.10 are quoted in increments of \$0.01.
 - (ii) Option ~~series~~Series priced at \$0.10 or more are quoted in increments of \$0.05.
- (b) For equity Options included in the penny trading program:
 - (i) Option ~~series~~Series priced below \$3.00 are quoted in increments of \$0.01.
 - (ii) Option ~~series~~Series priced at \$3.00 or more are quoted in increments of \$0.05.

~~Article 11.307~~ **Trading Halts**

Trading halts on equity Option Contracts shall be coordinated with the trading halt mechanism of the Underlying Interest (circuit-breaker).

~~Article 11.308~~ **Position Limits**

Position limit for equity Option Contracts is set pursuant Article ~~6.309~~6.309.

~~Article 11.309~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 11.310~~ **Nature of the Option/Settlement Type**

The buyer of an equity Option Contract may Exercise the Option at any time before the expiration day ("American Style").

~~Article 11.311~~ **Reserved**

Article 2.301 Last Trading Day

Equity Options cease trading on the third Friday of the ~~contract month~~Delivery Month, provided it is a business day. If it is not a business day, the first preceding business day is the last ~~trading day~~Trading Day.

~~Article 11.313~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 11.314~~ **Expiration Day**

The expiration day for an equity Option Contract is the last ~~trading day~~Trading Day of the ~~contract month~~Delivery Month.

~~Article 11.315~~ **Exercise and Delivery**

- (a) Options are Exercised by the Clearing Corporation.
- (b) Delivery is made through the facilities of the CDS Clearing and Depository Services Inc.

Chapter E—Currency Options

Article 2.400 Underlying Interest

The underlying issues of a currency Option are either the U.S. Dollar or the Euro.

~~Article 11.401~~ **Expiry Cycle**

- (a) At a minimum, the three nearest expiries, plus the next two expiries in the quarterly Cycle March, June, September, December.
- (b) Long term Options have an annual expiry in January.

~~Article 11.402~~ **Trading Unit**

- (a) In the case of Options on the U.S. Dollars, the trading unit for one Option Contract is 10,000 U.S. Dollars.
- (b) In the case of Options on the Euro, the trading unit for one Option Contract is 10,000 Euros.

~~Article 11.403~~ **Premium Quotation**

~~Option~~ Premiums for a currency Option Contract are quoted in Canadian cents per unit of foreign currency.

~~Article 11.404~~ **Aggregate Premium Value**

The aggregate Premium value for a currency Option Contract is the Premium quotation multiplied by the trading unit for one contract.

~~Article 11.405~~ **Strike**~~Exercise~~ **Prices**

- (a) At a minimum, there are five (5) ~~strike prices~~Exercise Prices bracketing the current Underlying Interest market price.
- (b) ~~Strike prices~~Exercise Prices are set at a minimum interval of CAN 0.50 cents per unit of foreign currency unless otherwise determined by the Bourse.

~~Article 11.406~~ **Minimum Fluctuation of Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the Option Premium is 0.01 cent or a tick value of \$1.00 per unit of foreign currency unless otherwise determined by the Bourse.

~~Article 11.407~~ **Reserved**

~~Article 11.408~~ **Position Limits**

Position limit for currency Option Contracts is set pursuant Article ~~6.309~~6.309.

~~Article 11.409~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 11.410~~ **Nature of the Option/Settlement Type**

- (a) A buyer of one currency Option may Exercise his Option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the ~~strike price~~Exercise Price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time on the expiration date, as provided for in Article 6.407 (c) of the Rules.
- (b) The seller of one currency Option, if the Option is Exercised, has the obligation of rendering payment equal to the difference between the ~~strike price~~Exercise Price and the exchange rate fixed by Bloomberg FX Fixings (BFIX) at 12:30 p.m. New York time on the expiration date, as provided for in Article 6.407(c) of the Rules.

~~Article 11.411~~ **Reserved**

Article 2.401 Last Trading Day

Currency Options cease trading at 12:30 p.m. on the third Friday of the ~~contract month~~Settlement Month, provided it is a ~~Business Day~~business day. If it is not a ~~Business Day~~business day, trading will cease at 12:30 pm on the first preceding ~~Business Day~~business day.

~~Article 11.413~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 11.414~~ **Expiration Day**

The expiration day for currency Options is the last ~~trading day~~ Trading Day of the ~~contract month~~ Settlement Month.

~~Article 11.415~~ **Final Settlement Price**

Currency Options are cash-settled. The amount to be paid or received as final settlement of each Option Contract is determined by multiplying the trading unit by the difference between the Exercise 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 designated currency, vis-à-vis the Canadian dollar on the expiration date.

Chapter F—Options on Exchange Traded Funds

Article 2.500 **Underlying Interest**

The Underlying Interest is the number of units of an exchange-traded fund, subject to eligibility criteria set by the Clearing Corporation.

~~Article 11.501~~ **Eligibility Criteria**

The ~~underlying issues~~ Underlying Interest must meet stringent eligibility requirements, including sufficient liquidity and market capitalization.

~~Article 11.502~~ **Expiry Cycle**

- (a) At a minimum, the nearest three expiries plus the next two expiries in the designated quarterly Cycle: March, June, September, December.
- (b) Long term Options have an annual expiry in March.

~~Article 11.503~~ **Trading Unit**

The trading unit for one Option on exchange-traded ~~funds~~ fund is 100 shares of an exchange-traded fund.

~~Article 11.504~~ **~~Strike~~ Exercise Prices**

At a minimum, there are five (5) ~~strike prices~~ Exercise Prices bracketing the current Underlying Interest market price.

~~Article 11.505~~ **Minimum Fluctuation of Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the Option Premium is:

- (a) For exchange-traded fund Options excluded from the penny trading program:
 - (i) Option ~~series~~Series priced below \$0.10 are quoted in increments of \$0.01.
 - (ii) Option ~~series~~Series priced at \$0.10 or more are quoted in increments of \$0.05.
- (b) For exchange-traded fund Options included in the penny trading program, all Option ~~series~~Series are quoted in increments of \$0.01, regardless of ~~price~~the Premium level.

~~Article 11.506~~ **Trading Halts**

Trading halts on exchange-traded fund ~~Option~~Options are coordinated with the trading halt mechanism of the Underlying Interest (circuit-breaker).

~~Article 11.507~~ **Position Limits**

Position limit for exchange-traded fund Options is set pursuant Article ~~6.309~~6.309.

~~Article 11.508~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 11.509~~ **Nature of the Option/Settlement Type**

A buyer of an exchange-traded fund Option may Exercise the Option at any time before the expiration day (“American Style”).

Article 2.501 Currency

Trading and clearing of exchange-traded fund Options are in Canadian dollars.

~~Article 11.511~~ **Last Trading Day**

Exchange-traded fund Options cease trading on the third Friday of the ~~contract-month~~Delivery Month, provided it is a business day. If it is not a business day, trading cease on the first preceding business day.

~~Article 11.512~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 11.513~~ **Expiration Day**

The expiration day of an exchange-traded fund Option is the last ~~trading day~~ Trading Day of the ~~contract month~~ Delivery Month.

~~Article 11.514~~ **Exercise and Delivery**

- (a) Options are Exercised by the Clearing Corporation.
- (b) Delivery is made through the CDS Clearing and Depository Services Inc.

~~PART 12~~ PRODUCT SPECIFICATIONS FOR FUTURES

Chapter A—Canadian Bankers' Acceptance Futures

Article 2.0 Underlying

The ~~underlying issue~~Underlying Interest for a Three-month Canadian Bankers' Acceptance Futures is \$1,000,000 nominal value of Canadian Bankers' ~~Acceptances~~Acceptance with a three month maturity.

~~Article 12.1~~ Expiry Cycle

- (a) The expiry months for One-month Canadian Bankers' Acceptance Futures are the first six (6) consecutive months.
- (b) The expiry months for Three-month Canadian Bankers' Acceptance Futures are as follows:
 - (i) Quarterlies: March, June, September and December.
 - (ii) Serials: two (2) nearest non-quarterly months.

~~Article 12.2~~ Trading Unit

- (a) The trading unit for One month Canadian Bankers' Acceptance Futures shall be a bankers' acceptance having a nominal value of \$3,000,000 with a ~~One~~one month maturity.
- (b) The ~~Unit of Trading~~trading unit for the Three month Canadian Bankers' Acceptance Futures shall be a bankers' acceptance having a nominal value of \$1,000,000 with a three month maturity.

~~Article 12.3~~ Currency

Trading, clearing and settlement of Canadian Bankers' Acceptance Futures are in Canadian dollars.

~~Article 12.4~~ Price Quotation

- (a) Bids and offers for One month Canadian Bankers' Acceptance Futures shall be quoted in terms of an Index equal to 100 minus the yield of a one month Canadian Bankers' Acceptance on an annual basis for a 365 day year.
- (b) Bids and offers for Three month Canadian Bankers' Acceptance Futures shall be quoted in terms of an Index equal to 100 minus the yield of a Three month Canadian Bankers' Acceptance on an annual basis for a 365 day year.

~~Article 12.5~~ **Minimum Price Fluctuation**

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

- (a) For the ten (10) nearest listed ~~contract months~~Settlement Months including serials, the minimum price fluctuation is 0.005, representing \$12.50 per contract.
- (b) For all other contract months, the minimum price fluctuation is 0.01, representing \$25 per contract.

~~Article 12.6~~ **Maximum Price Variation Thresholds**

There shall be no maximum price variation thresholds.

~~Article 12.7~~ **Position Limits for Bankers' Acceptance Futures Contracts**

- (a) The maximum net Long Position or net Short Position in all ~~contract months~~Settlement Months combined in Canadian ~~bankers' acceptance~~Bankers' Acceptance Futures ~~Contracts~~ which a Person may own or control in accordance with Article 6.310 is the greater of:
 - (i) 4,000 contracts; or
 - (ii) 20% of the average daily Open Interest for all Canadian ~~bankers' acceptance~~Bankers' Acceptance Futures Contracts during the preceding three calendar months. This position limit is established and published by the Bourse on a monthly basis.
- (b) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the greater of (i) and (ii) unless an exemption is granted under Article ~~6.310.6.311~~.
- (c) Position limits for Options on Canadian ~~bankers' acceptance~~Bankers' Acceptance Futures are set forth in Article ~~6.310.6.309~~.

~~Article 12.8~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500.6.500~~.

~~Article 12.9~~ **Settlement Type**

Canadian Bankers' Acceptance Futures are cash settled. The settlement procedures are stipulated in ~~Articles~~Article 12.13 to Article 12.15 of the Rules.

~~Article 12.10~~ **Reserved**

Article 2.1 Last Trading Day

- (a) Trading of Canadian Bankers' Acceptance Futures ceases at 10:15 a.m. (Montréal time) on the second London (Great Britain) banking day preceding the third Wednesday of the ~~contract month~~Settlement Month.
- (b) If this day is not a business day for the Bourse or for the Montreal or Toronto banks, trading of Canadian Bankers' Acceptance Futures ceases at 10:15 a.m. (Montréal time) on the preceding business day.

~~Article 12.12~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 12.13~~ **Settlement Day**

The settlement date of a given ~~contract month~~Settlement Month shall be the first business day following the last day of trading in the ~~contract month~~Settlement Month.

~~Article 12.14~~ **Cash Settlement Procedures**

In the case of ~~1~~One-month and ~~3~~Three-month Canadian ~~bankers' acceptance~~Bankers' Acceptance futures:

- a) The ~~Final~~final Settlement Price as determined below by the Bourse shall be used to settle all ~~open~~outstanding Canadian ~~bankers~~Bankers' acceptance futures:
 - on the last ~~day of trading~~Trading Day and at the time of termination of trading, the Bourse shall determine the Reference ~~1~~One-month and the Reference ~~3~~Three-month ~~Bankers' Acceptance~~bankers' acceptance Rate (yield);
 - final Settlement Price for ~~1~~One-month Canadian Bankers' Acceptance ~~futures- contracts~~Futures Contracts shall be 100 minus the Reference ~~1~~One-month ~~Bankers' Acceptance Rate~~bankers' acceptance rate;
 - final Settlement Price for ~~3~~Three-month Canadian Bankers' Acceptance ~~futures- contracts~~Futures Contracts shall be 100 minus the Reference ~~3~~Three-month ~~Bankers' Acceptance Rate~~bankers' acceptance rate;
 - Reference ~~1~~One-month and Reference ~~3~~Three-month ~~Bankers' Acceptance Rate~~bankers' acceptance rate means the daily "Canadian Dollar Offered Rate" (CDOR) as determined by the appointed CDOR benchmark administrator, currently Thomson Reuters. The value of such CDOR shall be rounded to the nearest 1/1,000th of a percentage point. Any value ending by 0.0005 or more shall be rounded up and any value ending by 0.0004 or less shall be rounded down. For example, a CDOR value of 2.7725 percent would be rounded

up to 2.773 percent, and then subtracted from 100 to determine a contract final settlement price of 97.227.

