CIRCULAR 021-21
February 2, 2021

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTRÉAL INC. REGARDING POSITION LIMITS

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 as part of a complete revision of the Bourse's (i) methodology to set position limits for all of its products and (ii) approach to apply those limits. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

The amendments attached (the "Amendments") herewith will become effective on **June 30, 2021**, after the markets have closed. Please note that the revised articles will also be available on the Bourse's website (www.m-x.ca).

The amendments described in the present circular were published for public comment by the Bourse on November 21, 2019 (see circular 149-19). A summary of the comments received by the Bourse, as well as their responses, is attached hereto.

Please note that since the publication of the request for comments on November 21, 2019, the following changes were made to the amended version of the Rules of the Bourse:

1. Articles 12.1507, 12.1607, 12.2007 and 12.2107 were added to the Rules of the Bourse following the launch of new Bourse products . The Amendments have been modified to incorporate these articles, including the applicable amendments to reflect changes introduced herein;

2. Articles 12.1807 and 12.1907 were modified with the introduction of CORRA futures on June 8, 2020. The Amendments were modified to reflect the new version of these articles;

3. Article 6.309 was amended on October 30, 2020 (see circular 180-20) to include an approved defined hedge exemption from position limit requirements for futures contracts whose underlying interests are listed stocks, trust units or exchanged-traded funds. The Amendments were modified to reflect the aforementioned modification;

4. Article 6.309A(d)(i)(7) which was part of the amendments published in the request for comment on November 21, 2019 and proposed to introduce 'back-to-back options' as a type of hedge transaction was removed from the Amendments. The Bourse will have to undertake further analysis of such hedge transactions;

5. The amendments to article 6.310, which was part of the amendments published in the request for comment on November 21, 2019, were self-certified on June 12, 2020 (see circular 105-20). The Amendments were therefore modified by removing the reference to the amendments of article 6.310.

For additional information, please contact Alexandre Normandeau, Legal Counsel, at 514-787-6623 or by email at alexandre.normandeau@tmx.com.

Alexandre Normandeau
Legal Counsel
Bourse de Montréal Inc.

AMENDED VERSION

PART 6 - TRADING RULES

Chapter D—Listed Products

Article 6.309A Position Limits for Options and Share Futures Contracts

~~(a) Except for those limits specified in Article 6.309, 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 Listed Product 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)~~(a) Except otherwise indicated, the applicable position limits for O~~o~~ptions, ~~s~~Share ~~f~~Futures ~~c~~Contracts or aggregated ~~o~~Options and ~~s~~Share ~~f~~Futures ~~c~~Contracts (as defined under paragraph b~~c~~) 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 c~~C~~ontracts where the underlying security does not meet the requirements set out in sub-paragraphs a~~b~~)(i)2) and a~~b~~)(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 ~~on the Underlying Interest~~of transactions 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 of transactions~~on the Underlying Interest~~ 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 of transactions~~on the Underlying Interest~~ 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) 600,000 contracts on the following exchange-traded funds: units of the iShares S&P/TSX 60 Index Fund (XIU);~~

(6) ~~except for the specific limits provided for under paragraph b)(i)6) above,~~ for c~~C~~ontracts 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 ~~for which all of the components are~~ exchange-traded stocks ~~,~~or trust units, the position limits ~~shall be~~are the following~~equal to twice the limit levels provided for under paragraphs b)(i)1) to 5) above.~~:

(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

~~(A)~~(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 dollars 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) Debt options~~

~~8,000 contracts.~~

~~(iii)~~(ii) Broad-based ~~I~~index ~~o~~Options

~~50,000 standard Options contracts on the S&P/TSX 60 Index.~~There are no position limits on broad-based index Options.

~~(iv)~~(iii)~~Sector~~ Narrow-based index O~~o~~ptions

40,000 contracts~~.~~

~~(v)~~(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.

~~(vi)~~(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.

