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CIRCULAR 065-15
June 4, 2015

SELF-CERTIFICATION

NEW SECTOR INDEX FUTURES AND OPTIONS CONTRACTS:

S&P/TSX COMPOSITE INDEX BANKS (INDUSTRY GROUP) (SXX)

AND

S&P/TSX CAPPED UTILITIES INDEX (SXU)

**AMENDMENTS TO ARTICLES 6602, 6651, 6783, 6784,
6786 AND 6788 OF RULE SIX**

AMENDMENT TO ARTICLE 14102 OF RULE FOURTEEN

**AMENDMENTS TO ARTICLES 15755, 15758, 15759, 15760,
15771, 15772, 15773 AND 15781 OF RULE FIFTEEN**

The Rules and Policies Committee (the “Committee”) of Bourse de Montréal Inc. (the “Bourse”) has approved amendments to articles 6602 and 6651 of Rule Six and article 14102 of Rule Fourteen of the Bourse in order to allow for the listing of futures and options contracts on the S&P/TSX Composite Index Banks (Industry Group), as well as on the S&P/TSX Capped Utilities Index. The Committee has also approved amendments of form to the wording of articles 6783 (French version), 6784 (French version), 6786 (English version), 6788, 15755, 15758, 15759, 15760 (English version), 15771, 15772, 15773 (English version) and 15781 (English version) of the Rules of the Bourse.

The amendments to the above articles, as attached, were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01) and will take effect on **June 4, 2015** after market close. Please note that these articles will also be available on the Bourse’s website (www.m-x.ca). The launch date of the futures and options contracts on the S&P/TSX Composite Index Banks (Industry Group), as well as on the S&P/TSX Capped Utilities Index will be announced subsequently.

For additional information please contact Gladys Karam, Director, Equity Derivatives, by telephone at (514) 871-7880 or by email at gkaram@m-x.ca.

Claude Cyr
Senior Vice-President, Financial Markets

RULE SIX

Section 6601 - 6610 Exchange-Traded Options

6602 Qualification for Underlying Interests

(13.03.87, 31.05.88, 10.11.92, 07.09.99, 28.01.02, 26.09.05, 04.06.15)

Products qualify as underlying interests provided they meet certain requirements.

- a) Every equity issue shall be listed on a Canadian Exchange, meet the criteria of the Canadian Derivatives Clearing Corporation, or be a security recommended for approval by the Bourse.
- b) In the case of Government of Canada Bonds, every issue shall have an outstanding amount of at least \$500,000,000 face value at maturity.
- c) A Futures contract must be listed on the Bourse.
- d) In the case of a currency, it must have been priorily approved by the Bourse.
- e) In order for a Canadian sponsored option to be traded on the Bourse, the underlying interest must satisfy the options eligibility criteria defined in the Canadian Derivatives Clearing Corporation Rules.
- f) In order for an international sponsored option to be traded on the Bourse, the underlying interest must be currently traded on a recognized exchange and there must be options or futures contracts listed on this same exchange or on any other recognized exchange.

For the purpose of the present Rule, the term "recognized exchange" means any exchange carrying on its activities on the territory of one of the Basle Accord Countries and those countries that have adopted the banking and supervisory rules set out in the Basle Accord, and any other exchange or group of exchanges with whom the Bourse has signed a collaboration agreement.

- g) In the case of an index sponsored option, the sponsor must have a licensing rights agreement with the index supplier. A copy of the agreement must be filed with the Bourse before the sponsored option is launched.

h) In the case of an index, the index must be referenced in the Rules of the Bourse.

Section 6651 - 6670
Limits and Restrictions

6651 Position Limits for options

(06.08.86, 19.05.87, 08.09.89, 06.08.90, 20.03.91, 10.11.92, 07.04.94, 08.07.99, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 20.05.10, 25.06.12, 12.04.13, 04.06.15)