Article 2.2 ~~Failure to Perform~~**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.

Chapter B—Two Year Government of Canada Bond Futures

Article 2.100 **Underlying Interest**

The ~~underlying issue~~**Underlying Interest** is \$200,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.101~~ **Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for Two-year Government of Canada Bond Futures are March, June, September and December.

~~Article 12.102~~ **Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$200,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.103~~ **Currency**

Trading, clearing and settlement of Two-year Government of Canada Bond Futures are in Canadian dollars.

~~Article 12.104~~ **Price Quotation**

Bids and offers on Two-year Government of Canada Bond Futures are quoted per \$100 nominal value.

~~Article 12.105~~ **Minimum Price Fluctuation**

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.005 per \$100 nominal value.

~~Article 12.106~~ **Maximum Price Variation Thresholds**

There shall be no maximum price variation thresholds.

~~Article 12.107~~ **Position Limits for Bonds Futures Contracts**

- (a) ~~For all expiration months combined.~~ For all expiration months combined for each designated Government of Canada Bond Futures Contract, the maximum net Long Position or net Short Position which a Person may own or control in accordance with Article 6.310 is equal to half the sum of:
- (i) 20% of the total outstanding deliverable Bonds of the front ~~contract-month~~Delivery Month, and the greater of:
 - (1) 4,000 contracts; or
 - (2) 20% of the average daily Open Interest for all ~~contract-months~~Delivery Months during the preceding three calendar months.
 - (ii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (a) unless an exemption is granted under Article ~~6.310~~6.311.
- (b) ~~For the first contract-month~~Delivery Month. For the first ~~contract-month~~Delivery Month, the maximum net Long Position or net Short Position in each designated Government of Canada Bond Futures Contract which a Person may own or control in accordance with Article 6.310 is the Futures Contract equivalent of 5% of the total outstanding amount of Government of Canada Bonds eligible for ~~delivery~~Delivery for the designated Government of Canada Bond Futures Contracts at the start of trading on the first business day prior to the first ~~delivery~~Delivery notice day of the first ~~contract-month~~Delivery Month.
- (i) The position limit for the first ~~contract-month~~Delivery Month becomes effective on the first business day prior to the first Delivery notice day of the first ~~contract-month~~Delivery Month.
 - (ii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (b) unless an exemption is granted under Article ~~6.310~~6.311.

~~Article 12.108~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.109~~ **Settlement Type**

Two-year Canadian Government Bond Futures are physically settled. Delivery shall be made in the manner prescribed in ~~Articles~~Article 12.112 to Article 12.117 of the Rules or by the Clearing Corporation.

~~Article 12.110~~ **Last Day of Trading Day**

Trading of Two-year Government of Canada Bond Futures ceases at 1:00 p.m. on the seventh (7th) business day preceding the last business day of the Delivery Month.

~~Article 12.111~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 12.112~~ **Delivery Standards**

- (a) For the Two-year Government of Canada Bond Futures, shall be ~~deliverable~~Deliverable only those Government of Canada Bond issues which:
- (i) have a remaining maturity of between one year and six months and two years and six months, as of the first day of the Delivery Month (for the purpose of determining the maturity of a Bond eligible for ~~delivery~~Delivery and for settlement, the time to maturity of a given issue shall be calculated in complete one month increments, by rounding down to the nearest entire one month period, e.g., two years, one month and 14 days shall be considered two years and one month from the first day of the Delivery Month);
 - (ii) have an outstanding amount of \$2.4 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the Bond issue is deliverable);
 - (iii) are originally issued at Two-year Government of Canada Bond auctions (a Bond which has not been originally issued at a Two-year Government of Canada Bond auction and which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery notice day of the ~~contract-month~~Delivery Month, its re-openings total a minimum nominal amount of \$2.4 billion);
 - (iv) are issued and delivered on or before the 15th day preceding the first Delivery notice day corresponding to the Delivery Month of the contract;
 - (v) have a face value at maturity in multiples of CAN \$200,000; and
 - (vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of Premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.
- (b) The price of a deliverable Government of Canada Bond shall be determined according to the conversion factors tables published by the Bourse.

- (c) The conversion factor of a deliverable issue is the actualized value of the deliverable issue to the notional yield of the Futures Contract considered on the first day of the Delivery Month, minus the interest accrued until ~~delivery~~Delivery day.
- (d) The amount to be paid at delivery is equal to \$2,000 multiplied by the conversion factor of the deliverable issue and multiplied by the Settlement Price of the Futures Contract being delivered, plus accrued interests to the ~~delivery~~Delivery day. Accrued interest is charged to the Approved Participant taking ~~delivery~~Delivery.
- (e) All Government of Canada Bonds being delivered in respect of a Futures Contract must be of the same issue.
- (f) Before a contract is listed for trading, the Bourse shall have the right to exclude any deliverable Government of Canada Bond issue, even if it meets all the standards specified in ~~the Rules~~this Article.

~~Article 12.113~~ **Delivery Procedure**

- (a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign ~~delivery~~Delivery to each of their accounts. In order that the ~~delivery~~Delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the ~~contract month~~Delivery Month, an up-to-date list of the purchase and sale dates of all Open Positions for that ~~contract month~~Delivery Month.
- (b) Only an Approved Participants holding a ~~seller's position~~Short Position can initiate the ~~delivery~~Delivery process.
- (c) All Long Positions and Short Positions still open in a contract after trading has ceased in the contract shall be settled by ~~delivery~~Delivery.
- (d) In the case where a Short Position is still open in a contract after trading has ceased in that contract, and where the Approved Participants does not initiate the ~~delivery~~Delivery process, the Clearing Corporation shall substitute itself for the Approved Participants in initiating the ~~delivery~~Delivery process.

~~Article 12.114~~ **Submission of Delivery Notice**

To initiate the ~~delivery~~Delivery process, an Approved Participant holding a Short Position must submit a ~~delivery~~Delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation on any business day, between the second business day preceding the first business day of the Delivery Month, and the second business day preceding the last business day of the Delivery Month, inclusively.

~~Article 12.115~~ **Assignment of Delivery Notice**

- (a) The assignment of a ~~delivery~~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~~Delivery notice from the Clearing Corporation on the business day following the submission of the ~~delivery~~Delivery notice by the Approved Participant holding the ~~seller's position~~Short Position.

~~Article 12.116~~ **Delivery Day**

Delivery of Two-year Government of Canada Bond Futures shall be done on the second business day following the submission of the ~~delivery~~Delivery notice by the Approved Participant holding a ~~seller's position~~Short Position, or on any other day as determined by the Clearing Corporation. Delivery shall be completed no later than the last business day of the Delivery Month.

~~Article 12.117~~ **Default**

All defaults from Approved Participants in respect to ~~delivery~~Delivery procedures shall carry the imposition of a penalty, as determined from time to time by the Bourse.

~~Article 12.118~~ **Emergencies, Acts of God, Actions of Governments**

- (a) In the eventuality that a ~~delivery~~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~~Long Position or a Short Position shall immediately notify the Bourse and the Clearing Corporation. In the eventuality 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 ~~of the Bourse~~ could, for instance, extend the ~~delivery~~Delivery period or indicate a different location for ~~delivery~~Delivery operations.
- (b) In the eventuality where the Board of Directors ~~of the Bourse~~ decides that a shortage of deliverable Government of Canada Bond issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors could, for instance:
 - (i) designate as a deliverable issue any other Government of Canada Bond that does not meet the criteria in this Chapter; and

- (ii) in addition to the normal ~~delivery~~Delivery procedures, decide of a cash settlement based on the cash value of a Government of Canada Bond bearing the coupon rate specified in the ~~rules~~Rules applicable to each designated Two-year Government of Canada Bond Futures Contract, as determined by using the yield curve of Government of Canada Bonds on the last ~~day of trading~~Trading Day.

Chapter C—Five Year Government of Canada Bond Futures

Article 2.200 Underlying ~~Interest~~Interest

The ~~underlying issue~~Underlying Interest is \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.201~~ Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for a Five-year Government of Canada Bond Futures are March, June, September and December.

~~Article 12.202~~ Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.203~~ Currency

Trading, clearing and settlement of Five-year Government of Canada Bond Futures are in Canadian dollars.

~~Article 12.204~~ Price Quotation

Bids and offers on Five-year Government of Canada Bond Futures are quoted per \$100 nominal value.

~~Article 12.205~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.01 per \$100 nominal value.

~~Article 12.206~~ Maximum Price Variation Thresholds

There shall be no maximum price variation thresholds.

~~Article 12.207~~ Position Limits ~~for Bond Futures Contracts~~

- (a) For all expiration months combined. For all expiration months combined for each designated Government of Canada Bond Futures Contract, the maximum net Long Position or net Short Position which a Person may own or control in accordance with Article 6.310 is equal to half the sum of:

- (i) 20% of the total outstanding deliverable Bonds of the front ~~contract-month~~Delivery Month; and the greater of
 - (1) 4,000 contracts or
 - (2) 20% of the average daily Open Interest for all contract months during the preceding three ~~calendar months~~Delivery Months.
 - (ii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (a) unless an exemption is granted under Article ~~6.310~~6.311.
- (b) For the first ~~contract-month~~Delivery Month. For the first ~~contract-month~~Delivery Month, the maximum net Long Position or net Short Position in each designated Government of Canada Bond Futures Contract which a Person may own or control in accordance with Article 6.310 is the Futures Contract equivalent of 5% of the total outstanding amount of Government of Canada Bonds eligible for ~~delivery~~Delivery for the designated Government of Canada Bond Futures Contracts at the start of trading on the first business day prior to the first ~~delivery~~Delivery notice day of the first ~~contract-month~~Delivery Month.
- (i) The position limit for the first ~~contract-month~~Delivery Month becomes effective on the first business day prior to the first ~~delivery~~Delivery notice day of the first ~~contract-month~~Delivery Month.
 - (ii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (b) unless an exemption is granted under Article ~~6.310~~6.311.

~~Article 12.208~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.209~~ **Settlement Type**

Five-year Canadian Government Bond Futures are physically settled. Delivery shall be made in the manner prescribed in ~~Articles~~Article 12.212-to Article 12.217 of the Rules or by the Clearing Corporation.

~~Article 12.210~~ **Last Trading Day**

Trading of Five-year Government of Canada Bond Futures ceases at 1:00 p.m. on the seventh (7th) business day preceding the last business day of the Delivery Month.

~~Article 12.211~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 12.212~~ **Delivery Standards**

- (a) For Five-year Government of Canada Bond Futures, shall be deliverable only those Government of Canada Bond issues which:
- (i) have a remaining maturity of between four years and three months and five years and three months, as of the first day of the Delivery Month (for the purpose of determining the maturity of a Bond eligible for ~~delivery~~Delivery and for settlement, the time to maturity of a given issue shall be calculated in complete one month increments, by rounding down to the nearest entire one month period. e.g. ~~4~~four years ~~5~~five months and 14 days shall be considered ~~4~~four years and ~~5~~five months from the first day of the Delivery Month);
 - (ii) have an outstanding amount of \$3.5 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the Bond issue is deliverable);
 - (iii) are originally issued at ~~Five~~five-year Government of Canada Bond auctions (an issue which has an original maturity of more than five years and nine months and which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery notice day of the ~~contract-month~~Delivery Month, its re-openings total a minimum nominal amount of \$3.5 billion);
 - (iv) are issued and delivered on or before the 15th day preceding the first Delivery notice day corresponding to the Delivery Month of the contract;
 - (v) have a face value at maturity in multiples of \$100,000; and
 - (vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of Premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.
- (b) The price of a deliverable Government of Canada Bond shall be determined according to the conversion factors tables published by the Bourse.
- (c) The conversion factor of a deliverable issue is the actualized value of the deliverable issue to the notional yield of the Futures Contract considered on the first day of the Delivery Month, minus the interest accrued until ~~delivery~~Delivery day.

- (d) The amount to be paid at ~~delivery~~Delivery is equal to \$1,000) multiplied by the conversion factor of the deliverable issue and multiplied by the Settlement Price of the Futures Contract being delivered, plus accrued interests to the ~~delivery~~Delivery day. Accrued interest is charged to the Approved Participant taking ~~delivery~~Delivery.
- (e) All Government of Canada Bonds being delivered in respect of a Futures Contract must be of the same issue.
- (f) Before a contract is listed for trading, the Bourse shall have the right to exclude any deliverable Government of Canada Bond issue, even if it meets all the standards specified in this Article.

~~Article 12.213~~ **Delivery Procedures**

- (a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign ~~delivery~~Delivery to each of their accounts; In order that the ~~delivery~~Delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the ~~contract month~~Delivery Month, an up-to-date list of the purchase and sale dates of all Open Positions for that ~~contract month~~Delivery Month;
- (b) Only an Approved Participant holding a ~~seller's position~~Short Position can initiate the ~~delivery~~Delivery process;
- (c) All Long Positions and Short Positions still open in a contract after trading has ceased in the contract shall be settled by ~~delivery~~Delivery; and
- (d) In the case where a Short Position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the ~~delivery~~Delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the ~~delivery~~Delivery process.

