

# **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 their 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 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 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 January 1<sup>st</sup>, 2019 reorganizes and restates the version of the Rules previously in force. A 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, 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 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.

**Bitcoin Price Index** means the US dollar value of one bitcoin unit based upon actual transactions occurring on select bitcoin exchanges, which is provided to the Bourse by a third party.

**Board of Directors** (Conseil d'Administration) means the board of 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 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.

**Bourse** (Bourse) means Bourse de Montréal Inc.

**Call** (Option d'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 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.

**CDOR Cessation Event** (Événement Déclencheur de l'Abandon du Taux CDOR) means the permanent cessation of the calculation and publication of all tenors of CDOR following a final publication on June 28, 2024, as announced on May 16, 2022 by the administrator of CDOR, currently Refinitiv Benchmark Services (UK) Limited ("RBSL").

**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, Approved Person or employee of such an Approved Participant, member or Related Firm, as the case may be, has a direct or indirect interest, other than an interest in a commission charged.

**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, 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).

**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 an Approved Participant or an Approved Person declared as a defaulter pursuant to Article 4.801 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, an Index, an economic Index or any other asset.

**Designated Representative** (Représentant Attitré) means a physical Person appointed by the 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.

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

**Electronic Trading Rules** (Règles sur la Négociation Électronique) has the meaning given to that term in the definitions of Article 3.5 of the Rules.

**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 document issued by a Financial Institution approved by the Clearing Corporation certifying that the Underlying Interest or its direct substitute

approved by the Bourse and the Clearing Corporation is held by such Financial Institution to Guarantee a specified 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 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 20 business days, such rate to be reset at the close of the 20<sup>th</sup> 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 60 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 or two 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.

**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 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 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 and Definitions of the “Form 1” of the Canadian Investment Regulatory Organization.

**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 Persons referred to in paragraph (a);
- (c) a personal 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 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 portfolio and the exercise of voting and other rights attaching to instruments and Securities contained in the 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 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 portfolio and the exercise of voting and other rights attaching to instruments and Securities contained in the 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;

*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 their 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 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 their 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 Integrity Rules** (Règles d'Intégrité du Marché) means all Rules relating to market integrity, including, without limitation:

- (a) the rules relating to the establishment of the Regulatory Division and its functions, oversight and administrative structure;
- (b) the standards concerning the integrity, competencies and admission requirements for Approved Participants; and
- (c) the rules governing the conduct of Approved Participants.

**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.

**Bourse Self-Regulatory Oversight Committee** (Comité de Surveillance en matière d'Autoréglementation de la Bourse) means the Bourse Self-Regulatory Oversight Committee of the Regulatory Division appointed by the Board of Directors, to perform those functions and to exercise those powers provided in its charter.

**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 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 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 or an Approved Person.

**Public Interest Mandate** (Mandat d'Intérêt Public) means the public interest mandate of the Bourse established under Section 26 of the Derivatives Act.

**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.

**Recognition Order** (Décision de Reconnaissance) means the order No. 2023-PDG-0012 from the Autorité des marchés financiers recognizing the Bourse as an exchange and as a self-regulatory organization, dated April 4, 2023 (as may be modified from time to time).

**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 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; which carries on as a substantial part of its business that of a broker, 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 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 1 of the Québec *Securities Act*, CQLR, c. V-1.1 and shall include, where the context requires, Futures Contracts.

**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.

**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 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.

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2020.02.07, 2020.10.14, 2023.05.02, 2023.12.15, 2024.01.15

#### **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 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 that Person or by an affiliate of such corporation; or
  - (e) a corporation shall be deemed to beneficially own Securities held by its affiliates.

**Article 1.104 Delegation**

- (a) Unless otherwise specified and subject to compliance with any applicable law (including any order or requirement of a Securities Regulator), the following individuals may delegate the powers and obligations granted to them under these Rules to an employee of the Bourse:
  - (i) the President of the Bourse;
  - (ii) the President, Regulatory Division; and
  - (iii) the Chief Legal Officer.
- (b) For greater clarity:
  - (i) No delegated powers or obligations may be further sub-delegated;
  - (ii) The powers and obligations of the President, Regulatory Division may be delegated only to an employee of the Bourse who is a member of the Regulatory Division.

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2023.05.02

**Article 1.105      Governing Law and Forum**

These Rules are governed exclusively by, and are to be construed and interpreted exclusively in accordance with, the laws applicable in the Province of Quebec. Any Person subject to these Rules irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Quebec, in the judicial district of Montreal

**Article 1.106      Headings**

The headings and titles used in these Rules are for reference purposes only and have no legal effect.

## **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, its designated officers or by any committee or Person designated by the Board of Directors 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 functions 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.

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2022.02.18

#### **Article 2.101 Functions of the Regulatory Division**

The Regulatory Division carries on its functions 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;
  - (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 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.

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2022.02.18

**Article 2.102 Administrative Structure of the Regulatory Division**

- (a) The Regulatory Division shall be managed by the President, Regulatory Division, who, except for matters within the purview of the Bourse Self-Regulatory Oversight Committee or the Board of Directors, shall have the authority to make all decisions relating to the Regulatory Division.
- (b) The President, Regulatory Division and all other managers of the Regulatory Division shall reside in Québec.
- (c) The President, Regulatory Division shall report to the Bourse Self-Regulatory Oversight Committee in regard to all regulatory and disciplinary matters and the President, Regulatory Division or such Person's designee shall attend the meetings of the Bourse Self-Regulatory Oversight Committee.
- (d) With regard to day-to-day administrative matters, the 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 from Approved Participants or by the Bourse upon recommendation to the Board of Directors by the Bourse Self-Regulatory Oversight 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;
  - (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 Bourse Self-Regulatory Oversight Committee, for any of the following purposes:
    - (1) the education or information of 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.

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2023.05.02

## **Chapter C — Bourse Self-Regulatory Oversight Committee of the Regulatory Division**

### **Article 2.200 Bourse Self-Regulatory Oversight Committee of the Regulatory Division**

The Bourse Self-Regulatory Oversight Committee shall be appointed by the Board of Directors to perform those functions and to exercise those powers provided in its charter. 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.

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2022.02.18, 2023.05.02

## **Chapter D — Advisory Committee on Self-Regulation**

### **Article 2.300 Advisory Committee on Self-Regulation**

The Advisory Committee on Self-Regulation shall be appointed by the Bourse Self-Regulatory Oversight Committee to perform those functions and to exercise those powers provided in this Chapter.

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2023.05.02

### **Article 2.301 Composition of the Advisory Committee on Self-Regulation**

The Advisory Committee on Self-Regulation shall consist:

- (i) of at least 50% of Persons who are Québec residents at the time of their appointment and for the duration of their term;
- (ii) entirely of Persons who satisfy the independence criteria set out in the Recognition Order (except for Persons representing an Approved Participant of the Bourse as provided for in paragraph v. below);
- (iii) entirely of Persons who have expertise in derivative;
- (iv) of at least two-thirds of Persons who have legal expertise in compliance or in self-regulation in securities or derivatives;
- (v) of at least one Person who represents a permitted client (as defined in Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations (“Regulation 31-103”)) of an Approved Participant;
- (vi) of at least one Person who represents an Approved Participant; and
- (vii) of at least one Person who represents the interests of clients of Approved Participants other than permitted clients (as defined in Regulation 31-103).

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2023.05.02

### **Article 2.302 Quorum**

The quorum at meetings shall be constituted of a majority of members in office of the Advisory Committee on Self-Regulation attending in Person, by telephone or by videoconference and at least 50%

of members so attending must be Québec residents within the meaning of the Recognition Order and must satisfy the independence criteria set out in the Recognition Order.

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2023.05.02

**Article 2.303      Responsibilities of the Advisory Committee on Self-Regulation**

The Advisory Committee on Self-Regulation shall formulate recommendations to the Regulatory Division about draft Market Integrity Rules and amendments to Market Integrity Rules to help the Bourse perform its Public Interest Mandate.

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2023.05.02

## **PART 3 - APPROVED PARTICIPANTS AND APPROVED PERSONS**

### **Chapter A — Admission Criteria and Process for Approved Participants**

#### **Article 3.0 Admission**

- (a) Each Approved Participant must be approved as such by the Bourse Self-Regulatory Oversight 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 criteria set forth in the Regulations of the Bourse to remain an Approved Participant.

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2020.10.14, 2023.05.02

#### **Article 3.1 Registration**

No one may claim to be an Approved Participant 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) it complies with all the conditions required under this Article;
- (b) 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, 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 in Securities or Derivative Instruments and it must 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, it initially, and as a 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, 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 in Securities or Derivative Instruments and it must 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 Bourse Self-Regulatory Oversight 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.

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2023.05.02

### **Article 3.3 Admission Criteria for Foreign Approved Participants**

- (a) In addition to the requirements of Article 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, through their respective Clearing Approved Participants, with the prior approval of the Bourse, may have access to the Electronic Trading System for Derivatives Instruments traded on the Bourse, subject to meeting the following conditions. Such Approved Participants must:
  - (i) certify to the Bourse that only the Approved Persons who have received the required training have access to the Electronic Trading System; and
  - (ii) 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.

### Article 3.5 Sponsored Access

- (a) Definitions. For the purposes of this Article:
- (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, 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.
  - (iii) “Electronic Trading Rules” means *Regulation 23-103 respecting Electronic Trading and Direct Electronic Access to Marketplaces* (V-1.1, r. 7.1) as well as any applicable policy statement or notice.
- (b) Sponsored Access Permitted. Approved Participants may authorize clients to transmit orders electronically to the Bourse through the 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 (8);
    - (5) the client shall fully cooperate with the Approved Participant in connection with any investigation or proceeding by the Bourse with respect 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
  - (2) the client ensures that the orders of the other Person are initially transmitted through the systems of the client; and
  - (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) 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) 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.

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### **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 Bourse Self-Regulatory Oversight Committee**

- (a) In considering whether it should approve an application for admission as an Approved Participant, the Bourse Self-Regulatory Oversight 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 Bourse Self-Regulatory Oversight Committee must give the applicant an opportunity to be heard.
- (b) If the Bourse Self-Regulatory Oversight Committee rejects an application for admission as an Approved Participant, at least six months must elapse before the applicant may again submit an application; *provided however*, if presented with a new fact during this six month period, the Bourse Self-Regulatory Oversight Committee may review its decision and the provisions of paragraph (a) shall apply, with the necessary modifications, to the decision to review the application for admission and the review process itself.

**Article 3.8 Reserved**

**Chapter B — Chapter B—Obligations of Approved Participants**

**Article 3.100 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 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 and Designated Representative comply with the provisions of the Regulations of the Bourse.

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### **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 Approved Participant must notify the Bourse in writing within 10 Business Days:

- (a) of the termination of employment of an Approved Person or a Designated Representative. The 10 Business Days delay starts on the first 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 the cessation in the appointment of a Designated Representative, other than a termination of employment. The 10 Business Days delay starts on the first Business Day following the date the cessation of appointment becomes effective and the written notice must be made, as the case may be, in the form prescribed by the Bourse;
- (c) of any non-compliance with any of the provisions of Article 3.2(c) or (d), as applicable, except for matters where a specific prior notification obligation is provided for;
- (d) of any proposed change in or amendment to any document:
  - (i) relating to the Partnership agreement or constitution of the Partnership Approved Participant or its partners which has been filed with the Bourse or which the Bourse requires to be filed with it; or

- (ii) relating to the constitution, capital or shares of the Corporate Approved Participant or the rights of its shareholders which has been filed with the Bourse or which the Bourse requires to be filed with it;
- (e) of all positions taken in a Person or entity that is not an Approved Participant.

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**Article 3.104 Appointment of a Designated Representative**

- (a) The Approved Participant must at all times have a Designated Representative appointed to act as the representative of the Approved Participant with full authority to act for and bind the Approved Participant in all communications and dealings with the Regulatory Division and with the Market Operations Department pursuant to Article 6.9.
- (b) The Designated Representative shall be:
  - (i) a director sitting on the board of directors of a Corporate Approved Participant; or
  - (ii) a director sitting on the board of directors of the Corporate Approved Participant's Parent Company; or
  - (iii) an Officer of the Corporate Approved Participant; or
  - (iv) a partner of a Partnership Approved Participant; or
  - (v) an individual employed by the Approved Participant and registered as chief compliance officer or in a similar capacity, as applicable, in the jurisdiction the Approved Participant is located.
- (c) An Approved Participant may appoint more than one Designated Representative if it deems fit based on its model of operation. The Approved Participant shall include in its notification to the Regulatory Division the rationale for having more than one Designated Representative. Notwithstanding the appointment of more than one Designated Representative under this article, any communication between the Regulatory Division, in any form whatsoever, and any one Designated Representative shall be deemed to be a binding communication with the Approved Participant;
- (d) The appointment of a Designated Representative must forthwith be filed with the Regulatory Division in the form prescribed by the Bourse;
- (e) Any vacancy in such appointment must be filled promptly.

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**Article 3.105 Notification to the 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) commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3; or
  - (iv) becomes a debtor company within the meaning of the Companies' Creditor Arrangement Act.
- (b) An Approved Participant must diligently conduct a review in accordance with its internal supervision policies and procedures upon becoming aware that, such Approved Participant, an employee, an Approved Person, or a client authorized pursuant to Article 3.5 possibly violated the Rules pertaining to:
- (i) Article 7.6 respecting front running;
  - (ii) Article 7.5 respecting manipulative or deceptive methods of trading;
  - (iii) Article 7.3 respecting best execution;
  - (iv) Articles 3.4 and 3.5 respecting access to electronic trading;
  - (v) Articles 6.114 and 6.116 respecting management of priorities;
  - (vi) Articles 6.203, 6.204, 6.205, 6.206 and 6.207 respecting Transactions required on Bourse facilities;
  - (vii) Article 6.200 respecting Off-Exchange Transfers of Existing Positions on a Listed Product;
  - (viii) Article 6.208 respecting Exchange of Futures for Related Products.
- (c) If upon the completion of the review provided for in paragraph (b), an Approved Participant concludes to a possible violation of any of the obligations, prohibitions or requirements listed in paragraph (b), it must notify the Regulatory Division in the prescribed manner within 10 business 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 7 years as of the date of the conclusion of the review and must be made available to the Regulatory Division upon request.
- (e) The obligations of an Approved Participant provided for in this Article are in addition to the other obligations stipulated in the 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 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 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, 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 Article 4.2 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 of the Rules (except with respect to examinations), Articles 3.100, 3.110, 4.101, 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, 6.309 and following regarding position limits, 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 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, 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.

**Article 3.113 Notification to the Regulatory Division of a cybersecurity incident**

- (a) For the purposes of this Article, a “cybersecurity incident” includes any act to gain unauthorized access to, disrupt or misuse an Approved Participant’s information system, or information stored on such information system, that has resulted in, or has a reasonable likelihood of resulting in a material impact:
  - (i) on the normal operations of the Approved Participant in connection with its access to the Electronic Trading System, or
  - (ii) on the capacity of the Approved Participant to comply with any of its obligations prescribed by the Regulations of the Bourse.
- (b) The Approved Participant must report in writing to the Regulatory Division, in the manner prescribed by the Regulatory Division, any cybersecurity incident,
  - (i) within three calendar days upon discovering a cybersecurity incident, and must include, unless otherwise agreed by the Regulatory Division, the following information:
    - (1) a description of the cybersecurity incident,
    - (2) the date on which or the time period during which the cybersecurity incident occurred and the date it was discovered by the Approved Participant,
    - (3) a preliminary assessment of the cybersecurity incident, including the impact on the operations of the Approved Participant,
    - (4) a description of immediate incident response steps the Approved Participant has taken to mitigate the impact on its operations, and
    - (5) the name of and contact information for an individual who can answer, on behalf of the Approved Participant, any of the Regulatory Division’s requests for information about the cybersecurity incident.
  - (ii) within 30 calendar days, unless otherwise agreed by the Regulatory Division, from discovering a cybersecurity incident, and must include the following information:
    - (1) a description of the cause of the cybersecurity incident,

- (2) an assessment of the scope of the cybersecurity incident, including the impact on the operations of the Approved Participant,
- (3) details of the steps taken by the Approved Participant to mitigate the impact on its operations, and
- (4) actions the Approved Participant has taken or will take to improve its cybersecurity incident preparedness.

## **Chapter C — Financial Requirements of Approved Participants**

### **Article 3.200 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 Canadian Investment Regulatory Organization.
- (b) Where a Foreign Approved Participant is also a regulated entity, as defined in the Canadian Investment Regulatory Organization “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.

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

### **Article 3.300 Process for Resignation**

- (a) No Approved Participant may resign without the prior approval of the Bourse Self-Regulatory Oversight Committee, which may be withheld until the Bourse Self-Regulatory Oversight Committee determines that it is satisfied that the Approved Participant will fully comply with any investigation or proceedings that are ongoing or may arise following the Approved Participant’s resignation. In making that determination, the Bourse Self-Regulatory Oversight Committee shall take into account anything that it deems relevant, which may include an assessment of the likelihood that the Approved Participant will maintain its existence and financial resources following its resignation. To satisfy itself as to the foregoing, the Bourse Self-Regulatory Oversight Committee may condition its acceptance of the resignation on the provision of such things and undertakings as it sees fit, which may include undertakings to maintain the

Approved Participant's existence or financial guarantees from any Person with control over the Approved Participant.

- (b) An Approved Participant wishing to resign must file with the President, Regulatory Division a written application signed by a partner, a director or an Officer of the Approved Participant to obtain the Bourse Self-Regulatory Oversight 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 President, Regulatory Division all financial or other information deemed relevant by the President, Regulatory Division, or required by the Bourse Self-Regulatory Oversight Committee.
- (d) An Approved Participant who has tendered its resignation shall cease to be an Approved Participant on the date of its resignation approval by the Bourse Self-Regulatory Oversight Committee or on any other date designated by the Bourse Self-Regulatory Oversight Committee.
- (e) This procedure shall apply in cases of merger and similar agreements between Approved Participants.

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### **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 3.302 Suspension and Revocation**

- (a) An Approved Participant that no longer complies with the conditions to be an Approved Participant set forth in the Regulations of the Bourse may be suspended or have its Bourse Approval revoked by the Bourse Self-Regulatory Oversight Committee on the recommendation of the President, Regulatory Division.
- (b) Where a Person, other than an Approved Participant, no longer complies with the conditions of a Bourse Approval held by that Person, that Bourse Approval may be suspended or revoked. Suspension or revocation of Bourse Approval shall automatically preclude that Person from acting in the capacity for which the suspended or revoked 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.
- (c) Any Person who may have their Bourse Approval suspended or revoked under this Article shall be notified by the Bourse and provided the opportunity to submit observations before a suspension or revocation is recommended or confirmed.

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**Article 3.303      Effects of Suspension or Revocation**

- (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 their functions at the Bourse.
- (c) An Approved Participant or Person who is suspended shall remain subject to the jurisdiction of the Bourse. Where the Bourse Approval of an Approved Participant or Person has been revoked they shall remain subject to the jurisdiction of the Bourse, in accordance with Article 4.2 (c).
- (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 3.400      Application for Approval**

- (a) Any Person employed by an Approved Participant or an affiliated corporation or subsidiary of an Approved Participant who wishes to have access to the Electronic Trading System in order to act as an Approved Person in accordance with the Rules must submit an application for approval 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.
- (b) 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, the Approved Participant and, where applicable, the affiliated corporation or subsidiary of the Approved Participant that employs the applicant.

- (c) To be eligible for approval by the Bourse, an Approved Person must, among others, be at least 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.
- (d) The training requirements prescribed by the Bourse shall be valid for a period of 24 months from the date the training requirements are successfully completed or from the date of termination of employment as an Approved Person, whichever occurs last.

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

- (a) Subject to the prior written approval of the Bourse to the contrary, an Approved Person may only transact business for the account of the Approved Participant for whom the Approved Person is acting in accordance with Article 3.400 and for the accounts of the Approved Participant's clients.
- (b) 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.

**Article 3.402      Joint Accounts**

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

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

No Approved Person may maintain, in their 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, without the written consent of the Approved Participant as required by Article 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      Transfers of Approved Persons**

- (a) An Approved Participant must not allow a person to have access to the Electronic Trading System as an Approved Person where the person was formerly acting as an

Approved Person for another Approved Participant, unless the Bourse approves a transfer under this Article. Any transfer application must:

- (i) be submitted in the form prescribed by the Bourse;
  - (ii) meet the conditions specified in paragraph (b) of Article 3.405; and
  - (iii) be signed by both the Approved Person and the Approved Participant as well as, as the case may be, by the affiliated corporation or subsidiary of an Approved Participant employing the Approved Person..
- (b) The Bourse approves a transfer if the following conditions are met:
- (i) the prior Approved Participant has notified the Bourse of the termination of employment as required under Article 3.404;
  - (ii) the transfer application date does not exceed 90 days from the date of termination of employment.
- (c) If the conditions specified in paragraph (b) of Article 3.405 are not met:
- (i) an application for approval pursuant to Article 3.400 must be submitted to the Bourse; and
  - (ii) any person acting as an Approved Person before November 1, 2019 must fulfill the training requirements prescribed by the Bourse at the time the application is submitted.

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#### **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, such Approved Person may be suspended or its Bourse Approval may be revoked by the Bourse Self-Regulatory Oversight Committee or the Person or Persons authorized to give such Bourse Approval.
- (b) In the event of a suspension or revocation of Bourse Approval of an Approved Person pursuant to this Article or pursuant to Article 4.400, unless otherwise ordered by the President, 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 President, 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 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 Article 4.2 (c).

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2023.05.02

## PART 4 - THE CONDUCT OF THE REGULATORY FUNCTIONS OF THE BOURSE

### Chapter A — Definitions and General Provisions

#### Article 4.1 Definitions

The terms defined in this Chapter have the meanings, and the corresponding term in French, set out as follows for purposes of Part 4 of the Rules:

**Agent for Service** (Mandataire aux Fins de Signification) means a Person whom a Regulated Person has appointed as agent for the service of process with respect to any Notice of Proceedings or other document that the Bourse may serve on that Regulated Person.

**Disciplinary Complaint** (Plainte Disciplinaire) means a disciplinary complaint filed by the Bourse against one or more Regulated Persons.

**Document** (Document) means, without limitation, files, books, registers, accounts, data, records, whatever their storage medium and whatever the means by which they may be accessed, including all books of accounts, securities, documents, banking and investment account records, trading and supervisory records, client files and records, accounting and financial statements, audio and video recording, minutes, notes and correspondence, whether written, electronically stored or recorded by any other means.

**Immediate Family Members** (Membres de la Famille Immédiate) means, with respect to an individual, that individual's spouse (including common-law spouse), parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual's immediate family member) who shares the individual's home.

**Industry Representative** (Représentant du Secteur) means a Person who is, or has been, a director, Officer or partner of an Approved Participant.

**Member** (Membre) means an individual whom the Secretary has selected to sit on a Disciplinary Committee under Article 4.600 and who has accepted that selection.

**Notice of Proceedings** (Avis de Procédure) means a notice sent by the Bourse to a Respondent under Article 4.202.

**Party** (Partie) means, with respect to a given hearing, the Regulatory Division and each Respondent.

**Qualified Lawyer** (Avocat Qualifié) means a Person who has practiced law in the Province of Quebec for no fewer than 10 years and has relevant experience as the Bourse may determine.

**Regulated Persons** (Personne Réglementée) means all:

- (a) Approved Persons;
- (b) Approved Participants;
- (c) Designated Representatives; and
- (d) partners, shareholders, directors and Officers of Approved Participants.

**Regulatory Division** (Division de la Réglementation), for the purposes of Part 4 of the Rules, includes employees of the Regulatory Division or agents acting on behalf of the Regulatory Division.

**Respondent** (Intimé) means a Regulated Person subject to a proceeding under Part 4 of the Rules.

**Secretary** (Secrétaire) means the individual appointed under Article 4.601.

**Securities Regulator** (Autorité en Valeurs Mobilières) means a securities commission, securities regulatory authority or similar organization.