- A) Except as provided in paragraph D) of this article, no approved participant or restricted trading permit holder shall make for any account in which it has an interest, or for the account of any client, an options transaction if the approved participant or the restricted trading permit holder has reason to believe that as a result of such transaction the approved participant or its client, or the restricted trading permit holder would, acting alone or in concert with others, directly or indirectly, hold, control or be obligated with respect to an options position on the same side of the market relating to the same underlying interest (whether long or short) in excess of the options position limits established by the Bourse.
- B) Except otherwise indicated, the applicable position limits for options are as follows:
1. Options on stocks, exchange-traded funds or income trust units
 - a) 25,000 contracts where the underlying security does not meet the requirements set out in sub-paragraphs B) 1. b) and B) 1. c) of the present article;
 - b) 50,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income 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;
 - c) 75,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income trust unit totals at least 40 million shares or units, or the most recent interlisted six-month trading volume on the underlying interest 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;
 - d) 200,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income trust unit totals at least 80 million shares or units, or the most recent interlisted six-month trading volume 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;
 - e) 250,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income trust unit totals at least 100 million shares or units of the underlying interest or the most recent interlisted six-month trading volume 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;

f) 300,000 contracts for options on the following exchange-traded funds:

- units of the iShares S&P/TSX 60 Index Fund (XIU).

2. Debt options

8,000 contracts.

3. Index options

500,000 contracts.

4. Sector index options

40,000 contracts.

54. 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.

65. Sponsored options

The position limits described above apply to sponsored options. However, these position limits must be adjusted by using an equivalent unit of trading.

When the underlying interest is traded on a market other than the Bourse, the position limits of this market apply to sponsored options by using an equivalent unit of trading.

76. 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) For the purpose of this article:

1. calls written, puts held and short underlying interest are on the same side of the market and puts written, calls held and long underlying interest are on the same side of the market;
2. the account of a restricted trading permit holder will not be counted with that of his clearing broker unless the clearing broker has an interest in the account;
3. 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.

D) Conversions, reverse conversions, long and short hedges

1. For the purposes of this article the following defined hedges are approved by the Exchange:
 - a) 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 strike 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;
 - b) 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 strike 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;
 - c) 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;
 - d) 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.
2. In addition to the options position limits set out in paragraph B), any one account may hold an amount not exceeding the applicable paragraph B) limit of any combination of the approved hedge positions defined in sub-paragraphs D) 1. a) to D) 1. d), inclusive.
3. For all position limits set out in this article, in the case of conversion and reverse conversion as defined in paragraph D) 1. a) and b), 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.

E) Exemption

As described in Policy C-1, a member may file with the Exchange an application to obtain on behalf of a bona fide hedger an exemption from the position limits prescribed in this article. 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 member shall reduce the position below the prescribed limit within the period set by the Exchange. The Exchange may modify any exemption which has been previously granted. A bona fide hedger may also under certain circumstances file directly with the Exchange, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Exchange.

OPTIONS ON S&P/TSX SECTORIAL INDICES:

**OPTIONS ON THE S&P/TSX COMPOSITE INDEX BANKS (INDUSTRY GROUP) AND ON
THE S&P/TSX CAPPED UTILITIES INDEX**

Section 6780-6789

Specific Rules Concerning the Contract Specifications

(31.01.01, 28.07.14, 04.06.15)

6783 Strike Prices

(31.01.01, 04.06.15)

Strike prices are set at a minimum of 2.5 index point intervals.

6784 Minimum Price Increment (Tick Size)

(31.01.01, 29.04.02, 04.06.15)

The minimum tick size shall be:

.05 index point intervals for premiums of .10 index points and over; and

.01 index point intervals for premiums of less than .10 index points.

6786 Last Trading Day

(31.01.01, 04.06.15)

Index options shall cease trading on the ~~Bourse's Exchange~~ trading day preceding the ~~E~~expiration ~~D~~date of the contract month, as defined in article 6637 b) of the Rules.

6788 Trading Halts or Suspensions

(24.09.01, 28.07.14, 04.06.15)

- A) Trading on the Bourse in an option on S&P/TSX sectorial index shall be halted whenever a Market Supervisor shall conclude, in his judgement, that such action is appropriate in the interests of a fair and orderly market. A Market Supervisor must take the following factors into account when deciding whether to halt or suspend trading in an option S&P/TSX sectorial index class:
- i) ~~for options on S&P/TSX sectorial index,~~ the extent to which trading is not occurring in stocks underlying the index;
 - ii) ~~for options on S&P/TSX sectorial index,~~ whether the most current calculation of the index derived from the current market prices of the stocks underlying the index is available;
 - iii) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- B) Trading in options on S&P/TSX sectorial index of a class or a series that has been the subject of a halt or suspension by the Bourse may resume if a Market Supervisor determines that the interests of a fair and orderly market are served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt or suspension are no longer present and the extent to which trading is occurring in stocks underlying the index.
- C) Once trading resumes, the pre-opening stage shall be done in accordance with article 6375 of the Rules.