~~Article 12.214~~ **Submission of Delivery Notice**

To initiate the ~~delivery~~Delivery process, an Approved Participant holding a Short Position must submit a ~~delivery~~Delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation on any business day, between the second business day preceding the first business day of the Delivery Month, and the second business day preceding the last business day of the Delivery Month, inclusively.

~~Article 12.215~~ **Assignment of Delivery Notice**

- (a) The assignment of a ~~delivery~~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~~ Delivery notice from the Clearing Corporation on the business day following the submission of the ~~delivery~~ Delivery notice by the Approved Participant holding the ~~seller's position~~ Short Position.

~~Article 12.216~~ **Delivery Day**

Delivery of Five-year Government of Canada Bond Futures shall be done on the second business day following the submission of the ~~delivery~~ Delivery notice by the Approved Participant holding a ~~seller's position~~ Short Position, or on any other day as determined by the Clearing Corporation. Delivery shall be completed no later than the last business day of the Delivery Month.

~~Article 12.217~~ **Execution Default**

All defaults from Approved Participants in respect to ~~delivery~~ Delivery procedures shall carry the imposition of a penalty, as determined from time to time by the Bourse.

~~Article 12.218~~ **Emergencies, Acts of God, Actions of Governments**

- (a) In the eventuality that a ~~delivery~~ 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~~ Long Position or a Short Position shall immediately notify the Bourse and the Clearing Corporation. In the eventuality that the Bourse or the Clearing Corporation finds 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 to Futures Contracts. 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 bind all parties to the Futures Contract. The Board of Directors ~~of the Bourse~~ could, for instance, extend the ~~delivery~~ Delivery period or indicate a different location for ~~delivery~~ Delivery operations.
- (b) In the eventuality where the Board of Directors ~~of the Bourse~~ decides that a shortage of deliverable Government of Canada Bond issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors ~~of the Bourse~~ could, for instance:
- (i) designate as a deliverable issue any other Government of Canada Bond that does not meet the criteria in this Chapter; and
 - (ii) in addition to the normal ~~delivery~~ Delivery procedures, decide of a cash settlement based on the cash value of a Government of Canada Bond bearing the coupon rate specified in the rules applicable to each designated Five-year Government of Canada Bond Futures Contract, as determined by

using the yield curve of Government of Canada Bonds on the last ~~day of trading~~Trading Day.

Chapter D—Ten-Year Government of Canada Bond Futures

Article 2.300 Underlying Interest

The ~~underlying issue~~Underlying Interest is \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.301~~ Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for a Ten-year Government of Canada Bond ~~future~~Future are March, June, September and December.

~~Article 12.302~~ Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.303~~ Currency

Trading, clearing and settlement of Ten-year Government of Canada Bond Futures are in Canadian dollars.

~~Article 12.304~~ Price Quotation

Bids and offers on Ten-year Government of Canada Bond Futures are quoted per \$100 nominal value.

~~Article 12.305~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.01 per \$100 nominal value.

~~Article 12.306~~ Maximum Price Variation Thresholds

There shall be no maximum price variation thresholds.

~~Article 12.307~~ Position Limits ~~for Bond Futures Contracts~~

- (a) For all expiration months combined. For all expiration months combined for each designated Government of Canada Bond Futures Contract, the maximum net Long Position or net Short Position which a Person may own or control in accordance with Article 6.310 is equal to half the sum of:
- (i) 20% of the total outstanding deliverable Bonds of the front ~~contract-month~~Delivery Month, and the greater of:

- (1) 4,000 contracts; or
 - (2) 20% of the average daily Open Interest for all ~~contract months-~~
~~during~~Delivery Months~~during~~ the preceding three calendar months.
- (ii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (a) unless an exemption is granted under Article ~~6.310~~6.311.
- (b) For the first ~~contract month~~Delivery Month. For the first ~~contract month~~Delivery Month, the maximum net Long Position or net Short Position in each designated Government of Canada Bond Futures Contract which a Person may own or control in accordance with Article 6.310 is the Futures Contract equivalent of 5% of the total outstanding amount of Government of Canada Bonds eligible for ~~delivery~~Delivery for the designated Government of Canada Bond Futures Contracts at the start of trading on the first business day prior to the first ~~delivery~~Delivery notice day of the first ~~contract month~~Delivery Month.
- (i) The position limit for the first ~~contract month~~Delivery Month becomes effective on the first business day prior to the first ~~delivery~~Delivery notice day of the first ~~contract month~~Delivery Month.
 - (ii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (b) unless an exemption is granted under Article ~~6.310~~6.311.

Article 2.301 Position Reporting Threshold

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.309~~ **Settlement Type**

Ten-year Canadian Government Bond Futures are physically settled. Delivery shall be made in the manner prescribed in ~~Articles~~Article 12.312 to Article 12.317 of the Rules or by the Clearing Corporation.

~~Article 12.310~~ **Last Trading Day**

Trading of Ten-year Government of Canada Bond Futures ceases at 1:00 p.m. on the seventh (7th) business day preceding the last business day of the Delivery Month.

~~Article 12.311~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 12.312~~ **Delivery Standards**

- (a) For Ten-year Government of Canada Bond Futures, shall be deliverable only those Government of Canada Bond issues which:
- (i) have a remaining maturity of between 8 and 10½ years, as of the first day of the Delivery Month (for the purpose of determining the maturity of a Bond eligible for ~~delivery~~Delivery and for settlement, the time to maturity of a given issue shall be calculated in complete periods of three months, by rounding down to the nearest entire three-month period, e.g. 10 years and seven months shall be considered 10½ years from the first day of the Delivery Month);
 - (ii) have an outstanding amount of \$3.5 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the Bond issue is deliverable);
 - (iii) are originally issued at 10-year auctions (a Bond not issued at a 10-year auction which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery notice day of the ~~contract-month~~Delivery Month, its re-openings total a minimum nominal amount of \$3.5 billion);
 - (iv) are issued and delivered on or before the 15th day preceding the first Delivery notice day corresponding to the Delivery Month of the contract;
 - (v) have a face value at maturity in multiples of \$100,000; and
 - (vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of Premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.
- (b) The price of a deliverable Government of Canada Bond shall be determined according to the conversion factors tables published by the Bourse.
- (c) The conversion factor of a deliverable issue is the actualized value of the deliverable issue to the notional yield of the Futures Contract considered on the first day of the Delivery Month, minus the interest accrued until ~~delivery~~Delivery day.
- (d) The amount to be paid at ~~delivery~~Delivery is equal to \$1,000 multiplied by the conversion factor of the deliverable issue and multiplied by the Settlement Price of the Futures Contract being delivered, plus accrued interests to the ~~delivery~~Delivery day. Accrued interest is charged to the Approved Participant taking ~~delivery~~Delivery.

- (e) All Government of Canada Bonds being delivered in respect of a Futures Contract must be of the same issue.
- (f) Before a contract is listed for trading, the Bourse shall have the right to exclude any deliverable Government of Canada Bond issue, even if it meets all the standards specified in this Article.

~~Article 12.313~~ **Delivery Procedures**

- (a) Approved Participant must apply the assignment process used by the Clearing Corporation to assign ~~delivery~~Delivery to each of their accounts. In order that the ~~delivery~~Delivery procedure of the Clearing Corporation not be impaired, Approved Participant shall keep throughout the ~~contract-month~~Delivery Month an up-to-date list of the purchase and sale dates of all Open Positions for that ~~contract-month~~Delivery Month.
- (b) Only an Approved Participant holding a ~~seller's position~~Short Position can initiate the delivery process.
- (c) All Long Positions and Short Positions still open in a contract after trading has ceased in the contract shall be settled by ~~delivery~~Delivery.
- (d) In the case where a Short Position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the ~~delivery~~Delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the ~~delivery~~Delivery process.

~~Article 12.314~~ **Submission of Delivery Notice**

To initiate the ~~delivery~~Delivery process, an Approved Participant holding a Short Position must submit a ~~delivery~~Delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation on any business day, between the second business day preceding the first business day of the Delivery Month, and the second business day preceding the last business day of the Delivery Month, inclusively.

~~Article 12.315~~ **Assignment of Delivery Notice**

- (a) The assignment of a ~~delivery~~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~~Delivery notice from the Clearing Corporation on the business day following the submission of the ~~delivery~~Delivery notice by the Approved Participant holding the ~~seller's position~~Short Position.

~~Article 12.316~~ **Delivery Day**

Delivery of Ten-year Government of Canada Bond Futures shall be done on the second business day following the submission of the ~~delivery~~Delivery notice by the Approved Participant holding a ~~seller's position~~Short Position, or on any other day as determined by the Clearing Corporation. Delivery shall be completed no later than the last business day of the Delivery Month.

~~Article 12.317~~ **Execution Default**

All defaults from Approved Participants in respect to ~~delivery~~Delivery procedures shall carry the imposition of a penalty, as determined from time to time by the Bourse.

~~Article 12.318~~ **Emergencies, Acts of God, Actions of Governments**

- (a) In the eventuality that a ~~delivery~~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~~Long Position or a Short Position shall immediately notify the Bourse and the Clearing Corporation. In the eventuality that the Bourse or the Clearing Corporation finds 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 to Futures Contracts. 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 bind all parties to the Futures Contract. The Board of Directors ~~of the Bourse~~ could, for instance, extend the ~~delivery~~Delivery period or indicate a different location for ~~delivery~~Delivery operations.
- (b) In the eventuality where the Board of Directors ~~of the Bourse~~ decides that a shortage of deliverable Government of Canada Bond issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors ~~of the Bourse~~ could, for instance:
- (i) designate as a deliverable issue any other Government of Canada Bond that does not meet the criteria in this Chapter; and
 - (ii) in addition to the normal ~~delivery~~Delivery procedures, decide of a cash settlement based on the cash value of a Government of Canada Bond bearing the coupon rate specified in the rules applicable to each designated Ten-year Government of Canada Bond Futures Contract, as determined by using the yield curve of Government of Canada Bonds on the last ~~day of trading~~Trading Day.

Chapter E—Thirty-Year Government of Canada Bond Futures

Article 2.400 Underlying ~~Interest~~

The ~~underlying issue~~ Underlying Interest is \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.401~~ Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for a Thirty-year Government of Canada Bond future are March, June, September and December.

~~Article 12.402~~ Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

~~Article 12.403~~ Currency

Trading, clearing and settlement of Thirty-year Government of Canada Bond Futures are in Canadian dollars.

~~Article 12.404~~ Price Quotation

Bids and offers on Thirty-year Government of Canada Bond Futures are quoted per \$100 nominal value.

~~Article 12.405~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.01 per \$100 nominal value.

~~Article 12.406~~ Maximum Price Variation Thresholds

There shall be no maximum price variation thresholds.

~~Article 12.407~~ Position Limits ~~for Bond Futures Contracts~~

- (a) For all expiration months combined. For all expiration months combined for each designated Government of Canada Bond Futures Contract, the maximum net Long Position or net Short Position which a Person may own or control in accordance with Article 6.310 is equal to half the sum of:
- (i) 20% of the total outstanding deliverable Bonds of the front ~~contract-month~~ Delivery Month; and the greater of:
 - (1) 4,000 contracts or

- (2) 20% of the average daily Open Interest for all ~~contract months~~Delivery Months during the preceding three calendar months.
- (ii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (a) unless an exemption is granted under Article ~~6.310~~6.311.
- (b) For the first ~~contract month~~Delivery Month:
- (i) For the first ~~contract month~~Delivery Month, the maximum net Long Position or net Short Position in each designated Government of Canada Bond Futures Contract which a Person may own or control in accordance with Article 6.310 is the Futures Contract equivalent of 5% of the total outstanding amount of Government of Canada Bonds eligible for delivery for the designated Government of Canada Bond Futures Contracts at the start of trading on the first business day prior to the first ~~delivery~~Delivery notice day of the first ~~contract month~~Delivery Month.
- (ii) The position limit for the first ~~contract month~~Delivery Month becomes effective on the first business day prior to the first ~~delivery~~Delivery notice day of the first ~~contract month~~Delivery Month.
- (iii) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph (b) unless an exemption is granted under Article ~~6.310~~6.311.

Article 2.401 Position Reporting Threshold

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.409~~ **Settlement Type**

Thirty-year Canadian Government Bond Futures are physically settled. Delivery shall be made in the manner prescribed in ~~Articles~~Article 12.412 to Article 12.417 of the Rules or by the Clearing Corporation.

~~Article 12.410~~ **Last Trading Day**

Trading of Thirty-year Government of Canada Bond Futures ceases at 1:00 p.m. on the seventh (7th) business day preceding the last business day of the Delivery Month.