~~(c)~~(b) For the purposes of this article:

(i) Calls written, Puts held, a net short S~~s~~hare ~~f~~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 ~~o~~Options and ~~s~~Share ~~f~~Futures ~~c~~Contracts position" is obtained by first netting S~~s~~hare 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 S~~s~~hare 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 percent of the fund's composition; (3) the five highest weighted components comprise more than 60 percent of the fund's composition, or (4) the lowest weighted components comprising in the aggregate 25 percent 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 dollars (US$30 million dollars 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 percent of the index weighting; (3) the five highest weighted components comprise more than 60 percent of the index weighting, or (4) the lowest weighted components comprising in the aggregate 25 percent 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 dollars (US$30 million dollars 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) ~~Conversions, reverse conversions, long and short~~ H~~h~~edges exemptions

(i) ~~For the purposes of this Article, the following~~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~~defined hedges are approved by the Bourse:~~.

(1) Where each Option 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 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) conversion: where an opening long put Transaction in any Option is entirely offset by an opening short call Transaction having the same expiry month and Exercise Price in the same Option Class, either of which Option Transaction is effectively hedged by a Long Position in the Underlying Interest of the Option;~~

~~(iii) reverse conversion: where an opening short put Transaction in any Option is entirely offset by an opening long call Transaction having the same expiry month and Exercise Price in the same Option class, either of which Option Transaction is effectively hedged by a Short Position in the Underlying Interest of the Option;~~

~~(iv) short hedge: where an opening long call Transaction or an opening short put Transaction in any Option is entirely offset by a Short Position in the Underlying Interest of the Option;~~

~~(v) long hedge: where an opening short call Transaction or an opening long put Transaction in any Option is entirely offset by a Long Position in the Underlying Interest of the Option;~~.

~~(vi) The hedge exemptions defined in subparagraph (d)(i) above are in addition to the applicable limits under Article 6.309(a)In addition to the position limits set out in paragraph b), any one account may hold an amount of options not exceeding the applicable paragraph b) limit of any combination of the approved hedge positions defined in sub-paragraphs d (i)1) to d)(i)4), inclusive.~~

~~(vii)~~(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 Investment Industry Regulatory Organization of Canada (IIROC).~~For all position limits set out in this article, in the case of hedging transactions and positions described in subparagraphs (3) through (8) aboveconversion and reverse conversion as defined in paragraph (d)(i)(1) and (2), such limits shall apply as if calls written and puts held, or puts written and calls held, as the case may be, were not on the same side of the market.~~

~~(viii)~~

~~(ix)~~(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.

~~(e) Exemption~~

~~As described in Policy C-1, an Approved Participant or a client may file, in the form prescribed, an application with 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. The application must be filed on the appropriate form, no later than the next business day after the limit has been exceeded. If the application is rejected, the Approved Participant or client shall reduce the position below the prescribed limit within the period set by the Bourse. The Bourse may modify any exemption which has been previously granted.~~

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:

(i) 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.

(ii) Government of Canada Bond Futures:

(1) 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.

(2) 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 the start of trading on the first business day prior to the first Delivery notice 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.

(iii) Broad-based index Futures:

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

(iv) 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.

[…]

Article 6.311 Exemption ~~Procedures~~

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.

~~A bona fide hedger may also under certain circumstances file directly with the Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.~~

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 (5) 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 6.309 or~~ 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 ~~in an expeditious manner~~ within the time set by the Bourse consistent with the maintenance of a fair and orderly market.

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 his 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 ten (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 ten (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

~~The following positions qualify as p~~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.

~~a position taken by a Person who regularly buys, sells or carries positions in the cash market underlying a Listed Product; and~~

~~a position taken by a Person who regularly buys, sells or carries positions in a Listed Product on the stock market or over-the-counter market. This market must be sufficiently liquid relative to the size of the position held.~~

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 his business (fully explaining the nature and extent of his 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.

[…]

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.

[…]

Article 11.107 Position Limits

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

[…]

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.

[…]

Article 11.308 Position Limits

Position limits for equity Option Contracts, if any, are~~is~~ set pursuant to Article 6.309A.

[…]

Article 11.408 Position Limits

Position limits for currency Option Contracts, if any, ~~is~~ are set pursuant to Article 6.309A.

