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CIRCULAR 010-16
January 21, 2016

SELF-CERTIFICATION

PENNY OPTIONS TRADING - END OF PILOT PROJECT AND IMPLEMENTATION OF A PERMANENT PROGRAM

AMENDMENTS TO ARTICLE 6624 OF THE RULES OF THE BOURSE

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) has approved amendments to article 6624 of Rule Six of the Bourse in order to specify the minimum price increments for equity and ETF options. These amendments are part of the implementation of the permanent penny options trading program, given the pilot project will expire on February 26, 2016 as contemplated under Decision No. 2015-SMV-0007 rendered by the Autorité des marchés financiers (the “**Autorité**”).

The attached amendments were self-certified in accordance with the self-certification process as defined in the *Derivatives Act* (CQLR, Chapter I-14.01). They will come into effect and be incorporated into the version of the Rules of the Bourse on the Bourse’s website (www.m-x.ca) on **February 29, 2016**.

The rule changes described in the present circular were published for public comments by the Bourse on September 23, 2015 (see Circular [117-15](#)). Pursuant to the publication of this circular, the Bourse received one comment. You will find attached the comment received and the response from the Bourse.

For additional information, please contact Gladys Karam, Director, Equity Derivatives, at 514-871-7880 or at gkaram@m-x.ca.

Jean-François Bertrand
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6624 Minimum ~~Quotation Spreads~~ Price Increment

(13.03.87, 19.05.87, 20.03.91, 10.11.92, 07.04.94, 15.04.96, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 27.07.07, 00.00.00)

The minimum ~~quotation spread shall be~~ price increments are as follows:

a) Equity options ~~\$0.01~~

1) For equity options excluded from the penny trading program:

i) Option series priced below \$0.10 are quoted in increments of \$0.01.

ii) Option series priced at \$0.10 or more are quoted in increments of \$0.05.

2) 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.

b) ~~Index participation unit options~~ Exchange-traded fund (ETF) options ~~———— \$0.01~~

1) For ETF options excluded from the penny trading program:

i) Option series priced below \$0.10 are quoted in increments of \$0.01.

ii) Option series priced at \$0.10 or more are quoted in increments of \$0.05.

2) For ETF options included in the penny trading program, all option series are quoted in increments of \$0.01, regardless of price level.

c) Index options 0.01 index point

d) Bond options \$0.01

e) Futures options 0.01 point

f) Sponsored options \$0.001 or as otherwise determined in consultation with the Canadian Derivatives Clearing Corporation and with the sponsor.

g) Currency options CAN 0.01 cent per unit of foreign currency

Circular 117-15: Summarised comments and responses

Note: The only letter received is in favour of the proposal.

No.	Date comment received	Comment summaries	Summary of response
1.	Oct. 23, 2015	The Commenter is supportive of the proposed amendments. The commenter believes the amendments will clarify certain aspects of pricing increments for equity and ETF options.	The Bourse thanks the commenter for its time, its consideration of the proposed amendments and for its support towards the proposed amendments.