CIRCULAR 049-23
April 3, 2023

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTREAL INC. IN ORDER TO INTRODUCE A NEW MARKET ORDER TYPE

On October 26, 2022, the Rules and Policies Committee of Bourse de Montréal Inc. (the "**Bourse**") approved amendments to article 6.110 of the rules of the Bourse in order to introduce a new market order type within its trading environment. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached hereto will become effective on April 21, 2023, after market close. 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 14, 2022 (see circular 139-22). Further to the publication of this circular, no comment was received by the Bourse.

Kindly note that the new Market Order type will be enabled for the Three-Month Canadian Bankers' Acceptance Futures (BAX), Ten-Year Government of Canada Bond Futures (CGB), and the S&P/TSX 60 Index Standard Futures (SXF) on April 23, 2023. The market order protection bands for these instruments will be as follows:

Instrument	Market Order Protection Bands
Three-Month Canadian Bankers' Acceptance Futures (BAX)	0.03 outrights and spreads
Ten-Year Government of Canada Bond Futures (CGB)	0.16 outrights (0.08 spreads)
S&P/TSX 60 Index Standard Futures (SXF)	1.00 outrights (0.50 spreads)

For additional information, please contact Dima Ghozaiel, Legal Counsel, at dima.ghozaiel@tmx.com.

Dima Ghozaiel
Legal Counsel
Bourse de Montréal Inc.

Robert Tasca
Managing Director, Derivatives Product and Services
Bourse de Montréal

APPENDIX A

BLACKLINED VERSION OF THE AMENDMENTS

Article 6.110 Orders

(a) To be considered valid, an order must specify the name or symbol of the Listed Product, whether it is a buy or sell order, the quantity of the order, explicit instructions regarding the trading price and the conditions which must be met prior to the order becoming effective and the type and duration qualifier of the order.

(b) The types of which entered into the Electronic Trading System are as follows:

(i) Market Limit order (best limit; bid/ask). A market limit order is executed at the best limit that is available on the other side of the market at the moment the order is introduced into the Trading System, at the quantity available at this limit. If the order is partially filled, the unfilled quantity becomes a limit order at the price the first part of the order was executed.

(1) A market limit order can only be entered during the market session (continuous trading); and.

(2) A market limit order is only accepted by the system if a price limit exists on the other side.

(ii) Market Order. A Market order is executed starting at the best limit that is available on the other side of the market at the moment the order is introduced into the electronic trading system and will continue to trade at the next available price level, until the quantity of the order is completely filled or reaches the last available tradeable price within the configured market order protection band in the Central Limit Order Book for the given Instrument. If the order is partially filled, the unfilled quantity becomes a limit order at the last available tradeable price within the configured market order protection band. The market order protection band as well as the availability of this order type will be configured, at the discretion of the Market Supervisor, for each group of derivatives on the Bourse platform and can be adjusted by a Market Supervisor when required.

(1) A market order can only be entered during the market session (continuous trading); and

(2) A market order is only accepted by the system if a price limit exists on the other side.

(iii) Limit order. A limit order is an order to buy or sell at a specified price, or better.

(iiv) Stop limit order. A stop limit order is an order to buy or sell which becomes a limit order once the contract has traded at the stop-price or higher in the case of a buy order; at the stop-price or lower in the case of a sell order.

(1) If more than one stop order has the same trigger price, then the first in, first out basis (FIFO) rule will apply. Once the stop order becomes a limit order, a new time priority is given to it.

(2) Stop limit orders can only be entered as day orders.

(~~i~~v) Opening/closing price order (market-on-open and market-on-close). This order must be input during the pre-opening / pre-closing session by which a Trader is the buyer or the seller of contracts at the opening / closing price as defined by the Electronic Trading System at the pre-opening / pre-closing session.

(1) If an opening price order is not filled in full, the order is assigned the opening price Calculated Theoretical-Opening (CTO) as defined in Article 6.109 as its new limit.

(vi) Hidden quantity order. A hidden quantity order enables a Trader to hide a certain quantity of the order to the market by displaying to the market only that portion of the total order which has been initially parameterized by the user to be seen by the market. The hidden quantity, which is the remainder of the order is seen only by the Bourse. When the order is executed for the disclosed quantity, it is renewed for the same disclosed quantity but positioned at the end of the queue at the same limit. It loops until the whole order quantity (total quantity) has been filled.