[…]

Article 11.507 Position Limits

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

[…]

Article 12.7 Position Limits

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

~~(a) The maximum net Long Position or net Short Position in all Settlement Months combined in Canadian Bankers' Acceptance Futures which a Person may own or control in accordance with Article 6.310 is the greater of:~~

~~(a) 4,000 contracts; or~~

~~(b) 20% of the average daily Open Interest for all Canadian Bankers' Acceptance Futures Contracts during the preceding three calendar months. This position limit is established and published by the Bourse on a monthly basis.~~

~~(c) 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 greater of (i) and (ii) unless an exemption is granted under Article 6.311.~~

~~(d) Position limits for Options on Canadian Bankers' Acceptance Futures are set forth in Article 6.309.~~

[…]

Article 12.107 Position Limits

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

~~(a) For all expiration months combined. 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 6.310 is equal to half the sum of:~~

~~(i) 20% of the total outstanding deliverable Bonds of the front Delivery Month, and the greater of:~~

~~(1) 4,000 contracts; or~~

~~20% of the average daily Open Interest for all Delivery Months during the preceding three calendar months.~~

~~(b) 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 6.311.~~

~~(c) For the first Delivery Month. For the first Delivery 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 6.310 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 Delivery Month.~~

~~(d) The position limit for the first Delivery Month becomes effective on the first business day prior to the first Delivery notice day of the first Delivery Month.~~

~~(i) 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 6.311.~~

[…]

Article 12.207 Position Limits

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

~~(a) For all expiration months combined. 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 6.310 is equal to half the sum of:~~

~~(i) 20% of the total outstanding deliverable Bonds of the front Delivery Month; and the greater of~~

~~(1) 4,000 contracts or~~

~~20% of the average daily Open Interest for all Delivery Months during the preceding three calendar months.~~

~~(ii) 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 6.311.~~

~~(b) For the first Delivery Month. For the first Delivery 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 6.310 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 Delivery Month.~~

~~(c) The position limit for the first Delivery Month becomes effective on the first business day prior to the first Delivery notice day of the first Delivery Month.~~

~~(i) 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 6.311.~~

[...]

Article 12.307 Position Limits

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

~~(a) For all expiration months combined. 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 6.310 is equal to half the sum of:~~

~~(i) 20% of the total outstanding deliverable Bonds of the front Delivery Month, and the greater of:~~

~~(1) 4,000 contracts; or~~

~~20% of the average daily Open Interest for all Delivery Months during the preceding three calendar months.~~

~~(ii) 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 6.311.~~

~~(b) For the first Delivery Month. For the first Delivery 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 6.310 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 Delivery Month.~~

~~(c) The position limit for the first Delivery Month becomes effective on the first business day prior to the first Delivery notice day of the first Delivery Month.~~

~~(i) 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 6.311.~~

[...]

Article 12.407 Position Limits

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

~~(a) For all expiration months combined. 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 6.310 is equal to half the sum of:~~

~~(i) 20% of the total outstanding deliverable Bonds of the front Delivery Month; and the greater of:~~

~~(1) 4,000 contracts or~~

~~20% of the average daily Open Interest for all Delivery Months during the preceding three calendar months.~~

~~(ii) 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 6.311.~~

~~(b) For the first Delivery Month:~~

~~(c) For the first Delivery 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 6.310 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 Delivery Month.~~

~~(d) The position limit for the first Delivery Month becomes effective on the first business day prior to the first Delivery notice day of the first Delivery Month.~~

~~(i) 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 6.311.~~

[...]

Article 12.507 Position Limits

~~There are no~~ Pposition limits for standard Futures Contracts or equivalent contracts on the S&P/TSX 60 Index, if any, are set pursuant to Article 6.309B.

~~(e) 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. If such specific position limits are imposed, a mini Futures Contract on the S&P/TSX 60 Index is the equivalent of one-quarter of a standard Futures Contract on the S&P/TSX 60 Index, for the purpose of calculating these position limits.~~

[…]

Article 12.607 Position Limits

~~There are no~~ Pposition limits for mini Futures or equivalent contracts on the S&P/TSX 60 Index, if any, are set pursuant to Article 6.309B.