#### **Article 4.2 Jurisdiction**

- (a) The Bourse has jurisdiction over all Regulated Persons in the conduct of its regulatory functions.
- (b) Part 4 of the Rules sets out the powers of the Bourse to carry out its functions pursuant to Article 2.101, and the rights and obligations of Regulated Persons with respect to such regulatory functions.
- (c) A person who has ceased to be a Regulated Person shall remain subject to the Bourse's jurisdiction as though they were a Regulated Person, but no proceedings shall be commenced under Part 4 of the Rules against a former Regulated Person unless a Notice of Proceedings has been served upon that former Regulated Person no later than five years from the date upon which they ceased to hold that status.

#### **Article 4.3 Meaning of "in writing"**

The phrase "in writing" and similar phrases when used in this Part 4 includes transmission by electronic means.

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### **Chapter B — Conduct of Regulatory Activities**

#### **Article 4.100 Request for Information**

- (a) In connection with the exercise by the Bourse of its duties pursuant to Article 2.101, the Regulatory Division may request Documents or information, in writing or otherwise, from any Person, including a client of an Approved Participant.
- (b) The Regulatory Division can request Documents and information as follows:
  - (i) for the Regulatory Division to carry out its duties pursuant to Article 2.101 and ensuring that the supervision of the regulatory functions of the Bourse are carried out efficiently and fairly in accordance with Article 2.100;
  - (ii) when the Bourse receives a request in connection with an investigation being carried out by any exchange, self-regulatory organization, securities commission or any similar authority, to the jurisdiction of which the Approved Participant is subject in any manner or with which the Bourse has entered into an agreement pursuant to Article 4.105 and subject to all applicable legislation relating to the protection of personal information; or

- (iii) as may otherwise be authorized or required by law.

**Article 4.101 Obligation to respond and cooperate**

- (a) Regulated Persons shall provide Documents and information as requested under Article 4.100, and shall fully cooperate in the manner determined by the Regulatory Division.
- (b) All Regulated Persons shall:
  - (i) promptly, fully and truthfully cooperate with the Regulatory Division, including by replying to all requests made, submitting and allowing free access to the Regulatory Division to any Document or information;
  - (ii) give free access to and provide any Documents and information, in their possession or under their control, that the Regulatory Division may require, regardless of the nature of the medium and the form in which such information, register, data, file, documents or exhibit can be accessed;
  - (iii) provide, on demand, copies of Documents and information, in the manner and form required by the Regulatory Division, including in recorded form or electronically; and
  - (iv) for purposes of Article 4.100(b)(ii), submit the requested information directly to the requesting exchange, self-regulatory organization, securities commission or any similar authority, in the form and manner prescribed in the request.
- (c) Approved Participants must make reasonable efforts to ensure the cooperation, in connection with the exercise by the Bourse of its authority under Part 4 of the Rules, of any Person over which they have any control or direction or with which they are in a business relationship, including their clients.
- (d) 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 4.102 Failure to respond or cooperate**

Without limitation to any other recourse available to the Bourse under the Regulations of the Bourse or applicable law, any Regulated Person who fails to comply with their obligations under this Chapter may be subject to proceedings under this Part 4.

**Article 4.103 Conduct of Investigations**

- (a) The Regulatory Division may investigate any possible violation of any of the Regulations of the Bourse.
- (b) In the course of an investigation and in accordance with Article 4.100, the Regulatory Division may require any Person to provide it with any Document or information that the Regulatory Division deems relevant to the investigation. Any such Person shall:

- (i) comply, in accordance with Article 4.101, with a request under paragraph (a) within the time prescribed in the request; and
  - (ii) appear in person for an interview with the Regulatory Division, or by any other means determined by the Regulatory Division, to answer questions from the Regulatory Division. This interview may be transcribed or recorded electronically, on audiotape or videotape, as determined by the Regulatory Division;
- (c) A Person whom the Regulatory Division has informed of the conduct of an investigation shall not conceal or destroy any information, record, data, file, document, exhibit, object or any thing that contains information that may be useful to the investigation, or request or encourage another person to do so.
- (d) Any Person responding to a request in the course of an investigation pursuant to this Article may be assisted by legal counsel. The Regulatory Division may, at its discretion, allow a representative of the Approved Participant to be present during an interview. The presence of legal counsel or a representative of the Approved Participant at an interview conducted by the Regulatory Division must not cause prejudice to the conduct of the investigation.
- (e) All requests, Documents and information pertaining to an investigation shall be treated as confidential and any Person who receives a request under this Article, who participates or assists in the course of an investigation, shall not disclose any information in relation to the investigation except:
- (i) to legal counsel providing assistance in the course of the investigation;
  - (ii) to a Person responsible for compliance or supervision with the Approved Participant;
  - (iii) to a representative of the Approved Participant for purposes of supervision or to inform a partner, director or officer of the Approved Participant;
  - (iv) as required by law; or
  - (v) where the Regulatory Division provides a written authorization to disclose following a request made.
- (f) Failure to comply with any provision of this Article shall be deemed a violation of Article 4.101.
- (g) When a Person fails to respond to a request in accordance with this Article, the Bourse may apply to the Financial Markets Administrative Tribunal constituted under the Act respecting the regulation of the financial sector (Quebec) for an order directing that person to comply with the request.

#### **Article 4.104 Special examinations and investigations**

Without limiting the powers conferred upon the Regulatory Division under this Part, the Bourse Self-Regulatory Oversight Committee or the President, Regulatory Division may in their absolute discretion, at any time, direct a special examination or investigation in respect of any matter coming under

the Regulatory Division's jurisdiction, including without limitation the conduct, the business or affairs of any Regulated Person.

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**Article 4.105 Information Sharing**

The Regulatory Division may, on behalf of the Bourse, enter into agreements with any exchange, central clearing counterparty, self-regulatory organization, securities regulator, financial intelligence or law enforcement agency or authority, in Québec or elsewhere, to collect and share information. Subject to the legislation relating to the protection of personal information, the Regulatory Division may at any time make available to such Persons any report, Document or information described in such agreements or upon request, pursuant to Article 4.100 (b).

**Article 4.106 Costs and expenses**

The following shall constitute a debt owed to the Bourse by the Regulated Person, who must pay the amount thereof upon demand:

- (a) all costs and expenses paid or incurred by the Regulatory Division, including professional fees, in connection with any investigation carried out or any proceedings initiated under Part 4 of the Rules; and
- (b) any amount charged by the Regulatory Division in accordance with the fee schedule of the Bourse in effect from time to time.

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**Chapter C — Disciplinary Proceedings**

**Article 4.200 Disciplinary Proceedings**

- (a) The Bourse can initiate proceedings against a Regulated Person under Part 4 of the Rules for violation of any of the Regulations of the Bourse.
- (b) The Bourse shall commence and administer a disciplinary proceeding in accordance with the provisions under this Chapter.
- (c) This provision is in addition to the powers that the Bourse may hold and choose to exercise pursuant to any powers that may be delegated by a securities commission.

**Sub-part 1: Proceedings**

**Article 4.201 Service of documents**

- (a) Any document required to be served on the Bourse must be addressed to the attention of the Chief Legal Officer, and delivered to the email address designated by the Bourse.

- (b) Any document required to be served on any Person other than the Bourse must be served by:
  - (i) delivering it directly to the Person or their legal counsel;
  - (ii) in the case of an individual, delivery to an adult person at the individual's residence, place of employment or place of business or the place of business of the party's legal counsel or agent;
  - (iii) in the case of a Person that is not an individual, delivery to a director or officer, or other person holding or exercising, or appearing to hold or exercise, managerial authority at the Person's place of business; or
  - (iv) in all cases, either :
    - a. by registered mail addressed to the Person to their last known address; or
    - b. by electronic means to the Person's last known email address;
  - (v) If none of the foregoing methods are possible, the Bourse may effect service by any other means that is likely to bring the document to the attention of the Person.
- (b) An affidavit signed by an employee or representative of the Bourse attesting that the foregoing service requirements have been complied with is sufficient proof of service.
- (c) A Foreign Approved Participant shall ensure that the appointment of an agent for the service of process under Article 3.3 remains valid for so long as the Foreign Approved Participant maintains that status and for a period of no fewer than five years thereafter. A Foreign Approved Participant shall immediately notify the Bourse of any change in their Agent for Service or the Agent for Service's contact information.
- (d) Any document required to be served on a Foreign Approved Participant may be served on the Foreign Approved Participant or on its Agent for Service.
- (e) Service made at the address of a Regulated Person or an Agent for Service (as the case may be) most recently provided for that purpose to the Chief Legal Officer shall be deemed to be valid.

**Article 4.202 Notice of Proceedings**

- (a) The Bourse shall serve a Notice of Proceedings to any Regulated Person against whom it has initiated disciplinary proceedings in accordance with Article 4.200. The Notice of Proceedings shall include the following, as applicable:
  - (i) a reference (which may be in the form of an excerpt) to any Rule that the Bourse alleges that the recipient of the Notice of Proceedings has violated, along with an indication of the URL address (Web address) where the full text of the Rules may be consulted;
  - (ii) an indication that the date, time, and location of the hearing will follow in a notice of hearing;

- (iii) a statement to the effect that a Party at a hearing is entitled to:
    - a. represent themselves or be represented by legal counsel, as per Article 4.103(d);
    - b. a pre-hearing conference, as per Article 4.303; and
    - c. seek to negotiate a settlement with the Bourse, as per Article 4.210 and following;
  - (iv) a warning that failure to file a reply by the prescribed deadline may result in foreclosure from producing any evidence or witness at the hearing; and
  - (v) an indication that the evidence that will be presented at the hearing will be provided to the Respondent in accordance with the Regulations of the Bourse;
  - (vii) any other information or content that the Regulatory Division deems appropriate.
- (b) Except when a Notice of Proceedings is being sent in connection with a summary proceeding under Chapter I, a Disciplinary Complaint shall be attached to the Notice of Proceedings and include:
- (i) 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; and
  - (ii) the potential sanction(s) that may be imposed as a result of the allegations.
- (c) This provision in no way affects the Bourse's ability to exercise any powers that a competent Securities Regulator may have delegated to it.

**Article 4.203      Reply**

- (a) A Regulated Person having received a Notice of Proceedings shall reply thereto within 20 Business Days of such receipt. The reply, which shall be signed by the Regulated Person or an individual authorized to sign on the Regulated Person's behalf, shall contain the following:
  - (i) individually, for each fact alleged in the Notice of Proceedings, an indication as to whether that fact is admitted or denied, and if denied, a summary of grounds for the denial;
  - (ii) a statement of the Person's position with regard to the conclusions drawn by the Bourse in the Disciplinary Complaint and a statement of any additional facts relied on by the Person;
  - (iii) a preliminary list of the witnesses that the Person intends to call at the hearing.
- (b) A Disciplinary Committee may accept as proven each fact alleged that is neither specifically admitted nor denied, or which are denied without the grounds being specified, under paragraph (a).



- (c) Failure to file a reply by the prescribed deadline shall result in:
  - (i) the Regulated Person being foreclosed from producing any witnesses or evidence at the hearing; and
  - (ii) the Regulatory Division holding a hearing without further notice.
- (d) Notwithstanding the foregoing, the Regulatory Division may halt the calculation of the deadline to reply set forth at paragraph (a) above if it determines, in its sole discretion:
  - (i) that a Regulated Person having received a Notice of Proceedings is engaged in good-faith negotiations with the Regulatory Division in view of concluding a settlement agreement; or
  - (ii) that, for reasons of procedural fairness, there exist sufficient grounds to do so with respect to any Regulated Person that has received a Notice of Proceedings.

**Article 4.204 Disclosure of evidence**

- (a) As soon as is reasonably practicable, and no later than 20 Business Days before the commencement of the hearing on the merits, the Regulatory Division must disclose to, and make available for inspection by a Respondent any evidence in the Regulatory Division's possession or control that are relevant to the proceedings.
- (b) No later than 20 Business Days before the commencement of the hearing, each Party must, unless otherwise agreed to by the Parties or decided by the chair of the Disciplinary Committee, provide each other Party with:
  - (i) any evidence that the Party intends to produce at the hearing on the merits; and
  - (ii) a final list of all witnesses that they intend to call at the hearing.
- (c) The final list of witnesses, provided under subparagraph (b) (ii), shall include a summary of the evidence that the witness is expected to give at the hearing and in the case of an expert witness, a signed copy of the expert's report.
- (d) At a hearing, a Party may not produce any evidence or call any witnesses that were not disclosed in accordance with paragraph (b) above except with the authorization of the Disciplinary Committee.
- (e) Notwithstanding the foregoing, a written report prepared by the Regulatory Division will only be disclosed in accordance with this Article if the Regulatory Division proposes to table that report at the hearing.

**Sub-part 2: Settlement Agreements**

**Article 4.210 General Principles**

- (a) The Regulatory Division may, at any time after service of a Notice of Proceedings, negotiate a settlement agreement with any or all of the Respondents. 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.

- (b) A settlement agreement must be in writing, in the form prescribed by the Regulatory Division, signed by the Parties, and contain the following:
- (i) the provisions of the Regulations of the Bourse that the Respondent acknowledges having breached;
  - (ii) a statement of the facts;
  - (iii) the disposition of the matter, including any sanction to be imposed and the amount of costs and expenses of the Bourse to be paid by the Respondent;
  - (iv) the Respondent's consent to the settlement;
  - (v) a provision that the settlement agreement and its terms are confidential, unless and until it has been accepted by the Disciplinary Committee;
  - (vi) a provision that the Respondent will not make any public statement that is inconsistent with the settlement agreement;
  - (vii) a provision that the Regulatory Division will not initiate any further action against the Respondent in relation to the matter addressed in the settlement agreement;
  - (viii) a statement that the settlement must be accepted by the Disciplinary Committee or the President, Regulatory Division, as the case may be, failing which it shall not bind the Parties involved and the Bourse shall proceed with the hearing of the matter;
  - (ix) a waiver by the Respondent of all rights under the Regulations of the Bourse to a hearing or to an appeal should the settlement agreement be accepted in accordance with Article 4.211; and
  - (x) any other provisions not inconsistent with the Regulations of the Bourse that the Parties agree to include in the settlement agreement.
- (c) A settlement agreement may impose any obligations on a Respondent to which the Respondent agrees, whether or not they could be imposed by a Disciplinary Committee.

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**Article 4.211      Submission of Settlement Agreements**

- (a) Each settlement agreement shall be submitted for acceptance to the Disciplinary Committee, which shall proceed with a hearing to accept or reject a settlement agreement.
- (b) Notwithstanding the foregoing, a settlement agreement may be accepted by the President, Regulatory Division, without a hearing, if the sanction to be imposed is a reprimand, the sanction provided in subparagraph 4.400 (a) (x), a fine not exceeding \$5,000 in the aggregate, or a combination of the three.
- (c) If a settlement agreement is accepted under this Article 4.211:

- (i) the matter becomes final and the settlement constitutes a decision;
  - (ii) there can be no appeal of the matter;
  - (iii) the Secretary shall distribute a copy of the decision to the Respondents, file it in the records of the Bourse and make it available to the public on the website of the Bourse;
  - (iv) the Disciplinary Committee or the President, Regulatory Division (as the case may be) must give written reasons supporting the decision; and
  - (v) the decision accepting the settlement agreement shall refer to the existence of any previous, rejected settlement agreement entered into between the Regulatory Division and that Respondent related to the same proceedings, without describing the reasons for which it was rejected.
- (d) If a settlement agreement is rejected, the Bourse must proceed with the hearing of the matter unless the Parties agree to negotiate a new settlement agreement. Any subsequent settlement agreement shall be submitted to a Disciplinary Committee that includes no Member who was a Member of the Disciplinary Committee that rejected the previous settlement agreement.

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## **Chapter D — Hearing**

### **Article 4.300      General Principles**

- (a) Part 4 shall be interpreted and applied to secure a fair hearing and just determination of a proceeding on its merits as well as the most expeditious and least expensive conduct of the proceeding.
- (b) No proceeding, document, decision or hearing in a proceeding is invalid by reason of a defect or other irregularity in form.
- (c) Subject to a requirement under Part 4 of the Rules, a Disciplinary Committee has authority to control the process of a proceeding before it and may exercise any of its powers on its own initiative or at the request of a Party.
- (d) At the request of a Party, a Disciplinary Committee may provide for any procedural or evidentiary matter that is not provided for under Part 4 of the Rules by analogy thereto or by reference to the rules of procedure of another self-regulatory organization or professional association, or to the provisions of the *Code of Civil Procedure* (Quebec) or the *Civil Code of Québec*.
- (e) The Secretary shall be responsible for the administration of a hearing in accordance with the provisions in this Chapter and Article 4.601.

**Article 4.301 Notice of Hearing**

- (a) When the Regulatory Division determines that a hearing is required, the Bourse shall, at least 30 Business Days before the hearing, serve a notice of hearing on the Persons to whom the Notice of Proceedings was served.
- (b) The notice of hearing shall include:
  - (i) the date, time and place of the hearing; and
  - (ii) 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 4.302 Public hearing**

- (a) All hearings are held in public, except for those pertaining to settlement agreements and pre-hearing conferences.
- (b) Notwithstanding the foregoing, the Disciplinary Committee hearing a matter may, on its own initiative or upon request by a Party, 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.
- (c) The Secretary shall publish an announcement of a hearing on the website of the Bourse.

**Article 4.303 Pre-hearing conference**

- (a) The chair of the Disciplinary Committee may, either on their own initiative or at the request of a Party, order a pre-hearing conference. The purpose of such a conference shall be to seek agreement between the Parties on any matter related to the proceedings such that their advancement or outcome be more just, harmonious or expeditious.
- (b) The pre-hearing conference shall be chaired by the chair of the Disciplinary Committee formed to hear the matter, who may make any order related to the proceedings or the hearing to which the Parties both consent and that is not inconsistent with these Rules. The chair shall circulate the text of any such order for comment to both Parties before signing it, upon which it shall have binding effect and be filed with the Disciplinary Committee.
- (c) The Secretary shall draft minutes of the pre-hearing conference, which the chair of the Disciplinary Committee shall sign.

**Article 4.304 Hearing Procedure**

- (a) A hearing may be held either in person or, if the chair of the Disciplinary Committee deems it more appropriate in the circumstances, by videoconference. In determining whether it is more appropriate that a hearing be held by videoconference, the chair of the Disciplinary Committee shall consider any representations made by any Party.

- (b) Each Respondent is entitled to be represented by legal counsel eligible to undertake such representation under the *Act respecting the Barreau du Québec*.
- (c) The Regulatory Division may call and question a Regulated Person who is alleged to have breached a provision of the Regulations of the Bourse, as well as any other witnesses it or another Party considers useful to have them give an account of the facts of which they have personal knowledge or produce any document relating to the matter, and that Person shall be obliged to answer all questions.
- (d) Prior to testifying before the Disciplinary Committee, an individual must make a solemn declaration to tell the truth, the whole truth and nothing but the truth.
- (e) At each hearing, the sequence of events shall be as follows:
  - (i) the Regulatory Division shall make an opening address;
  - (ii) each Respondent may make an opening address;
  - (iii) the Regulatory Division shall present its evidence and call its witnesses;
  - (iv) each Respondent may cross-examine any witness called by the Regulatory Division;
  - (v) each Respondent may present its evidence and call its witnesses;
  - (vi) the Regulatory Division may cross-examine any witness called by a Respondent;
  - (vii) the Regulatory Division shall make a closing address; and
  - (viii) each Respondent may make a closing address.
- (f) The Secretary shall draft minutes of the hearing, which the chair of the Disciplinary Committee shall sign.
- (g) The Disciplinary Committee may admit as evidence any documentary proof without a witness if the Disciplinary Committee is of the opinion that the rights of cross-examination would not be affected.

**Article 4.305 Failure to Appear**

If a Respondent fails to appear at a hearing as specified in the notice of hearing, then with respect to that Respondent the Disciplinary Committee shall proceed with the hearing and disposition of the matter on the date and at the time and place set out in the Notice of Proceedings without further notice and in the absence of that Respondent, even if that Respondent has served a reply.

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## Chapter E — Decision

### Article 4.400 Sanctions

- (a) Upon finding a Respondent guilty of one or more offences, the Disciplinary Committee may, with respect to each offence, impose any one or more of the following sanctions or Rulings:
- (i) a reprimand;
  - (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the offence;
  - (iii) a fine not exceeding the greatest of (a) \$5,000,000, (b) four times the profit realized, or (c) four times the amounts invested in the transaction or series of transactions;
  - (iv) suspension or revocation of the Respondent's rights or privileges as an Approved Participant or Approved Person for such period and upon such conditions, including conditions of reinstatement, as the Disciplinary Committee may determine;
  - (v) a prohibition on obtaining or surrendering any approval required under these Rules for the time and upon such conditions determined by the Disciplinary Committee, including the conditions for the release of such a prohibition. The Disciplinary Committee may also impose such a prohibition on any affiliated corporations or subsidiaries of the Respondent;
  - (vi) revocation of the Respondent's Bourse Approval as an Approved Participant;
  - (vii) making restitution to any Person who has suffered a loss as a result of the Respondent's acts or omissions;
  - (viii) appointment of a monitor to exercise powers granted by the Disciplinary Committee, which may include monitoring an Approved Participant's business and affairs;
  - (ix) an obligation, for an Approved Person, to take one or more courses or to receive any other training or education deemed appropriate; or
  - (x) reimbursement in whole or in part of the costs and expenses (including professional fees) paid or incurred by the Bourse in connection with the Disciplinary Complaint and the matters out of which it arose including all investigations, hearings, appeals and other proceedings before or after the Disciplinary Complaint.
- (b) These sanctions and 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 4.401 Deliberations

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

**Article 4.402 Decision of the Disciplinary Committee**

- (a) All decisions of the Disciplinary Committee must be made by majority vote of the Members and must be set forth in writing.
- (b) The Disciplinary Committee must provide written reasons supporting its decision.
- (c) The Secretary shall:
  - (i) give notice of the decision to each Respondent and to any other Persons designated by the Disciplinary Committee hearing the matter;
  - (ii) file the decision in the records of the Bourse; and
  - (iii) make the decision available on the website of the Bourse (except in the case of a decision rejecting a settlement agreement).
- (d) A decision of the Disciplinary Committee takes effect immediately upon the issuance of the written decision, unless otherwise specified in that decision. Any fine, cost or other financial sanction is payable within 30 days of the date of service of the written decision imposing it.

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2022.02.18

**Chapter F — Review Under the Derivatives Act**

**Article 4.500 Review by the Financial Markets Administrative Tribunal**

A Party may submit a decision of a Disciplinary Committee for review in accordance with the Derivatives Act (Quebec).

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2022.02.18

**Chapter G — Disciplinary Committee**

**Article 4.600 Composition of Disciplinary Committee**

- (a) To be eligible to sit on a Disciplinary Committee, an individual must have been approved by the Bourse Self-Regulatory Oversight Committee. The Secretary shall maintain a list of such individuals. An individual's name shall be deleted from that list upon the instructions of either the individual or the Bourse Self-Regulatory Oversight Committee.
- (b) A Disciplinary Committee shall be composed of three Members, one of whom shall be a Qualified Lawyer who shall chair the Disciplinary Committee, and two of whom shall be Industry Representatives. None of the Members may be ineligible under Article 4.602.

- (c) The Secretary shall be responsible for selecting the Members and shall inform the individuals selected in writing, who shall accept or refuse that selection within one Business Day. Upon receipt of a refusal or in the absence of a response within one Business Day, the Secretary shall promptly select another individual. Promptly after receiving acceptance from each individual selected, the Secretary shall notify the Regulatory Division and each Respondent of the composition of the Disciplinary Committee.
- (d) If it is impossible to form a Disciplinary Committee that complies with the composition requirements set forth in the preceding paragraph, the Secretary may disregard those requirements to the extent necessary to constitute the Disciplinary Committee.
- (e) The Disciplinary Committee shall remain constituted until such time as the proceedings for which it was constituted are definitely resolved and no longer susceptible to appeal. The deletion of the name of a Member from the list maintained under paragraph (a) above has no effect on their status as a Member of any existing Disciplinary Committee.
- (f) Upon accepting their appointment, each Member shall sign an acknowledgement and undertaking to be bound by the code of ethics for Disciplinary Committee Members then in effect.