~~Article 12.411~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 12.412~~ **Delivery Standards**

- (a) For Thirty-year Government of Canada Bond Futures, shall be deliverable only those Government of Canada Bond issues which:
- (i) have a remaining maturity of not less than twenty-five (25) years, as of the first day of the Delivery Month (for the purpose of determining the maturity of a Bond eligible for ~~delivery~~Delivery and for settlement, the time to maturity of a given issue shall be calculated in complete periods of three months, by rounding down to the nearest entire three-month period, e.g. 30 years and seven months shall be considered 30½ years from the first day of the Delivery Month);
 - (ii) have an outstanding amount of \$3.5 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the Bond issue is deliverable);
 - (iii) are originally issued at 30-year auctions (a Bond not issued at a 30-year auction which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery notice day of the ~~contract month~~Delivery Month, its re-openings total a minimum nominal amount of \$3.5 billion);
 - (iv) are issued and delivered on or before the 15th day preceding the first Delivery notice day corresponding to the Delivery Month of the contract;
 - (v) have a face value at maturity in multiples of \$100,000; and
 - (vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of Premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.
- (b) The price of a deliverable Government of Canada Bond shall be determined according to the conversion factors tables published by the Bourse.
- (c) The conversion factor of a deliverable issue is the actualized value of the deliverable issue to the notional yield of the Futures Contract considered on the first day of the Delivery Month, minus the interest accrued until ~~delivery~~Delivery day.
- (d) The amount to be paid at ~~delivery~~Delivery is equal to \$1,000 multiplied by the conversion factor of the deliverable issue and multiplied by the Settlement Price of the Futures Contract being delivered, plus accrued interests to the ~~delivery~~Delivery day. Accrued interest is charged to the Approved Participant taking ~~delivery~~Delivery.

- (e) All Government of Canada Bonds being delivered in respect of a Futures Contract must be of the same issue.
- (f) Before a contract is listed for trading, the Bourse shall have the right to exclude any deliverable Government of Canada Bond issue, even if it meets all the standards specified in this Rule.

~~Article 12.413~~ **Delivery Procedures**

- (a) Approved Participant must apply the assignment process used by the Clearing Corporation to assign ~~delivery~~Delivery to each of their accounts. In order that the ~~delivery~~Delivery procedure of the Clearing Corporation not be impaired, Approved Participant shall keep throughout the ~~contract-month~~Delivery Month an up-to-date list of the purchase and sale dates of all Open Positions for that ~~contract-month~~Delivery Month.
- (b) Only an Approved Participant holding a ~~seller's position~~Short Position can initiate the ~~delivery~~Delivery process.
- (c) All Long Positions and Short Positions still open in a contract after trading has ceased in the contract shall be settled by ~~delivery~~Delivery.
- (d) In the case where a Short Position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the ~~delivery~~Delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the ~~delivery~~Delivery process.

~~Article 12.414~~ **Submission of Delivery Notice**

To initiate the ~~delivery~~Delivery process, an Approved Participant holding a Short Position must submit a ~~delivery~~Delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation on any business day, between the second business day preceding the first business day of the Delivery Month, and the second business day preceding the last business day of the Delivery Month, inclusively.

~~Article 12.415~~ **Assignment of Delivery Notice**

- (a) The assignment of a ~~delivery~~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~~a Long Position shall receive a ~~delivery~~Delivery notice from the Clearing Corporation on the business day following the submission of the ~~delivery~~Delivery notice by the Approved Participant holding the ~~seller's position~~Short Position.

~~Article 12.416~~ **Delivery Day**

Delivery of Thirty-year Government of Canada Bond Futures shall be done on the second business day following the submission of the ~~delivery~~Delivery notice by the Approved Participant holding a ~~seller's position~~Short Position, or on any other day as determined by the Clearing Corporation. Delivery shall be completed no later than the last business day of the Delivery Month.

~~Article 12.417~~ **Execution Default**

All defaults from Approved Participants in respect to ~~delivery~~Delivery procedures shall carry the imposition of a penalty, as determined from time to time by the Bourse.

~~Article 12.418~~ **Emergencies, Acts of God, Actions of Governments**

- (a) In the eventuality that a ~~delivery~~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~~Long Position or a Short Position shall immediately notify the Bourse and the Clearing Corporation. In the eventuality that the Bourse or the Clearing Corporation finds 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 to Futures Contracts. 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 bind all parties to the Futures Contract. The Board of Directors ~~of the Bourse~~ could, for instance, extend the ~~delivery~~Delivery period or indicate a different location for ~~delivery~~Delivery operations.
- (b) In the eventuality where the Board of Directors ~~of the Bourse~~ decides that a shortage of deliverable Government of Canada Bond issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors ~~of the Bourse~~ could, for instance:
- (i) designate as a deliverable issue any other Government of Canada Bond that does not meet the criteria in this Chapter; and
 - (ii) in addition to the normal ~~delivery~~Delivery procedures, decide of a cash settlement based on the cash value of a Government of Canada Bond bearing the coupon rate specified in the rules applicable to each designated Thirty-year Government of Canada Bond Futures Contract, as determined by using the yield curve of Government of Canada Bonds on the last ~~day~~of tradingTrading Day.

Chapter F—S&P/TSX 60 Index Standard Futures

Article 2.500 Underlying ~~Interest~~

The underlying ~~issue~~Interest is the S&P/TSX 60 Index.

~~Article 12.501~~ Expiry Cycle

The expiry months for S&P/TSX 60 Index standard Futures are March, June, September and December.

~~Article 12.502~~ Trading Unit

The trading unit is \$200 multiplied by the value of the S&P/TSX 60 Index standard Futures.

~~Article 12.503~~ Currency

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

~~Article 12.504~~ Price Quotation

- (a) Bids and offers for standard Futures on the S&P/TSX 60 Index are quoted in terms of Index points expressed to two decimal points.
- (b) One Index point equals \$200 for a standard Futures on the S&P/TSX 60 Index.

~~Article 12.505~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.10 Index point for outright positions. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.506~~ 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 Index standard Futures shall resume only after a percentage (as determined by the Bourse from time to time) of the ~~interest underlying the~~Underlying Interest S&P/TSX 60 Index have reopened.

~~Article 12.507~~ Position Limits ~~for S&P/TSX60 Index Futures Contracts~~

- (a) There are no position limits for standard Futures Contracts or equivalent contracts on the S&P/TSX 60 Index.

- (b) 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. If such specific position limits are imposed, a mini Futures Contract on the S&P/TSX 60 Index is the equivalent of one-quarter of a standard Futures Contract on the S&P/TSX 60 Index, for the purpose of calculating these position limits.

~~Article 12.508~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.509~~ **Settlement Type**

Delivery of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~Article 12.511 to Article 12.513 of the Rules.

~~Article 12.510~~ **Last Trading Day**

Trading of S&P/TSX 60 standard Futures ceases on the business day prior to the final settlement day.

~~Article 12.511~~ **Final Settlement Day**

The final settlement day is the third Friday of the ~~expiration contract month~~Settlement Month, provided it is a business day. If it is not a business day, final settlement will occur on the preceding business day.

~~Article 12.512~~ **Final Settlement Price**

The final Settlement Price determined on the final Settlement Day is:

- (a) \$200 times the official opening level of the S&P/TSX 60 Index in the case of standard Futures on the S&P/TSX 60 Index.
- (b) This final Settlement Price is 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~~Trading Day will be marked to market using the official opening level of the S&P/TSX 60 Index on final settlement day and terminated by cash settlement.

Article 2.501 ~~Failure of Settlement~~Default

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.

~~Article 12.514~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter G—S&P/TSX 60 Index Mini Futures

Article 2.600 **Underlying Interest**

The ~~underlying issue~~ Underlying Interest is the S&P/TSX 60 Index.

~~Article 12.601~~ **Expiry Cycle**

The expiry months for S&P/TSX 60 Index mini Futures are March, June, September and December.

~~Article 12.602~~ **Trading Unit**

The trading unit is \$50 multiplied by the value of the S&P/TSX 60 Index mini Futures.

~~Article 12.603~~ **Currency**

Trading, clearing and settlement of mini Futures on the S&P/TSX 60 Index is in Canadian dollars.

~~Article 12.604~~ **Price Quotation**

- (a) Bids and offers for mini Futures on the S&P/TSX 60 Index are quoted in terms of Index points expressed to two decimal points.
- (b) One Index point equals \$50 for a mini Futures on the S&P/TSX 60 Index.

~~Article 12.605~~ **Minimum Price Fluctuation**

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.10 Index points for outright positions. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.606~~ **Trading Halts**

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

~~Article 12.607~~ **Position Limits**

- (a) There are no position limits for mini Futures or equivalent contracts on the S&P/TSX 60 Index.
- (b) 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. If such specific position limits are imposed, a mini Futures Contract on the S&P/TSX 60 Index is the equivalent of one-quarter of a standard Futures Contract on the S&P/TSX 60 Index, for the purpose of calculating these position limits.

~~Article 12.608~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.609~~ **Settlement Type**

Delivery of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~Article 12.611- to Article 12.613 of the Rules.

~~Article 12.610~~ **Last Trading Day**

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

~~Article 12.611~~ **Final Settlement Day**

The final settlement day is the third Friday of the ~~contract month~~Settlement Month, provided it is a business day. If it is not a business day, final settlement will occur on the first preceding business day.

~~Article 12.612~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date is \$50 multiplied by the official opening level of the S&P/TSX 60 Index.

This final Settlement Price is 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~~Trading Day will be marked to market using the official opening level of the S&P/TSX 60 Index on final settlement day and terminated by cash settlement.

Article 2.601 ~~Failure of Settlement~~Default

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.

~~Article 12.614~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter H—S&P/TSX Global Gold Index Futures

Article 2.700 **Underlying Interest**

The ~~underlying issue~~Underlying Interest is the S&P/TSX Global Gold Index.

~~Article 12.701~~ **Expiry Cycle**

The expiry months for S&P/TSX Global Gold Index Futures are March, June, September and December.

~~Article 12.702~~ **Trading Unit**

The trading unit is \$200 times the S&P/TSX Global Gold Index Futures value.

~~Article 12.703~~ **Currency**

Trading, clearing and settlement of S&P/TSX Global Gold Index Futures are in Canadian dollars.

~~Article 12.704~~ **Price Quotation**

Bids and offers for S&P/TSX Global Gold Index Futures are quoted in terms of Index points expressed to two decimal points.

~~Article 12.705~~ **Minimum Price Fluctuation**

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.10 Index points. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.706~~ **Trading Halts**

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in S&P/TSX Global Gold Index Futures shall resume only after a percentage, as determined by the Bourse, of the interest underlying the S&P/TSX Global Gold Index has re-opened.

~~Article 12.707~~ **Position Limits ~~for S&P/TSX Global Gold Index Futures Contracts~~**

- (a) The maximum net Long Position or net Short Position in all ~~contract~~monthsSettlement Months combined in S&P/TSX Global Gold Index Futures

Contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.

- (b) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article ~~6.310~~6.311.

~~Article 12.708~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.709~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~Article 12.711 to Article 12.713 of the Rules.

~~Article 12.710~~ **Last Trading Day**

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

Article 2.701 ~~final settlement date~~Final Settlement Date

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

~~Article 12.712~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Global Gold Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Global Gold 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~~Trading Day will be marked to market using the official opening level of the S&P/TSX Global Gold Index on final settlement day and terminated by cash settlement.

Article 2.702 ~~Failure of Settlement~~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 12.714~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter I—S&P/TSX Capped Financials Index Futures

Article 2.800 Underlying ~~Interest~~

The ~~underlying issue~~ Underlying Interest is the S&P/TSX Capped Financials Index.

~~Article 12.801~~ Expiry Cycle

The expiry months for S&P/TSX Capped Financials Index Futures are March, June, September and December.

~~Article 12.802~~ Trading Unit

The trading unit is \$200 multiplied by the value of the S&P/TSX Capped Financials Index Futures.

~~Article 12.803~~ Currency

Trading, clearing and settlement of S&P/TSX Capped Financials Index Futures are in Canadian dollars.

~~Article 12.804~~ Price Quotation

Bids and offers for the S&P/TSX Capped Financials Index Futures are quoted in terms of Index points expressed to two decimal points.

~~Article 12.805~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.10 Index points. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.806~~ Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in S&P/TSX Capped Financials Index Futures shall resume only after a percentage, as determined by the Bourse, of the interest underlying the S&P/TSX Capped Financials Index has re-opened.

~~Article 12.807~~ Position Limits

- (a) The maximum net Long Position or net Short Position in all ~~contract-~~ months Settlement Months combined in S&P Capped Financials Index Futures Contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.

- (b) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article ~~6.310~~6.311.

~~Article 12.808~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.809~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~Article 12.811- ~~to Article~~Article 12.813 of the Rules.

~~Article 12.810~~ **Last Trading Day**

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

Article 2.801 ~~final settlement date~~Final Settlement Date

The final settlement date shall be the third Friday of the ~~expiration—contract month~~Delivery Month, provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

~~Article 12.812~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Capped Financials Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Capped Financials 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~~Trading Day will be marked to market using the official opening level of the S&P/TSX Capped Financials Index on final settlement day and terminated by cash settlement.