RULE SIX

Section 6601 - 6610 Exchange-Traded Options

6602 Qualification for Underlying Interests

(13.03.87, 31.05.88, 10.11.92, 07.09.99, 28.01.02, 26.09.05, 04.06.15)

Products qualify as underlying interests provided they meet certain requirements.

- a) Every equity issue shall be listed on a Canadian Exchange, meet the criteria of the Canadian Derivatives Clearing Corporation, or be a security recommended for approval by the Bourse.
- b) In the case of Government of Canada Bonds, every issue shall have an outstanding amount of at least \$500,000,000 face value at maturity.
- c) A Futures contract must be listed on the Bourse.
- d) In the case of a currency, it must have been priorily approved by the Bourse.
- e) In order for a Canadian sponsored option to be traded on the Bourse, the underlying interest must satisfy the options eligibility criteria defined in the Canadian Derivatives Clearing Corporation Rules.
- f) In order for an international sponsored option to be traded on the Bourse, the underlying interest must be currently traded on a recognized exchange and there must be options or futures contracts listed on this same exchange or on any other recognized exchange.

For the purpose of the present Rule, the term "recognized exchange" means any exchange carrying on its activities on the territory of one of the Basle Accord Countries and those countries that have adopted the banking and supervisory rules set out in the Basle Accord, and any other exchange or group of exchanges with whom the Bourse has signed a collaboration agreement.

- g) In the case of an index sponsored option, the sponsor must have a licensing rights agreement with the index supplier. A copy of the agreement must be filed with the Bourse before the sponsored option is launched.
- h) In the case of an index, the index must be referenced in the Rules of the Bourse.

Section 6651 - 6670
Limits and Restrictions

6651 Position Limits for options

(06.08.86, 19.05.87, 08.09.89, 06.08.90, 20.03.91, 10.11.92, 07.04.94, 08.07.99, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 20.05.10, 25.06.12, 12.04.13, 04.06.15)

- A) Except as provided in paragraph D) of this article, no approved participant or restricted trading permit holder shall make for any account in which it has an interest, or for the account of any client, an options transaction if the approved participant or the restricted trading permit holder has reason to believe that as a result of such transaction the approved participant or its client, or the restricted trading permit holder would, acting alone or in concert with others, directly or indirectly, hold, control or be obligated with respect to an options position on the same side of the market relating to the same underlying interest (whether long or short) in excess of the options position limits established by the Bourse.
- B) Except otherwise indicated, the applicable position limits for options are as follows:
1. Options on stocks, exchange-traded funds or income trust units
 - a) 25,000 contracts where the underlying security does not meet the requirements set out in sub-paragraphs B) 1. b) and B) 1. c) of the present article;
 - b) 50,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income 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;
 - c) 75,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income trust unit totals at least 40 million shares or units, or the most recent interlisted six-month trading volume on the underlying interest 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;
 - d) 200,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income trust unit totals at least 80 million shares or units, or the most recent interlisted six-month trading volume 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;
 - e) 250,000 contracts, where either the most recent interlisted six-month trading volume of transactions on the underlying stock, exchange-traded fund or income trust unit totals at least 100 million shares or units of the underlying interest or the most recent interlisted six-month trading volume 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;

f) 300,000 contracts for options on the following exchange-traded funds:

- units of the iShares S&P/TSX 60 Index Fund (XIU).

2. Debt options

8,000 contracts.

3. Index options

500,000 contracts.

4. Sector index options

40,000 contracts.

5. 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.

6. Sponsored options

The position limits described above apply to sponsored options. However, these position limits must be adjusted by using an equivalent unit of trading.

When the underlying interest is traded on a market other than the Bourse, the position limits of this market apply to sponsored options by using an equivalent unit of trading.

7. 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) For the purpose of this article:

1. calls written, puts held and short underlying interest are on the same side of the market and puts written, calls held and long underlying interest are on the same side of the market;
2. the account of a restricted trading permit holder will not be counted with that of his clearing broker unless the clearing broker has an interest in the account;
3. 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.

D) Conversions, reverse conversions, long and short hedges

1. For the purposes of this article the following defined hedges are approved by the Exchange:
 - a) 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 strike 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;
 - b) 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 strike 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;
 - c) 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;
 - d) 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.
2. In addition to the options position limits set out in paragraph B), any one account may hold an amount not exceeding the applicable paragraph B) limit of any combination of the approved hedge positions defined in sub-paragraphs D) 1. a) to D) 1. d), inclusive.
3. For all position limits set out in this article, in the case of conversion and reverse conversion as defined in paragraph D) 1. a) and b), 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.