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2023.05.02

**Article 4.601 Secretary**

- (a) The Bourse Self-Regulatory Oversight Committee shall appoint the Secretary and may appoint any number of assistant secretaries. An assistant secretary may perform any function of the Secretary if the latter is unable or unwilling to do so. The Secretary and each assistant secretary shall remain in office until their resignation, removal or death.
- (b) The Secretary:
  - (i) selects Members for each Disciplinary Committee;
  - (ii) schedules and arranges each hearing and pre-hearing conference;
  - (iii) transmits documents to Members and the Parties;
  - (iv) maintains a record and minutes of each hearing and pre-hearing conference;
  - (v) transmits written decisions and reasons to the Parties;
  - (vi) receives and processes applications for appeal to the Bourse Self-Regulatory Oversight Committee under Article 4.900; and
  - (vii) performs any other duties assigned to the Secretary in these Rules or otherwise determined by a Disciplinary Committee or the Bourse Self-Regulatory Oversight Committee.



**Article 4.602 Conflict of interest**

- (a) An individual is ineligible to act as a Member if the individual:
- (i) is or has been, in the three years preceding the date of the relevant Notice of Proceedings, a director, officer or partner of either the Bourse or of the Respondent (if the Respondent is not an individual), or any of their affiliated corporations or entities;
  - (ii) has an Immediate Family Member who is or has been, in the three years preceding the date of the relevant Notice of Proceedings, a director, officer or partner of either the Bourse or any of its affiliated corporations or subsidiaries, or of a Respondent (if the Respondent is not an individual) or any of its affiliated corporations or subsidiaries;
  - (iii) receives a consulting, advisory or other compensatory fee from the Bourse or any Respondent, other than as remuneration as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee, or the receipt of fixed amounts of deferred compensation for prior service with the Bourse or the Respondent that is not contingent on continued service;
  - (iv) is, with respect to any Respondent or any employee of the Regulatory Division, in one of the situations described at Articles 202 or 203 of the Code of Civil Procedure (with the necessary modifications); or
  - (v) has or had another relationship to a Party, or is in any other situation, that may create a reasonable apprehension of bias.
- (b) An individual who is selected for a Disciplinary Committee despite knowing that they are in one of the aforementioned situations shall decline the selection, advising the Secretary of the reasons therefor. A Member who enters, or learns that he is in, one of the aforementioned situations after accepting to sit on a Disciplinary Committee shall immediately notify the Secretary, who shall in turn notify the Bourse Self-Regulatory Oversight Committee. The Secretary shall also immediately notify the Bourse Self-Regulatory Oversight Committee if he or she is advised by any other Person that a Member is in one of the aforementioned situations.
- (c) The Bourse Self-Regulatory Oversight Committee shall promptly consider the matter and determine whether to remove the Member (in which case it shall proceed as described in accordance with Article 4.603).

#### **Article 4.603 Inability to Act**

- (a) Where, prior to a hearing being commenced, one or more Members are unable to act, the Secretary shall identify an equal number of new Members in accordance with the procedure and composition requirements set forth at Article 4.600.
- (b) Where, after a hearing has commenced, one of the Members is unable to act, the two remaining Members may validly proceed with the hearing and render a decision on the conviction and the sanction, provided that all of the Parties consent. Failing such consent, the Disciplinary Committee shall be dissolved and a new hearing shall be held before a new Disciplinary Committee to be constituted by the Secretary in accordance with the procedure and composition requirements set forth at Article 4.600.
- (c) Where, after a hearing has commenced, more than one Member is unable to act, the Disciplinary Committee shall be dissolved and a new hearing shall be held before a new Disciplinary Committee to be constituted by the Secretary in accordance with the procedure and composition requirements set forth at Article 4.600.

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2022.02.18

### **Chapter H — Minor violations**

#### **Article 4.700 Fine for Minor Violation**

- (a) The President, Regulatory Division may, in accordance with the procedure provided in Articles 4.702 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 \$5,000 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 of market exposure (Article 6.205);
  - (iv) 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));
  - (v) Prohibited use of the "hidden volume" functionality (Article 6.204);
  - (vi) Granting unapproved access to the Electronic Trading System (Articles 3.4 (a) and 3.400).
- (b) The President, 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 4.2 (c).

- (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 President, Regulatory Division, may, at their discretion, choose to file a complaint in accordance with the procedure provided under Chapter C, Part 4 of the Rules.

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2023.05.02

**Article 4.701 Notice of Minor Violation**

- (a) Before imposing a fine, the President, 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 President, Regulatory Division;
  - (iii) Contain the following items for each violation:
    - a. the alleged violation;
    - b. the regulatory provision or provisions related to the alleged violation;
    - c. the date of the violation;
    - d. a summary statement of the facts on which the violation is based;
    - e. the amount of the fine for the violation;
    - f. the delay of time provided by Article 4.702 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;
    - g. a notice that failure to submit observations or a response results in foreclosure from contesting any fine to be imposed.

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2023.05.02

**Article 4.702 Observations or Contestation**

- (a) Once a notice of minor violation has been served, the Approved Participant or the Approved Person may, within 20 Business Days:
  - (i) Submit observations in writing to the President, Regulatory Division. These observations must admit or deny the facts; or

- (ii) Contest the notice of minor violation by notifying the President, Regulatory Division of their desire for the matter to be heard by a Disciplinary Committee in accordance with Chapter G, which notice must be accompanied by a reply as described in Article 4.203. In this instance, the notice of minor violation is deemed a complaint under Article 4.200.
- (b) A defense of due diligence is neither allowed nor receivable in connection with the process to impose a fine for a minor violation.
- (c) 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.

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2023.05.02

**Article 4.703 Notice of Fine for Minor Violation**

- (a) Upon expiry of the deadline provided for in Article 4.702, and after having considered the observations of the Approved Participant or the Approved Person, if any, the President, 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 fine for minor violation imposed against the Approved Participant or the Approved Person is payable within the 10 Business Days following service of the notice of fine for minor violation.

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2023.05.02

**Article 4.704 Publication of Information Regarding Fines Imposed for Minor Violations**

The Regulatory Division will make information publicly available on the website of the Bourse, 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.

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2022.02.18

## Chapter I — Summary Proceedings

### Article 4.800 Grounds for Summary Proceedings

- (a) Where the President, Regulatory Division determines that the methods or practices adopted by an Approved Participant or Approved Person are detrimental to the reputation of the Bourse or to the interests or welfare of the Bourse or the public, the Bourse shall serve a notice of hearing on the Respondent in accordance with Article 4.802. Such methods or practices may include, without limitation:
- (i) the Approved Participant or Approved Person is convicted of a crime or of an infraction in connection with trading in Securities or Derivative Instruments or of an offence under any statute or regulation applicable to Securities or Derivative Instruments;
  - (ii) the Approved Participant or Approved Person refuses or neglects to provide Documents and information or to appear in the manner prescribed by the Regulations of the Bourse;
  - (iii) the financial or general condition of the 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; or
  - (iv) the system of book or record keeping used by the Approved Participant is unsatisfactory.
- (b) The President, Regulatory Division may, pending the hearing, recommend to the Bourse Self-Regulatory Oversight Committee that it take action by way of summary proceedings in accordance with this Chapter.
- (c) The President, Regulatory Division may also recommend to the Bourse Self-Regulatory Oversight Committee that it take action by way of summary proceedings in accordance with this Chapter if:
- (i) the Approved Participant or 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 their inability to meet their liabilities or obligations to the Bourse, another Approved Participant or to the public.

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2023.05.02

**Article 4.801 Summary Actions**

- (a) Notwithstanding anything to the contrary contained in any other provision of the Regulations of the Bourse, in any of the circumstances described at subparagraph 4.800 (a), the Bourse Self-Regulatory Oversight Committee may impose without any notice, hearing or formality whatsoever, one or more of the following orders:
  - (i) the suspension of an Approved Participant or Approved Person, which may be limited to a suspension of specific rights and privileges, for a period and upon any terms and conditions determined by the Bourse Self-Regulatory Oversight Committee;
  - (ii) the 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, which may include, without limitation:
    - a. restricting one or more sectors of the Approved Participant's operations or;
    - b. 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 Listed Products; or
    - c. requiring the mailing of notices to the Approved Participant's clients, the contents of which are to be specified by the Regulatory Division.
- (b) All orders imposed by the Bourse Self-Regulatory Oversight Committee under subparagraph (a) are interim orders that take effect immediately upon delivery of the notification to the Approved Participant or Approved Person and remain in force until a hearing is held, at which time any such order may be confirmed, set aside or modified.
- (c) In any of the circumstances described at paragraph 4.800 (c), the Bourse Self-Regulatory Oversight Committee may, without any notice, hearing or formality whatsoever:
  - (i) declare an Approved Participant or Approved Person a Defaulter, upon which the Approved Participant or the Approved Person shall automatically be suspended; and
  - (ii) within 10 Business Days after being declared a Defaulter, or such other period as the Bourse Self-Regulatory Oversight Committee may decide, suspend or revoke the Bourse Approval of an Approved Participant or Approved Person if the cause of such default is not remedied to the satisfaction of the Bourse Self-Regulatory Oversight Committee.
- (d) No Approved Participant shall allow a Person declared as a Defaulter to conduct any trading activities on the Bourse without the written consent of the Bourse Self-Regulatory Oversight Committee.

2023.05.02

**Article 4.802 Summary Proceedings Hearing**

- (a) Unless the Parties agree to an extension of the period or to a waiver of the hearing, the Bourse shall, at least 10 Business Days before the hearing, serve a notice of hearing on the Respondent.
- (b) The hearing procedures applicable to a disciplinary proceeding shall, with the necessary modifications, apply to any hearing under this Part.
- (c) Upon consideration of the grounds for proceedings invoked under Article 4.800, the Disciplinary Committee may render a decision to:
  - (i) set aside or modify an interim order imposed by the Bourse Self-Regulatory Oversight Committee under Article 4.801 (b);
  - (ii) suspend an Approved Participant or Approved Person, which may be limited to a suspension of specific rights and privileges, for a period and upon any terms and conditions determined by the Disciplinary Committee;
  - (iii) revoke a Bourse Approval;
  - (iv) amend of the terms and conditions of a previously granted Bourse Approval; or
  - (v) impose any terms and conditions that must be satisfied by a Person to continue as an Approved Participant or Approved Person, including, without limitation:
    - a. restricting one or more sectors of the Approved Participant's operations; or
    - b. 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 Listed Products; or
    - c. requiring the mailing of notices to the Approved Participant's clients, the contents of which are to be specified by the Regulatory Division.

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2022.02.18, 2023.05.02

**Chapter J — Appeal before the Bourse Self-Regulatory Oversight Committee**

**Article 4.900 Jurisdiction of the Bourse Self-Regulatory Oversight Committee**

An appeal from a decision of the Regulatory Division (other than of a Disciplinary Committee) may be brought before the Bourse Self-Regulatory Oversight Committee.

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2023.05.02

**Article 4.901 Time to Appeal**

The appeal must be brought within 10 Business Days of the service of the decision.

**Article 4.902 Application for Appeal**

Any appeal of a decision referred to at Article 4.900 must be brought by sending written notice to the Chief Legal Officer. The notice must contain a brief statement of the grounds for appeal.

**Article 4.903 Security for Costs**

When the appeal appears abusive, dilatory, frivolous, or for some other special reason, the Bourse Self-Regulatory Oversight 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 4.106, if the appeal is dismissed. If the appellant does not furnish Security within the prescribed period, the Bourse Self-Regulatory Oversight Committee may dismiss the appeal.

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2023.05.02

**Article 4.904 Stay of Decision**

Unless otherwise ordered by the Bourse Self-Regulatory Oversight Committee, an appeal suspends the execution of the decision of the Regulatory Division 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 Bourse Self-Regulatory Oversight Committee.

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2023.05.02

**Article 4.905 Basis of the Appeal**

The appeal is argued on the basis of the file, provided however that, in exceptional circumstances and if justice so requires, the Bourse Self-Regulatory Oversight Committee may authorize the presentation of additional evidence.

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2023.05.02

**Article 4.906 Applicable Procedures**

Subject to the provisions in this Chapter, the procedures applicable to a hearing before a Disciplinary Committee shall apply to any hearing before the Bourse Self-Regulatory Oversight Committee, with the necessary modifications.

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2023.05.02



**Article 4.907      Disqualification**

A member of the Bourse Self-Regulatory Oversight Committee who has any grounds for recusal pursuant to Article 4.602 (other than those set forth in subparagraph 4.602 (a) (i)) is not eligible to sit in appeal from a decision.

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2023.05.02

**Article 4.908      Review Under the Derivatives Act**

A Party may submit a decision of the Bourse Self-Regulatory Oversight Committee for review in accordance with the Derivatives Act (Quebec), except for an order imposed under Article 4.801.

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2022.02.18, 2023.05.02

## **PART 5 - DISPUTES**

### **Article 5.0 Arbitration Required**

Any dispute arising between Approved Participants regarding a Listed Product traded on or subject to the Rules, including the adjustment or cancellation of Transactions, must be submitted to the majority decision of three arbitrators appointed as provided under Article 5.1.

### **Article 5.1 Appointment of Arbitrators**

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

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2023.05.02

### **Article 5.2 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 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 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 President, Regulatory Division who shall give notice thereof to all the parties concerned.

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2023.05.02

### **Article 5.3 Notice to Bourse Self-Regulatory Oversight 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 Bourse Contract Following an arbitration, an Approved Participant must notify the Bourse Self-Regulatory Oversight Committee prior to commencing a legal proceeding against another Approved Participant with reference to such a dispute.

2023.05.02

**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 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, with the necessary modifications. 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. 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.

**Article 5.6 Costs**

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

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2023.05.02

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

Any Approved Participant who fails to comply with any arbitration award shall be 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 6.0 Discretionary Authority of the 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 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 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 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 price limits when such a limit exists;
  - (vi) modify the Trading Days or trading hours;

- (vii) alter conditions of Delivery or of settlement;
  - (viii) fix the Settlement Price at which 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 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 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 90 days following their imposition.

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2020.01.23

#### **Article 6.2 Trading Restricted to the Bourse**

Subject to the exceptions set out in Article 6.12, 6.204 and 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.

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2020.02.07

#### **Article 6.3 Transactions Required on the Bourse 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 Closing 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.

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2019.07.05

### **Article 6.5 Dissemination of Trades**

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

### **Article 6.6 Trading Hours**

Trading hours are determined by the Bourse.

### **Article 6.7 Trading Outside Trading Hours**

Except as permitted by Article 6.208 and Article 6.200, no Listed Products may be traded or transferred, and no agreement to trade or transfer Listed Products may be entered into, before the opening or after the closing of trading in any Listed Product such as determined by the Bourse.

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2019.08.26

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

- (a) Unless concurrent Long Positions and Short Positions in the same Delivery Month or Settlement Month are held on behalf of an Omnibus Account; or in accordance with the provisions of paragraph (c) of this 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.
- (d) Although Article 6.200 allows for off-exchange transfers of Listed Products, 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.

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2019.08.26

### **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 3.1) 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.

## **Article 6.12      Trading OTC Options**

- (a) Notwithstanding Article 6.2, an Approved Participant or an Approved Person may make or participate in an Over-the-counter Trade in any Put or Call Option, provided that such Option:
  - (i) does not relate to underlying Securities which are the object of Options issued by the Canadian Derivatives Clearing Corporation; or
  - (ii) does relate to underlying Securities which are the object of Options issued by the Canadian Derivatives Clearing Corporation, but whose terms are materially different from those of any series of options issued by the Canadian Derivatives Clearing Corporation.
- (b) Writing OTC Options means the distribution of Securities for which a prospectus may be required or for which specific or blanket exemptions may be necessary under the applicable securities legislation. The writer of OTC Options may, in effect, be an issuer distributing Securities and so must, accordingly, ensure that such distribution complies with applicable securities legislation.
- (c) Approved Participants must file with the Bourse such reports as may be prescribed pursuant to Article 6.501.

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2020.02.07

## **Chapter B — Trading**

### **Article 6.100      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 the Canadian Investment Regulatory Organization 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 their 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 Price Limits on Options**

1. For the purpose of this Article:
  - a) “control price” means a price calculated for each option using a generalized version of the Barone–Adesi model for American style options and Black-Scholes model for European style options.
  - b) “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.
  - c) “Top-of-the-Book Price Limits” means price limits that validate the potential execution price of an order against the then prevailing resting bid and ask prices, under and above which an order is not allowed to register in the central limit order book.
  - d) “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.
  - e) “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.
2. The Bourse may subject options to X limits, Y limits and Top-of-the-Book Price 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.

c) Top-of-the-Book Price Limits

- i) Any order entered by a participant in breach of the Top-of-the-Book Price Limits is automatically rejected by the Trading System and a message is automatically sent to the participant to confirm such order rejection.
  - ii) A limit order priced outside the Top-of-the-Book Price Limits that could otherwise be partially executed will be similarly rejected by the Trading System.
  - iii) Sell orders use the resting bid price as the reference price, and buy orders use the resting ask price as the reference price. Should the central limit order book not have a resting bid price, the resting ask price is used, and inversely if there is no resting ask price, the resting bid price is used. If there is neither a bid nor an ask price in the central limit order book, the Top-of-the-Book Price Limits will remain inactive.
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. Integer parameters used to set the Top-of-the-Book Price Limits can be modified, and the Top-of-the-Book Price Limits can be temporarily lifted at the Bourse's discretion to ensure regular trading.
  5. The X limits are disseminated to the market via the Bourse's market data feed daily prior to the opening of the market.
  6. 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.

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**Article 6.102B 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) "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.

- c) “Top-of-the-Book Price Limits” means price limits that validate the potential execution price of an order against the then prevailing resting bid and ask prices, under and above which an order is not allowed to register in the central limit order book.
  - d) “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.
  - e) “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.
2. The Bourse may subject Futures to X limits, Y limits and Top-of-the-Book Price 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.
  - c) Top-of-the-Book Price Limits
    - i) Any order entered by a participant in breach of the Top-of-the-Book Price Limits is automatically rejected by the Trading System and a message is automatically sent to the participant to confirm such order rejection.
    - ii) A limit order priced outside the Top-of-the-Book Price Limits that could otherwise be partially executed will be similarly rejected by the Trading System.
    - iii) Sell orders use the resting bid price as the reference price, and buy orders use the resting ask price as the reference price. Should the central limit order book not have a resting bid price, the resting ask price is used, and inversely if there is no resting ask

price, the resting bid price is used. If there is neither a bid nor an ask price in the central limit order book, the Top-of-the-Book Price Limits will remain inactive.

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. Integer parameters used to set the Top-of-the-Book Price Limits can be modified, and the Top-of-the-Book Price Limits can be temporarily lifted at the Bourse's discretion to ensure regular trading.
5. The X limits are disseminated to the market via the Bourse's market data feed daily prior to the opening of the market.
6. 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.

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#### **Article 6.102C Maximum Price Variation Thresholds**

Unless otherwise specified in the Rules, the Bourse establishes for each 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 Trading Strategy.

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

The Trading System shall contain all orders to buy and to sell. Orders may be entered into the 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**

All bids and offers 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**

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 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 subject to intra-session auctions, the number of intra-session auctions for each selected Derivative Instrument during one 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 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, 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 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 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 Limit order (best limit; bid/ask). A market limit 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 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 limit order can only be entered during the market session (continuous trading); and
    - (2) A market limit order is only accepted by the system if a price limit exists on the other side.
  - (ii) Market order. Market Order. A Market order is executed starting 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 and will continue to trade at the next available price level, until the quantity of the order is completely filled or reaches the last available tradeable price within the configured market order

protection band in the Central Limit Order Book for the given Instrument. If the order is partially filled, the unfilled quantity becomes a limit order at the last available tradeable price within the configured market order protection band. The market order protection band as well as the availability of this order type will be configured, at the discretion of the Market Supervisor, for each group of derivatives on the Bourse platform and can be adjusted by a Market Supervisor when required.

- (1) A market order can only be entered during the market session (continuous trading); and
  - (2) A market order is only accepted by the system if a price limit exists on the other side.
- (iii) Limit order. A limit order is an order to buy or sell at a specified price, or better.
- (iv) Stop limit order. A stop limit order is an 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.
- (v) 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 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.
- (vi) 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.
- (vii) 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.
- (viii) 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 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.

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

- (a) An order can be cancelled at any time during the 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 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 the Trading Day based upon the previous day's Settlement Price and may be adjusted at any time by the Market Supervisor acting in their discretion and upon their 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 their order and that such waiver is documented by the Approved Participant.

**Article 6.115 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 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) Approved Participants must ensure that the “prearranged transaction marker” is included for each order entered into the Trading System under Article 6.202 or Article 6.205. This requirement does not apply to paragraph (c), sub-paragraph (d)(i) or paragraph (e) of Article 6.205.
- (c) 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. 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, 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 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.

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#### **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 entered by a Market Maker to comply with obligations required by their role and responsibilities, a record must be kept by each Approved Participant of each order received for the purchase or sale of Securities or Derivative Instruments traded on the Bourse.
- (b) The record of each order executed must indicate the person who received the order, the time the order was received, the time it was entered into the Electronic Trading System, the price at which it was executed, its time of execution, its classification pursuant to the provisions of Article 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 was executed as a cross Transaction, a prearranged Transaction or a block trade pursuant to the provisions of Article 6.202, Article 6.205 or Article 6.206. Such record must be retained for seven years.
- (c) No order can be executed on the Trading System until it has been identified as above by the Approved Participant who received the order.

All 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 which remains unfilled must indicate the person who received the 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.
- (f) Where an 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.
- (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 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 Off-Exchange Transfers of Existing Positions in a Listed Product**

- (a) Notwithstanding the provisions of Article 6.3, an off-exchange transfer of existing positions on a Listed Product may be accomplished without the prior permission of the Bourse only if:
  - (i) such off-exchange transfer is made to correct an error in clearing and/or an error in the recording of Transactions in an Approved Participant's books; or

(ii) subject to Article 6.8, there is no change in the beneficial ownership of the positions transferred. For purposes of an off-exchange transfer, notwithstanding anything to the contrary in the Rules including, without limitation, Article 1.103, a change in beneficial ownership shall not be deemed to have occurred with respect to (A) an off-exchange transfer between Persons which are 100% owned by the same Person or (B) an off-exchange transfer between any Person and another Person or entity owned 100% by such Person.

(b) In all situations described in paragraph (a), the Approved Participants involved in the off-exchange transfer shall maintain and shall without delay provide to the Bourse, upon request, all orders, records, memoranda or other documentary evidence pertaining to the off-exchange transfer.

(c) All 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.

(d) Notwithstanding the provisions of paragraph (a) and subject to a prior written approval of the Bourse, a transfer of existing positions in a Listed Product 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 existing 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.

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2019.08.26

#### **Article 6.201 Average Price Transactions**

- (a) Approved Participants, at the request of a client, may accumulate a Derivative Instrument position in an inventory account and transfer this position to the Client Account at an average price. Such transfer must be done through the Average Price Service functionality offered by the Bourse, or alternatively, submitted by Approved Participants using an average price calculated through a proprietary average pricing system
- (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.

Approved Participants must also maintain records of each individual Trade and of the transfer, which must be available to both the client and regulatory authorities on request.

- (c) This procedure is required to ensure that the transfer of position does not represent a change in beneficial interest (i.e., the client is the beneficial owner of the Derivative Instruments in the inventory account at all times).

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2020.09.30

#### **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 the minimum prescribed time period established in Article 6.205; 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.

#### **Article 6.203 Prearranged Transactions Prohibited**

No Person shall prearrange or execute noncompetitively any Transaction on or through the Electronic Trading System, except as permitted by, and in accordance with, the procedures of Article 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 pursuant to Article 6.206; riskless basis cross Trades pursuant to Article 6.207; exchange of Futures for risk pursuant to Article 6.208; and off-exchange transfers 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.