Article 2.802 ~~Failure to Perform~~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 12.814~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter J—S&P/TSX Capped Information Technology Index Futures

Article 2.900 Underlying Interest

The ~~underlying issue~~ Underlying Interest is the S&P/TSX Capped Information Technology Index.

~~Article 12.901~~ Expiry Cycle

The expiry months for S&P/TSX Capped Information Technology Index Futures are March, June, September and December.

~~Article 12.902~~ Trading Unit

The trading unit is \$500 multiplied by the value of the S&P/TSX Capped Information Technology Index Futures.

~~Article 12.903~~ Currency

Trading, clearing and settlement of S&P/TSX Capped Information Technology Index Futures are in Canadian dollars.

~~Article 12.904~~ Price Quotation

Bids and offers for S&P/TSX Capped Information Technology Index Futures are quoted in terms of Index points expressed to two decimal points.

~~Article 12.905~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.05 Index points. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.906~~ Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in S&P/TSX Capped Information Technology Index Futures shall resume only after a percentage, as determined by the Bourse, of the interest underlying the S&P/TSX Capped Information Technology Index has re-opened.

~~Article 12.907~~ Position Limits ~~for S&P/TSX Capped Information Technology Index Futures Contracts~~

- (a) The maximum net Long Position or net Short Position in all ~~contract~~ months Settlement Months combined in S&P Capped Information Technology

Index Futures which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.

- (b) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article ~~6.310~~[6.311](#).

Article 2.901 Position Reporting Threshold

The position reporting threshold is set pursuant Article ~~6.500~~[6.500](#).

~~Article 12.909~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~[Article](#) 12.911 to [Article](#) 12.913 of the Rules.

~~Article 12.910~~ **Last Trading Day**

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

~~Article 12.911~~ **Final Settlement Day**

The final settlement date shall be the third Friday of the expiration ~~contract-month~~[Settlement Month](#), provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

~~Article 12.912~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Capped Information Technology Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Capped Information Technology 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~~[Trading Day](#) will be marked to market using the official opening level of the S&P/TSX Capped Information Technology Index on final settlement day and terminated by cash settlement.

Article 2.902 ~~Failure to Perform~~[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 12.914~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter K—S&P/TSX Capped Energy Index Futures

Article 2.1000 Underlying Interest

The ~~underlying issue~~ Underlying Interest is the S&P/TSX Capped Energy Index.

~~Article 12.1001~~ Expiry Cycle

The expiry months for S&P/TSX Capped Energy Index Futures are March, June, September and December.

~~Article 12.1002~~ Trading Unit

The trading unit is \$200 multiplied by the value of the S&P/TSX Capped Energy Index Futures.

~~Article 12.1003~~ Currency

Trading, clearing and settlement of S&P/TSX Capped Energy Index Futures are in Canadian dollars.

~~Article 12.1004~~ Price Quotation

Bids and offers for S&P/TSX Capped Energy Index Futures are quoted in terms of Index points expressed to two decimal points.

~~Article 12.1005~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.10 Index points. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.1006~~ Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in S&P/TSX Capped Energy Index Futures shall resume only after a percentage, as determined by the Bourse, of the interest underlying the S&P/TSX Capped Energy Index has re-opened.

~~Article 12.1007~~ Position Limits ~~for S&P/TSX Capped Energy Index Futures Contracts~~

- (a) The maximum net Long Position or net Short Position in all ~~contract-~~ months Settlement Months combined in S&P Capped Energy Index Futures

Contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.

- (b) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article ~~6.310~~6.311.

~~Article 12.1008~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.1009~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~Article 12.1011 to Article 12.1013 of the Rules.

~~Article 12.1010~~ **Last Trading Day**

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

Article 2.1001 ~~final settlement date~~Final Settlement Date

The final settlement date shall be the third Friday of the ~~expiration—contract month~~Delivery Month, provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

~~Article 12.1012~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Capped Energy Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Capped Energy 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~~Trading Day will be marked to market using the official opening level of the S&P/TSX Capped Energy Index on final settlement day and terminated by cash settlement.

Article 2.1002 ~~Failure to Perform~~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 12.1014~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter L—S&P/TSX Composite Index Banks (Industry Group) Futures

Article 2.1100 Underlying Interest

The ~~underlying issue~~ Underlying Interest is the S&P/TSX Composite Index Banks (Industry Group).

~~Article 12.1101~~ Expiry Cycle

The expiry months for S&P/TSX Composite Index Banks (Industry Group) Futures are March, June, September and December.

~~Article 12.1102~~ Trading Unit

The trading unit is \$20 multiplied by the value of the S&P/TSX Composite Index Banks (Industry Group) Futures.

~~Article 12.1103~~ Currency

Trading, clearing and settlement of S&P/TSX Composite Index Banks (Industry Group) Futures are in Canadian dollars.

~~Article 12.1104~~ Price Quotation

Bids and offers for S&P/TSX Composite Index Banks (Industry Group) Futures are quoted in terms of Index points expressed to two decimal points.

~~Article 12.1105~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.10 Index points. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.1106~~ Trading Halts

- (a) Trading halts on S&P/TSX Composite Index Banks (Industry Group) Futures shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in S&P/TSX Composite Index Banks (Industry Group) Futures shall resume only after a percentage, as determined by the Bourse, of the interest underlying the S&P/TSX Composite Index Banks (Industry Group) has re-opened.

~~Article 12.1107~~ **Position Limits for S&P/TSX Composite Index Banks (Industry Group) Futures Contracts**

- (a) The maximum net Long Position or net Short Position in all ~~contract-months~~Settlement Months combined in S&P Composite Index Banks (Industry Group) Futures contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.
- (b) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article ~~6.310~~6.311.

~~Article 12.1108~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 12.1109~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~Article 12.1111 to Article 12.1113 of the Rules.

~~Article 12.1110~~ **Last Trading Day**

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

Article 2.1101 ~~final settlement date~~Final Settlement Date

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

~~Article 12.1112~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Composite Index Banks (Industry Group), as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Composite Index Banks (Industry Group) 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~~Trading Day will be marked to market using the official opening level of the S&P/TSX Composite Index Banks (Industry Group) on final settlement day and terminated by cash settlement.

Article 2.1102 ~~Failure to Perform~~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 12.1114~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter M—S&P/TSX Capped Utilities Index Futures

Article 2.1200 Underlying Interest

The ~~underlying issue~~ Underlying Interest is the S&P/TSX Capped Utilities Index.

~~Article 12.1201~~ Expiry Cycle

The expiry months for S&P/TSX Capped Utilities Index Futures are March, June, September and December.

~~Article 12.1202~~ Trading Unit

The trading unit is \$200 multiplied by the value of the S&P/TSX Capped Utilities Index Futures.

~~Article 12.1203~~ Currency

Trading, clearing and settlement of S&P/TSX Capped Utilities Index Futures are in Canadian dollars.

~~Article 12.1204~~ Price Quotation

Bids and offers for S&P/TSX Capped Utilities Index Futures are quoted in terms of Index points expressed to two decimal points.

~~Article 12.1205~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.10 Index points. For calendar spreads, the minimum price fluctuation is 0.01 Index points.

~~Article 12.1206~~ Trading Halts

- (a) Trading halts on S&P/TSX Capped Utilities Index Futures shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in S&P/TSX Capped Utilities Index Futures contracts shall resume only after a percentage, as determined by the Bourse, of the interest underlying the S&P/TSX Capped Utilities Index has re-opened.

~~Article 12.1207~~ Position Limits ~~for S&P/TSX Capped Utilities Index Futures Contracts~~

- (a) The maximum net Long Position or net Short Position in all ~~contract~~ months Settlement Months combined in S&P Capped Utilities Index Futures

Contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.

- (b) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article ~~6.310~~[6.311](#).

~~Article 12.1208~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~[6.500](#).

~~Article 12.1209~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~[Article](#) 12.1211 to [Article](#) 12.1213 of the Rules.

~~Article 12.1210~~ **Last Trading Day**

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

Article 2.1201 ~~final settlement date~~[Final Settlement Date](#)

The final settlement date shall be the third Friday of the expiration ~~contract-month~~[Delivery Month](#), provided it is a business day. If it is not a business day, final settlement occurs on the preceding business day.

~~Article 12.1212~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date is the trading unit of the S&P/TSX Capped Utilities Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX Capped Utilities 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~~[Trading Day](#) will be marked to market using the official opening level of the S&P/TSX Capped Utilities Index on final settlement day and terminated by cash settlement.

Article 2.1202 ~~Failure to Perform~~[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 12.1214~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter N—S&P/TSX Composite Mini Index Futures

Article 2.1300 Underlying Interest

The ~~underlying issue~~ Underlying Interest is the S&P/TSX Composite Index.

~~Article 12.1301~~ Expiry Cycle

The expiry months for the S&P/TSX Composite Index mini Futures are March, June, September and December.

~~Article 12.1302~~ Trading Unit

The trading unit is \$5 multiplied by the level of the S&P/TSX Composite Index mini Futures.

~~Article 12.1303~~ Currency

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

~~Article 12.1304~~ Price Quotation

Bids and offers for S&P/TSX Composite Index mini Futures are quoted in terms of Index points expressed to two decimals. One point equals \$5.

~~Article 12.1305~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 5 Index points for outright positions. For calendar spreads, the minimum price fluctuation is 1 Index point.

~~Article 12.1306~~ Trading Halts

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that trading in the securities market resumes after a trading halt, trading in the S&P/TSX Composite Index Futures Contracts shall resume only after a percentage (as determined by the Bourse from time to time) of the interest underlying the S&P/TSX Composite Index have re-opened.

~~Article 12.1307~~ Position Limits ~~for S&P/TSX Index Futures Contracts~~

- (a) The maximum net Long Position or net Short Position in all ~~contract months-~~ combined Settlement Months combined in mini Futures Contracts on the S&P/TSX

Composite Index which a Person may own or control in accordance with Article 6.310 of the Rules is 72,000 contracts.

- (b) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 72,000 contracts unless an exemption is granted under Article ~~6.310~~[6.311](#).

~~Article 12.1308~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~[6.500](#).

~~Article 12.1309~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~[Article](#) 12.1311 to [Article](#) 12.1313 of the Rules.

~~Article 12.1310~~ **Last Trading Day**

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

~~Article 12.1311~~ **Final Settlement Day**

The final settlement day shall be the third Friday of the expiration ~~contract month~~[Delivery Month](#), provided it is a business day. If it is not a business day, final settlement is on the preceding business day.

~~Article 12.1312~~ **Final Settlement Price**

The final Settlement Price determined on the final settlement date shall be CAN \$5 times the official opening level of the S&P/TSX Composite 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~~[Trading Day](#) will be marked to market using the official opening level of the S&P/TSX Composite Index on final settlement day and terminated by cash settlement.

Article 2.1301 ~~Failure of Settlement~~[Default](#)

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.

~~Article 12.1314~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter O—FTSE Emerging Markets Index Futures

Article 2.1400 Underlying ~~Interest~~

The ~~underlying issue~~ Underlying Interest is the FTSE Emerging Markets Index.

~~Article 12.1401~~ Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for FTSE Emerging Markets Index Futures are March, June, September and December.

~~Article 12.1402~~ Trading Unit

Unless otherwise determined by the Bourse, the trading unit is USD \$100 multiplied by the value of the FTSE Emerging Market Index Futures.

~~Article 12.1403~~ Currency

Trading, clearing and settlement of FTSE Emerging Markets Index Futures are in U.S. dollars.

~~Article 12.1404~~ Price Quotation

Unless otherwise determined by the Bourse, bids and offers for FTSE Emerging Markets Index Futures are quoted in Index points, expressed to two decimals.

~~Article 12.1405~~ Minimum Price Fluctuation

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

- (a) For outright positions, 0.05 Index point.
- (b) For calendar spreads and block trades, 0.01 Index point.

~~Article 12.1406~~ Maximum Price Variation Thresholds

There shall be no maximum price variation thresholds for FTSE Emerging Markets Index Futures.

~~Article 12.1407~~ Position Limits ~~for FTSE Emerging Markets Index Futures Contracts)~~

- (a) The maximum net Long Position or net Short position in all ~~contract months~~ Settlement Months combined in Futures Contracts on the FTSE Emerging Markets Index which a Person may own or control in accordance with Article 6.310 of the Rules is 50,000 contracts.

- (b) Approved Participants may benefit from the exemption for a *bona fide* Hedger in accordance with Article ~~6.310 of the Rules~~[6.311](#).

~~Article 12.1408~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~[6.500](#).

~~Article 12.1409~~ **Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in ~~Articles~~[Article](#) 12.1411 to [Article](#) 12.1413 of the Rules.

