



CIRCULAR 011-21

January 27, 2021

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTREAL INC. TO INTRODUCE DIVIDEND FUTURES CONTRACTS

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) and the Special Committee of the Regulatory Division of the Bourse approved amendments to the Rules of the Bourse to introduce S&P/TSX 60 Dividend Index Futures contracts, as well as longer term S&P/TSX 60 Index Standard Futures (SXF) and Share Futures (SSF) contracts.

These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached herewith will become effective on **February 2, 2021**, before market opening. Please note that the revised articles will also be available on the Bourse’s website (www.m-x.ca).

For additional information, please contact Sophie Brault, Legal Counsel, at 514-787-6565 or by email at sophie.brault@tmx.com.

Sophie Brault
Legal Counsel
Bourse de Montréal Inc.

PART 6 - PART 6 - TRADING RULES

Chapter C—Prearranged Transactions and Trade Cancellation

Article 6.210 Trade Cancellation and or Price Adjustment

(...)

- (h) No-Review Range. The Bourse will determine the limits of the No-Review Range by determining what was the acceptable market price for the Derivative Instrument before the Trade under review occurred based upon all relevant information, including the last Trade price, a better bid or offer, a more recent price for a related Derivative Instrument (for example a different expiry month) and the prices of similar Derivative Instruments trading on other markets once the acceptable market price is established, the Bourse applies the following increments to determine the limits of the No-Review Range;

DERIVATIVE INSTRUMENT	INCREMENT
Three-Month Canadian Bankers' Acceptance Futures – BAX (all quarterly and serial months)	5 basis points
Three-Month Canadian Bankers' Acceptance Futures – BAX Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments
Options on Three-Month Canadian Bankers' Acceptance Futures	5 basis points
Two-Year Government of Canada Bond Futures (CGZ) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Five-Year Government of Canada Bond Futures (CGF) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Ten-Year Government of Canada Bond Futures (CGB) - Regular strategy orders	40 basis points 20 basis points
Thirty-Year Government of Canada Bond Futures (LGB)	40 basis points

DERIVATIVE INSTRUMENT	INCREMENT
- Regular strategy orders - Implied Strategy orders	40 basis points Sum of strategy's individual legs' increments
Options on Government of Canada Bond Futures	40 basis points
Futures Contracts on S&P/TSX 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 5% of the increments for the outright month <u>On Futures Contracts, no adjustment will be made if the trade price is within 1 full index point of the acceptable market price</u>
Thirty-Day Overnight Repo Rate Futures Regular strategy orders	5 basis points 5 basis points
Overnight Index Swap Futures	5 basis points
Overnight Index Swap Futures – OIS Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments.
Futures and Options on Futures Inter-Group Strategies: - Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Equity, Currency, ETF and Index Options Price ranges: Below \$2.00 \$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	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\$;

DERIVATIVE INSTRUMENT	INCREMENT
	3. 1% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.
Canadian Shares futures Contracts - Regular strategy orders	1. 0.12\$, if the acceptable market price of these Futures Contracts is less than 25\$; 2. 0.25\$, if the acceptable market price of these Futures Contracts is equal to or higher than 25\$ but less than 100\$; 3. 0.25% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.

PART 6 - TRADING RULES

Chapter F—Reports

Article 6.500 Reports of Accumulated Positions

(...)

(i) The reporting thresholds established by the Bourse are as follows:

(...)

(ii) For Futures Contracts and the related Options on Futures Contracts:

- (1) 300 contracts, in the case of Futures Contracts and Options on Futures Contracts on Three-Month Canadian Bankers' Acceptance Futures (BAX and OBX), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. In this case, one Options contract (OBX) is equal to one Futures Contract (BAX);
- (2) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);
- (3) 250 contracts, in the case of Futures and Options on Futures Contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. For the purposes of aggregating positions, one Options contract (OGB) is equal to one Futures Contract (CGB);
- (4) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
- (5) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
- (6) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both Futures Contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);
- (7) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);
- (8) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);

(9) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU);

~~(10)~~ 500 contracts, in the case of S&P/MX International Cannabis Index Futures; ~~and~~

~~(10)~~~~(11)~~ 1,000 contracts, in the case of S&P/TSX 60 Dividend Index Futures; and

~~(11)~~~~(12)~~ 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index.

PART 12 - PRODUCT SPECIFICATIONS FOR FUTURES

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

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 March, June, September and December.

Article 12.1602 Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$200 multiplied by 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 Points Index has reopened.

Article 12.1607 Position Limits

(a) There are no position limits for Futures Contracts on the S&P/TSX 60 Dividend Points Index (Annual).

(b) Notwithstanding the above paragraph, the Bourse may, if it sees fit or deems necessary to ensure the integrity and fairness of the market, impose specific position limits to one or more Approved Participants or their clients.