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2019.08.26

#### **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 consents 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:

<b>ELIGIBLE DERIVATIVES</b>	<b>PRESCRIBED TIME PERIOD</b>	<b>MINIMUM VOLUME THRESHOLD</b>
<b>Three-Month Canadian Bankers' Acceptance Futures Contracts (BAX):</b>		
1st four quarterly months – not including serial months	5 seconds	No threshold
Remaining expiry months and strategies	15 seconds	No threshold
<b>One-Month CORRA Futures Contracts (COA):</b>		
All expiry months and strategies	5 seconds	No threshold
<b>Three-Month CORRA Futures Contracts (CRA):</b>		
All expiry months and strategies	5 seconds	No threshold
<b>Government of Canada Bond Futures Contracts:</b>		
All expiry months and strategies	5 seconds	No threshold
<b>Futures Contracts on S&amp;P/TSX and S&amp;P/MX Indices:</b>		
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
<b>Bitcoin Price Index Futures Contracts</b>		
All expiry months and strategies	5 seconds	No threshold
<b>Futures Contracts on the FTSE Emerging Markets Index:</b>		
All expiry months and strategies	0 seconds	≥ 100 contracts
All expiry months and strategies	5 seconds	< 100 contracts
<b>Options on Three-Month Canadian Bankers' Acceptance Futures Contracts:</b>		



<b>ELIGIBLE DERIVATIVES</b>	<b>PRESCRIBED TIME PERIOD</b>	<b>MINIMUM VOLUME THRESHOLD</b>
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
<b>Options on Three-Month CORRA Futures Contracts</b>		
All expiry months and related strategies	0 seconds	≥ 250 contracts
All expiry months and related strategies	5 seconds	< 250 contracts
<b>Options on Ten-Year Government of Canada Bond Futures Contracts (OGB):</b>		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
<b>Options on Two-Year Government of Canada Bond Futures Contracts (OGZ):</b>		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
<b>Options on Five-Year Government of Canada Bond Futures Contracts (OGF):</b>		
All expiry months and strategies	0 seconds	≥ 250 contracts
All expiry months and strategies	5 seconds	< 250 contracts
<b>Equity and ETF Options:</b>		
All expiry months	0 seconds	≥ 250 contracts
All expiry months	1 second	< 250 contracts
All UDS Strategies	1 second	No Threshold
<b>Currency Options</b>		
All expiry months	0 seconds	≥ 100 contracts
All expiry months	1 second	<100 contracts
All USD Strategies	1 second	No Threshold
<b>Index Options:</b>		
All expiry months	0 seconds	≥ 50 contracts
All expiry months	1 second	< 50 contracts
All UDS Strategies	1 second	No Threshold
<b>Canadian Share Futures Contracts:</b>		
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

<b>ELIGIBLE DERIVATIVES</b>	<b>PRESCRIBED TIME PERIOD</b>	<b>MINIMUM VOLUME THRESHOLD</b>
<b>Futures and Options on Futures Inter-Group Strategies</b>		
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 their 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 longer than zero seconds, and may be used for such Transactions only for the following products subject to the minimum volume threshold:

<b>ELIGIBLE DERIVATIVES FOR COMMITTED ORDERS</b>	<b>MINIMUM VOLUME THRESHOLD</b>
<b>All expiry months and strategies</b>	
Futures Contracts on S&P/TSX, S&P/MX and FTSE Emerging Markets Indices	100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	250 contracts
Options on Three-Month CORRA Futures	250 contracts
Options on Ten-Year Government of Canada Bond Futures Contracts	250 contracts
Options on Two-Year Government of Canada Bond Futures Contracts	250 contracts

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

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

- (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 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).

2020.01.30, 2020.06.12, 2021.05.28, 2022.01.31, 2024.01.15

**Article 6.206 Block Trades**

(a) In general. Approved Participants 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):

<b>Eligible derivatives instruments</b>	<b>Prescribed time delay (from 6AM until the end of the Trading Day)</b>	<b>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</b>	<b>Prescribed time delay (from 8PM (t-1) until 5h59m59s)</b>	<b>Block - Minimum volume threshold (from 8PM (t-1) until 5h59m59s)</b>
	<b>(As soon as practicable and in any event within the following time delay)</b>		<b>(As soon as practicable and in any event within the following time delay)</b>	
One-Month CORRA Futures Contracts (COA)	15 minutes	500 contracts	1 hour	100 contracts
Three-Month CORRA Futures Contracts (CRA)	15 minutes	500 contracts	1 hour	100 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB)	15 minutes 30 minutes	1,500 contracts 3,500 contracts	1 hour	350 contracts
Two-Year Government of Canada Bond Futures Contracts (CGZ)	15 minutes	1,500 contracts	1 hour	100 contracts

<b>Eligible derivatives instruments</b>	<b>Prescribed time delay (from 6AM until the end of the Trading Day)</b>	<b>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</b>	<b>Prescribed time delay (from 8PM (t-1) until 5h59m59s)</b>	<b>Block - Minimum volume threshold (from 8PM (t-1) until 5h59m59s)</b>
	<b>(As soon as practicable and in any event within the following time delay)</b>		<b>(As soon as practicable and in any event within the following time delay)</b>	
30-Year Government of Canada Bond Futures Contracts (LGB)	15 minutes	250 contracts	1 hour	100 contracts
Five-Year Government of Canada Bond Futures Contracts (CGF)	15 minutes	1,000 contracts	1 hour	100 contracts
Options on Government of Canada Bond Futures Contracts (OGZ, OGF, OGB)	15 minutes	2,000 contracts	1 hour	500 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	15 minutes	2,000 contracts	1 hour	500 contracts
Options on Three-Month CORRA Futures Contracts	15 minutes	500 contracts	1 hour	100 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies one through four (BAX Whites)	15 minutes	2,000 contracts	1 hour	500 contracts

<b>Eligible derivatives instruments</b>	<b>Prescribed time delay (from 6AM until the end of the Trading Day)</b>	<b>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</b>	<b>Prescribed time delay (from 8PM (t-1) until 5h59m59s)</b>	<b>Block - Minimum volume threshold (from 8PM (t-1) until 5h59m59s)</b>
	<b>(As soon as practicable and in any event within the following time delay)</b>		<b>(As soon as practicable and in any event within the following time delay)</b>	
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	15 minutes	750 contracts	1 hour	250 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	15 minutes	500 contracts	1 hour	100 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts (BAX) / Options on Three-Month Canadian Banker's Acceptance Futures Contracts Strategy Instruments	15 minutes	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs	1 hour	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs
Three-Month CORRA Futures Contracts (CRA) / Options on Three-Month CORRA Futures Contracts Strategy Instruments	15 minutes	Sum of the strategy legs: 500 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs	1 hour	Sum of the strategy legs: 100 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs

<b>Eligible derivatives instruments</b>	<b>Prescribed time delay (from 6AM until the end of the Trading Day)</b>	<b>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</b>	<b>Prescribed time delay (from 8PM (t-1) until 5h59m59s)</b>	<b>Block - Minimum volume threshold (from 8PM (t-1) until 5h59m59s)</b>
	<b>(As soon as practicable and in any event within the following time delay)</b>		<b>(As soon as practicable and in any event within the following time delay)</b>	
Government of Canada Bond Futures Contracts (CGZ, CGF, CGB) / Options on Government of Canada Bond Futures Contracts (OGZ, OGF, OGB) Strategy Instruments	15 minutes	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs	1 hour	Sum of the strategy legs: 500 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs
Bitcoin Price Index Futures Contracts	15 minutes	10 contracts	1 hour	10 contracts

(iii) For strategies and combinations, block trades are permitted for quantities which meet or exceed the volume thresholds as follows:

Intra-group strategy Derivative Instruments	Each derivative leg of the strategy needs to meet the smaller of the volume threshold requirements for the underlying products
Inter-group strategy Derivative Instruments (excluding futures/options combinations and CRA/BAX, COA/BAX and CRA/COA inter-group strategy Derivative Instruments)	Each derivative leg of the strategy needs to meet its applicable minimum volume threshold
CRA/BAX, COA/BAX and CRA/COA inter-group strategy Derivative Instruments	Each derivative leg of the strategy needs to meet the smaller of the volume threshold requirements for the underlying products

Futures/options combinations strategy Derivative Instruments	The applicable minimum volume thresholds are defined in subparagraph 6.206(a)(ii). If each leg of the strategy meets its respective applicable minimum threshold, the options leg(s) volume criteria of at least 50% of the total strategy volume does not apply
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- (iv) Approved Participants may not aggregate separate orders in order to meet the minimum volume thresholds.
- (v) Each party to a block trade must be an accredited counterparty as defined in Section 3 of the Derivatives Act.
- (vi) The price at which a block trade is arranged must be “fair and reasonable” in light of (a) the size of the block Trade; (b) currently traded prices and bid and ask prices in the same Derivative Instrument; (c) the underlying markets; and (d) general market conditions, all at the 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 shall not trigger special terms orders or otherwise affect orders on the Electronic Trading System.
- (viii) A block Trade on a contract roll strategy is not permitted, except for the FTSE Emerging Markets Index Futures Contract.
- (ix) The details of a block Trade must be reported by Approved Participants for both the buyer and seller to the Market Operations Department by telephone at 1-888-693-6366 or at 514-871-7871 and on a block Trade Reporting Form, available on the Bourse’s web site at <https://sttrf-frots.m-x.ca>, within 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 has been effected in accordance with this Article), the Bourse shall disseminate the Trade and price information relating to the block Trade.
- (xi) Upon request, the Approved Participant shall provide evidence that the block trade Transaction has been effected in accordance with these Rules.



(xii) In all circumstances, a block Trade can only be arranged by the Approved Participant's Approved Persons.

(b) **Block Trades Priced at a Basis to Index Close.** Approved Participants may mutually agree to price a block Trade at a positive or negative increment ("basis") to the price at which the Index underlying an eligible contract will close ("BIC"), for any Trading Day except the last Trading Day of an expiring contract month, subject to the conditions in paragraph (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:

<b>ELIGIBLE DERIVATIVES</b>	<b>MINIMUM VOLUME THRESHOLD</b>	<b>PRESCRIBED TIME BY WHICH TO FILE BLOCK TRADE REPORTING FORM</b>	<b>PRESCRIBED TIME BY WHICH TO FILE SECOND BLOCK TRADE REPORTING FORM</b> 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 and S&P/MX Indices, and sectorial Indices	100 contracts	Within 15 minutes	4:00 p.m. ET on the same trading day

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2019.07.05, 2019.08.02, 2020.01.30, 2020.02.07, 2020.06.12, 2021.04.05, 2021.05.28, 2022.12.30, 2024.01.15

**Article 6.207 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 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 Transaction must be an accredited counterparty as defined in Section 3 of the Derivatives Act.

- (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 components of the 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 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.
- (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](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 of Futures for Related Products (“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 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 3 of the Derivatives Act.
  - (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 6 months or weekly price data for a period of at least 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 and mutually agreed upon by parties to the Transaction must be “reasonable” in light of, notably: (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 time of 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 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 or the Futures Contract itself where the use of the Underlying Interest is not practical due to a lack of available market data, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Money market instruments including asset backed commercial paper,</li> <li>• Government of Canada and Federal Crown Corporation fixed income instruments</li> <li>• Provincials fixed income instruments,</li> <li>• Investment grade corporates including Maple Bonds and mortgage instruments including collateralized mortgage obligations (CMOs), or</li> <li>• Fixed income instruments denominated in the currency of a G7 member country</li> </ul>
<p>Futures Contracts on S&amp;P/TSX and S&amp;P/MX Indices</p> <p>Futures contracts on the FTSE Emerging Markets Index</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Exchange-traded funds that mirror the Index Futures Contract</li> </ul>
Bitcoin Price Index Futures Contracts	<ul style="list-style-type: none"> <li>• Exchange-traded funds that mirror the Bitcoin Price Index Futures Contract with a correlation coefficient (R) of 1.00, calculated using any generally accepted methodology</li> </ul>
Share Futures Contracts	<ul style="list-style-type: none"> <li>• Underlying Interest of the Futures Contract</li> </ul>

(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"> <li>• Plain vanilla;</li> <li>• Written under the terms of an ISDA® Master Agreement,</li> <li>• Regular fixed against floating rate payments,</li> <li>• Denominated in currency of G7 country, and</li> <li>• Correlation R= 0.70 or greater, calculated using any generally accepted methodology.</li> </ul> <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"> <li>• Conventional FRA,</li> <li>• Written under the terms of an ISDA® Master Agreement,</li> <li>• Predetermined interest rate,</li> <li>• Agreed start/end date, and</li> <li>• Defined interest (repo) rate.</li> </ul>

Stock Index	<p>i) Index Swaps with the following characteristics:</p> <ul style="list-style-type: none"> <li>• Total return swap,</li> <li>• Written under the terms of an ISDA® Master Agreement,</li> <li>• 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,</li> <li>• Denominated in currency of G7 country, and</li> <li>• Correlation R= 0.70 or greater, using a generally accepted methodology;</li> </ul> <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: 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"> <li>• Total return swap,</li> <li>• Written under the terms of an ISDA® Master Agreement,</li> <li>• 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,</li> <li>• Denominated in currency of G7 country;</li> </ul> <p>or</p> <p>ii) Any individual or combination of OTC equity Option positions;</p> <p>or</p> <p>iii) Equity Forwards: Standard equity forward contract between two counterparties to buy a specific quantity of a stock, exchange-traded fund (ETF), trust unit, basket of Securities or stock Index at a predetermined price for settlement at a future date.</p>
Commodities	<p>i) Commodities Swaps or Forwards with the following characteristics:</p>

	<ul style="list-style-type: none"> <li>• Written under the terms of an ISDA® Master Agreement,</li> <li>• Correlation R = 0.80 or greater, calculated using any generally accepted methodology.</li> </ul>
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- (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 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. If the price at which the EFRP Transaction is arranged is not within the prevailing market prices at the time of the Transaction, such records must demonstrate that the price is reasonable. 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) The Approved Participant must achieve compliance with the Regulations of the Bourse and all other applicable legal and regulatory requirements with respect to the execution of an EFRP Transaction under this Article.

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2019.07.05, 2019.08.26, 2020.01.30, 2020.11.16, 2021.07.09, 2024.01.15

**Article 6.209      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 30 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 h) 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 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 their sole discretion. The determination of the Bourse shall be final.
- (g) **Decision of the Bourse.** Market Supervisors shall act as soon as possible after becoming aware of an erroneous Trade. If an error has not been reported to the Market Operations Department within 30 minutes by Approved Participants, or detected by Market Supervisors within 2 hours of execution, the Bourse retains the right to cancel the Trade, adjust the Trade price or refrain from acting. In no event shall the Bourse act later than 8:30 a.m. Eastern Time on the next trading day following the date of the Trade in question.
- (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;

<b>DERIVATIVE INSTRUMENT</b>	<b>INCREMENT</b>
Three-Month Canadian Bankers' Acceptance Futures – BAX (all quarterly and serial months)	0.05 (5 cents)
- Regular strategy orders	0.05 (5 cents)

<b>DERIVATIVE INSTRUMENT</b>	<b>INCREMENT</b>
- Implied strategy orders	Sum of strategy's individual legs' increments
Options on Three-Month Canadian Bankers' Acceptance Futures	0.05 (5 cents)
Options on Three-Month CORRA Futures	0.05 (5 cents)
Two-Year Government of Canada Bond Futures (CGZ)	0.20 (20 cents) 0.20 (20 cents)
- Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Five-Year Government of Canada Bond Futures (CGF)	0.20 (20 cents) 0.20 (20 cents)
- Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Ten-Year Government of Canada Bond Futures (CGB)	0.40 (40 cents) 0.20 (20 cents)
- Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Thirty-Year Government of Canada Bond Futures (LGB)	0.40 (40 cents) 0.40 (40 cents)
- Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Options on Government of Canada Bond Futures	0.40 (40 cents)
Futures Contracts on S&P/TSX and S&P/MX 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 0.25% of the acceptable market price of the Futures Contracts (outright instruments)  On Futures Contracts, no adjustment will be made if the trade price is within one full index point of the acceptable market price or if the underlying index is subject to a trading halt
Bitcoin Price Index Futures Contracts - Regular strategy orders	1% of the acceptable market price of these Futures Contracts  0.25% of the acceptable market price of the Futures Contracts (outright instruments)  On Futures Contracts, in the event that the market price of these Futures contracts is less than 100\$, no adjustment will be made if the trade price of these Futures Contracts is within 1 full dollar of the

<b>DERIVATIVE INSTRUMENT</b>	<b>INCREMENT</b>
	acceptable market price or if the underlying index is subject to a halt
One-Month CORRA Futures (COA) - Regular strategy orders - Implied Strategy orders	0.05 (5 cents) 0.05 (5 cents)  Sum of the strategy's individual legs' increments
Three-Month CORRA Futures (CRA) - Regular strategy orders - Implied strategy orders	0.05 (5 cents) 0.05 (5 cents)  Sum of the strategy's individual legs' increments
Futures and Options on Futures Inter-Group Strategies: - Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Equity, Currency, ETF and Index Options Price ranges: Below \$2.00 \$2.00 to \$5.00 Above \$5.00 to \$10.00 Above \$10.00 to \$20.00 Above \$20.00 to \$50.00 Above \$50.00 to \$100.00 Above \$100.00	\$0.25 \$0.40 \$0.50 \$0.80 \$1.00 \$1.50 \$2.00
Equity, Currency, ETF and Index Options Strategies: - Regular strategy orders - Implied strategy orders	Sum of the strategy's individual legs' increments
Canadian Share Futures Contracts ; and Canadian Share Futures Contracts: Basis Trade on Close (including regular strategy orders)	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.

2020.01.30, 2020.06.12, 2021.02.02, 2021.05.28, 2021.06.30, 2024.01.15

## **Article 6.211 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 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:
    - (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 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 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 \$0.50 are quoted in increments of \$0.01; and
  - (ii) Option series priced at \$0.50 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 \$0.50 are quoted in increments of \$0.01; and
  - (ii) Option series priced at \$0.50 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 per unit of foreign currency.

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2022.01.31

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

- (a) Except otherwise indicated, the applicable position limits for Options, Share Futures Contracts or aggregated Options and Share Futures Contracts (as defined under paragraph b) 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 a)(i)2) and a)(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 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 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 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) for contracts where the underlying security is an equity holding exchange-traded fund, defined as an exchange-traded fund where one of the main investment objectives is to hold, directly or indirectly only exchange-traded stocks or trust units, the position limits are the following:
  - (A) for contracts for which the Underlying Interest is a narrow-based exchange-traded fund, the position limits shall be equal to twice the limit levels provided for under paragraphs a)(i)(1) to (5) above;
  - (B) for contracts for which the Underlying Interest is a broad-based exchange-traded fund, the position limits shall be equal to three times the limit levels provided for under paragraphs a)(i)(1) to (5) above; or
  - (C) for contracts for which the Underlying Interest is a broad-based exchange-traded fund that has assets under management of at least \$4 billion and outstanding units in circulation of at least 100 million units, the position limits shall be equal to four times the limit levels provided for under paragraphs a)(i)(1) to (5) above.

(ii) Broad-based index Options

There are no position limits on broad-based index Options.

(iii) Narrow-based index Options

40,000 contracts

(iv) 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.

(v) 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.

- (b) For the purposes of this article:
- (i) Calls written, Puts held, a net short Share Futures position, and short Underlying Interest are on the same side of the market and Puts written, Calls held, a net long 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;
  - (iv) the “interlisted trading volume of transactions” includes trading volumes of transactions on the Underlying Interest on all Canadian and United States marketplaces as long as the Underlying Interest is the same.
- (c) For the purposes of Articles 6.309A and 6.309B:
- (i) a “narrow-based exchange-traded fund” is an equity exchange-traded fund that meets one of the following four requirements (1) it has nine or fewer components; (2) one component comprises more than 30% of the fund’s composition; (3) the five highest weighted components comprise more than 60% of the fund’s composition, or (4) the lowest weighted components comprising in the aggregate 25% of the fund’s composition have an aggregate dollar value of average daily volume over a six-month period of less than US\$50 million (US\$30 million if there are at least 15 component securities);
  - (ii) a “broad-based exchange-traded fund” is an equity exchange-traded fund that is not a narrow-based exchange-traded fund;
  - (iii) a “narrow-based index” is an equity index that meets one of the following four requirements: (1) it has nine or fewer components; (2) one component comprises more than 30% of the index weighting; (3) the five highest weighted components comprise more than 60% of the index weighting, or (4) the lowest weighted components comprising in the aggregate 25% of the index’s weighting have an aggregate dollar value of average daily volume over a six-month period of less than US\$50 million (US\$30 million if there are at least 15 component securities);
  - (iv) a “broad-based index” is an equity index that is not a narrow-based index.

(d) Hedges exemptions

- (i) In addition to the applicable position limits established under paragraph (a)(i), the following hedging Transactions and positions are allowed. The hedging Transactions and positions described in paragraphs (1) through (5) below shall be exempt from established position limits as prescribed under paragraph (a)(i). Hedge Transactions and positions established pursuant to paragraphs (6) and (7) below are subject to a position limit equal to five (5) times the position limits established under subparagraph (a)(i) above.
- (1) underlying Security or by Securities convertible into 100 shares of the underlying Security, or, in the case of an adjusted Option Contract, the same number of shares represented by the adjusted contract: (a) Long Position on a Call and a Short Position on the underlying Security; (b) Short Position on a Call and a Long Position on the underlying Security; (c) Long Position on a Put and a Long Position on the underlying Security; or (d) Short Position on a Put and a Short Position on the underlying Security.
  - (2) Reverse Conversion — A Long Position on a Call accompanied by a Short Position on a Put, where both positions have the same expiry and Exercise Price, and where either of the positions is hedged with 100 shares (or an adjusted number of shares) of the underlying Security or Securities convertible into such underlying Security.
  - (3) Conversion — A Short Position on a Call accompanied by a Long Position on a Put, where both positions have the same expiry and Exercise Price, and where either of the positions is hedged with 100 shares (or an adjusted number of shares) of the underlying Security or Securities convertible into such underlying Security.
  - (4) Collar - A Short Position on a Call accompanied by a Long Position on a Put, where both positions have the same expiry and the Exercise Price of the Short Position on a Call equals or exceeds the Long Position on a Put, and where either of the positions is hedged with 100 shares (or other adjusted number of shares) of the underlying Security. Neither of the Short Position on a Call and Long Position on a Put can be In-the-money at the time the position is established.
  - (5) Reverse Collar - A Long Position on a Call accompanied by a Short Position on a Put, where both positions have the same expiry and the Exercise Price of the Long Position on a Call equals or exceeds the Short Position on a Put, and where either of the positions is hedged with 100 shares (or other adjusted number of shares) of the underlying Security. Neither of the Long Position on a Call and Short Position on a Put can be In-the-money at the time the position is established.
  - (6) Box spread - A Long Position on a Call accompanied by a Short Position on a Put with the same Exercise Price and a Short Position on a Call accompanied by a Long Position on a Put with a different Exercise Price.

- (7) For those strategies described in Sections (2) through (5) above, one component of the Option strategy can be an OTC Option Contract.
- (ii) For purposes of paragraph (d) (i) above, an OTC Option Contract is defined as an OTC Option Contract cleared by CDCC or where the counterparty is an Acceptable Institution as defined by the Canadian Investment Regulatory Organization.
- (iii) In addition to the applicable position limits established under paragraph (a)(i), shall be exempt from established position limits as prescribed under such paragraph, the hedging Transactions and positions where each Share Futures Contract is hedged or covered by 100 shares of the underlying Security or by Securities convertible into 100 shares of the underlying Security or, in the case of an adjusted Share Futures Contract, the same number of shares represented by the adjusted contract: (a) Long Position on a Share Futures Contract and a Short Position on the underlying Security; or (b) Short Position on a Share Futures Contract and a Long Position on the underlying Security.