~~Article 12.1410~~ **Last Trading Day**

Trading ceases at 4:15 p.m. (ET) on the third Friday of the ~~contract month~~[Delivery Month](#) if the Underlying Index is published that day. ~~If~~ if it is not published that day, trading will cease on the first preceding ~~trading day~~[Trading Day](#) for which the Underlying Index is scheduled to be published.

~~Article 12.1411~~ **Final Settlement Day**

The final settlement day is the last ~~business day~~[Trading Day](#).

~~Article 12.1412~~ **Final Settlement Price**

- (a) The final Settlement Price shall be determined on the last ~~business day~~[Trading Day](#) by multiplying the official closing level of the FTSE Emerging Markets Index by \$100.
- (b) All Open Positions at the close of the last ~~business day~~[Trading Day](#) will be marked to market using the official closing level of the FTSE Emerging Markets Index on the last ~~business day~~[Trading Day](#) and terminated by cash settlement.

Article 2.1401 ~~Failure of Settlement~~[Default](#)

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.

~~Article 12.1414~~ **Force Majeure**

- (a) In the event that the Bourse is unable to settle a Transaction due to a “Force Majeure” such as, but not limited to, a strike, a fire, an accident, a Government action, an act of God or any other emergency situation, the Bourse shall take all necessary actions required under the circumstances, and its decision shall bind all parties to the Futures Contracts on the FTSE Emerging Markets Index affected by

such Force Majeure. Without limiting the generality of the foregoing, the Bourse may take one or many of the following measures:

- (i) modify the settlement time;
 - (ii) modify the settlement date;
 - (iii) designate alternate or new procedures in the event of conditions interfering with the normal settlement process;
 - (iv) fix a Settlement Price.
- (b) The Bourse shall not 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.

~~Article 12.1415~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

[Reserved Chapters P-Q for Future Contracts]

Chapter R—Canadian and International Share Futures

Article 2.1700 Eligibility Criteria

In order for a Canadian or international Share Futures Contract to be traded on the Bourse, the Underlying Interest shall be a share, an exchange-traded fund or trust unit which is currently traded on a Recognized Exchange, on which an Option or Futures Contract is listed on this same exchange or on any other Recognized Exchange and which meet the criteria of CDCC.

~~Article 12.1701~~ **Expiry Cycle**

The expiry months for Canadian and international Share Futures Contracts are as follows:

- (a) Quarterly Cycle: March, June, September and December.
- (b) Other selected expiry Cycles: January, February, April, May, July, August, October and November.

~~Article 12.1702~~ **Trading Unit**

The Bourse, in consultation with CDCC, shall establish the trading unit for each Share Futures Contract that has been approved for trading.

~~Article 12.1703~~ **Currency**

- (a) Trading, clearing and settlement are in Canadian dollars for Canadian Share Futures Contracts.
- (b) Trading, clearing and settlement are in foreign currency for international Share Futures Contracts.

~~Article 12.1704~~ **Price Quotation**

- (a) Bids and offers on Share Futures Contracts on Canadian Underlying Interests are quoted in Canadian dollars and cents per ~~share~~[Underlying Interest](#).
- (b) Bids and offers on Share Futures Contracts on international Underlying Interests are quoted in foreign currency units per ~~share~~[Underlying Interest](#).

~~Article 12.1705~~ **Minimum Price Fluctuation**

- (a) Unless otherwise determined by the Bourse, the minimum price fluctuation for Share Futures Contracts on Canadian Underlying Interests is CAN \$0.01 per ~~share~~[Underlying Interest](#).
- (b) Unless otherwise determined by the Bourse, the minimum price fluctuation for Share Futures Contracts on international Underlying Interests, is the unit of fluctuation used by the market on which the Underlying Interest is being traded.

~~Article 12.1706~~ **Trading Halts**

- (a) Trading halts shall be coordinated with the triggering of the trading halt mechanism of the Underlying Interest (circuit breaker).
- (b) In the event that a Recognized Exchange suspends trading in the Underlying Interest of an international Share Futures Contract, then the Bourse may take certain measures regarding the Futures Contract concerned, including suspending or halting trading in the Futures Contract.

~~Article 12.1707~~ **Position Limits**

The maximum net Long Position or net Short Position in Share Futures Contracts which a Person may own or control in accordance with Article 6.310 of the Rules shall be as provided for under Article ~~6.309~~[6.309](#).

~~Article 12.1708~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant to Article ~~6.500~~[6.500](#).

~~Article 12.1709~~ **Delivery or Settlement**

- (a) Delivery of Canadian Underlying Interests shall be made in the manner prescribed in ~~Articles~~[Article](#) 12.1713 to [Article](#) 12.1718 of the Rules or by the Clearing Corporation.
- (b) Settlement of International Underlying Interests shall be by cash through the Clearing Corporation. The settlement procedures are those provided for in ~~Articles~~[Article](#) 12.1713 to [Article](#) 12.1718 of the Rules.

~~Article 12.1710~~ **Delivery Standards for [Canadian](#) Underlying Interests**

Shall be deliverable only those Canadian Underlying Interests that are the direct underlying Security of the Futures Contract being subject to ~~delivery~~[Delivery](#).

~~Article 12.1711~~ **Last Trading Day**

- (a) Trading in Canadian Share Futures Contracts ends at 4:00 p.m. on the third Friday of the ~~contract month~~[Delivery Month](#) or, if not a business day, the first preceding business day.
- (b) Except as determined otherwise by the Bourse, trading in international Share Futures Contracts ends at the official closing time of the recognized exchange on which the Underlying Interest is listed, on the third Friday of the ~~contract month~~[Delivery Month](#) or, if not a Business Day, the first preceding Business Day.

~~Article 12.1712~~ **Final Settlement Day**

- (a) For the Canadian Share Futures Contract, the final settlement day shall be the second business day after the last ~~trading day~~[Trading Day](#).
- (b) For international Share Futures Contracts, the final settlement day of a given ~~contract month~~[Delivery Month](#) shall be the first business day following the last ~~day of trading~~[Trading Day](#) in the ~~contract month~~[Settlement Month](#).

~~Article 12.1713~~ **Final Settlement Price**

- (a) For Canadian Shares Futures Contracts, the final Settlement Price shall be the trading unit of the Futures Contract times the closing price of the Underlying Interest of the Futures Contract posted by the Toronto Stock Exchange on the last ~~trading day~~[Trading Day](#).
- (b) Except as determined otherwise by the Bourse, for International shares futures contracts, the final settlement price shall be the trading unit of the futures contract times the closing price of the Underlying Interest of the futures contract on the last ~~trading day~~[Trading Day](#), as posted by the recognized exchange on which such Underlying Interest is listed.

~~Article 12.1714~~ **Settlement Procedures**

- (a) Canadian Shares Futures Contracts are subject to settlement after the close of the last ~~business day~~Trading Day by the Delivery of the Underlying Interests on the final settlement day pursuant to the rules of the Clearing Corporation.
- (b) For International ~~shares futures contracts~~Shares Futures Contracts, all open positions at the close of the last ~~trading day~~Trading Day are marked-to-market using the final settlement price on the final ~~settlement day~~Settlement Price and terminated by cash settlement pursuant to the rules of the Clearing Corporation.

~~Article 12.1715~~ **Delivery ~~Procedure~~Procedures**

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~~Delivery notice by the Approved Participant holding a ~~seller's position~~Short Position.

- (a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign ~~delivery~~Delivery to each of their accounts;
- (b) Only an Approved Participant holding a ~~seller's position~~Short Position can initiate the ~~delivery~~Delivery process;
- (c) All ~~buyers' Long Positions~~ and ~~sellers' positions~~Short Positions still open in a contract after trading has ceased in the contract shall be settled by ~~delivery~~Delivery;
- (d) In the case where a ~~seller's position~~Short Position is still open in a contract after trading has ceased in that contract, and where the Approved Participant does not initiate the ~~delivery~~Delivery process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the ~~delivery~~Delivery process.

~~Article 12.1716~~ **Submission and Assignment of Delivery Notice**

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

- (a) The assignment of a ~~delivery~~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~~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~~Short Position.

~~Article 12.1717~~ **Adjustment to Terms of Contract**

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.

Article 2.1701 ~~Failure of Settlement~~Default

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

~~Article 12.1719~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 12.1720~~ **Emergencies, Acts of God, Actions of Governments**

- (a) In the event that a ~~delivery~~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~~Long Position or a Short 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 ~~of the Bourse~~ 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 ~~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 bind all parties to the Futures Contract. The Board of Directors ~~of the Bourse~~ could, for instance, extend the ~~delivery~~Delivery period or indicate a different location for ~~delivery~~Delivery operations.
- (b) In the event the Board of Directors ~~of the Bourse~~ decides that a shortage of deliverable of Canadian Underlying Interests issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors ~~of the Bourse~~ may, for instance:
- (i) designate as a deliverable issue any other issue of the same issuer that does not meet the criteria in ~~this Chapter~~Article 12.1710; and
 - (ii) in addition to the normal ~~delivery~~Delivery procedures, decide of a cash settlement based on the cash value of a Canadian Underlying Interests on the last ~~day of trading~~Trading Day.

Chapter S—30-Day Overnight Repo Rate Futures

Article 2.1800 Underlying Interest

The ~~underlying issue~~Underlying Interest is the compounded daily overnight repo rate (CORRA).

~~Article 12.1801~~ Expiry Cycle

Unless otherwise determined by the Bourse, the expiry months for trading in 30-day overnight repo rate Futures are as follow:

- (a) Quarterlies: March, June, September and December.
- (b) Serials: The three (3) nearest non-quarterly months.

~~Article 12.1802~~ Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$5,000,000 nominal value of the compounded daily overnight repo rate (CORRA).

~~Article 12.1803~~ Currency

Trading, clearing and settlement of 30-day overnight repo rate Futures are in Canadian dollars.

~~Article 12.1804~~ Price Quotation

Unless otherwise determined by the Bourse, bids and offers for the 30-day overnight repo rate Futures are quoted in terms of an Index equal to 100 points minus the compounded daily overnight repo rate for the ~~contract month~~Delivery Month.

~~Article 12.1805~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation for a 30-day overnight repo rate Futures is 0.005, representing \$20.55 per contract.

~~Article 12.1806~~ Maximum Price Variation Thresholds

There shall be no maximum price variation thresholds.

~~Article 12.1807~~ Position Limits ~~for Repo Rate Futures Contracts~~

The maximum net Long Position or net Short Position in all ~~contract months~~Settlement Months combined in 30-day overnight repo rate Futures Contracts which a Person may own or control in accordance with Article 6.310 is:

- (a) for speculators, 5,000 contracts

- (b) for Hedgers, the greater of:
- (i) 7,000 contracts; or
 - (ii) 20% of the average daily Open Interest for all 30-day overnight repo rate Futures Contracts during the preceding three calendar months. This position limit is established and published by the Bourse on a monthly basis.
- (c) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the greater of (a) and (b) unless an exemption is granted under Article ~~6.310~~[6.311](#).

~~Article 12.1808~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~[6.500](#).

~~Article 12.1809~~ **Settlement Type**

Thirty-day overnight repo rate Futures are cash settled.

~~Article 12.1810~~ **Last Trading Day**

Trading in 30-day overnight repo rate Futures ceases on the last business day of the ~~contract month~~[Delivery Month](#).

~~Article 12.1811~~ ~~final settlement date~~[Final Settlement Date](#)

The final settlement date of a given ~~contract month~~[Settlement Month](#) shall be the first business day following the last ~~day of trading~~[Trading Day](#).

~~Article 12.1812~~ **Final Settlement Price**

In the case of 30-day overnight repo rate Futures Contracts:

- a) On the last day of trading, open contracts will be marked to market based on the daily Settlement Price. A final Settlement Price will be determined on the Final Settlement Date.
- b) The final Settlement Price as determined below by the Bourse shall be used to settle all open 30-day overnight repo rate Futures:
 - i) on the Final Settlement Date, the Bourse shall determine the overnight repo reference rate;
 - ii) Final Settlement Price for the 30-day overnight repo rate Futures shall be 100 minus the overnight repo reference rate, rounded to the nearest 1/1000th of a percentage point. Any value ending by 0.0005 or more shall be rounded up and any value ending by 0.0004 or less shall be rounded down. For example, an overnight repo reference rate value of 1.2635 percent would determine a Final Settlement Price of 98.737;

- (i) the overnight repo reference rate means the compounded daily “Canadian Overnight Repo Rate Average” (CORRA), as determined by the appointed CORRA benchmark administrator, currently Thomson Reuters, over the period of the ~~contract month~~Settlement Month that begins on the first calendar day of the ~~contract month~~Settlement Month and ends on the last calendar day of the ~~contract month~~Settlement Month. Weekend and holiday rates are considered to be the rate applicable on the previous business day. For example, Friday’s rate is used for Saturday and Sunday rates.

Article 2.1801 ~~Failure of Settlement~~Default

Any failure on the part of an Approved Participant in accordance with the aforementioned settlement procedures shall result in the imposition of such penalties as may be determined from time to time by the Bourse.

