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CIRCULAR 014-18
February 2nd, 2018

SELF-CERTIFICATION

**HOUSEKEEPING AMENDMENTS, NEW RULES
AND RULES TO BE ABROGATED**

**INTRODUCTION OF ARTICLES 6024 AND 6376A
OF THE RULES OF BOURSE DE MONTRÉAL INC.**

**AMENDMENTS TO ARTICLES 6392 AND 6633
OF THE RULES OF BOURSE DE MONTRÉAL INC.**

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) has approved the introduction of articles 6024 and 6376A and amendments to articles 6392 and 6633 of the Rules of the Bourse, and the Special Committee of the Regulatory Division of the Bourse has approved the introduction of article 6024, in order to clarify the Rules and align them with the current Bourse practices. These new articles and these amended articles were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

The new articles and the amended articles, as attached, will become effective on **February 9, 2018**, after market close. Please note that these articles will also be available on the Bourse’s website (www.m-x.ca). Among these changes, a Clearing Approved Participant must now notify the Vice President, Regulatory Division and the Market Operations Department, by phone and by electronic mail immediately upon suspending or terminating its clearing relationship with an Approved Participant (Article 6024).

The amendments described in the present circular were published for public comment by the Bourse on March 23, 2016 (see [Circular 035-16](#)). Further to the publication of this circular, the Bourse has received comments. A summary of the comments received as well as responses from the Bourse to these comments is attached hereto.

For additional information, please contact Martin Jannelle, Legal Counsel, at 514-787-6578 or by email at martin.jannelle@tmx.com.

Martin Jannelle
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6024 Suspension of Trading and Cancellation of Orders
(00.00.00)

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

6376A Opening or Closing Transaction Indicator Field
(00.00.00)

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 contract 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.

6392 Opening Time

(25.09.00, 24.09.01, 29.10.01)

- a) ~~Whenever trading in~~~~In the case where~~ the underlying instrument of a Listed Product interest has not opened ~~in a reasonable time~~, a Market Supervisor may postpone the opening of trading in the Listed Product accordingly~~a derivative instrument~~.
- b) ~~The o~~Opening time for a trading strategy shall~~spread or strip should~~ not be earlier than the opening of trading in the Listed Products that are the components of such strategy~~underlying product~~.

6392 Opening Time

(25.09.00, 24.09.01, 29.10.01, 00.00.00)

- a) Whenever trading in the underlying instrument of a Listed Product has not opened, a Market Supervisor may postpone the opening of trading in the Listed Product accordingly.
- b) The opening time for a trading strategy shall not be earlier than the opening of trading in the Listed Products that are the components of such strategy.

6633 Members' Responsibility on Spread Orders
(10.11.92, abr. 00.00.00)

~~Members shall not be held responsible for the execution of a spread order based upon prices that are established at the opening or closing or during any trading rotation.~~

6633 Members' Responsibility on Spread Orders
(10.11.92, abr. 00.00.00)

Circular 035-16: Summarised comments and responses

Note: The Bourse received two comment letters which generally supported the proposed amendments. The comments raised by the commenters are addressed below.

No.	Date comments received	Participant Category	Article	Summary of comments	Summary of responses
1.	May 20, 2016	Dealer Firm	6376A	The Bourse expects broker-dealers to mark orders as “firm” when they receive and enter an order for one of their clients who also happens to be an Approved Participant or Foreign Approved Participant. The Commenter is in agreement with the proposed rule as worded but not with the expectation to mark client orders as “firm” when the client is an Approved Participant or a Foreign Approved Participant.	The Bourse thanks the Commenter for bringing this issue to its attention. However, the Bourse believe the current requirement for an Approved Participant to mark an order “firm” even when the client is an Approved Participant is the best approach to monitor the chronological input of orders.
2.	May 20, 2016	Dealer Firm	6376A	The Commenter wants a confirmation by the Bourse that the opening/closing indicator would only be required for options order and not for futures transactions.	<p>Article 6376A applies to all Listed Products. Options and futures transactions are subject to the requirements set forth in this article. The Bourse will add language in article 6376A to make clear all Listed Products are subject to this article.</p> <p>Sub-paragraph a) iii) refers to equity options because they are the only products that can be subject to corporate actions. However, this sub-paragraph shouldn’t be interpreted as limiting the scope of this article to options only.</p>