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2019.06.03, 2020.10.30, 2021.01.29, 2021.06.30

#### **Article 6.309B Position Limits for Futures Contracts**

Except as otherwise indicated and except for Share Futures Contracts, the applicable position limits for Futures Contracts are as follows:

(a) Cash Settled Interest Rate Futures:

The maximum net Long Position or net Short Position for the Settlement Month of a quarterly Cash Settled Interest Rate Futures Contract which a Person may own or control at the close of trading on the first business day of the first Settlement Month is equal to 25% of the average daily Open Interest for the Settlement Month of the designated Cash Settled Interest Rate Futures Contract during the three calendar months preceding the month before the Settlement Month. Same position limits are applicable to serial contracts, if any, of the two months following the Settlement Month. These position limits are established and published by the Bourse on a quarterly basis.

(b) Government of Canada Bond Futures:

(i) 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 at the close of trading on the first business day of the month following the Delivery Month is equal to half the sum of 20% of the average of the outstanding deliverable Bonds of the four preceding Delivery Months including the current Delivery Month, and the greater of:

(A) 4,000 contracts; or

(B) 20% of the average daily Open Interest for all Delivery Months during the three calendar months preceding the Delivery Month.

Such position limits are established and published by the Bourse on a quarterly basis.

- (ii) For the first Delivery Month 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 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 market close on the fourth business day prior to the first business day of the first Delivery Month. Such position limits become effective at the market close on the first business day of the first Delivery Month.

- (c) Broad-based index Futures:

There are no position limits on broad-based index Futures.

- (d) Narrow-based index Futures:

The maximum net Long Position or net Short Position in all Settlement Months combined in a designated narrow-based index Futures Contracts which a Person may own or control is 20,000 contracts unless a different position limit is set in the Rules.

- (e) Bitcoin Price Index Futures

The maximum net Long Position or net Short Position in all Settlement Months combined in Bitcoin Price Index Futures Contracts which a Person may own or control is 100,000 contracts.

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2021.06.30, 2022.09.26, 2022.12.30, 2024.01.15

#### **Article 6.310 Position Limits for 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 their personal Transactions, exceed the limits prescribed under the Rules regarding total positions in any Derivative Instrument.

- (d) Notwithstanding any other provision in the Rules, the Regulatory Division may, at its discretion, establish and publish position limits or remove position limits as it deems appropriate for any Derivative Instrument listed on the Bourse (i) that has no or minimal Open Interest, as determined by the Regulatory Division, for at least six consecutive months, or (ii) that is newly introduced by the Bourse. Position limits established under this paragraph shall remain applicable until such time the Regulatory Division considers it necessary. The position limits established under this paragraph may exceed the position limits prescribed by the Rules.
- (e) The Regulatory Division may impose specific position limits to one or more Approved Participants or its or their clients on any Derivative Instrument listed on the Bourse, as it deems necessary to ensure the integrity and fairness of the market. The position limits established under this paragraph may not exceed the position limits prescribed by the Rules.

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2020.06.17

**Article 6.311 Exemption**

In accordance with the provisions of Policy C-1, an Approved Participant may file, in the form prescribed, an application to 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 for any Derivative Instrument listed on the Bourse that is subject to a position limit. The Bourse may modify any exemption which has been previously granted.

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2021.06.30

**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 consecutive business days an aggregate Long Position exceeding the number of contracts established as position limits by Article 6.309A.
- (b) With respect to an Option Contract for which an exemption has been granted in accordance with 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 within the time set by the Bourse consistent with the maintenance of a fair and orderly market.

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2021.06.30

### **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 their 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 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 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.

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

Positions taken for risk management purposes are positions held by or on behalf of a Person, other than an individual or an affiliate, which typically buys, sells or holds positions in the underlying physical or forward market, a related cash market, or a related OTC market and for which the underlying market has a high degree of liquidity relative to the size of the positions and where there are opportunities for arbitrage which provide a close linkage between the Futures or Options market and the underlying market in question.

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2021.06.30

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

*Bona fide* hedging Transactions and positions are Transactions or positions in Derivative Instruments or 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 their business (fully explaining the nature and extent of their 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 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 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 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.

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2021.01.29

## **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 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. 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 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 them 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.
- (d) Execution of Cross Transaction on Strategies Involving Options.
- (i) Cross Transactions with a 50% Guaranteed minimum will not be accepted electronically. Please refer to Article 6.205.
  - (ii) Cross Transactions on equity Options strategies without a 50% Guaranteed minimum will be accepted electronically. Please refer to Article 6.202.

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2021.01.29

## **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 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 them 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.

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2021.06.30

## **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 in writing, and sent electronically.
- (b) An exemption request is made by filling out the appropriate form as determined by the Bourse 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 the required 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) An exemption request from a position limit shall be filed the moment the position limit for a specific Derivative Instrument listed on the Bourse 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. (Montréaltime) 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.

- (e) The Approved Participant or the client may file an application with the President, Regulatory Division, or their delegate, 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 President, Regulatory Division, or their delegate, to file a request for exemption shall not exceed five business days after the day on which the position limit is reached.

- (f) 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.

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2021.06.30, 2023.05.02

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

- (a) 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.
- (b) Only the President, Regulatory Division, or their delegate, may decide to accept or refuse a request for exemption from a position limit.

The delegate of the President, Regulatory Division shall come from the Regulatory Division. Before making a decision, the President, Regulatory Division, or their delegate, may, at their discretion, consult other employees of the Bourse outside the Regulatory Division.

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2021.06.30, 2023.05.02

**Appendix 6D-3      CONSIDERED FACTORS IN ASSESSING AN EXEMPTION REQUEST FROM A POSITION LIMIT**

- (a) The following factors shall be considered by the President, Regulatory Division, or their delegate, 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 President, Regulatory Division or their delegate.
- (b) The President, Regulatory Division, or their delegate, may at any time require additional information from an Approved Participant or a client.

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2021.06.30, 2023.05.02

#### **Appendix 6D-4      COMMUNICATION AND EFFECTS OF THE DECISION**

- (a) The decision of the President, Regulatory Division, or of their delegate, 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.
- (b) The exemption shall be effective when the applicant receives the decision.
- (c) Where the President, Regulatory Division, or their delegate, 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.
- (d) Where the President, Regulatory Division, or their delegate, refuses an exemption request from a client and the positions in excess of the prescribed limit are not liquidated in a reasonable time, the President, Regulatory Division, or their delegate may order each Approved Participant with whom the client carries a position to reduce such position proportionately.
- (e) All exemptions from position limits are temporary.  
  
The duration of an exemption is determined by the President, Regulatory Division, or their delegate, and shall not exceed 12 months from the filing of the request.
- (f) The President, Regulatory Division, or their delegate, may review, amend or terminate an exemption.

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2021.06.30, 2023.05.02

#### **Appendix 6D-5      RENEWING, AMENDING, REVOKING OR INCREASING AN EXEMPTION**

- (a) 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.

- (b) An Approved Participant or a client wishing to increase the limit under an exemption from a position limit must file a request for exemption, which 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.
- (c) An Approved Participant or a client wishing to renew an exemption from a position limit must file a request for exemption with the President, Regulatory Division. The exemption request shall be filed not later than 10 business days before the expiration date of the exemption.
- (d) The decision-making process set forth in Appendices 6D-2, 6D-3 and 6D4 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.

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2021.06.30, 2023.05.02

## **Chapter E — Expiration and Settlement**

### **Article 6.400 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 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 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 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.

- (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 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 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 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 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 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 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 6.408 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 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 their 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 their 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 their 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 and month-end Settlement Price or Closing Quotation**

The daily Settlement Price or the closing quotation, and where applicable, the month-end Settlement Price, are determined according to the procedures established by the Bourse for each Derivative Instrument.

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2021.06.21

## **Appendix 6E—Daily and month-end 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, and where applicable, the month-end Settlement Price, are determined according to the procedures established by the Bourse for each Derivative Instrument.”

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2021.06.21

### **Appendix 6E-2      SUMMARY**

- (a) Futures Contracts And Options On Futures Contracts Daily and month-end 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 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.

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2021.06.21

### **Appendix 6E-3      OBJECTIVES**

The objectives of establishing daily and month-end 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.

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2021.06.21

### **Appendix 6E-4      DESCRIPTION**

## **Appendix 6E-4.1 THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES CONTRACTS (BAX)**

The daily Settlement Price procedure for the Three-Month Canadian Bankers' Acceptance Futures contract (BAX) is executed by a fully automated pricing algorithm which utilizes the parameters described in 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, which is set at five contracts, up to 50 contracts, for all contract months.
- (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 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 (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 within the specified timeframe.

- (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 (and including) 3:00 p.m., or prior to (and including) 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 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 Supervisors will keep a record of the criteria used to establish the Settlement Price.
- (f) Fallback Procedure. If, as determined by the Bourse in its sole discretion, the level of liquidity in BAX is such that the procedures set out in this Appendix 6E-4.1 would not generate an appropriate Settlement Price with respect to any BAX contracts, the Bourse may calculate the daily Settlement Price of any such BAX contracts that expire after the CDOR Cessation Event under Article 12.14A(b) below by subtracting the ISDA spread adjustment (value adjustment under Article 12.14) from the Three-Month CORRA Futures (CRA) daily Settlement Price, rounded to the nearest price increment.

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2020.05.01, 2021.07.16, 2023.03.27, 2023.12.15

**Appendix 6E-4.2 FUTURES CONTRACTS ON S&P/TSX AND S&P/MX INDICES, AND ON THE FTSE EMERGING MARKETS INDEX**

*Daily Settlement Price*

In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the Daily Settlement Price shall be the same as the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.



- (a) Front Month: 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 a Market Supervisor based on available market information. All the subsequent expiries are considered Back Months.

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. ET (“the calculation period”), using a minimum quantity of 10 Contracts. If there is an unfilled order (“booked order”) with a higher bid or lower offer in the front month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked 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) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at settlement time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the front month settles to the midpoint of the sustained orders bid and offer.

Tier 2

For all Futures contracts on S&P/TSX and S&P/MX indices, and on the FTSE Emerging markets index except the S&P/TSX60 Dividend Index Futures, if there are no Trades nor quotes during the closing period, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. For S&P/TSX60 Dividend Index Futures, the Settlement Price will be the previous day’s Settlement Price adjusted to the applicable qualifying bid or offer.

Tier 3

In absence of the conditions necessary to fulfill the front month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

- (b) Back Months

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades, including spread strategies, during the calculation period (minimum quantity 10 contracts). If there is an unfilled order (“booked order”) with a higher bid or lower offer in the back month, this bid or offer will override the Settlement Price obtained from

the weighted average. A booked 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) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at settlement time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the back month settles to the midpoint of the sustained bid and offer.

#### Tier 2

If there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument. This Tier does not apply to S&P/TSX60 Dividend Index Futures.

#### Tier 3

If no weighted average price can be determined in this manner, the Settlement Price will be the previous day's Settlement Price (or a price that represents the same net change of the prior expiry) adjusted to the applicable qualifying closing bid or offer.

#### Tier 4

In absence of the conditions necessary to fulfill the back month Tiers 1-2-3, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

#### *Month-end Settlement Price*

The month-end Settlement Price shall be calculated on the last business day of each month using a time-weighted average price ("TWAP") and the future's related Basis Trade on Close (BTC) daily mid-market quotes average, as further detailed below. In the case of mini Futures Contracts on S&P/TSX or S&P/MX Indices, the month-end Settlement Price shall be the same as for the standard Futures Contracts on S&P/TSX or S&P/MX Indices when such standard Futures Contracts exist.

#### Tier 1

- (i) TWAP calculation. The price of the Index Future's last traded contract is captured at every 1-minute interval between 9:35 a.m. and 3:55 p.m. The Index Future's trading activity is measured against the underlying index value at intervals of one minute throughout the day. The implied basis is calculated taking the difference between the underlying index and the price of the Future contract at each minute. At 4:00 p.m., the system calculates the average of each minute's implied basis obtained throughout the day (TWAP);

- (ii) TWAP conditions. The following trading data conditions must be present for the TWAP to be calculated: (i) a trade must be registered on at least 50% of all minute intervals throughout the period the data is captured, (ii) there must be a minimum of one data point present every 30 minutes throughout the period the data is captured, (iii) the TSX feed must be available and its data captured between 3:00 p.m. and 3:55 p.m.;
- (iii) BTC daily mid-market quotes calculation. In order to obtain BTC daily mid-market quotes, the Bourse captures all bid-ask quotes posted throughout the day at every 1-minute interval. At 4:00 p.m., the system calculates the mid-market quote average for the day;
- (iv) Month-end Settlement Price. The month-end Settlement Price is determined by weighting the Index Future implied average basis (TWAP) and the BTC mid-market average basis. The weight factor is periodically reviewed according to the instrument's trading volume during the previous month and the weighting percentage is dependent on the BTC monthly volume crossing a pre-established threshold range.

#### Tier 2

Should the TWAP conditions mentioned above not be met for the calculation of the month-end Settlement Price, the Bourse shall calculate the month-end Settlement Price using the Procedures outlined in this Appendix 6E-4.2 for the calculation of the daily Settlement Price.

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2020.01.30, 2021.06.21

### **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 (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 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 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 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.

Weighted average. The Settlement Price shall be the weighted average of the prices traded in the closing range (last minute of trading prior to (and including) 3:00 p.m., or prior to (and including) 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.

(i) Last Trades.

- (1) If no Trade occurs during the closing range, the Market Supervisors will consider Transactions executed during the last 30 minutes of trading prior to (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or before (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 relevant market sources and deemed appropriate for the product. The same volatility will be applied for both Calls and Puts.
    - (4) The 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 ONE-MONTH CORRA FUTURES CONTRACTS (COA)**

The daily Settlement Price procedure for the One-Month CORRA Futures contract (COA) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b) and (c) and of Appendix 6D-4.5 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 COA, which is set at five contracts, up to 25 contracts, for all contract months.

(b) Algorithm Utilized for the Determination of the Daily Settlement Price of the Front Contract Month (nearest expiry).

- (i) The automated daily Settlement Price algorithm will determine the Settlement Price of the front 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 (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 within the specified timeframe.
- (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.

(c) Procedure For The Determination Of The Daily Settlement Price Of The Remaining COA Contract Months.

- (i) Upon completion of the aforementioned steps, the automated daily pricing algorithm will then establish the Settlement Prices for all other COA contract months sequentially. The daily Settlement Prices of all other COA contract months will be based first on the last three minute outright market (resulting from regular and implied orders) prior to (and including) 3:00 p.m., or prior to (and including) 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 qualified 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 within the specified timeframe.
- (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 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 Supervisors will keep a record of the criteria used to establish the Settlement Price.

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2020.06.12, 2023.03.27

#### **Appendix 6E-4.6      THREE-MONTH CORRA FUTURES CONTRACTS (CRA)**

The daily Settlement Price procedure for the Three-Month CORRA Futures contract (CRA) is executed by a fully automated pricing algorithm which utilizes the parameters described in paragraphs (b) and (c) of Appendix 6D-4.6 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 CRA, which is set at five contracts, up to 25 contracts, for all contract months.

(b) Algorithm Utilized for the Determination of the Daily Settlement Price of the Front Quarterly Contract Month (nearest expiry).

- (i) 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 (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 within the specified timeframe.
- (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.

(c) Procedure For The Determination Of The Daily Settlement Price Of The Remaining CRA Contract Months.

- (i) Upon completion of the aforementioned steps, the automated daily pricing algorithm will then establish the Settlement Prices for all other CRA contract months sequentially. The daily Settlement Prices of all other CRA contract months will be based first on the last three minute outright market (resulting from regular and implied orders) prior to (and including) 3:00 p.m., or prior to (and including) 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 qualified 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 within the specified timeframe.
- (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. This paragraph does not apply to the first contract settled.
- (d) Ancillary Procedure. In the absence of any required items to apply the aforementioned procedure, Market Supervisors will establish the Settlement Price based on available market information. They may also disregard any event (Trade, bid or offer) which occurs close to 3:00 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 Supervisors will keep a record of the criteria used to establish the Settlement Price.

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2020.06.12, 2023.03.27

#### **Appendix 6E-4.7      CANADIAN SHARE FUTURES CONTRACTS**

- (a) Front Month: 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 a Market Supervisor based on available market information. All the subsequent expiries are considered Back Months.

##### Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. ET (“the calculation period”), using a minimum quantity of 10 Contracts. If there is an unfilled order (“booked order”) with a higher bid or lower offer in the front month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked 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) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at settlement time.



- (iii) If the last Trade is not at or within the sustained market bid and offer, then the front month settles to the midpoint of the sustained bid and offer.

Tier 2

If there are no Trades nor quotes during the trading session, the weighted average of all basis trade on close transactions (BTC) is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument.

Tier 3

In absence of the conditions necessary to fulfill the front month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

(b) Back Months

Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades, including spread strategies, during the calculation period (minimum quantity 10 contracts). If there is an unfilled order (“booked order”) with a higher bid or lower offer in the back month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked 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) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the settlement time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the back month settles to the midpoint of the sustained bid and offer.

Tier 2

If there are no Trades in the calculation period, the weighted average of all basis Trade on close (BTC) transactions is applied to the closing price of the underlying asset and this price becomes the settlement price of the instrument.

Tier 3

In absence of the conditions necessary to fulfill the back month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

Tier 4

If no weighted average price can be determined using tiers 1, 2 or 3, the Settlement Price will be the previous day's Settlement Price (or a price that represents the same net change of the prior expiry) adjusted to the applicable qualifying closing bid or offer.

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2021.06.21

#### **Appendix 6E-4.8 OPTIONS ON GOVERNMENT OF CANADA BOND FUTURES CONTRACTS**

(a) Main Procedure.

Weighted average. The Settlement Price shall be the weighted average of the prices traded in the closing range (last minute of trading prior to (and including) 3:00 p.m., or prior to (and including) 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.

(i) Last Trades.

- (1) If no Trade occurs during the closing range, the Market Supervisors will consider Transactions executed during the last 30 minutes of trading prior to (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or before (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 Government of Canada Bond Futures Contract. This will be the price of the underlying.
  - (2) Interest rate. The interest rate used will be a rate deemed appropriate for the product and its expiry date.
  - (3) Volatility: The Bourse will use the implied volatility (per contract month, for Puts and calls) obtained from relevant market sources and deemed appropriate for the product. The same volatility will be applied for both Calls and Puts.

(4) The 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.

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2021.05.28

## **Appendix 6E-4.9 BITCOIN PRICE INDEX FUTURES**

### Daily settlement

(a) Front Month: The front contract month is the one, among the first two contract months, that has the largest Open Interest and the required market information. In the absence of both these criteria together, then the front contract month shall be determined by a Market Supervisor based on available market information. All the subsequent expiries are considered Back Months.

#### Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades during the calculation period, which ranges from 3:59 p.m. to 4:00 p.m. ET (“the calculation period”), using a minimum quantity of 10 Contracts. If there is an unfilled order (“booked order”) with a higher bid or lower offer in the front month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked 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) If there are no Trades or booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at the time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the front month settles to the midpoint of the sustained orders bid and offer.

#### Tier 2

In the absence of the conditions necessary to fulfill Tier 1, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price

(b) Back Months

#### Tier 1

- (i) The Settlement Price shall be the weighted average of all Trades, including spread strategies, during the calculation period (minimum quantity 10 contracts). If there is an unfilled order (“booked order”) with a higher bid or lower offer in the back

month, this bid or offer will override the Settlement Price obtained from the weighted average. A booked 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) If there are no Trades nor booked orders in the calculation period, then the last Trade before the calculation period will determine the Settlement Price only if the last Trade is at or within the sustained bid and offer at settlement time.
- (iii) If the last Trade is not at or within the sustained market bid and offer, then the back month settles to the midpoint of the sustained bid and offer.

#### Tier 2

If no weighted average price can be determined in this manner, the Settlement Price will be the previous day's Settlement Price (or a price that represents the same net change of the prior expiry) adjusted to the applicable qualifying closing bid or offer.

#### Tier 3

In the absence of the conditions necessary to fulfill the back month Tiers 1-2, Market Supervisors will establish the Settlement Price based on available market information and/or a theoretical model. They may also disregard any event (Trade, bid or offer) which occurs near the end of the Trading Day and which is not compatible with a given Settlement Price. In this situation, the Market Operations Department will keep a record of the criteria used to establish the Settlement Price.

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2024.01.15

### **Appendix 6E-4.10      OPTIONS ON THREE-MONTH CORRA FUTURES**

#### (a) Main Procedure.

Weighted average. The Settlement Price shall be the weighted average of the prices traded in the closing range (last minute of trading prior to (and including) 3:00 p.m., or prior to (and including) 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.

#### (i) Last Trades.

- (1) If no Trade occurs during the closing range, the Market Supervisors will consider Transactions executed during the last 30 minutes of trading prior to (and including) 3:00 p.m., or prior to (and including) 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 (and including) 3:00 p.m., or before (and including) 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 (and including) 3:00 p.m., or prior to (and including) 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 CRA 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 CRA Futures Contract nearest to expiration.

(3) Volatility: The Bourse will use the implied volatility (per contract month, for Puts and calls) obtained from relevant market sources and deemed appropriate for the product. The same volatility will be applied for both Calls and Puts.

(4) The 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.

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2024.02.09

## **Chapter F — Reports**

### **Article 6.500 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 contact information 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 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 many 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:
    - (1) if one of the natural persons owning shares of this corporation holds an ownership interest of more than 50% in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph (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) 1,500 contracts, in the case of Options on the S&P/TSX 60 Index; 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 or Three-Month CORRA Futures, by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. In this case, one Options contract is equal to one Futures Contract;
  - (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 Futures and Options on Futures Contracts on Five-Year Government of Canada Bond Futures (CGF and OGF) by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. For the purposes of aggregating positions, one Options contract (OGF) is equal to one Futures Contract (CGF);



- (5) 250 contracts, in the case of Futures and Options on Futures Contracts on Two-Year Government of Canada Bond Futures (CGZ and OGZ) by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. For the purposes of aggregating positions, one Options contract (OGZ) is equal to one Futures Contract (CGZ);
  - (6) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both Futures Contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);
  - (7) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);
  - (8) 300 contracts, in the case of One-Month CORRA Futures (COA) and Three-Month CORRA Futures (CRA);
  - (9) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU, SXD, SXG, SXR, SXT, SXS, SXW);
  - (10) 500 contracts, in the case of S&P/MX International Cannabis Index Futures;
  - (11) 1,000 contracts, in the case of S&P/TSX 60 Dividend Index Futures;
  - (12) 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index;
  - (13) 1,000 contracts, in the case of S&P/TSX 60 ESG Index Futures (SEG) and S&P/TSX Composite ESG Index Futures (SCG); and
  - (14) 1 contract, in the case of Bitcoin Price Index Futures.
- (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 President, 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 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.

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2019.06.03, 2020.01.30, 2020.02.07, 2020.06.12, 2020.12.11, 2021.01.29, 2021.02.02, 2021.05.28, 2022.05.03, 2023.05.02, 2024.01.15

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

Approved Participants must, pursuant to Article 6.12, report in the form prescribed by the Bourse, the total number of Over-The-Counter puts and calls written, issued or 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 business days of the end of the period.

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2020.02.07

**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 7.0 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 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 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:
  - (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 Bourse Self-Regulatory Oversight 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 Trade.

## **Article 7.7 Certain Activities at the Close Prohibited**

At the close of a 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 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 may also refuse to allow any unreasonable quotations to be recorded at any time.

## **Chapter B — Account Handling by Approved Participants**

### **Article 7.100 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 their financial situation, investment knowledge, investment objectives and 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 their financial situation, investment knowledge, investment objectives and risk tolerance.
- (b) Supervision. Every Approved Participant must designate a 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 to this responsible person. The responsible person:

- (i) is responsible for establishing and maintaining procedures and for supervising trading activities in Derivative Instruments listed on the Bourse. This person must ensure that the handling of each client order 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 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, their authority and responsibilities must be assumed by an alternate responsible Person: and
- (ii) is not required, along with the alternate persons, to be approved by the Bourse. However, Approved Participants must provide the Bourse with a list of those 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.

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2021.01.29

#### **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, or may 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 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 years 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.
- (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 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 8.2 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 their 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 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 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 years from their date of creation and all Correspondence and related documents must be retained for a period of five years from their date of creation.