~~(f) 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. If such specific position limits are imposed, a mini Futures Contract on the S&P/TSX 60 Index is the equivalent of one-quarter of a standard Futures Contract on the S&P/TSX 60 Index, for the purpose of calculating these position limits.~~

[…]

Article 12.707 Position Limits

The ~~maximum net Long Position or net Short Position in all Settlement Months combined in~~position limit for S&P/TSX Global Gold Index Futures ~~Contracts~~, if any, is set pursuant to Article 6.309B. ~~which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.~~

~~If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.807 Position Limits

The ~~maximum net Long P~~position limit for~~or net Short Position in all Settlement Months combined in~~ S&P Capped Financials Index Futures ~~Contracts~~ , if any, is set pursuant to Article 6.309B. ~~which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts.~~

~~The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.907 Position Limits

The ~~maximum net Long p~~~~P~~osition limit ~~or net Short Position in all Settlement Months combined in~~ for S&P Capped Information Technology Index Futures, if any, is set pursuant to Article 6.309B~~which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts~~.

~~(g) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.1007 Position Limits

The ~~maximum net Long p~~~~P~~osition limit ~~or net Short Position in all Settlement Months combined in~~ for S&P Capped Energy Index Futures, if any, is set pursuant to Article 6.309B~~Contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts~~.

~~(h) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.1107 Position Limits

The ~~maximum net Long P~~position limit ~~or net Short Position in all Settlement Months combined in~~ for S&P Composite Index Banks (Industry Group) Futures, if any, is set pursuant to Article 6.309B~~contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts~~.

~~(i) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.1207 Position Limits

The ~~maximum net Long P~~position limit for ~~or net Short Position in all Settlement Months combined in~~ S&P Capped Utilities Index Futures, if any, is set pursuant to Article 6.309B ~~Contracts which a Person may own or control in accordance with Article 6.310 of the Rules is 20,000 contracts~~.

~~(j) The Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 20,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.1307 Position Limits

The ~~maximum net Long P~~position limit ~~or net Short Position in all Settlement Months combined in~~ for mini Futures Contracts on the S&P/TSX Composite Index, if any, is set pursuant to Article 6.309B ~~which a Person may own or control in accordance with Article 6.310 of the Rules is 72,000 contracts~~.

~~(k) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 72,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.1407 Position Limits

The ~~maximum net Long P~~position limit ~~or net Short position in all Settlement Months combined in~~ for Futures Contracts on the FTSE Emerging Markets Index, if any, is set pursuant to Article 6.309B ~~which a Person may own or control in accordance with Article 6.310 of the Rules is 50,000 contracts~~.

~~(l) Approved Participants may benefit from the exemption for a *bona fide* Hedger in accordance with Article 6.311.~~

[...]

Article 12.1507 Position Limits

The ~~maximum net Long p~~Position limit ~~or net Short Position in all Settlement Months combined in~~ for S&P/MX International Cannabis Index Futures Contracts, if any, is set pursuant to Article 6.309B ~~which a Person may own or control in accordance with Article 6.310 of the Rules is 50,000 contracts~~.

~~(m) If deemed necessary, the Bourse may apply a different position limit to an Approved Participant or its client. This position limit may not exceed 50,000 contracts unless an exemption is granted under Article 6.311.~~

[...]

Article 12.1607 Position Limits

~~(a)~~ The Position limit ~~re are no position limits~~ for Futures Contracts on the S&P/TSX 60 Dividend Points Index (Annual), if any, is set pursuant to Article 6.309B.

~~(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 12.1707 Position Limits

~~The maximum net Long Position or net Short Position in~~ Position limits for Share Futures Contracts~~-~~, if any, are set pursuant to ~~which a Person may own or control in accordance with Article 6.310 of the Rules shall be as provided for under~~ Article 6.309A.

[...]

Article 12.1807 Position Limits

The ~~maximum net Long Position or net Short~~ Position limit ~~in all Settlement Months combined in~~ for One-Month CORRA Futures Contracts, if any, is set pursuant to ~~which a Person may own or control in accordance with~~ Article ~~6.310~~6.309B. ~~is:~~

~~(a) the greater of:~~

~~(i) 10,000 contracts; or~~

~~(ii) 20% of the average daily Open Interest for all One-Month CORRA Futures Contracts during the preceding three calendar months. This position limit is established and published by the Bourse on a monthly basis.~~

~~(b) 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 greater of (i) and (ii) unless an exemption is granted under Article 6.311.~~

[...]

