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CIRCULAR 018-16
February 4, 2016

SELF-CERTIFICATION

AMENDMENTS TO ARTICLE 15608 OF THE RULES OF BOURSE DE MONTREAL INC.

MODIFICATION OF BOND FUTURES POSITION LIMIT CALCULATION METHODOLOGY FOR THE FIRST CONTRACT MONTH

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) has approved amendments to article 15608 of the Rules of the Bourse in order to amend the methodology used for establishing the first contract month position limit for each designated Government of Canada bond futures contracts. Considering the self-certification as of January 18, 2016 of modifications set forth in [Circular 149-15](#), the Bourse also modifies articles 15627, 15647 and 15667 of the Rules of the Bourse to the same extent.

The Bourse wishes to advise Approved Participants that such amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

The rule changes described in the present circular were published for public comments by the Bourse on November 4, 2015 ([Circular 130-15](#)). Further to the publication of this circular, the Bourse did not receive any comments.

The amended Rules attached will become effective on **February 4, 2016** after market close. Please note that they will also be available on the Bourse’s website (www.m-x.ca).

For further information, please contact Richard Undi, Market Analysis, Regulatory Division at (514) 787-6614 or at rundi@m-x.ca.

Brian Z. Gelfand
Vice-President and Chief Regulatory Officer
Regulatory Division

15608 Position Limits for Bonds Futures Contracts

(08.09.89, 30.12.93, 07.04.94, 26.08.94, 19.01.95, 03.05.04, 17.04.09, 13.02.15, 21.05.15, 04.02.16)

For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
 - i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - a) 4,000 contracts or
 - b) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is ~~the lesser of:~~
 - ~~i) 20% of the open interest of that contract month at the start of trading on the first business day prior to the first delivery notice day of the first contract month; or~~
 - ~~ii) the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.~~

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph b)~~amount set forth in i) or ii);~~ unless:

~~— an exemption is granted under article 14157; or,~~

~~the approved participant is a market maker as defined in article 6820. In this case, this position limit may not exceed the amount set forth in ii) or,~~

~~— the approved participant commits to taking the futures contracts to delivery. In this case, this position limit may not exceed the amount set forth in ii).~~

15627 Position Limits for Bond Futures Contracts

(18.01.16, 04.02.16)

For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
- i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - a) 4,000 contracts or
 - b) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is ~~the lesser of:~~
- ~~i) 20% of the open interest of that contract month at the start of trading on the first business day prior to the first delivery notice day of the first contract month; or~~
 - ~~ii) the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.~~

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph b) amount set forth in i) or ii), unless:

- ~~— an exemption is granted under article 14157 or;~~
- ~~— the approved participant is a market maker as defined in article 6820. In this case, this position limit may not exceed the amount set forth in ii) or;~~
- ~~— the approved participant commits to taking the futures contracts to delivery. In this case, this position limit may not exceed the amount set forth in ii).~~

15647 Position Limits for Bond Futures Contracts
(18.01.16, 04.02.16)

For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
- i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - a) 4,000 contracts or
 - b) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is ~~the lesser of:~~
- ~~i) 20% of the open interest of that contract month at the start of trading on the first business day prior to the first delivery notice day of the first contract month; or~~
 - ~~ii) the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.~~

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph b) amount set forth in i) or ii), unless:

an exemption is granted under article 14157 ~~or,~~

~~— the approved participant is a market maker as defined in article 6820. In this case, this position limit may not exceed the amount set forth in ii) or,~~

~~— the approved participant commits to taking the futures contracts to delivery. In this case, this position limit may not exceed the amount set forth in ii).~~

15667 Position Limits for Bond Futures Contracts

(18.01.16, 04.02.16)

For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
 - i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - a) 4,000 contracts or
 - b) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is ~~the lesser of:~~
 - ~~i) 20% of the open interest of that contract month at the start of trading on the first business day prior to the first delivery notice day of the first contract month; or~~
 - ~~ii) the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.~~

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph b) amount set forth in i) or ii), unless:

an exemption is granted under article 14157 ~~or,~~

~~— the approved participant is a market maker as defined in article 6820. In this case, this position limit may not exceed the amount set forth in ii) or,~~

~~the approved participant commits to taking the futures contracts to delivery. In this case, this position limit may not exceed the amount set forth in ii).~~

15608 Position Limits for Bonds Futures Contracts

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For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
 - i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - a) 4,000 contracts or
 - b) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph b) unless an exemption is granted under article 14157.

15627 Position Limits for Bond Futures Contracts

(18.01.16, 04.02.16)

For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
 - i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - c) 4,000 contracts or
 - d) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph b) unless an exemption is granted under article 14157.

15647 Position Limits for Bond Futures Contracts

(18.01.16, 04.02.16)

For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
 - i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - c) 4,000 contracts or
 - d) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph b) unless an exemption is granted under article 14157.

15667 Position Limits for Bond Futures Contracts

(18.01.16, 04.02.16)

For all expiration months combined

- a) For all expiration months combined for each designated Government of Canada bond futures contract, the maximum net Long Position or net Short Position which a person may own or control in accordance with article 14157 is equal to half the sum of:
 - i) 20% of the total outstanding deliverable bonds of the front contract month; and
 - ii) the greater of:
 - c) 4,000 contracts or
 - d) 20% of the average daily open interest for all contract months during the preceding three calendar months.

If deemed necessary, the Bourse may apply a different position limit to an approved participant or its client. This position limit may not exceed the position limit determined in accordance with this paragraph a) unless an exemption is granted under article 14157.

For the first contract month

- b) For the first contract month, the maximum net Long Position or net Short Position in each designated Government of Canada bond futures contract which a person may own or control in accordance with article 14157 is the futures contract equivalent of 5% of the total outstanding amount of Government of Canada bonds eligible for delivery for the designated Government of Canada bond futures contracts at the start of trading on the first business day prior to the first delivery notice day of the first contract month.

The position limit for the first contract month becomes effective on the first business day prior to the first delivery notice day of the first contract month.

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