#### **Article 8.4-8.24 Reserved**

#### **Article 8.25 Ownership of 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 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 Assumed Name**

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

#### **Article 8.27 Notification of Assumed Name**

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

#### **Article 8.28 Transfer of Assumed Name**

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

#### **Article 8.29 Single Use of Assumed Name**

No Approved Participant or Approved Person may use any business or 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      Assumed Name to Accompany Legal Name**

A business or 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 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.

**Article 8.32      Misleading Assumed Names**

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

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

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

## **PART 9 - CLEARING AND FINANCIAL INTEGRITY**

### **Chapter A — Clearing**

#### **Article 9.0 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 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 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, the designated Clearing Corporation is the Canadian Depository for Securities Limited (CDS) and for 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 Transactions to be cleared by a member of the designated Clearing Corporation.

#### **Article 9.3 Suspension of Trading and Cancellation of Orders**

- (a) A Clearing Approved Participant must notify the 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 as defined under Clearing Corporation rules, the President, Regulatory Division, acting solely in their 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 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 the President or Chief Risk Officer of the Clearing Corporation that a Clearing Approved Participant has been deemed as restricted clearing member

during the overnight clearing cycle as defined under Clearing Corporation rules and manuals, the President, Regulatory Division, may instruct the Market Operations Department immediately to suspend access to, and/or cancel any orders resting in, the Trading System by such Clearing Approved Participant for itself and/or for any Approved Participants that clear their transactions through such Clearing Approved Participant.

- (d) 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 President, Regulatory Division, acting solely in their 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.
- (e) The President, Regulatory Division, acting solely in their 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;
  - (iii) for a Clearing Approved Participant who has been deemed as a restricted clearing member and for Approved Participants that clear their transactions through such Clearing Approved Participant, upon notification by the President or the Chief Risk Officer of the Clearing Corporation that the restricted clearing member status has been lifted for such Clearing Approved Participant.
- (f) The President, Regulatory Division, may make the decisions under this Article acting in their sole discretion. However, nothing in this Article precludes the 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 Bourse Self-Regulatory Oversight Committee for a determination.

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#### **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. An Approved Participant may use of SPAN methodology to determine Margin requirements with respect to a Client Account if the Client Account at CDCC complies with the Gross Client Margin Regime as defined under CDCC Rules. If the Approved Participant selects the SPAN methodology, the Margin requirements calculated under this methodology will supersede the provisions stipulated in the Rules.

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2023.03.31

### **Article 9.5 Inter-commodity Off-sets Prohibited**

Unless otherwise determined by the Bourse and CDCC, offsets are not permitted for positions in Client Accounts or Approved Participant Accounts involving Derivative Instruments based on two different Underlying Interests.

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2020.06.12

## **Chapter B — Chapter B—Margin**

### **Article 9.100 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 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 on deposit to an amount below the maintenance margin level. When this happens the Approved Participant must then collect from the client a further amount sufficient to restore the margin on deposit to the initial rate.

#### **Article 9.101      Margin Calls**

- (a) An Approved Participant may call for additional Margins at their discretion, but whenever a client's Margin is below the minimum amount required, the Approved Participant must 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 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 them 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 their books in order to correct the Margin deficiency.

#### **Article 9.104      Margins on Day Trading**

An Approved Participant may use their 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 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 are held by a depository for Futures Contract positions of a named client. For the purposes of this receipt, the allowable government 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 held on deposit. All government 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 Positions Share Futures Contract and an equivalent short position in the Underlying Interest; or
  - (ii) Short Positions Share Futures Contract and 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 Position Share Futures Contract on the Underlying Interests of an issuer and a long position in warrants, rights, shares, installment 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 Margin required must be equal to the difference between the market value of the long position and the settlement value of the 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.

(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 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 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 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 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 of 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 Account and the account is also short a Share Futures Contract on the same number of Units of 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 of 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 of 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 of 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 trip 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 of 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 9.113-9.119 Reserved

### Article 9.220 Capital for Derivative Instruments

The capital requirements which must be applied on all positions in Listed Products contracts held in an Approved Participant 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 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) 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) 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) 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) 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 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 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 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 Position Share Futures Contract and short an equivalent position in the Underlying Interest; or a 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 Position Share Futures Contract on the Underlying Interest of an issuer and a 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 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 or Short Position remaining unhedged after applying the pairing described above.
  - (ii) Where the securities representing the 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 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 representing the 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 Position Share Futures Contract on the Underlying Interests of an issuer and a 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 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 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 in capital shares and a 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 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, 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 for an Approved Participant 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 for an Approved Participant Account and the account is also Short Position on a 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 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 for an Approved Participant Account and the account is also Short Position on a 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 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:
    - (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 for an Approved Participant Account and the account is also a Long Position on a 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 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 tripo combination Long Position involving Options and Share Futures Contracts. Where a Long Position Put Option is carried for an Approved Participant Account and the account is also Short Position on a Call Option and a Long Position on a Share Futures Contract on the same number of Units of 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 Position Put Option or the Short Position Call Option, plus the aggregate net market value of the Put Options 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 Short Position Put Option is carried for an Approved Participant Account and the account is also Long Position on a Call Option and Short Position on a Share Futures Contract on the same number of Units of 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 Position Call Option or 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 Margin Rate for a spread between the Futures Contract and the related Underlying Interest, multiplied by the market value of the Underlying Interest.

**Article 9.225 Capital for Interest Rate Options and Futures**

The minimum capital required to carry a Long Position Call Option or a Long Position Put Option in an Approved Participant 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 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 9.226 Capital for Short Futures Contract**

The minimum capital required which must be maintained in respect of a Short Position Option carried 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 Position Call Option and Short Position Call Option, or a Long Position Put Option and Short Position Put Option, the minimum capital required must be:

- (i) 100% of the market value of the Long Option; minus
- (ii) 100% of the market value of the Short Option; and
- (iii) plus the loss (up to the amount of capital required on the Short 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 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).

(b) Short Call – Short Position Put spreads. Where a Short Position Call Option is carried for an Approved Participant Account and the account is also 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; 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 Position Put spreads. Where a Long Position Call Option is carried 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 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 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 Position Call Options and an equivalent Short Position in Futures Contracts; or (z) Long Position Put Options an equivalent 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 Position Call Options and an equivalent Long Position in Futures Contracts; or (z) short Put Options and an equivalent 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 trip combination involving Options on Futures Contracts and Futures Contracts. Where a Long Position in a Futures Contract is carried in an Approved Participant Account and the account is also an equivalent Long Position in Put Options and an equivalent 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 Position Futures Contracts and the Exercise value of the Long Position Put Options or short Call Options; plus the net market value of the Long Position Put and Short Position Call Options; and
  - (ii) 50% of the capital required on the Futures Contracts.
- (d) Reconversion or short trip combination involving Options on Futures Contracts and Futures Contracts. Where a Short Position in a Futures Contract is carried in an Approved Participant Account and the account is also an equivalent 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 Position Call Options or Short Position Put Options and the daily settlement value of the Futures Contracts; plus the net market value of the Short Position Put and 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 10.0 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 their part, or for any other loss or damage whatever which shall happen in the execution of the duties of their office or in relation thereto, unless the same are occasioned by their 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 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)(ii) within sixty days from the end of the calendar year in which the loss occurred. Any disputed claim must be arbitrated in accordance with Article 5.0 *et seq.* of Part Five, which shall apply, with the necessary modifications.
- (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 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 Party Liability**

### **Article 10.100 Standard & Poor's (S&P)**

S&P Dow Jones Indices LLC ("S&P") licenses the Bourse to use various S&P/TSX and S&P/MX indices in connection with the trading of Bourse futures exchange-traded contracts and options on futures exchange-traded contracts and options exchange-traded contracts based upon such indices. S&P, its affiliates and their third party licensors shall have no liability for any damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating the indices. None of the futures exchange-traded contracts, options on futures exchange-traded contracts or options exchange-traded contracts are sponsored, endorsed, sold or promoted by S&P, its affiliates or third party licensors.

S&P, its affiliates and their third party licensors make no representation or warranty regarding the advisability of investing in securities generally or the ability of any of the indices to track general stock market performance. S&P, its affiliates and their third party licensors have no obligation to take the needs of the traders of futures exchange-traded contracts, options on futures exchange-traded contracts or options exchange-traded contracts in determining, composing or calculating the indices. S&P, its affiliates and their third party licensors are not responsible for and have not participated in the determination of the prices, and amount of any financial product issued by the Bourse or the timing of the issuance or sale of such products or in the determination or calculation of the equation by which any such product is to be converted into cash, surrendered or redeemed, as the case may be.

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2020.01.30

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2020.06.12, 2024.01.15

## **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 11.0 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 four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Annual expiry of December for long term Options.

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2021.02.22

#### **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 Exercise Prices**

Exercise Prices are set at a minimum of 2.5 Index points intervals.

#### **Article 11.5 Minimum Fluctuation of Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the 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), if any, is set pursuant to Article 6.309A.

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2021.06.30

**Article 11.8      Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 their Option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the 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 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 11.11      Last Trading Day**

Options on the S&P/TSX Composite Index Banks (Industry Group) cease trading on the 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 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 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 their 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 of Options or a 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**

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2019.06.03, 2021.01.29

### **Article 11.100 Underlying Interest**

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

### **Article 11.101 Expiry Cycle**

- (a) At a minimum, the nearest four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Annual expiry of December for long term Options.

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2021.02.22

**Article 11.102 Trading Unit**

The multiplier for one standard Option Contract shall be \$100 per Index point of the S&P/TSX 60 Index.

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2019.06.03

**Article 11.103 Currency**

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

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2019.06.03, 2021.01.29

**Article 11.104 Exercise Prices**

- (a) Exercise Prices are set at a minimum of 2.5 Index point intervals.
- (b) At a minimum, there are five 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 Premium is:

- (a) 0.05 Index point representing \$5.00 per contract for Premiums of 0.10 Index points and over; and
- (b) 0.01 Index point representing \$1.00 per contract for Premiums of less than 0.10 Index points.

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2019.06.03

**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).

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2019.06.03, 2021.01.29

**Article 11.107 Position Limits**

The position limit for Options on the S&P/TSX 60 Index, if any, is set pursuant to Article 6.309A.



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2019.06.03, 2021.01.29, 2021.06.30

**Article 11.108 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 their Option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the 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 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.

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2019.06.03, 2021.01.29

**Article 11.110 Reserved**

**Article 11.111 Last Trading Day**

Options on the S&P/TSX 60 Index cease trading on the first business day prior to the expiration day.

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2019.06.03, 2021.01.29

**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 Settlement Month, provided it is a business day. If it is not a business day, the expiration day is the first preceding business day.

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2019.06.03, 2021.01.29

**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.

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2019.06.03, 2021.01.29

**Article 11.115 Trading Halt or Suspension**

- (a) Trading on the Bourse in a Option on the S&P/TSX 60 Index shall be halted whenever a Market Supervisor shall conclude, in their 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 a Class of Options on the S&P/TSX 60 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 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 of Options or a 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.

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2019.06.03, 2021.01.29

**Chapter C — Options on the S&P/TSX Capped Utilities Index**

**Article 11.200 Underlying Interest**

The Underlying Interest is the S&P/TSX Capped Utilities Index.

**Article 11.201 Expiry Cycle**

- (a) At a minimum, the nearest four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Annual expiry of December for long term options.

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2021.02.22

**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 Exercise 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 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, if any, is set pursuant to Article 6.309A.

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2021.06.30

**Article 11.208 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 their Option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the 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 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 11.211 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 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 their 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 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 of Options or a 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 11.300 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 nearest four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Annual expiry of January for long term Options.

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2021.02.22

### **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 Exercise Prices**

At a minimum, there are five 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 Premium is:

- (a) For equity Options excluded from the penny trading program:
  - (i) Option Series priced below \$0.50 are quoted in increments of \$0.01.
  - (ii) Option Series priced at \$0.50 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.
  - (ii) Option 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 limits for equity Option Contracts, if any, are set pursuant to Article 6.309A.

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2021.06.30

**Article 11.309 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 11.312 Last Trading Day**

Equity Options cease trading on the third Friday of the 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.

**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 of the 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 11.400 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 nearest four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Long term Options have an annual expiry in January.

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2021.02.22

**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..
- (b) In the case of Options on the Euro, the trading unit for one Option Contract is €10,000.

**Article 11.403 Premium Quotation**

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 Exercise Prices**

- (a) At a minimum, there are five Exercise Prices bracketing the current Underlying Interest market price.
- (b) Exercise Prices are set at a minimum interval of CAN \$0.50 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 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 limits for currency Option Contracts, if any, are set pursuant to Article 6.309A.

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2021.06.30

**Article 11.409 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

**Article 11.410 Nature of the Option/Settlement Type**

- (a) A buyer of one currency Option may Exercise their Option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the 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 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 11.412 Last Trading Day**

Currency Options cease trading at 12:30 p.m. on the third Friday of the Settlement Month, provided it is a business day. If it is not a business day, trading will cease at 12:30 pm on the first preceding 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 of the 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 11.500 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 Interest must meet stringent eligibility requirements, including sufficient liquidity and market capitalization.

**Article 11.502 Expiry Cycle**

- (a) At a minimum, the nearest four consecutive months plus the next four months in the designated quarterly Cycle: March, June, September and December. The Bourse may list expiries over a period of two years and an annual expiry in January under such expiry Cycle.
- (b) Long term Options have an annual expiry in March.

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2021.02.22

**Article 11.503 Trading Unit**

The trading unit for one Option on exchange-traded fund is 100 shares of an exchange-traded fund.

**Article 11.504 Exercise Prices**

At a minimum, there are five 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 priced below \$0.50 are quoted in increments of \$0.01.
  - (ii) Option Series priced at \$0.50 or more are quoted in increments of \$0.05.
- (b) For exchange-traded fund Options included in the penny trading program, all Option Series are quoted in increments of \$0.01, regardless of the Premium level.

**Article 11.506 Trading Halts**

Trading halts on exchange-traded fund Options are coordinated with the trading halt mechanism of the Underlying Interest (circuit-breaker).

**Article 11.507 Position Limits**

Position limits for exchange-traded fund Options, if any, is set pursuant to Article 6.309A.

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2021.06.30

**Article 11.508 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 11.510 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 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 of the 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 12.0 Underlying

The Underlying for One-month and Three-month Canadian Bankers' Acceptance Futures are respectively the Reference One-month and Reference Three-month Canadian Bankers' Acceptance Rate. The Reference Canadian Bankers' Acceptance Rate means the daily "Canadian Dollar Offered Rate" (CDOR) as determined by the appointed CDOR benchmark administrator, expressed as an interest rate per annum.

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2020.06.16

#### Article 12.1 Expiry Cycle

- (a) The expiry months for One-month Canadian Bankers' Acceptance Futures are the first six 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 nearest non-quarterly months.

#### Article 12.2 Trading Unit

- (a) One-month Canadian Bankers' Acceptance: For a futures contract for a given contract month, the trading unit shall be an Index, where the Index is equivalent to 100 minus the yield of a One-month Canadian Bankers' Acceptance on an annual basis for a 365-day year, expressed as an interest rate per annum for which each basis point per annum of such interest rate shall be worth \$25 per futures contract. (For example, a rate of 1.75% shall be quoted as 98.25). For a futures contract for a given contract month, the size of the trading unit shall be the Index \* \$2,500.
- (b) Three-month Canadian Bankers' Acceptance: For a futures contract for a given contract month, the trading unit shall be an Index, where the Index is equivalent to 100 minus the yield of a Three-month Canadian Bankers' Acceptance on an annual basis for a 365-day year, expressed as an interest rate per annum for which each basis point per annum of such interest rate shall be worth \$25 per futures contract. (For example, a rate of 1.75% shall be quoted as 98.25). For a futures contract for a given contract month, the size of the trading unit shall be the Index \* \$2,500.

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2020.06.16

### **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:

- 0.005, representing \$12.50 per contract, for the six nearest contract months: the two nearest non-quarterlies (serials) and the four nearest quarterly.
- 0.01 = CAN \$25.00 per contract for all other contract months.

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2022.09.30, 2020.09.21

### **Article 12.6      Maximum Price Variation Thresholds**

There shall be no maximum price variation thresholds.

### **Article 12.7      Position Limits**

Position limits for Canadian Bankers' Acceptance Futures, if any, are set pursuant to Article 6.309B.

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2021.06.30

### **Article 12.8      Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 12.9      Settlement Type**

Canadian Bankers' Acceptance Futures are cash settled. The settlement procedures are stipulated in Article 12.13 to Article 12.15 of the Rules.

**Article 12.10**      **Reserved**

**Article 12.11**      **Last Trading Day**

- (a) For contract months expiring on or before June 28, 2024: 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 Settlement Month.
- (b) For contract months expiring after June 28, 2024: trading of Canadian Bankers' Acceptance Futures ceases at 10:15 a.m. (Montréal time) on the third Wednesday of the Settlement Month.

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2022.12.19

**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 Settlement Month shall be the first business day following the last day of trading in the Settlement Month.

**Article 12.14**      **Cash Settlement Procedures**

In the case of One-month and Three-month Canadian Bankers' Acceptance futures:

- a) The final Settlement Price as determined below by the Bourse shall be used to settle all outstanding Canadian Bankers' acceptance futures:
  - on the last Trading Day and at the time of termination of trading, the Bourse shall determine the Reference One-month and the Reference Three-month bankers' acceptance Rate (yield);
  - final Settlement Price for One-month Canadian Bankers' Acceptance Futures Contracts shall be 100 minus the Reference One-month bankers' acceptance rate;
  - final Settlement Price for Three-month Canadian Bankers' Acceptance Futures Contracts shall be 100 minus the Reference Three-month bankers' acceptance rate;
  - Reference One-month and Reference Three-month 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% would be rounded up to 2.773%, and then subtracted from 100 to determine a contract final settlement price of 97.227.

**Article 12.14A**      **Reference Rate Fallback Procedures**

Notwithstanding anything to the contrary in the Rules, including Article 12.14, the following shall apply to the Three-month Canadian Bankers' Acceptance Futures:

a) BAX Fallback Effective Date

The BAX fallback effective date shall be April 26, 2024, except where the Bourse determines at any time and in its sole and absolute discretion that implementation of the fallback procedure on such date could result in an unacceptable level of operational or market disruption or where financial stability issues could threaten the orderly transition of the contract. In such a case, the Bourse shall determine in its sole and absolute discretion an alternative BAX fallback effective date and notify Approved Participants (these alternatives constituting the "BAX Fallback Effective Date").

b) BAX Fallback Procedure

Following close of business day on the BAX Fallback Effective Date, the Bourse shall convert all open positions in the BAX contract that expire after the CDOR Cessation Event as follows:

- (i) each position in the contract that is affected by the CDOR Cessation Event shall be terminated at a price determined by the Bourse (the "Termination Price") and replaced with a corresponding open position in Three-Month CORRA Futures (a "Replacement Position");
- (ii) the Termination Price of such contracts shall be equal to the truncated value, to four decimal places, of:

(A) the most recent daily Settlement Price for the Three-Month CORRA Futures on the BAX Fallback Effective Date,

minus

(B) a value adjustment amount which shall be equal to the spread adjustment for the rate in Article 12.14 published by Bloomberg Index Services Limited and equal to 0.32138% for the three-month tenor.

The Replacement Position shall be assigned to a position holder by the Bourse in accordance with the following procedure:

- (i) the Replacement Position in Three-Month CORRA Futures shall be equal in trading unit size and direction to the position in the contract and with the same delivery month;
- (ii) the price at which the Replacement Position is assigned to the position holder shall be the most recent daily Settlement Price for the contract on the BAX Fallback Effective Date.

c) Clearing of the Replacement Position

Clearing of the Replacement Position shall be subject to the rules of CDCC for Three-Month CORRA Futures, including for the avoidance of doubt the determination of daily and final Settlement Prices in respect of each Replacement Position.

d) Termination of Trading

- (i) Following close of business day on the BAX Fallback Effective Date, trading in BAX contracts expiring after the CDOR Cessation Event shall be terminated and such contracts shall no longer be available for trading at the Bourse with immediate effect;
- (ii) Trading in the contracts expiring before the CDOR Cessation Event shall continue after the BAX Fallback Effective Date until the date of termination of trading of each such contract under Article 12.11

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2023.12.15

**Article 12.15      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 12.100      Underlying Interest**

The Underlying Interest is \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

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2020.11.16

**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 \$100,000 nominal value of a Government of Canada Bond with a 6% notional coupon.

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2020.11.16



**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**

Position limits for Two-Year Government of Canada Bond Futures, if any, are set pursuant to Article 6.309B.

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2021.06.30

**Article 12.108 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 Article 12.112 to Article 12.117 of the Rules or by the Clearing Corporation.

**Article 12.110 Last Trading Day**

Trading of Two-year Government of Canada Bond Futures ceases at 1:00 p.m. on the seventh 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 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 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 Delivery Month, its re-openings total a minimum nominal amount of \$2.4 billion);
  - (iv) are issued and delivered on or before the 15<sup>th</sup> 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 \$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 day.
  - (d) The amount to be paid at 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 day. Accrued interest is charged to the Approved Participant taking 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 12.113 Delivery Procedure**

- (a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign Delivery to each of their accounts. In order that the Delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the Delivery Month, an up-to-date list of the purchase and sale dates of all Open Positions for that Delivery Month.
- (b) Only an Approved Participants holding a 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.
- (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 process, the Clearing Corporation shall substitute itself for the Approved Participants in initiating the Delivery process.

**Article 12.114 Submission of Delivery Notice**

To initiate the Delivery process, an Approved Participant holding a Short Position must submit a 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 notice to an Approved Participant holding a Long Position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;
- (b) The Approved Participant holding an assigned Long Position shall receive a Delivery notice from the Clearing Corporation on the business day following the submission of the Delivery notice by the Approved Participant holding the 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 notice by the Approved Participant holding a 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 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 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 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 could, for instance, extend the Delivery period or indicate a different location for Delivery operations.
  
- (b) In the eventuality where the Board of Directors 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 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 Two-year Government of Canada Bond Futures Contract, as determined by using the yield curve of Government of Canada Bonds on the last Trading Day.

## **Chapter C — Five Year Government of Canada Bond Futures**

### **Article 12.200      Underlying Interest**

The 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**

Position limits for Five-Year Government of Canada Bond Futures, if any, are set pursuant to Article 6.309B.

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2019.07.05, 2021.06.30

**Article 12.208 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 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 six months and five 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 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. four

years five months and 14 days shall be considered four years and five months from the first day of the Delivery Month);

- (ii) have an outstanding amount of \$3 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-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 Delivery Month, its re-openings total a minimum nominal amount of \$3 billion);
  - (iv) are issued and delivered on or before the 15<sup>th</sup> 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 day.
  - (d) The amount to be paid at 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 day. Accrued interest is charged to the Approved Participant taking 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.

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2019.07.24

### **Article 12.213 Delivery Procedures**

- (a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign Delivery to each of their accounts; In order that the Delivery procedure of the Clearing Corporation not be impaired, Approved Participants shall keep throughout the Delivery Month, an up-to-date list of the purchase and sale dates of all Open Positions for that Delivery Month;
- (b) Only an Approved Participant holding a 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; 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 process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the Delivery process.

### **Article 12.214 Submission of Delivery Notice**

To initiate the Delivery process, an Approved Participant holding a Short Position must submit a 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 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 a Long Position shall receive a Delivery notice from the Clearing Corporation on the business day following the submission of the Delivery notice by the Approved Participant holding the 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 notice by the Approved Participant holding a 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 Default**

All defaults from Approved Participants in respect to 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 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 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 could, for instance, extend the Delivery period or indicate a different location for Delivery operations.
- (b) In the eventuality where the Board of Directors 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 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 Trading Day.

## **Chapter D — Ten-Year Government of Canada Bond Futures**

### **Article 12.300      Underlying Interest**

The 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 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**

Position limits for Ten-Year Government of Canada Bond Futures, if any, are set pursuant to Article 6.309B.