Article 12.1907 Position Limits

The ~~maximum net Long Position or net Short~~ Position limit ~~in all Settlement Months combined in~~ for Three-Month CORRA Futures Contracts, if any, is set pursuant to ~~which a Person may own or control in accordance with~~ Article ~~6.310~~6.309B. ~~is:~~

~~(a) the greater of:~~

~~(i) 10,000 contracts; or~~

~~(ii) 20% of the average daily Open Interest for all One-Month CORRA Futures Contracts during the preceding three calendar months. This position limit is established and published by the Bourse on a monthly basis.~~

~~(b) 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 greater of (i) and (ii) unless an exemption is granted under Article 6.311.~~

[...]

Article 12.2007 Position Limits

The~~re are no~~ position limit~~s~~ for futures ~~or equivalent~~ contracts on the S&P/TSX 60 ESG Index, if any, is set pursuant to Article 6.309B.

~~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 12.2107 Position Limits

The~~re are no~~ position limit~~s~~ for futures ~~or equivalent~~ contracts on the S&P/TSX Composite ESG Index, if any, is set pursuant to Article 6.309B.

~~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 13.8 Position Limits

The position limit~~s~~ for Options on Ten-year Government of Canada Bond Futures~~-~~, if any, is set pursuant to Article 6.309A~~are the same as the Ten-year Government of Canada Bond Futures Contract. Options on Futures Contract positions are aggregated with the~~

~~underlying Futures Contract for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract~~.

[…]

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~~Options on Futures are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract~~.

[…]

Article 13.208 Position Limits

The position limit for Serial Mid-Curve Options ~~on~~ Three-Month Canadian Bankers' Acceptance Futures, if any, is set pursuant to Article 6.309A~~are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract~~.

[...]

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 ~~are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract~~.

[...]

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. ~~Futures are the same as the underlying Futures Contract. Options on Futures Contract positions are aggregated with the underlying Futures Contract positions for purposes of position limits with each Option aggregated as the equivalent of a Futures Contract.~~

[...]

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 ~~a daily~~ 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) The following positions qualify as positions taken for risk management purposes:~~

~~(i) a position taken by a Person who regularly buys, sells or carries positions in the cash market underlying a Derivative; and~~

~~(ii) a position taken by a Person who regularly buys, sells or carries positions in a Derivative on the stock market or OTC market. This market must be sufficiently liquid relative to the size of the position held.~~

~~(e)~~(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 no~~t~~ later than 10:30 A.M. (Montreal time) 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.

~~(f)~~(e) The Approved Participant or the client may file an application with the Vice-President, Regulatory Division, or his or her ~~designee~~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 Vice-President, Regulatory Division, or his or her ~~designee~~delegate, to file a request for exemption shall not exceed five (5) business days after the day on which the position limit is reached.

~~(g)~~(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 excess the prescribed limit.

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 Vice-President, Regulatory Division, or his or her ~~designee~~delegate, may decide to accept or refuse a request for exemption from a position limit.

The ~~designee~~delegate of the Vice-President, Regulatory Division shall come from the Regulatory Division. Before making a decision, the Vice-President, Regulatory Division, or his or her ~~designee~~delegate, may, at his or her discretion, consult other employees of the Bourse outside the Regulatory Division~~shall submit each exemption request to the internal consultation committee~~.

~~(a) The Internal Consultation Committee include the following persons or their designees:~~

~~(i) Vice-President, Legal Affairs;~~

~~(ii) Vice-President, CDCC Risk Management;~~

~~(iii) Vice-President, Financial Markets; and~~

~~(iv) Vice-President, Research and Development.~~

~~(b) The internal consultation committee may be consulted in person, by phone or by electronic messaging.~~

~~(c) Each member of the internal consultation committee, or his or her designee, shall be provided with the exemption request form, all information provided with the exemption request and any other document on which the Vice-President, Regulatory Division, or his or her designee, intends to base his or her decision.~~

~~(d) The Vice-President, Regulatory Division, or his or her designee, may issue a decision if the opinion of the members of the internal consultation committee cannot be obtained within a reasonable time.~~

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

(a) The following factors shall be considered by the Vice-President, Regulatory Division, or his or her ~~designee~~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, O~~o~~pen ~~i~~Interest, etc.);

(v) the proposed strategy by the Approved Participant or the client; and

(vi) any other factor deemed relevant by the Vice-President, Regulatory Division or his or her ~~designee~~delegate.