~~Article 12.1814~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Chapter T—Overnight Index Swap Futures

Article 2.1900 ~~Underlying Issue~~Interest

- (a) The ~~underlying issue~~Underlying Interest is \$5,000,000 nominal value of a fixed for floating interest rate swap where a fixed rate is swapped against a floating rate.
- (b) The floating rate is the compounded daily overnight repo rate (CORRA) over the period of the ~~contract month~~Settlement Month.

~~Article 12.1901~~ **Expiry Cycle**

Unless otherwise determined by the Bourse, the ~~contract months~~Settlement Months for overnight Index swap Futures are listed to match the Bank of Canada’s schedule of fixed announcement dates.

~~Article 12.1902~~ **Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$5,000,000 nominal value of a fixed for floating interest rate swap where a fixed rate is swapped against a floating rate. The floating rate is the compounded daily overnight repo rate (CORRA) over the period of the ~~contract month~~Settlement Month.

~~Article 12.1903~~ **Currency**

Trading, clearing and settlement for overnight Index swap Futures are in Canadian dollars.

~~Article 12.1904~~ Price Quotation

Unless otherwise determined by the Bourse, bids and offers for the overnight Index swap Futures are quoted in terms of an Index of 100 minus R.

- (a) R = the compounded daily overnight repo rate (CORRA) for the ~~contract-month~~Settlement Month. It is calculated in accordance with the following formula:

$$R = \left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{ORR}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d} \times 100$$

where:

- (i) “do”, is the number of business days in the calculation period;
- (ii) “i” is a series of whole numbers from one to do, each representing the relevant business day in chronological order from, and including, the first business day in the relevant calculation period;
- (iii) ORR_i = Overnight Repo Rate (CORRA) on the ith day of the calculation period (if the ith day is not a business day, the previous available CORRA is used);
- (iv) “n_i” is the number of calendar days in the relevant calculation period on which the rate is ORR_i; and
- (v) “d” is the number of calendar days in the relevant calculation period.

~~Article 12.1905~~ Minimum Price Fluctuation

Unless otherwise determined by the Bourse, the minimum price fluctuation is 0.005, representing \$31.25 per contract.

~~Article 12.1906~~ Maximum Price Variation Thresholds

There shall be no maximum price variation thresholds.

~~Article 12.1907~~ Position Limits for Index Swap Futures Contracts

The maximum number of net Long Position or net Short Position in all ~~contract-months~~Settlement Months combined in overnight Index swap Futures Contracts which a Person may own or control in accordance with Article 6.310 is:

- (a) for speculators, 5,000 contracts;
- (b) for Hedgers, the greater of:

- (i) 7,000 contracts; or
 - (ii) 20% of the average daily Open Interest for all overnight Index swap Futures Contracts during the preceding three calendar months. This position limit is established and published by the Bourse on a monthly basis; and
- (c) if deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed the greater of (a) and (b) unless an exemption is granted under Article ~~6.310~~[6.311](#).

~~Article 12.1908~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~[6.500](#).

~~Article 12.1909~~ **Settlement Type**

Overnight Index swap Futures are cash settled.

~~Article 12.1910~~ **Last Trading Day**

The last ~~trading day~~[Trading Day](#) for an overnight Index swap Futures is the day of a Bank of Canada fixed announcement date.

~~Article 12.1911~~ **Final Settlement Date**

The final settlement date of a given ~~contract month~~[Settlement Month](#) shall be the first Business Day following the last ~~day of trading~~[Trading Day](#).

~~Article 12.1912~~ **Final Settlement Price**

In the case of overnight index swap Futures Contracts:

- a) On the last ~~day of trading~~[Trading Day](#), open contracts will be marked to market based on the daily Settlement Price. A final Settlement Price will be determined on the Final Settlement Date.
- b) The final Settlement Price as determined below by the Bourse shall be used to settle all open overnight index swap Futures:
 - i) on the Final Settlement Date, the Bourse shall determine the overnight index swap reference rate;
 - ii) Final Settlement Price for the overnight index swap Futures shall be 100 minus the overnight index swap reference rate, rounded to the nearest 1/1000th of a percentage point. Any value ending by 0.0005 or more shall be rounded up and any value ending by 0.0004 or less shall be rounded down. For example, an overnight index swap reference rate value of 1.2635 percent would determine a final Settlement Price of 98.737;

- iii) the overnight index swap reference rate means the compounded daily “Canadian Overnight Repo Rate Average” (CORRA), as determined by the appointed CORRA benchmark administrator, currently Thomson Reuters, over the period of the ~~contract~~ month Settlement Month that begins the day following the last Bank of Canada Fixed Announcement Date to the day of the next Bank of Canada Fixed Announcement Date. Weekend and holiday rates are considered to be the rate applicable on the previous business day. For example, Friday’s rate is used for Saturday and Sunday rates.

Article 2.1901 ~~Failure of Settlement~~ Default

Any failure on the part of an Approved Participant in accordance with the aforementioned settlement procedures shall result in the imposition of such penalties as may be determined from time to time by the Bourse.

~~Article 12.1914~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~PART 13~~— PRODUCT SPECIFICATIONS FOR OPTIONS ON FUTURES

Chapter A—Options on Ten-Year Government of Canada Bond Futures

Article 2.0 Underlying

The Underlying Interest is a Ten-year Government of Canada Bond Futures.

~~Article 13.1~~ **Expiry Cycle**

The ~~contract months~~Delivery Months for Options on Ten-year Government of Canada Bond Futures are:

- (a) Quarterlies: March, June, September and December.
- (b) Monthlies: Based on the next quarterly Futures Contract that is nearest to the Options contract.

~~Article 13.2~~ **Trading Unit**

The trading unit is one Ten-year Government of Canada Bond ~~futures~~Futures with a \$100,000 face value at maturity.

~~Article 13.3~~ **Premium Quotation**

Bids and offers are quoted in points where each 0.005 point (0.5 basis point) represents \$5.

~~Article 13.4~~ **Reserved**

Article 2.1 ~~Strike~~Exercise Prices

~~Strike prices~~Exercise Prices are set at a minimum of 0.5 point intervals per Ten-year Government of Canada Bond Futures.

- (a) ~~Strike prices~~Exercise Prices shall be listed in the following manner:
 - (i) one ~~strike price~~Exercise Price as close as possible to the Settlement Price of the ~~underlying Futures—~~Underlying Interest on the previous business day, plus a minimum of one ~~strike price~~Exercise Price higher and one ~~strike price~~Exercise Price lower.
- (b) The Bourse may, at its discretion, modify the procedure for the introduction of ~~strike prices~~Exercise Prices as it deems appropriate in order to respond to market condition.

~~Article 13.6~~ **Minimum Fluctuation of the Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the ~~Option~~ Premium is 0.005 point, representing \$5 per contract.

~~Article 13.7~~ **Maximum Price Variation Thresholds**

Options on Ten-year Government of Canada Bond Futures are not subject to maximum price variation thresholds.

~~Article 13.8~~ **Position ~~Limit~~ Limits**

The position limits for Options on Ten-year Government of Canada Bond Futures are the same as the ~~underlying~~ Ten-year Government of Canada Bond Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract ~~positions~~ for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract.

~~Article 13.9~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~ 6.500.

~~Article 13.10~~ **Nature of ~~the Option on Government of Canada Bond~~ Futures/Settlement Type**

- (a) A buyer of one Government of Canada Bond Futures Option may Exercise his Option on any business day up to and including the last ~~trading day~~ Trading Day to assume a position in one Government of Canada Bond Futures contract (long, if the Option is a Call and short, if the Option is a Put) of a specified ~~contract-month~~ Delivery Month at a specified ~~strike price~~ Exercise Price.
- (b) The seller of one Government of Canada Bond Futures Option incurs, if the Option is Exercised, the obligation of assuming a position in one Government of Canada Bond Futures contract (short if the Option is a Call and long if the Option is a Put) of a specified ~~contract-month~~ Delivery Month at a specified ~~strike price~~ Exercise Price.

~~Article 13.11~~ **Currency**

Trading, clearing and settlement of Options on Ten-year Government of Canada Bond Futures are in Canadian dollars.

~~Article 13.12~~ **Last Trading Day ~~of Trading~~**

- (a) Trading ceases on the third Friday of the month preceding the Option ~~Contract-month~~ Delivery Month provided that it is a business day and precedes by at least two (2) business days the first notice day of the underlying Futures.

- (b) If it is not a business day, the last ~~day of trading~~ [Trading Day](#) of the Option is the business day prior to such Friday and preceding by at least two (2) business days the first [Delivery](#) notice day of the underlying Futures.

~~Article 13.13~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

Article 2.2 **Expiration Day**

Expiration occurs on the last ~~day of trading~~ [Trading Day](#).

Chapter B—Regular Options on Three-Month Canadian Bankers’ Acceptance Futures

Article 2.100 **Underlying**

The Underlying Interest is a Three-month Canadian Bankers’ Acceptance Futures that expires during the month in which the Option expires.

~~Article 13.101~~ **Expiry Cycle**

The ~~contract months~~ [Delivery Months](#) for regular Options on Three-month Canadian Bankers’ Acceptance Futures are the eight nearest months in the March, June, September, December quarterly Cycle.

~~Article 13.102~~ **Trading Unit**

The trading unit for one regular Option on Three-month Canadian Bankers’ Acceptance Futures is one Three-month Canadian Bankers’ Acceptance future representing \$1,000,000 nominal value of Three-month Canadian Bankers’ Acceptances.

~~Article 13.103~~ **Premium Quotation**

- (a) Bids and offers are quoted in points where each 0.01 point (1 basis point) represents \$25.
- (b) Cabinet Trades [on deep Out-of-the-money Options](#) (Options with a Premium below 0.01) are quoted in 0.001 point (one-tenth of a basis point) where each 0.001 point represents \$2.50.

~~Article 13.104~~ **Reserved**

Article 2.101 ~~Strike~~ [Exercise Prices](#)

- (a) ~~Strike prices~~ [Exercise Prices](#) are set at minimum intervals of 0.125 points per Three-month Canadian Bankers’ Acceptance Futures.

- (b) One ~~strike price~~Exercise Price as close as possible to the Settlement Price of the underlying Futures on the previous business day, plus two In-the-money and two Out-of-the-money ~~strike prices~~Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of ~~strike prices~~Exercise Prices as it deems appropriate in order to respond to market condition.

~~Article 13.106~~ **Minimum Fluctuation of the Option Premium**

- (a) Unless otherwise determined by the Bourse, the minimum fluctuation of the ~~Option~~ Premium is 0.005 point representing \$12.50 per contract.
- (b) In the case of cabinet Trades on deep Out-of-the-money Options, the minimum price fluctuation of the ~~Option~~ Premium is 0.001 point representing \$2.50 per contract.
- (c) For the purpose of this Chapter, a cabinet Trade is a Trade that allows liquidating a deep Out-of-the-money Option at a Premium that is lesser than 0.01 point. Options with a Premium lesser than 0.01 point shall automatically be considered deep Out-of-the-money Options consequently being able to be quoted and traded at a Premium ranging between 0.001 and 0.009 point.

~~Article 13.107~~ **Maximum Price Variation Thresholds**

Regular Options on Three-month Canadian Bankers' Acceptance Futures are not subject to a maximum price variation thresholds.

~~Article 13.108~~ **Position ~~Limit~~Limits**

The position limits for Options on Futures are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract.

~~Article 13.109~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 13.110~~ **Nature of Option/ Settlement Type**

- (a) A buyer of one regular Three-month Canadian Bankers' Acceptance futures option may Exercise his ~~option~~Option on any business day up to and including the last ~~trading day~~Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance future (Long Position, if the ~~option~~Option is a ~~call~~Call and Short Position, if the ~~option~~Option is a ~~put~~Put) of a specified ~~contract month~~Delivery Month at a specified ~~strike price~~Exercise Price;

- (b) The seller of one regular Three-month Canadian Bankers' Acceptance futures option incurs, if the option is Exercised, the obligation of assuming a position in one Three-month Canadian Bankers' Acceptance future (Short Position, if the ~~option~~Option is a ~~call~~Call and Long Position, if the ~~option~~Option is a ~~put~~Put) of a specified ~~contract-month~~Delivery Month at a specified ~~strike-price~~Exercise Price.

~~Article 13.111~~ **Currency**

Trading, clearing and settlement of regular Options on Three-month Canadian Bankers' Acceptance Futures are in Canadian dollars.

~~Article 13.112~~ **Last ~~Day of~~ Trading Day**

- (a) Trading ceases at 10:15 a.m. (Montréal time) on the second London (Great Britain) banking day prior to the third Wednesday of the ~~contract-month~~Delivery Month or, if it is not a business day, on the first preceding business day.
- (b) Options with an expiry that does not coincide with the expiry of the underlying futures shall cease trading at the date and at the time referred to in the options contract. Otherwise, options shall cease trading on the same day and time as the underlying futures.