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.

PART 6 - PART 6 - TRADING RULES

Chapter C—Prearranged Transactions and Trade Cancellation

Article 6.210 Trade Cancellation and or Price Adjustment

(...)

- (h) No-Review Range. The Bourse will determine the limits of the No-Review Range by determining what was the acceptable market price for the Derivative Instrument before the Trade under review occurred based upon all relevant information, including the last Trade price, a better bid or offer, a more recent price for a related Derivative Instrument (for example a different expiry month) and the prices of similar Derivative Instruments trading on other markets once the acceptable market price is established, the Bourse applies the following increments to determine the limits of the No-Review Range;

DERIVATIVE INSTRUMENT	INCREMENT
Three-Month Canadian Bankers' Acceptance Futures – BAX (all quarterly and serial months)	5 basis points
Three-Month Canadian Bankers' Acceptance Futures – BAX Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments
Options on Three-Month Canadian Bankers' Acceptance Futures	5 basis points
Two-Year Government of Canada Bond Futures (CGZ) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Five-Year Government of Canada Bond Futures (CGF) - Regular strategy orders - Implied Strategy orders	20 basis points 20 basis points Sum of strategy's individual legs' increments
Ten-Year Government of Canada Bond Futures (CGB) - Regular strategy orders	40 basis points 20 basis points
Thirty-Year Government of Canada Bond Futures (LGB)	40 basis points

DERIVATIVE INSTRUMENT	INCREMENT
- Regular strategy orders - Implied Strategy orders	40 basis points Sum of strategy's individual legs' increments
Options on Government of Canada Bond Futures	40 basis points
Futures Contracts on S&P/TSX 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 5% of the increments for the outright month On Futures Contracts, no adjustment will be made if the trade price is within 1 full index point of the acceptable market price
Thirty-Day Overnight Repo Rate Futures Regular strategy orders	5 basis points 5 basis points
Overnight Index Swap Futures	5 basis points
Overnight Index Swap Futures – OIS Strategies: - Regular strategy orders - Implied strategy orders	5 basis points Sum of the strategy's individual legs' increments.
Futures and Options on Futures Inter-Group Strategies: - Regular strategy orders - Implied Strategy orders	Sum of strategy's individual legs' increments
Equity, Currency, ETF and Index Options Price ranges:	
Below \$2.00	\$0.25
\$2.00 to \$5.00	\$0.40
Above \$5.00 to \$10.00	\$0.50
Above \$10.00 to \$20.00	\$0.80
Above \$20.00 to \$50.00	\$1.00
Above \$50.00 to \$100.00	\$1.50
Above \$100.00	\$2.00
Equity, Currency, ETF and Index Options 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	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\$;

DERIVATIVE INSTRUMENT	INCREMENT
	3. 1% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.
Canadian Shares futures Contracts - Regular strategy orders	1. 0.12\$, if the acceptable market price of these Futures Contracts is less than 25\$; 2. 0.25\$, if the acceptable market price of these Futures Contracts is equal to or higher than 25\$ but less than 100\$; 3. 0.25% of the acceptable market price of these Futures Contracts if the acceptable market price of these Futures Contracts is equal to or higher than 100\$.

PART 6 - TRADING RULES

Chapter F—Reports

Article 6.500 Reports of Accumulated Positions

(...)

(i) The reporting thresholds established by the Bourse are as follows:

(...)

(ii) For Futures Contracts and the related Options on Futures Contracts:

- (1) 300 contracts, in the case of Futures Contracts and Options on Futures Contracts on Three-Month Canadian Bankers' Acceptance Futures (BAX and OBX), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. In this case, one Options contract (OBX) is equal to one Futures Contract (BAX);
- (2) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);
- (3) 250 contracts, in the case of Futures and Options on Futures Contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on Options on Futures Contracts and positions in the underlying Futures Contract. For the purposes of aggregating positions, one Options contract (OGB) is equal to one Futures Contract (CGB);
- (4) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
- (5) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
- (6) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both Futures Contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);
- (7) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);
- (8) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);

- (9) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU);
- (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; and
- (12) 1,000 contracts, in the case of Futures Contracts on the FTSE Emerging Markets Index.

PART 12 - PRODUCT SPECIFICATIONS FOR FUTURES

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

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 March, June, September and December.

Article 12.1602 Trading Unit

Unless otherwise determined by the Bourse, the trading unit is \$200 multiplied by 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 Points Index has reopened.

Article 12.1607 Position Limits

(a) There are no position limits for Futures Contracts on the S&P/TSX 60 Dividend Points Index (Annual).

(b) Notwithstanding the above paragraph, the Bourse may, if it sees fit or deems necessary to ensure the integrity and fairness of the market, impose specific position limits to one or more Approved Participants or their clients.

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.