(b) The Vice-President, Regulatory Division, or his or her ~~designee~~delegate, may at any time require additional information from an Approved Participant or a client.

Appendix 6D-4 COMMUNICATION AND EFFECTS OF THE DECISION

(a) The decision of the Vice-President, Regulatory Division, or of his or her ~~designee~~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 Vice-President, Regulatory Division, or his or her ~~designee~~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 Vice-President, Regulatory Division, or his or her ~~designee~~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 Vice-President, Regulatory Division, or his or her 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 Vice-President, Regulatory Division, or his or her ~~designee~~delegate, and shall not exceed ~~three~~ twelve (12~~3~~) months from the filing of the request.

(f) The Vice-President, Regulatory Division, or his or her ~~designee~~delegate, may review, amend or terminate an exemption.

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.~~. 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 Vice-President, Regulatory Division. The exemption request shall be filed not later than ten (10) business days before the expiration date of the exemption.

(d) The decision-making process set forth in Appendices 6D-2, 6D-3 and 6D-4~~Parts II, III and IV~~ 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.

CLEAN VERSION

PART 6 - TRADING RULES

Chapter D—Listed Products

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 of transactions 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 of transactions 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 of transactions 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 dollars 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 percent of the fund's composition; (3) the five highest weighted components comprise more than 60 percent of the fund's composition, or (4) the lowest weighted components comprising in the aggregate 25 percent 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 dollars (US$30 million dollars 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 percent of the index weighting; (3) the five highest weighted components comprise more than 60 percent of the index weighting, or (4) the lowest weighted components comprising in the aggregate 25 percent 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 dollars (US$30 million dollars 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) Where each Option 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 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 Investment Industry Regulatory Organization of Canada (IIROC).

(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.

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 the start of trading on the first business day prior to the first Delivery notice 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.

[…]

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.

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 (5) 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.

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 his 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 ten (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 ten (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.

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 his business (fully explaining the nature and extent of his 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.

[…]

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.

[…]

Article 11.107 Position Limits

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

[…]

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.

[…]

Article 11.308 Position Limits

Position limits for equity Option Contracts, if any, are set pursuant to Article 6.309A.

[…]

Article 11.408 Position Limits

Position limits for currency Option Contracts, if any, are set pursuant to Article 6.309A.

[…]

Article 11.507 Position Limits

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

[…]

Article 12.7 Position Limits

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

[…]

Article 12.107 Position Limits

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

[…]

Article 12.207 Position Limits

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

[...]

Article 12.307 Position Limits

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

[...]

Article 12.407 Position Limits

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

[...]

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.

[…]

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.

[…]

Article 12.707 Position Limits

The position limit for S&P/TSX Global Gold Index Futures, if any, is set pursuant to Article 6.309B.

[...]

Article 12.807 Position Limits

The position limit for S&P Capped Financials Index Futures, if any, is set pursuant to Article 6.309B.

[...]

Article 12.907 Position Limits

The position limit for S&P Capped Information Technology Index Futures, if any, is set pursuant to Article 6.309B.

[...]

Article 12.1007 Position Limits

The position limit for S&P Capped Energy Index Futures, if any, is set pursuant to Article 6.309B.

[...]

Article 12.1107 Position Limits

The position limit for S&P Composite Index Banks (Industry Group) Futures, if any, is set pursuant to Article 6.309B.

[...]

Article 12.1207 Position Limits

The position limit for S&P Capped Utilities Index Futures, if any, is set pursuant to Article 6.309B.

[...]

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.

[...]

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.

[...]

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.

[...]

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.

[...]

Article 12.1707 Position Limits

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

[...]

Article 12.1807 Position Limits

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

[...]

Article 12.1907 Position Limits

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

[...]

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.

[…]

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.

[…]

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.

[…]

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 .

[…]

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.

[...]

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.

[...]

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.

[...]

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 no later than 10:30 A.M. (Montreal time) 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 Vice-President, Regulatory Division, or his or her 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 Vice-President, Regulatory Division, or his or her delegate, to file a request for exemption shall not exceed five (5) 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 excess the prescribed limit.