~~Article 13.113~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 13.114~~ **Expiration Day**

Expiration occurs on the last ~~day of trading~~Trading Day on the Delivery Month.

Chapter C—Serial Mid-Curve Options on Three-Month Canadian Bankers' Acceptance Futures

Article 2.200 Underlying

The Underlying Interest is a Three-month Canadian Bankers' Acceptance Futures that expires one year from the next quarterly month that is nearest to the expiration of the Option.

~~Article 13.201~~ **Expiry Cycle**

The ~~contract-months~~Delivery Months for Serial Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are the two (2) nearest non-quarterly months (serials) in the January, February, April, May, July, August, October, November Cycle.

~~Article 13.202~~ **Trading Unit**

The trading unit for one Serial Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures is one Three-month Canadian Bankers' Acceptance future representing \$1,000,000 nominal value of Three-month Canadian Bankers' Acceptances.

~~Article 13.203~~ **Premium Quotation**

- (a) Bids and offers are quoted in points where each 0.01 point (1 basis point) represents \$25.
- (b) Cabinet Trades [on deep Out-of-the money Options](#) (Options with a Premium below 0.01) are quoted in 0.001 point (one-tenth of a basis point) where each 0.001 point represents \$2.50.

~~Article 13.204~~ **Reserved**

Article 2.201 ~~Strike~~[Exercise Prices](#)

- (a) ~~Strike prices~~[Exercise Prices](#) are set at minimum intervals of 0.125 point per Three-month Canadian Bankers' Acceptance future.
- (b) One ~~strike price~~[Exercise Price](#) as close as possible to the Settlement Price of the underlying Futures on the previous business day, plus two In-the-money and two Out-of-the-money ~~strike prices~~[Exercise Prices](#) will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of ~~strike prices~~[Exercise Prices](#) as it deems appropriate in order to respond to market conditions.

~~Article 13.206~~ **Minimum Fluctuation of the Option Premium**

- (a) Unless otherwise determined by the Bourse, the minimum fluctuation of the ~~Option~~ Premium is 0.005 point representing \$12.50 per contract. In the case of cabinet Trades [on deep Out-of-the-money Options](#), the minimum price fluctuation of the ~~Option~~ Premium is 0.001 point representing \$2.50 per contract.
- (b) For the purpose of this Chapter, a cabinet Trade is a Trade that allows liquidating a deep ~~out~~[Out](#)-of-the-money Option at a Premium that is lesser than 0.01 point. Options with a Premium lesser than 0.01 point shall automatically be considered deep ~~out~~[Out](#)-of the-money Options consequently being able to be quoted and traded at a Premium ranging between 0.001 and 0.009 point.

~~Article 13.207~~ **Maximum Price Variation Thresholds**

Serial Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are not subject to a maximum price variation thresholds.

~~Article 13.208~~ **Position ~~Limit~~Limits**

The position limits for Options on Futures are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract.

~~Article 13.209~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~.6.500.

~~Article 13.210~~ **Nature of Option/ Settlement Type**

- (a) A buyer of one Serial Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures may Exercise his Option on any business day up to and including the last ~~trading day~~Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance Future (Long Position, if the ~~option~~Option is a ~~call~~Call and Short Position, if the ~~option~~Option is a ~~put~~Put) of a specified ~~contract month~~Settlement Month at a specified ~~strike price~~Exercise Price.
- (b) The seller of one Serial Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures incurs, if the Option is Exercised, the obligation of assuming a position in one Three-month Canadian Bankers' Acceptance Futures (Short Position, if the Option is a ~~call~~Call and Long Position, if the Option is a ~~put~~Put) of a specified ~~contract month~~Settlement Month at a specified ~~strike price~~Exercise Price.

~~Article 13.211~~ **Currency**

Trading, clearing and settlement of Serial Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are in Canadian dollars.

~~Article 13.212~~ **Last Trading Day**

- (a) Trading ceases at 4:30 p.m. (Montréal time) on the Friday immediately preceding the third Wednesday of the ~~contract month~~Delivery Month or, if it is not a business day, on the first preceding business day.
- (b) Options with an expiry that does not coincide with the expiry of the underlying Futures shall cease trading at the date and at the time referred to in the Options contract. Otherwise, Options shall cease trading on the same day and time as the underlying Futures.

~~Article 13.213~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 13.214~~ **Expiration Day**

Expiration occurs on the last ~~trading day~~Trading Day of the ~~contract month~~Delivery Month.

Chapter D—One-Year Quarterly Mid-Curve Options on the Three-Month Canadian Bankers Acceptance Futures

Article 2.300 Underlying

The Underlying Interest is the corresponding Three-month Canadian Bankers' Acceptance Futures that expires one year after the Option expires.

~~Article 13.301~~ **Expiry Cycle**

The ~~contract months~~Delivery Months for One-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures are the four (4) nearest months in the March, June, September, December quarterly Cycle.

~~Article 13.302~~ **Trading Unit**

The trading unit for one One-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures is one Three-month Canadian Bankers' Acceptance future representing \$1,000,000 nominal value of Three-month Canadian Bankers' Acceptances.

~~Article 13.303~~ **Premium Quotation**

- (a) Bids and offers are quoted in points where each 0.01 point (1 basis point) represents \$25.
- (b) Cabinet Trades on deep Out-of-the-money Options (Options with a Premium below 0.01) are quoted in 0.001 point (0.1 basis point) where each 0.001 point represents \$2.50.

~~Article 13.304~~ **Reserved**

Article 2.301 ~~Strike~~Exercise Prices

- (a) ~~Strike prices~~Exercise Prices are set at minimum intervals of 0.125 points per Three-month Canadian Bankers' Acceptance future.
- (b) One ~~strike price~~Exercise Price as close as possible to the Settlement Price of the underlying Futures on the previous business day, plus two In-the-money and two Out-of-the-money ~~strike prices~~Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of ~~strike prices~~Exercise Prices as it deems appropriate in order to respond to market condition.

~~Article 13.306~~ **Minimum Fluctuation of the Option Premium**

- (a) Unless otherwise determined by the Bourse, the minimum fluctuation of the ~~Option~~ Premium is 0.005 point representing \$12.50 per contract.
- (b) In the case of cabinet Trades on deep Out-of-the-money Options, the minimum price fluctuation of the ~~Option~~ Premium is 0.001 point representing \$2.50 per contract.

For the purpose of this Chapter, a cabinet Trade is a Trade on deep Out-of-the-money Options that allows liquidating a deep out-of-the-money Option at a Premium that is lesser than 0.01 point. Options with a Premium lesser than 0.01 point shall automatically be considered deep ~~out~~ Out-of-the-money Options consequently being able to be quoted and traded at a Premium ranging between 0.001 and 0.009 point.

~~Article 13.307~~ **Maximum Price Variation Thresholds**

One-year Quarterly Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are not subject to a maximum price variation thresholds.

~~Article 13.308~~ **Position ~~Limit~~ Limits**

The position limits for Options on Futures are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract.

~~Article 13.309~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~ 6.500.

Article 2.302 Nature of Option/ Settlement Type

- (a) A buyer of one One-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures may Exercise his Option on any business day up to and including the last ~~trading day~~ Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance Future (Long Position, if the ~~option~~ Option is a ~~call~~ Call and Short Position, if the ~~option~~ Option is a ~~put~~ Put) of a specified ~~contract month~~ Settlement Month at a specified ~~strike price~~ Exercise Price.
- (b) The seller of one One-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures incurs, if the option is Exercised, the obligation of assuming a position in one Three-month Canadian Bankers' Acceptance Future (Short Position, if the ~~option~~ Option is a ~~call~~ Call and Long Position, if the ~~option~~ Option is a ~~put~~ Put) of a specified ~~contract month~~ Settlement Month at a specified ~~strike price~~ Exercise Price.

~~Article 13.311~~ **Currency**

Trading, clearing and settlement of One-year Quarterly Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are in Canadian dollars.

~~Article 13.312~~ **Last Trading Day**

- (a) Trading ceases at 4:30p.m. (Montréal time) on the Friday immediately preceding the third Wednesday of the ~~contract-month~~Delivery Month or, if it is not a business day, on the first preceding business day.
- (b) Options with an expiry that does not coincide with the expiry of the underlying Futures shall cease trading at the date and at the time referred to in the Options contract. Otherwise, Options shall cease trading on the same day and time as the underlying Futures.

~~Article 13.313~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 13.314~~ **Expiration Day**

Expiration occurs on the last ~~trading-day~~Trading Day of the ~~contract-month~~Delivery Month.

Chapter E—Two-Year Quarterly Mid-Curve Options on the Three-Month Canadian Bankers' Acceptance Futures

Article 2.400 Underlying

The Underlying Interest is a Three-month Canadian Bankers' Acceptance future that expires two years after the Option expires.

~~Article 13.401~~ **Expiry Cycle**

The ~~contract-months~~Delivery Months for Two-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures are the four (4) nearest months in the March, June, September, December quarterly Cycle.

~~Article 13.402~~ **Trading Unit**

The trading unit for one Two-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures is one Three-month Canadian Bankers' Acceptance future representing \$1,000,000 nominal value of Three-month Canadian Bankers' Acceptances.

~~Article 13.403~~ **Premium Quotation**

- (a) Bids and offers are quoted in points where each 0.01 point (1 basis point) represents \$25.

- (b) Cabinet Trades on deep Out-of-the-money Options (Options with a Premium below 0.01) are quoted in 0.001 point (0.1 basis point) where each 0.001 point represents \$2.50.

~~Article 13.404~~ **Reserved**

Article 2.401 ~~Strike~~Exercise Prices

- (a) ~~Strike prices~~Exercise Prices are set at minimum intervals of 0.125 points per Three-month Canadian Bankers' Acceptance future.
- (b) One ~~strike price~~Exercise Price as close as possible to the Settlement Price of the underlying Futures on the previous business day, plus two In-the-money and two Out-of-the-money ~~strike prices~~Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of ~~strike prices~~Exercise Prices as it deems appropriate in order to respond to market conditions.

~~Article 13.406~~ **Minimum Fluctuation of the Option Premium**

- (a) Unless otherwise determined by the Bourse, the minimum fluctuation of the ~~Option~~ Premium is 0.005 point representing \$12.50 per contract.
- (b) In the case of cabinet Trades on deep Out-of-the-money Options, the minimum price fluctuation of the ~~Option~~ Premium is 0.001 point representing \$2.50 per contract.
- (c) For the purpose of this Chapter, a cabinet Trade is a Trade that allows liquidating a deep ~~out~~Out-of-the-money Option at a Premium that is lesser than 0.01 point. Options with a Premium lesser than 0.01 point shall automatically be considered deep ~~out~~Out-of-the-money Options consequently being able to be quoted and traded at a Premium ranging between 0.001 and 0.009 point.

~~Article 13.407~~ **Maximum Price Variation Thresholds**

Two-year Quarterly Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are not subject to a maximum price variation thresholds.

~~Article 13.408~~ **Position** ~~Limit~~Limits

The position limits for Options on Futures are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract.

~~Article 13.409~~ **Position Reporting Threshold**

The position reporting threshold is set pursuant Article ~~6.500~~6.500.

~~Article 13.410~~ **Nature of Option/ Settlement Type**

- (a) A buyer of one Two-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures may Exercise his Option on any business day up to and including the last ~~trading-day~~Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance Future (Long Position, if the ~~option~~Option is a ~~call~~Call and Short Position, if the ~~option~~Option is a ~~put~~Put) of a specified ~~contract-month~~Settlement Month at a specified ~~strike-price~~Exercise Price.
- (b) The seller of one Two-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures incurs, if the Option is Exercised, the obligation of assuming a position in one Three-month Canadian Bankers' Acceptance Future (Short Position, if the ~~option~~Option is a ~~call~~Call and Long Position, if the ~~option~~Option is a ~~put~~Put) of a specified ~~contract-month~~Settlement Month at a specified ~~strike-price~~Exercise Price.

~~Article 13.411~~ **Currency**

Trading, clearing and settlement of Two-year Quarterly Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are in Canadian dollars.

~~Article 13.412~~ **Last Trading Day**

- (a) Trading ceases at 4:30 p.m. (Montréal time) on the Friday immediately preceding the third Wednesday of the ~~contract-month~~Delivery Month or, if it is not a business day, on the first preceding business day.
- (b) Options with an expiry that does not coincide with the expiry of the underlying Futures shall cease trading at the date and at the time referred to in the Options contract. Otherwise, Options shall cease trading on the same day and time as the underlying Futures.

~~Article 13.413~~ **Trading Hours**

Trading hours will be determined and published by the Bourse.

~~Article 13.414~~ **Expiration Day**

Expiration occurs on the last ~~trading-day~~Trading Day of the ~~contract-month~~Delivery Month.

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Deletion	
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Format change	
Moved deletion	
Inserted cell	
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Moved cell	
Split/Merged cell	
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