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2021.06.30

**Article 12.308 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 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 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 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 day.
  - (d) The amount to be paid at 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 day. Accrued interest is charged to the Approved Participant taking 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 to each of their accounts. In order that the Delivery procedure of the Clearing Corporation not be impaired, Approved Participant shall keep throughout the Delivery Month an up-to-date list of the purchase and sale dates of all Open Positions for that Delivery Month.

- (b) Only an Approved Participant holding a 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.
- (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 process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the Delivery process.

**Article 12.314 Submission of Delivery Notice**

To initiate the Delivery process, an Approved Participant holding a Short Position must submit a 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 notice to an Approved Participant holding a Long Position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation.
- (b) The Approved Participant holding an assigned Long Position shall receive a Delivery notice from the Clearing Corporation on the business day following the submission of the Delivery notice by the Approved Participant holding the 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 notice by the Approved Participant holding a 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 Default**

All defaults from Approved Participants in respect to 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 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 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 could, for instance, extend the Delivery period or indicate a different location for Delivery operations.

- (b) In the eventuality where the Board of Directors 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 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 Trading Day.

## **Chapter E — Thirty-Year Government of Canada Bond Futures**

### **Article 12.400 Underlying Interest**

The 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 0.05 per \$100 nominal value.

**Article 12.406 Maximum Price Variation Thresholds**

There shall be no maximum price variation thresholds.

**Article 12.407 Position Limits**

Position limits for Thirty-Year Government of Canada Bond Futures, if any, are set pursuant to Article 6.309B.

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2021.06.30

**Article 12.408 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 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 28 ½ years, as of the first day of the Delivery Month (for the purpose of determining the maturity of a Bond eligible for 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 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 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 day.
  - (d) The amount to be paid at 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 day. Accrued interest is charged to the Approved Participant taking 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.

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2022.12.30

#### **Article 12.413 Delivery Procedures**

- (a) Approved Participant must apply the assignment process used by the Clearing Corporation to assign Delivery to each of their accounts. In order that the Delivery procedure of the Clearing Corporation not be impaired, Approved Participant shall keep throughout the Delivery Month an up-to-date list of the purchase and sale dates of all Open Positions for that Delivery Month.
- (b) Only an Approved Participant holding a 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.
- (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 process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the Delivery process.

#### **Article 12.414 Submission of Delivery Notice**

To initiate the Delivery process, an Approved Participant holding a Short Position must submit a Delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation on the last Trading Day of the Delivery Month.

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2022.12.30

#### **Article 12.415 Assignment of Delivery Notice**

- (a) The assignment of a Delivery notice to an Approved Participant holding a Long Position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation.
- (b) The Approved Participant holding a Long Position shall receive a Delivery notice from the Clearing Corporation on the business day following the submission of the Delivery notice by the Approved Participant holding the 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 notice by the Approved Participant holding a Short Position, or on any other day as determined by the Clearing Corporation. Delivery shall be completed no later than two business days following the last Trading Day of the Delivery Month.

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2022.12.30

#### **Article 12.417 Default**

All defaults from Approved Participants in respect to 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 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 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 could, for instance, extend the Delivery period or indicate a different location for Delivery operations.

- (b) In the eventuality where the Board of Directors 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 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 Trading Day.

## **Chapter F — S&P/TSX 60 Index Standard Futures**

### **Article 12.500 Underlying Interest**

The underlying 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) Provided that trading in the securities market is planned to resume after a 15 minutes trading halt, trading in the S&P/TSX 60 Index standard Futures shall resume after a 10 minutes halt.

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2021.05.28

**Article 12.507 Position Limits**

Position limits for standard Futures Contracts or equivalent contracts on the S&P/TSX 60 Index, if any, are set pursuant to Article 6.309B.

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2021.06.30

**Article 12.508 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 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 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 12.513 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 12.600 Underlying Interest**

The 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) Provided that trading in the securities market is planned to resume after a 15 minutes trading halt, trading in the S&P/TSX 60 Index mini Futures shall resume after a 10 minutes halt.

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2021.05.28

**Article 12.607 Position Limits**

Position limits for mini Futures or equivalent contracts on the S&P/TSX 60 Index, if any, are set pursuant to Article 6.309B.

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2021.06.30

**Article 12.608 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 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 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 12.613 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 12.700 Underlying Interest**

The 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**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P/TSX Global Gold Index Futures which a person may own or control is 70,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

**Article 12.708 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 12.711 Final Settlement Date**

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

**Article 12.712 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 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 12.713 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 12.800 Underlying Interest**

The 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**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P Capped Financials Index Futures which a person may own or control is 50,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

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2021.06.30, 2022.09.26

**Article 12.808     Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 Article 12.811 to Article 12.813 of the Rules.

**Article 12.810 Last Trading Day**

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

**Article 12.811 Final Settlement Date**

The final settlement date shall be the third Friday of the 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 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 12.813 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 12.900 Underlying Interest**

The 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**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P Capped Information Technology Index Futures which a person may own or control is 40,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

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2021.06.30, 2022.09.26

**Article 12.908 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 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 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 12.913 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 12.1000 Underlying Interest**

The 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**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P Capped Energy Index Futures which a person may own or control is 130,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

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2021.06.30, 2022.09.26

#### **Article 12.1008 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 12.1011 Final Settlement Date**

The final settlement date shall be the third Friday of the 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 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 12.1013 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 12.1100 Underlying Interest**

The 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**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P Composite Index Banks (Industry Group) Futures which a person may own or control is 50,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

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2021.06.30, 2022.09.26

**Article 12.1108 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 12.1111 Final Settlement Date**

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

**Article 12.1112 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 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 12.1113 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 12.1200 Underlying Interest**

The 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**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P Capped Utilities Index Futures which a person may own or control is 60,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

2021.06.30, 2022.09.26

**Article 12.1208 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 12.1211 Final Settlement Date**

The final settlement date shall be the third Friday of the expiration 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 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 12.1213 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 12.1300 Underlying Interest**

The 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 five Index points for outright positions. For calendar spreads, the minimum price fluctuation is one 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**

The position limit for mini Futures Contracts on the S&P/TSX Composite Index, if any, is set pursuant to Article 6.309B.

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2021.06.30

**Article 12.1308 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 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 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 12.1313 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 12.1400 Underlying Interest**

The 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**

The position limit for Futures Contracts on the FTSE Emerging Markets Index, if any, is set pursuant to Article 6.309B.

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2021.06.30

**Article 12.1408 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 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 Delivery Month if the Underlying Index is published that day. If it is not published that day, trading will cease on the first preceding 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 Trading Day.

**Article 12.1412 Final Settlement Price**

- (a) The final Settlement Price shall be determined on the last 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 Trading Day will be marked to market using the official closing level of the FTSE Emerging Markets Index on the last Trading Day and terminated by cash settlement.

#### **Article 12.1413 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.

### **Chapter P — S&P/MX International Cannabis Index Futures**

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2020.01.30

#### **Article 12.1500 Underlying**

The Underlying Interest is the S&P/MX International Cannabis Index.

#### **Article 12.1501 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/MX International Cannabis Index Futures are March, June, September and December.

#### **Article 12.1502 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/MX International Cannabis Index Futures.

#### **Article 12.1503 Currency**

Trading, clearing and settlement of the S&P/MX International Cannabis Index Futures are in Canadian dollars.

#### **Article 12.1504 Price Quotation**

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

#### **Article 12.1505 Minimum Price Fluctuation**

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

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

#### **Article 12.1506 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/MX International Cannabis Index Futures shall resume only after a percentage (as determined by the Bourse from time to time) of the Underlying Interest S&P/MX International Cannabis Index has reopened.

#### **Article 12.1507 Position Limits**

The position limit for S&P/MX International Cannabis Index Futures Contracts, if any, is set pursuant to Article 6.309B.

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2021.06.30

#### **Article 12.1508 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

#### **Article 12.1509 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.1511 to Article 12.1513 of the Rules.

**Article 12.1510 Last Trading Day**

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

**Article 12.1511 Final Settlement Date**

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

**Article 12.1512 Final Settlement Price**

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

**Article 12.1513 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 12.1514 Trading Hours**

Trading hours will be determined and published by the Bourse.

**Chapter Q — S&P/TSX 60 Dividend Index Futures**

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2021.02.02

**Article 12.1600 Underlying**

The Underlying Interest is the S&P/TSX 60 Dividend Points Index (Annual).

**Article 12.1601 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX 60 Dividend Index Futures are yearly expiries of 12, 24, 36, 48 and 60 months of the December cycle.

**Article 12.1602 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$200 multiplied by the value of the S&P/TSX 60 Dividend Index Futures.

**Article 12.1603 Currency**

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

**Article 12.1604 Price Quotation**

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

**Article 12.1605 Minimum Price Fluctuation**

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

- (a) For outright positions, 0.05 Index points.
- (b) For calendar spreads, 0.01 Index points.

**Article 12.1606 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 Dividend Index Futures shall resume only after a percentage (as determined by the Bourse from time to time) of the Underlying Interest S&P/TSX 60 Dividend Index has reopened.

**Article 12.1607 Position Limits**

The Position limit for Futures Contracts on the S&P/TSX 60 Dividend Points Index (Annual), if any, is set pursuant to Article 6.309B.

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2021.06.30

**Article 12.1608 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

**Article 12.1609 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.1611 to Article 12.1613 of the Rules.

**Article 12.1610 Last Trading Day**

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

#### **Article 12.1611 Final Settlement Date**

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

#### **Article 12.1612 Final Settlement Price**

- (a) The final Settlement Price determined on the final settlement date is \$200 times the official opening level of the S&P/TSX 60 Dividend Points Index (Annual) in the case of the S&P/TSX 60 Dividend Index Futures.
- (b) All Open Positions at the close of the last Trading Day will be marked to market using the official opening level of the S&P/TSX 60 Dividend Points Index (Annual) on final settlement day and terminated by cash settlement.

#### **Article 12.1613 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 12.1614 Trading Hours**

Trading hours will be determined and published by the Bourse.

### **Chapter R — Canadian and International Share Futures**

#### **Article 12.1700 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 Underlying Interest.
- (b) Bids and offers on Share Futures Contracts on international Underlying Interests are quoted in foreign currency units per 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 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**

Position limits for Share Futures Contracts, if any, are set pursuant to Article 6.309A.

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2021.06.30

**Article 12.1708 Position Reporting Threshold**

The position reporting threshold is set pursuant to Article 6.500.

**Article 12.1709 Delivery or Settlement**

- (a) Delivery of Canadian Underlying Interests shall be made in the manner prescribed in 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 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.

**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 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 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.
- (b) For international Share Futures Contracts, the final settlement day of a given Delivery Month shall be the first business day following the last Trading Day in the 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.
- (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, 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 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, all open positions at the close of the last Trading Day are marked-to-market using the final settlement price on the final Settlement Price and terminated by cash settlement pursuant to the rules of the Clearing Corporation.

#### **Article 12.1715 Delivery 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 notice by the Approved Participant holding a Short Position.

- (a) Approved Participants must apply the assignment process used by the Clearing Corporation to assign Delivery to each of their accounts;
- (b) Only an Approved Participant holding a 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;
- (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 process, the Clearing Corporation shall substitute itself for the Approved Participant in initiating the Delivery process.

#### **Article 12.1716 Submission and Assignment of Delivery Notice**

To initiate the Delivery process, an Approved Participant holding a Short Position must submit a Delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation after the close of the last Trading Day.

- (a) The assignment of a Delivery notice to an Approved Participant holding a Long Position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;
- (b) The Approved Participant an assigned Long Position shall receive a Delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the Approved Participant holding the 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 12.1718 Default**

All defaults from Approved Participants in respect to Delivery procedures shall carry the imposition of a disciplinary sanction, as determined 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 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 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 shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties to Futures Contracts. If the Board of Directors decides that an emergency situation is in progress, the Board of Directors shall take all necessary actions in the circumstances, and the decision of the Board of Directors shall bind all parties to the Futures Contract. The Board of Directors could, for instance, extend the Delivery period or indicate a different location for Delivery operations.
- (b) In the event the Board of Directors decides that a shortage of deliverable of Canadian Underlying Interests issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors may, for instance:
  - (i) designate as a deliverable issue any other issue of the same issuer that does not meet the criteria in Article 12.1710; and
  - (ii) in addition to the normal Delivery procedures, decide of a cash settlement based on the cash value of a Canadian Underlying Interests on the last Trading Day.

## **Chapter S — One-Month CORRA Futures**

### **Article 12.1800 Underlying Interest**

The Underlying Interest is the compounded daily Canadian Overnight Repo Rate Average (CORRA) during the contract month.

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2020.06.12, 2023.01.20

### **Article 12.1801 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for trading in One-Month CORRA Futures are up to the seven nearest calendar months. For each contract, the contract month corresponds to the Settlement Month.

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2020.06.12, 2023.01.20

### **Article 12.1802 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is the compounded daily CORRA during the contract month, such that each basis point per annum of interest = \$25 per contract. The contract size is CAN\$2500 x Index.

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2020.06.12, 2023.01.20

**Article 12.1803 Currency**

Trading, clearing and settlement of One-Month CORRA Futures are in Canadian dollars.

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2020.06.12

**Article 12.1804 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for the One-Month CORRA Futures are quoted in terms of an Index equal to 100 points minus the compounded daily Canadian Overnight Repo Rate Average (CORRA) for the contract month.

**Index = 100 minus R**

$$R = \left[ \prod_{i=1}^d \left( 1 + \frac{CORRA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{D} \times 100$$

Where:

"d", the number of Business Days in the contract month;

"i" is a series of whole numbers from one to d, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant contract month;

$CORRA_i$  = Canadian Overnight Repo Rate Average ("CORRA") value calculated and representative of the  $i$ th day of the contract month;

" $n_i$ " is the number of days in the relevant contract month on which the rate is  $CORRA_i$ ;

"D" is the number of days from, and including, the first Business Day in the relevant contract month up to, and excluding, the first Business Day in the next calendar month.

The calculation period for a contract month is from, and including, the first Business Day in the relevant contract month up to, and excluding, the first Business Day in the next calendar month.

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2020.06.12, 2023.01.20

**Article 12.1805 Minimum Price Fluctuation**

Unless otherwise determined by the Bourse, the minimum price fluctuation for a One-Month CORRA Futures is as follows:

- (a) For the nearest listed contract month, the minimum price fluctuation is 0.0025, representing \$6.25 per contract.
- (b) For all other contract months, the minimum price fluctuation is 0.005, representing \$12.50 per contract.

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2020.06.12

**Article 12.1806 Maximum Price Variation Thresholds**

There shall be no maximum price variation thresholds.

**Article 12.1807 Position Limits**

The Position limit for One-Month CORRA Futures Contracts, if any, is set pursuant to Article 6.309B.

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2020.06.12, 2021.06.30

**Article 12.1808 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

**Article 12.1809 Settlement Type**

One-Month CORRA Futures are cash settled.

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2020.06.12

**Article 12.1810 Last Trading Day**

Trading in One-Month CORRA Futures ceases on the last business day of the Settlement Month.

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2020.06.12

**Article 12.1811 Final Settlement Date**

The final settlement date of a given Settlement Month shall be the first business day following the last Trading Day.

**Article 12.1812 Final Settlement Price**

In the case of One-Month CORRA 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 One-Month CORRA Futures:

Final Settlement Price for the One-Month CORRA Futures shall be 100 minus the R value evaluated on the basis of realized CORRA values during the Settlement Month. The calculation period for a Settlement Month is from, and including, the first Business Day in the relevant Contract Month up to, and excluding, the first Business Day in the next calendar month. Weekend and holiday rates are considered to be the rate applicable on the previous business day for which a rate was reported. For example, Friday's rate is used for Saturday and Sunday rates. Holidays are determined based on Canadian Banks holiday (Toronto) calendar. Such R value shall be rounded to the nearest 1/100th of one basis point (0.0001). In case a decimal fraction ends with 0.00005 or higher, the R value shall be rounded up. For example, an R value of 1.26345 would determine a Final Settlement Price of 98.7365. The daily CORRA values used in the determination of the Final Settlement Price are determined by the appointed CORRA benchmark administrator over the period of the Settlement Month.

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2020.06.12, 2023.01.20

**Article 12.1813 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 — Three-Month CORRA Futures**

**Article 12.1900 Underlying Interest**

The Underlying Interest is the compounded daily Canadian Overnight Repo Rate Average (CORRA) during the reference quarter.

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2020.06.12

**Article 12.1901 Expiry Cycle**

Unless otherwise determined by the Bourse, the Settlement Months for Three-Month CORRA Futures are twelve quarterly contracts.

For the purposes of this Chapter, for each contract, the “contract reference month” is the month in which the reference quarter begins, and the Settlement Month is the month in which the reference quarter ends.

For the purposes of this Chapter, “reference quarters” are based on International Monetary Market (IMM) dates - for a given contract, it shall be the interval from (and including) the third Wednesday of the third month preceding the Settlement Month, to (and not including) the third Wednesday of the Settlement Month.

As an example, for a hypothetical contract for which the contract reference month is December 2021 and the Settlement Month is March 2022, the contract reference quarter shall start on (and shall include) the

third Wednesday of December 2021 (December 15, 2021) and shall end on (and shall not include) the third Wednesday of March 2022 (March 16, 2022).

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2020.06.12

**Article 12.1902 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is the compounded daily Canadian Overnight Repo Rate Average (CORRA) during the reference quarter, such that each basis point per annum of interest = \$25 per contract. The contract size is CAN\$2500 x Index.

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2020.06.12

**Article 12.1903 Currency**

Trading, clearing and settlement for Three-Month CORRA Futures are in Canadian dollars.

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2020.06.12

**Article 12.1904 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for the Three-Month CORRA Futures are quoted in terms of an Index equal to 100 points minus the compounded Canadian Overnight Repo Rate Average (CORRA) for the Reference Quarter.

**Index = 100 minus R**

$$R = \left[ \prod_{i=1}^d \left( 1 + \frac{CORRA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{D} \times 100$$

Where:

"d", the number of Business Days in the reference quarter;

"i" is a series of whole numbers from one to d, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant reference quarter;

$CORRA_i$  = Canadian Overnight Repo Rate Average (CORRA) value calculated and representative of the  $i^{th}$  day of the reference quarter;

" $n_i$ " is the number of calendar days in the relevant reference quarter on which the rate is  $CORRA_i$ ;

"D" is the number of calendar days in the relevant reference quarter.

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2020.06.12

**Article 12.1905 Minimum Price Fluctuation**

Unless otherwise determined by the Bourse, the minimum price fluctuation for a Three-Month CORRA Futures is as follows:

- a) For the nearest listed contract month, the minimum price fluctuation is 0.0025, representing \$6.25 per contract.
- b) (b) For all other contract months, the minimum price fluctuation is 0.005, representing \$12.50 per contract.

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2020.06.12, 2021.11.22

**Article 12.1906 Maximum Price Variation Thresholds**

There shall be no maximum price variation thresholds.

**Article 12.1907 Position Limits**

The Position limit for Three-Month CORRA Futures Contracts, if any, is set pursuant to Article 6.309B.

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2020.06.12, 2021.06.30

**Article 12.1908 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

**Article 12.1909 Settlement Type**

Three-Month CORRA Futures are cash settled.

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2020.06.12

**Article 12.1910 Last Trading Day**

The last Trading Day for Three-Month CORRA Futures is the first business day preceding the end of the reference quarter.

2020.06.12

**Article 12.1911 Final Settlement Date**

The final settlement date of a given Settlement Month shall be the first Business Day following the last Trading Day.

**Article 12.1912 Final Settlement Price**

In the case of Three-Month CORRA Futures Contracts:

- (a) On the last 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 Three-Month CORRA Futures:
  - (i) Final Settlement Price for the Three-Month CORRA Futures shall be 100 minus the R value evaluated on the basis of realized CORRA values during contract reference quarter. Weekend and holiday rates are considered to be the rate applicable on the previous business day for which a rate was reported. For example, Friday's rate is used for Saturday and Sunday rates. Holidays are determined based on the Canadian Banks holiday (Toronto) calendar. Such R value shall be rounded to the nearest 1/100th of one basis point (0.0001). In case a decimal fraction ends with 0.00005 or higher, the R value shall be rounded up. For example, an R value of 1.26345 would determine a Final Settlement Price of 98.7365.
  - (ii) The daily CORRA values used in the determination of the Final Settlement Price are determined by the appointed CORRA benchmark administrator over the reference quarter.

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2020.06.12

**Article 12.1913 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.

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

**Article 12.2000 Underlying**

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



#### **Article 12.2001 Expiry Cycle**

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

#### **Article 12.2002 Trading Unit**

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

#### **Article 12.2003 Currency**

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

#### **Article 12.2004 Price Quotation**

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

#### **Article 12.2005 Minimum Price Fluctuation**

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

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

#### **Article 12.2006 Trading Halts**

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

#### **Article 12.2007 Position Limits**

The position limit for Futures Contracts on the S&P/TSX 60 ESG Index, if any, is set pursuant to Article 6.309B.

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2021.06.30

#### **Article 12.2008 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

#### **Article 12.2009 Settlement Type**

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

#### **Article 12.2010 Last Trading Day**

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

#### **Article 12.2011 Final Settlement Date**

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

#### **Article 12.2012 Final Settlement Price**

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

#### **Article 12.2013 Default**

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

#### **Article 12.2014 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2020.12.11

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

#### **Article 12.2100 Underlying**

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

#### **Article 12.2101 Expiry Cycle**

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

#### **Article 12.2102 Trading Unit**

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

#### **Article 12.2103 Currency**

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

#### **Article 12.2104 Price Quotation**

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

#### **Article 12.2105 Minimum Price Fluctuation**

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

- (a) For outright positions, five Index points.
- (b) For calendar spreads, one Index point.

#### **Article 12.2106 Trading Halts**

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

#### **Article 12.2107 Position Limits**

The position limit for Futures Contracts on the S&P/TSX Composite ESG Index, if any, is set pursuant to Article 6.309B.

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2021.06.30

#### **Article 12.2108 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

#### **Article 12.2109 Settlement Type**

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

#### **Article 12.2110 Last Trading Day**

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

#### **Article 12.2111 Final Settlement Date**

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

#### **Article 12.2112 Final Settlement Price**

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

#### **Article 12.2113 Default**

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

#### **Article 12.2114 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2020.12.11

### **Chapter W — Chapter W — S&P/TSX Composite Index Energy GICS Sector Total Return**

#### **Article 12.2200 Underlying**

The Underlying Interest is the S&P/TSX Composite Index Energy GICS Sector Total Return.

#### **Article 12.2201 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite Index Energy GICS Sector Total Return are March, June, September and December.

#### **Article 12.2202 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/TSX Composite Index Energy GICS Sector Total Return.

### **Article 12.2203 Currency**

Trading, clearing and settlement of the S&P/TSX Composite Index Energy GICS Sector Total Return are in Canadian dollars.

### **Article 12.2204 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite Index Energy GICS Sector Total Return are quoted in Index points, expressed to two decimals.

### **Article 12.2205 Minimum Price Fluctuation**

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

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.
- (c) For outright basis trades on close, 0.05 Index points.

### **Article 12.2206 Trading Halts**

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

### **Article 12.2207 Position Limits**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P/TSX Composite Index Energy GICS Sector Total Return which a person may own or control is 50,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

### **Article 12.2208 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 12.2209 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2211 to Article 12.2213 of the Rules.

**Article 12.2210 Last Trading Day**

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

**Article 12.2211 Final Settlement Date**

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

**Article 12.2212 Final Settlement Price**

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

**Article 12.2213 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 12.2214 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2022.05.02

**Chapter X — S&P/TSX Composite Financials GICS Level Sector Total Return Index**

**Article 12.2300 Underlying**

The Underlying Interest is the S&P/TSX Composite Financials GICS Level Sector Total Return Index.

**Article 12.2301 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite Financials GICS Level Sector Total Return Index are March, June, September and December.

### **Article 12.2302 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/TSX Composite Financials GICS Level Sector Total Return Index.

### **Article 12.2303 Currency**

Trading, clearing and settlement of the S&P/TSX Composite Financials GICS Level Sector Total Return Index are in Canadian dollars.