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 Vice-President, Regulatory Division, or his or her delegate, may decide to accept or refuse a request for exemption from a position limit.

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

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

(a) The following factors shall be considered by the Vice-President, Regulatory Division, or his or her 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 Vice-President, Regulatory Division or his or her delegate.

(b) The Vice-President, Regulatory Division, or his or her delegate, may at any time require additional information from an Approved Participant or a client.

Appendix 6D-4 COMMUNICATION AND EFFECTS OF THE DECISION

(a) The decision of the Vice-President, Regulatory Division, or of his or her 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 Vice-President, Regulatory Division, or his or her 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 Vice-President, Regulatory Division, or his or her 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 Vice-President, Regulatory Division, or his or her 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 Vice-President, Regulatory Division, or his or her delegate, and shall not exceed twelve (12) months from the filing of the request.

(f) The Vice-President, Regulatory Division, or his or her delegate, may review, amend or terminate an exemption.

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 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 Vice-President, Regulatory Division. The exemption request shall be filed not later than ten (10) business days before the expiration date of the exemption.

(d) The decision-making process set forth in Appendices 6D-2, 6D-3 and 6D-4 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.

Circular 149-19: Summarized comments and responses

AMENDMENTS TO THE RULES OF BOURSE DE MONTRÉAL INC. WITH REGARD TO POSITION LIMITS

No.	Date comments received	Participant Category	Summary of comments	Summary of responses
1.	January 15, 2020	IIAC	**Centralization of Position Limits** The IIAC and its members agree with a new format of centralizing the position limits for all products in two articles of the rulebook: • 6.309A for Options and Share Futures Contracts; • 6.309B for Futures Contracts.	The Bourse acknowledges the comment.
2.	January 15, 2020	IIAC	**Implementation by the Industry** Our member firms have confirmed that the changes to position limits may create a significant amount of implementation work. Firms will need to: ● Advise staff of the new position limits; ● Advise staff of the new position limit methodology;	The Bourse recognizes that the contemplated changes require implementation work.

			● Potentially advise clients of the changes in position limits; ● Potentially advise clients of the change in position limit methodology; ● Receive all required internal approvals to make changes to the systems; ● Re-write scripts in the monitoring systems once approvals have been received; ● Monitor the changes being made in the systems; ● Test the systems following the changes; and ● Review and update the policies & procedures manual (if needed).	
3.	January 15, 2020		**<u>Needed from the Bourse</u>** IIAC members are wondering how the Bourse can help them operationally. The following would be helpful: • Timely position limit information; • Clear position limit information; • Position limits in csv/excel formats (which are easily transferable); • Monitoring by the Bourse following the transition period (see grace period requested below).	As indicated in the rule modification proposal, the Regulatory Division intends to publish the new position limits in a more timely manner. For example, for all interest rate cash settled products, the the new position limit applicable to the settlement month will be published at mid-month before the settlement month of the near-month quarterly contract to become effective at the close on the first business day of the expiry month for the near-month quarterly contract and for each of the two serial contracts. The same approach will be taken for the position limit applicable to all expiration months combined for each designated Government of Canada bond futures contract. For the first delivery month for each designated Government of Canada bond

				futures contract, the Division will keep the same date for publication of the position limits (i.e. the first business day prior to the first Delivery notice day of the first Delivery Month) but will move the effective date to the close of the regular session of the first business day of the delivery month.
4.	January 15, 2020		**Transition and Grace Period** The additional tasks required by member firms to implement the Proposal are significant and cannot be completed quickly. The implementation will even be harder for bank-owned firms. Therefore, the transition period should be at least three months. Following the transition period, members will request an additional grace period (3 to 6 months) where MXR could identify potential position limit issues without penalties for the members.	The Division will align the effective date of the new position limits rules accordingly. A circular announcing the effective date will be published 6 months in advance to provide sufficient time for the participants to implement the required changes to their system. The Division conducts its surveillance activity on a daily basis. While no grace period will be granted, should an issue with regards to the new position limits occur, the Division will consider the impact of such changes based on the situation at hand. Each situation will be considered individually.