(vii) Committed order. A committed order is an order that can only be matched with another opposite committed order that meet the following conditions:

(1) The identification code on the initial and the opposing orders both match the identification code of the same Approved Participant;
(2) Both orders are entered with the same price and for the same quantity; *provided however*, that such price is between the best bid and the best offer at the time of the Transaction;
(3) Both orders must be entered during the same trading session. Otherwise, the initial order will automatically be canceled.

(viii) Implied order. An implied order is generated by the Electronic Trading System using an implied pricing algorithm and orders registered in the order book.

[…]

APPENDIX B

CLEAN VERSION OF THE AMENDMENTS

Article 6.110 Orders

(a) To be considered valid, an order must specify the name or symbol of the Listed Product, whether it is a buy or sell order, the quantity of the order, explicit instructions regarding the trading price and the conditions which must be met prior to the order becoming effective and the type and duration qualifier of the order.

(b) The types of which entered into the Electronic Trading System are as follows:

(i) Market Limit order (best limit; bid/ask). A market limit order is executed at the best limit that is available on the other side of the market at the moment the order is introduced into the Trading System, at the quantity available at this limit. If the order is partially filled, the unfilled quantity becomes a limit order at the price the first part of the order was executed.

(1) A market limit order can only be entered during the market session (continuous trading); and

(2) A market limit order is only accepted by the system if a price limit exists on the other side.

(ii) Market Order. A Market order is executed starting at the best limit that is available on the other side of the market at the moment the order is introduced into the electronic trading system and will continue to trade at the next available price level, until the quantity of the order is completely filled or reaches the last available tradeable price within the configured market order protection band in the Central Limit Order Book for the given Instrument. If the order is partially filled, the unfilled quantity becomes a limit order at the last available tradeable price within the configured market order protection band. The market order protection band as well as the availability of this order type will be configured, at the discretion of the Market Supervisor, for each group of derivatives on the Bourse platform and can be adjusted by a Market Supervisor when required.

(1) A market order can only be entered during the market session (continuous trading); and.

(2) A market order is only accepted by the system if a price limit exists on the other side.

(iii) Limit order. A limit order is an order to buy or sell at a specified price, or better.

(iv) Stop limit order. A stop limit order is an order to buy or sell which becomes a limit order once the contract has traded at the stop-price or higher in the case of a buy order; at the stop-price or lower in the case of a sell order.

(1) If more than one stop order has the same trigger price, then the first in, first out basis (FIFO) rule will apply. Once the stop order becomes a limit order, a new time priority is given to it.

(2) Stop limit orders can only be entered as day orders.

(v) Opening/closing price order (market-on-open and market-on-close). This order must be input during the pre-opening / pre-closing session by which a Trader is the buyer or the seller of contracts at the opening / closing price as defined by the Electronic Trading System at the pre-opening / pre-closing session.

(1) If an opening price order is not filled in full, the order is assigned the opening price Calculated Theoretical-Opening (CTO) as defined in Article 6.109 as its new limit.

(vi) Hidden quantity order. A hidden quantity order enables a Trader to hide a certain quantity of the order to the market by displaying to the market only that portion of the total order which has been initially parameterized by the user to be seen by the market. The hidden quantity, which is the remainder of the order is seen only by the Bourse. When the order is executed for the disclosed quantity, it is renewed for the same disclosed quantity but positioned at the end of the queue at the same limit. It loops until the whole order quantity (total quantity) has been filled.

(vii) Committed order. A committed order is an order that can only be matched with another opposite committed order that meet the following conditions:

(1) The identification code on the initial and the opposing orders both match the identification code of the same Approved Participant;
(2) Both orders are entered with the same price and for the same quantity; *provided however*, that such price is between the best bid and the best offer at the time of the Transaction;
(3) Both orders must be entered during the same trading session. Otherwise, the initial order will automatically be canceled.

(viii) Implied order. An implied order is generated by the Electronic Trading System using an implied pricing algorithm and orders registered in the order book.

[…]