### **Article 12.2304 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite Financials GICS Level Sector Total Return Index are quoted in Index points, expressed to two decimals.

### **Article 12.2305 Minimum Price Fluctuation**

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

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.
- (c) For outright basis trades on close, 0.05 Index points.

### **Article 12.2306 Trading Halts**

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

### **Article 12.2307 Position Limits**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P/TSX Composite Financials GICS Sector Total Return which a person may own or control is 30,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

### **Article 12.2308 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 12.2309 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2311 to Article 12.2313 of the Rules.

### **Article 12.2310 Last Trading Day**

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

### **Article 12.2311 Final Settlement Date**

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

### **Article 12.2312 Final Settlement Price**

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

### **Article 12.2313 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 12.2314 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2022.05.02

## **Chapter Y — S&P/TSX Composite Real Estate GICS Sector Total Return Index**

### **Article 12.2400 Underlying**

The Underlying Interest is the S&P/TSX Composite Real Estate GICS Sector Total Return Index.

### **Article 12.2401 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite Real Estate GICS Sector Total Return Index are March, June, September and December.



#### **Article 12.2402 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$20 multiplied by the value of the S&P/TSX Composite Real Estate GICS Sector Total Return Index.

#### **Article 12.2403 Currency**

Trading, clearing and settlement of the S&P/TSX Composite Real Estate GICS Sector Total Return Index are in Canadian dollars.

#### **Article 12.2404 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite Real Estate GICS Sector Total Return Index are quoted in Index points, expressed to two decimals.

#### **Article 12.2405 Minimum Price Fluctuation**

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

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.
- (c) For outright basis trades on close, 0.05 Index points.

#### **Article 12.2406 Trading Halts**

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

#### **Article 12.2407 Position Limits**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P/TSX Composite Real Estate GICS Sector Total Return which a person may own or control is 30,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

#### **Article 12.2408 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 12.2409 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2411 to Article 12.2413 of the Rules.

### **Article 12.2410 Last Trading Day**

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

### **Article 12.2411 Final Settlement Date**

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

### **Article 12.2412 Final Settlement Price**

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

### **Article 12.2413 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 12.2414 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2022.05.02

## **Chapter Z — S&P/TSX Composite Telecom Services GICS Level Sector Total Return Index**

### **Article 12.2500 Underlying**

The Underlying Interest is the S&P/TSX Composite Telecom Services GICS Level Sector Total Return Index.

#### **Article 12.2501 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite Telecom Services GICS Level Sector Total Return Index are March, June, September and December.

#### **Article 12.2502 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/TSX Composite Telecom Services GICS Level Sector Total Return Index.

#### **Article 12.2503 Currency**

Trading, clearing and settlement of the S&P/TSX Composite Telecom Services GICS Level Sector Total Return Index are in Canadian dollars.

#### **Article 12.2504 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite Telecom Services GICS Level Sector Total Return Index are quoted in Index points, expressed to two decimals.

#### **Article 12.2505 Minimum Price Fluctuation**

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

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.
- (c) For outright basis trades on close, 0.05 Index points.

#### **Article 12.2506 Trading Halts**

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

#### **Article 12.2507 Position Limits**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P/TSX Composite Telecom Services GICS Sector Total Return which a person may own or control is 30,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

### **Article 12.2508 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 12.2509 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2511 to Article 12.2513 of the Rules.

### **Article 12.2510 Last Trading Day**

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

### **Article 12.2511 Final Settlement Date**

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

### **Article 12.2512 Final Settlement Price**

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

### **Article 12.2513 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 12.2514 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2022.05.02

## **Chapter AA — S&P/TSX Composite Media GICS Industry Group Total Return Index**

### **Article 12.2600 Underlying**

The Underlying Interest is the S&P/TSX Composite Media GICS Industry Group Total Return Index.

#### **Article 12.2601 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite Media GICS Industry Group Total Return Index are March, June, September and December.

#### **Article 12.2602 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/TSX Composite Media GICS Industry Group Total Return Index.

#### **Article 12.2603 Currency**

Trading, clearing and settlement of the S&P/TSX Composite Media GICS Industry Group Total Return Index are in Canadian dollars.

#### **Article 12.2604 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite Media GICS Industry Group Total Return Index are quoted in Index points, expressed to two decimals.

#### **Article 12.2605 Minimum Price Fluctuation**

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

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.
- (c) For outright basis trades on close, 0.05 Index points.

#### **Article 12.2606 Trading Halts**

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

#### **Article 12.2607 Position Limits**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P/TSX Composite Media GICS Sector Total Return which a person may own or control is 20,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

#### **Article 12.2608 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

#### **Article 12.2609 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2611 to Article 12.2613 of the Rules.

#### **Article 12.2610 Last Trading Day**

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

#### **Article 12.2611 Final Settlement Date**

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

#### **Article 12.2612 Final Settlement Price**

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

#### **Article 12.2613 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 12.2614 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2022.05.02

### **Chapter AB — S&P/TSX Composite Insurance GICS Industry Group Total Return Index**

#### **Article 12.2700 Underlying**

The Underlying Interest is the S&P/TSX Composite Insurance GICS Industry Group Total Return Index.

#### **Article 12.2701 Expiry Cycle**

Unless otherwise determined by the Bourse, the expiry months for S&P/TSX Composite Insurance GICS Industry Group Total Return Index are March, June, September and December.

#### **Article 12.2702 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is \$50 multiplied by the value of the S&P/TSX Composite Insurance GICS Industry Group Total Return Index.

#### **Article 12.2703 Currency**

Trading, clearing and settlement of the S&P/TSX Composite Insurance GICS Industry Group Total Return Index are in Canadian dollars.

#### **Article 12.2704 Price Quotation**

Unless otherwise determined by the Bourse, bids and offers for S&P/TSX Composite Insurance GICS Industry Group Total Return Index are quoted in Index points, expressed to two decimals.

#### **Article 12.2705 Minimum Price Fluctuation**

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

- (a) For outright positions, 0.10 Index points.
- (b) For calendar spreads, 0.01 Index points.
- (c) For outright basis trades on close, 0.05 Index points.

#### **Article 12.2706 Trading Halts**

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

#### **Article 12.2707 Position Limits**

The maximum net Long Position or net Short Position in all contract months combined in Futures Contracts on the S&P/TSX Composite Insurance GICS Sector Total Return which a person may own or control is 30,000 contracts.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client.

#### **Article 12.2708 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

#### **Article 12.2709 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2711 to Article 12.2713 of the Rules.

#### **Article 12.2710 Last Trading Day**

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

#### **Article 12.2711 Final Settlement Date**

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

#### **Article 12.2712 Final Settlement Price**

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

#### **Article 12.2713 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 12.2714 Trading Hours**

Trading hours will be determined and published by the Bourse.

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2022.05.02

### **Chapter AC — Bitcoin Price Index Futures**

#### **Article 12.2800 Underlying**

The Underlying Interest is the CoinDesk Bitcoin Price Index (XBX).



### **Article 12.2801 Expiry Cycle**

The eligible expiry months for Bitcoin Price Index Futures Contracts are as follows:

- (a) Monthly: January, February, March, April, May, June, July, August, September, October, November and December.

### **Article 12.2802 Trading Unit**

Unless otherwise determined by the Bourse, the trading unit is 1 multiplied by the value of the Bitcoin Price Index Future.

### **Article 12.2803 Currency**

Trading, clearing and settlement of the Bitcoin Price Index Futures are in US dollars.

### **Article 12.2804 Price Quotation**

- (a) Unless otherwise determined by the Bourse, bids and offers for Bitcoin Price Index Futures are quoted in U.S. dollars and cents, expressed to three decimals.
- (b) The contract will be quoted as 1/10 of a Bitcoin, as a Bitcoin is defined by the CoinDesk Bitcoin Price Index (XBX).
- (c) A \$1.00 contract value fluctuation equals \$1.00 per contract.

### **Article 12.2805 Minimum Price Fluctuation**

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

- (a) For outright positions, \$1.00, which equals to \$1.00 per contract
- (b) For calendar spreads, \$0.10, which equals to \$0.10 per contract

### **Article 12.2806 Trading Halts**

- (a) Trading on the Bourse in a Bitcoin Price Index Future may be halted whenever a Market Supervisor shall conclude, in their 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:
  - (i) Trading halts may be coordinated with a Market Supervisor receiving information of a halt having been triggered for the Underlying Interest.
  - (ii) Whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- (b) In the event that a trading halt is triggered for the Bitcoin Price Index Future due to a Market Supervisor becoming aware of a halt being triggered for the Underlying Interest, trading in the Bitcoin Price Index Future may resume whenever a Market Supervisor shall conclude, in their judgment, that such action is appropriate in the interests of a fair and orderly market (as determined by the Bourse from time to time).

**Article 12.2807 Position Limits**

The Position limit for Bitcoin Price Index Futures Contracts, if any, is set pursuant to Article 6.309B.

**Article 12.2808 Position Reporting Threshold**

The position reporting threshold is set pursuant to Article 6.500.

**Article 12.2809 Settlement Type**

Settlement of the Index Futures Contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in Article 12.2811 to Article 12.2813 of the Rules.

**Article 12.2810 Last Trading Day**

Trading ceases at 4:00pm on the last Friday of the settlement month, provided it is a business day. If it is not a business day, trading will cease at 4:00pm on the first preceding business day.

**Article 12.2811 Final Settlement Date**

On the last trading day.

**Article 12.2812 Final Settlement Price**

- (a) The final Settlement Price determined on the final settlement date is equal to 1/10 the value of the reference rate, in this case the CoinDesk Bitcoin Price Index (XBX), at 4:00 pm Eastern time (as calculated by the Index provider at 3:59:59 pm Eastern time) on the last trading day of the Bitcoin Price Index Future.
- (b) All Open Positions at the close of the last Trading Day will be marked to market using 1/10 the value of the official 4:00 pm Eastern time level (as calculated by the Index provider at 3:59:59 pm Eastern time) of the CoinDesk Bitcoin Price Index (XBX) on the final settlement day and terminated by cash settlement.

**Article 12.2813 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 12.2814 Trading Hours**

Trading hours will be determined and published by the Bourse. \_\_\_\_\_

2024.01.15

## **PART 13 - PRODUCT SPECIFICATIONS FOR OPTIONS ON FUTURES**

### **Chapter A — Options on Ten-Year Government of Canada Bond Futures**

#### **Article 13.0 Underlying**

The Underlying Interest is a Ten-year Government of Canada Bond Futures.

#### **Article 13.1 Expiry Cycle**

The 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 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 13.5 Exercise Prices**

Exercise Prices are set at a minimum of 0.5 point intervals per Ten-year Government of Canada Bond Futures.

- (a) Exercise Prices shall be listed in the following manner:
  - (i) one Exercise Price as close as possible to the Settlement Price of the Underlying Interest on the previous business day, plus a minimum of one Exercise Price higher and one Exercise Price lower.
- (b) The Bourse may, at its discretion, modify the procedure for the introduction of 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 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 Limits**

The position limit for Options on Ten-year Government of Canada Bond Futures, if any, is set pursuant to Article 6.309A.

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2021.05.28, 2021.06.30

### **Article 13.9 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 13.10 Nature of the Option/Settlement Type**

- (a) A buyer of one Government of Canada Bond Futures Option may Exercise their Option on any business day up to and including the last 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 Delivery Month at a specified 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 Delivery Month at a specified 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**

- (a) Trading ceases on the third Friday of the month preceding the Option Delivery Month provided that it is a business day and precedes by at least two business days the first notice day of the underlying Futures.
- (b) If it is not a business day, the last Trading Day of the Option is the business day prior to such Friday and preceding by at least two 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 13.14 Expiration Day**

Expiration occurs on the last Trading Day.

## **Chapter B — Regular Options on Three-Month Canadian Bankers' Acceptance Futures**

### **Article 13.100 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 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.

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2020.06.16

### **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 13.105 Exercise Prices**

- (a) Exercise Prices are set at minimum intervals of 0.125 points per Three-month Canadian Bankers' Acceptance Futures.
- (b) One 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 Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of 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 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 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 Limits**

The position limit for Regular Options on Three-Month Canadian Bankers' Acceptance Futures, if any, is set pursuant to Article 6.309A.

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2021.06.30

**Article 13.109 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 their Option on any business day up to and including the last Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance future (Long Position, if the Option is a Call and Short Position, if the Option is a Put) of a specified Delivery Month at a specified 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 is a Call and Long Position, if the Option is a Put) of a specified Delivery Month at a specified 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 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 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 Trading Day on the Delivery Month.

**Chapter C — Serial Mid-Curve Options on Three-Month Canadian Bankers' Acceptance Futures**

**Article 13.200 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 Delivery Months for Serial Mid-Curve Options on Three-month Canadian Bankers' Acceptance Futures are the two 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.

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2020.06.16

**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 13.205 Exercise Prices**

- (a) Exercise Prices are set at minimum intervals of 0.125 point per Three-month Canadian Bankers' Acceptance future.

- (b) One 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 Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of 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 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 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-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 13.207 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 Limits**

The position limit for Serial Mid-Curve Options Three-Month Canadian Bankers' Acceptance Futures, if any, is set pursuant to Article 6.309A.

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2021.06.30

**Article 13.209 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 their Option on any business day up to and including the last Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance Future (Long Position, if the Option is a Call and Short Position, if the Option is a Put) of a specified Settlement Month at a specified 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 and Long Position, if the Option is a Put) of a specified Settlement Month at a specified 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 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 of the Delivery Month.

**Chapter D — One-Year Quarterly Mid-Curve Options on the Three-Month Canadian Bankers Acceptance Futures**

**Article 13.300 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 Delivery Months for One-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures are the four 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.

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2020.06.16

**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 13.305      Exercise Prices**

- (a) Exercise Prices are set at minimum intervals of 0.125 points per Three-month Canadian Bankers' Acceptance future.
- (b) One 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 Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of 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 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 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-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 Limits**

The position limit for One-Year Quarterly Mid-Curve Options on Three-Month Canadian Bankers' Acceptance Futures, if any, is set pursuant to Article 6.309A.

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2021.06.30

**Article 13.309      Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 13.310 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 their Option on any business day up to and including the last Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance Future (Long Position, if the Option is a Call and Short Position, if the Option is a Put) of a specified Settlement Month at a specified 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 is a Call and Long Position, if the Option is a Put) of a specified Settlement Month at a specified 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 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 of the Delivery Month.

## **Chapter E — Two-Year Quarterly Mid-Curve Options on the Three-Month Canadian Bankers' Acceptance Futures**

### **Article 13.400 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 Delivery Months for Two-year Quarterly Mid-Curve Option on Three-month Canadian Bankers' Acceptance Futures are the four 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.

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2020.06.16

### **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 13.405 Exercise Prices**

- (a) Exercise Prices are set at minimum intervals of 0.125 points per Three-month Canadian Bankers' Acceptance future.
- (b) One 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 Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of 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 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 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 13.407 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 Limits**

The position limit for Two-Year Quarterly Mid-Curve Options on Three-Month Canadian Bankers' Acceptance, if any, is set pursuant to Article 6.309A.

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#### **Article 13.409 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 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 their Option on any business day up to and including the last Trading Day to assume a position in one Three-month Canadian Bankers' Acceptance Future (Long Position, if the Option is a Call and Short Position, if the Option is a Put) of a specified Settlement Month at a specified 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 is a Call and Long Position, if the Option is a Put) of a specified Settlement Month at a specified 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 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 of the Delivery Month.

## Chapter F — Options on Two-Year Government of Canada Bond Futures

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2021.05.28

### **Article 13.500 Underlying**

The Underlying Interest is a Two-year Government of Canada Bond Futures.

### **Article 13.501 Expiry Cycle**

The Delivery Months for Options on Two-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 13.502 Trading Unit**

The trading unit is one Two-year Government of Canada Bond Futures with a \$100,000 face value at maturity.

### **Article 13.503 Premium Quotation**

Bids and offers are quoted in points where each 0.005 point (0.5 basis point) represents \$5.

### **Article 13.504 Reserved**

### **Article 13.505 Exercise Prices**

Exercise Prices are set at a minimum of 0.10 point intervals per Two-year Government of Canada Bond Futures.

- (a) Exercise Prices shall be listed in the following manner:
  - (i) one Exercise Price as close as possible to the Settlement Price of the Underlying Interest on the previous business day, plus a minimum of one Exercise Price higher and one Exercise Price lower.
- (b) The Bourse may, at its discretion, modify the procedure for the introduction of Exercise Prices as it deems appropriate in order to respond to market conditions.

### **Article 13.506 Minimum Fluctuation of the Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the Premium is 0.005 point, representing \$5 per contract.

**Article 13.507 Maximum Price Variation Thresholds**

Options on Two-year Government of Canada Bond Futures are not subject to maximum price variation thresholds.

**Article 13.508 Position Limits**

The position limits for Options on Two-year Government of Canada Bond Futures, if any, are set pursuant to Article 6.309A.

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2021.06.30

**Article 13.509 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

**Article 13.510 Nature of the Option/Settlement Type**

- (a) A buyer of one Government of Canada Bond Futures Option may Exercise their Option on any business day up to and including the last 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 Delivery Month at a specified 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 Delivery Month at a specified Exercise Price.

**Article 13.511 Currency**

Trading, clearing and settlement of Options on Two-year Government of Canada Bond Futures are in Canadian dollars.

**Article 13.512 Last Trading Day**

- (a) Trading ceases on the third Friday of the month preceding the Option Delivery Month provided that it is a business day and precedes by at least two business days the first notice day of the underlying Futures.
- (b) If it is not a business day, the last Trading Day of the Option is the business day prior to such Friday and preceding by at least two business days the first Delivery notice day of the underlying Futures.

**Article 13.513 Trading Hours**

Trading hours will be determined and published by the Bourse.

**Article 13.514 Expiration Day**

Expiration occurs on the last Trading Day.

**Chapter G — Options on Five-Year Government of Canada Bond Futures**

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2021.05.28

**Article 13.600 Underlying**

The Underlying Interest is a Five-year Government of Canada Bond Futures.

**Article 13.601 Expiry Cycle**

The Delivery Months for Options on Five-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 13.602 Trading Unit**

The trading unit is one Five-year Government of Canada Bond Futures with a \$100,000 face value at maturity.

**Article 13.603 Premium Quotation**

Bids and offers are quoted in points where each 0.005 point (0.5 basis point) represents \$5.

**Article 13.604 Reserved**

**Article 13.605 Exercise Prices**

Exercise Prices are set at a minimum of 0.25 point intervals per Five-year Government of Canada Bond Futures.

- (a) Exercise Prices shall be listed in the following manner:
  - (i) one Exercise Price as close as possible to the Settlement Price of the Underlying Interest on the previous business day, plus a minimum of one Exercise Price higher and one Exercise Price lower.
- (b) The Bourse may, at its discretion, modify the procedure for the introduction of Exercise Prices as it deems appropriate in order to respond to market conditions.



### **Article 13.606 Minimum Fluctuation of the Option Premium**

Unless determined otherwise by the Bourse, the minimum fluctuation of the Premium is 0.005 point, representing \$5 per contract.

### **Article 13.607 Maximum Price Variation Thresholds**

Options on Five-year Government of Canada Bond Futures are not subject to maximum price variation thresholds.

### **Article 13.608 Position Limits**

The position limits for Options on Five-year Government of Canada Bond Futures, if any, are set pursuant to Article 6.309A.

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2021.06.30

### **Article 13.609 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

### **Article 13.610 Nature of the Option/Settlement Type**

(a) A buyer of one Government of Canada Bond Futures Option may Exercise their Option on any business day up to and including the last 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 Delivery Month at a specified 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 Delivery Month at a specified Exercise Price.

### **Article 13.611 Currency**

Trading, clearing and settlement of Options on Five-year Government of Canada Bond Futures are in Canadian dollars.

### **Article 13.612 Last Trading Day**

(a) Trading ceases on the third Friday of the month preceding the Option Delivery Month provided that it is a business day and precedes by at least two business days the first notice day of the underlying Futures.

(b) If it is not a business day, the last Trading Day of the Option is the business day prior to such Friday and preceding by at least two business days the first Delivery notice day of the underlying Futures.

### **Article 13.613 Trading Hours**

Trading hours will be determined and published by the Bourse.

## **Article 13.614    Expiration Day**

Expiration occurs on the last Trading Day.

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2021.05.28

## **Chapter H — Options on Five-Year Government of Canada Bond Futures**

### **Article 13.700    Underlying**

For Regular Options on Three-Month CORRA Futures - The Underlying Interest is a Three-month CORRA Futures for which the contract Reference Quarter begins on the third Wednesday of the month in which such options expire.

*Example: For a given year, the underlying futures contract for an option that expires in March is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of March and ends on (and does not include) the third Wednesday of June.*

For Serial Options on Three-Month CORRA Futures - The Underlying Interest is a Three-month CORRA Futures for which the contract Reference Quarter begins on the third Wednesday of the next quarterly month following such options' expiries.

*Example: For a given year, the underlying futures contract for a serial option that expires in either January or February is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of March and ends on (and does not include) the third Wednesday of June.*

For One-Year and Two-year Mid-Curve Options on Three-Month CORRA Futures - The Underlying Interest is a Three-month CORRA Futures for which the contract Reference Quarter begins respectively on the third Wednesday of the 12th or 24th calendar month following the month in which such options expire.

*Example: For a given year, the underlying futures contract for a one-year mid-curve option that expires in September is the futures contract for which the contract Reference Quarter begins on (and includes) the third Wednesday of September one year away and ends on (and does not include) the third Wednesday of December one year away.*

### **Article 13.701    Expiry Cycle**

For Regular Options on Three-Month CORRA Futures - the Delivery Months are the seven (7) nearest months in the March, June, September, December quarterly Cycle.

For Serial Options on Three-Month CORRA Futures - the Delivery Months are the two (2) nearest non-quarterly months (serials) in the January, February, April, May, July, August, October, November Cycle.

For One-Year and Two-year Mid-Curve Options on Three-Month CORRA Futures - The Delivery Months are the four (4) nearest months in the March, June, September, December quarterly Cycle.

**Article 13.702 Trading Unit**

The trading unit for one Option on Three-month CORRA Futures is one Three-month CORRA future.

**Article 13.703 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 13.704 Reserved**

**Article 13.705 Exercise Prices**

- (a) Exercise Prices are set at minimum intervals of 0.125 points per Three-month CORRA Futures.
- (b) One 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 Exercise Prices will generally be available.
- (c) The Bourse may, at its discretion, modify the procedure for the introduction of Exercise Prices as it deems appropriate in order to respond to market conditions.

**Article 13.706 Minimum Fluctuation of the Option Premium**

- (a) Unless otherwise determined by the Bourse, the minimum fluctuation of the 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 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 13.707 Maximum Price Variation Thresholds**

Options on Three-month CORRA Futures are not subject to a maximum price variation thresholds.

**Article 13.708 Position Limits**

The position limit for Options on Three-Month CORRA Futures, if any, is set pursuant to Article 6.309A.

**Article 13.709 Position Reporting Threshold**

The position reporting threshold is set pursuant Article 6.500.

**Article 13.710 Nature of Option/ Settlement Type**

(a) A buyer of one Three-month CORRA futures option may Exercise his Option on any business day up to and including the last Trading Day to assume a position in one Three-month CORRA future (Long Position, if the Option is a Call and Short Position, if the Option is a Put) of a specified Delivery Month at a specified Exercise Price;

(b) The seller of one Three-month CORRA futures option incurs, if the option is Exercised, the obligation of assuming a position in one Three-month CORRA future (Short Position, if the Option is a Call and Long Position, if the Option is a Put) of a specified Delivery Month at a specified Exercise Price.

**Article 13.711 Currency**

Trading, clearing and settlement of Options on Three-month CORRA Futures are in Canadian dollars.

**Article 13.712 Last Trading Day**

(a) Trading ceases on the Friday preceding the third Wednesday of the 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 13.713 Trading Hours**

Trading hours will be determined and published by the Bourse.

**Article 13.714 Expiration Day**

Expiration occurs on the last Trading Day on the Delivery Month.

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