E) Exemption

As described in Policy C-1, a member may file with the Exchange an application to obtain on behalf of a bona fide hedger an exemption from the position limits prescribed in this article. 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 member shall reduce the position below the prescribed limit within the period set by the Exchange. The Exchange may modify any exemption which has been previously granted. A bona fide hedger may also under certain circumstances file directly with the Exchange, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Exchange.

OPTIONS ON S&P/TSX SECTORIAL INDICES:**OPTIONS ON THE S&P/TSX COMPOSITE INDEX BANKS (INDUSTRY GROUP) AND ON THE S&P/TSX CAPPED UTILITIES INDEX****Section 6780-6789****Specific Rules Concerning the Contract Specifications**

(31.01.01, 28.07.14, 04.06.15)

6783 Strike Prices

(31.01.01, 04.06.15)

Strike prices are set at a minimum of 2.5 index point intervals.

6784 Minimum Price Increment (Tick Size)

(31.01.01, 29.04.02, 04.06.15)

The minimum tick size shall be:

.05 index point intervals for premiums of .10 index points and over; and

.01 index point intervals for premiums of less than .10 index points.

6786 Last Trading Day

(31.01.01, 04.06.15)

Index options shall cease trading on the Bourse's trading day preceding the expiration date of the contract month, as defined in article 6637 b) of the Rules.

6788 Trading Halts or Suspensions

(24.09.01, 28.07.14, 04.06.15)

- A) Trading on the Bourse in an option on S&P/TSX sectorial index shall be halted whenever a Market Supervisor shall conclude, in his judgement, that such action is appropriate in the interests of a fair and orderly market. A Market Supervisor must take the following factors into account when deciding whether to halt or suspend trading in an option S&P/TSX sectorial index class:
- i) the extent to which trading is not occurring in stocks underlying the index;
 - ii) whether the most current calculation of the index derived from the current market prices of the stocks underlying the index is available;
 - iii) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.
- B) Trading in options on S&P/TSX sectorial index of a class or a series that has been the subject of a halt or suspension by the Bourse may resume if a Market Supervisor determines that the interests of a fair and orderly market are served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt or suspension are no longer present and the extent to which trading is occurring in stocks underlying the index.
- C) Once trading resumes, the pre-opening stage shall be done in accordance with article 6375 of the Rules.

**RULE FOURTEEN
DERIVATIVE INSTRUMENTS – MISCELLANEOUS RULES**

(11.03.80, 13.09.05, 04.03.08, 01.04.13, 09.06.14, 04.06.15)

**Section 14101 – 14150
(04.03.08, 01.04.13, 09.06.14, 04.06.15)
Reports for Derivative Instruments**

14102 Reports Pertaining to the Accumulation of Positions for Derivative Instruments

(24.04.84, 01.06.84, 13.09.05, 04.03.08, 01.04.13, 09.06.14, 04.06.15)

- 1) Each approved participant must file daily with the Bourse, in the prescribed manner, a report detailing all gross positions held for its own account or for an account or group of accounts which are all owned by the same beneficial owner in derivative instruments listed on the Bourse when these gross positions exceed the reporting thresholds prescribed by the Bourse for each of these derivative instruments.
- 2) Any report transmitted to the Bourse pursuant to this Rule must be transmitted not later than 8:00 a.m. (Montreal time) on the business day following the one for which positions must be reported.
- 3) For each account subject to a positions report to the Bourse, each approved participant must provide to the Bourse all the information necessary to the Bourse to allow it to adequately identify and classify this account. The information that must be provided to the Bourse is the following:
 - a) the name and complete coordinates of the account beneficial owner;
 - b) the full account number as it appears in the approved participant records;
 - c) the account type (client, firm, market-maker, professional or omnibus);
 - d) the beneficial account owner classification according to the typology established by the Bourse; and
 - e) the identification of the nature of transactions made by the account (speculation or hedging). If it is impossible to clearly determine if the account is used for speculative or hedging purposes, it must then, by default, be identified as being a speculative account.
- 4) In addition to providing the above-mentioned information to the Bourse, each approved participant must provide, for each account being reported, a unique identifier complying with the following requirements:
 - a) for any account opened in the name of a natural person or of a corporation or other type of commercial entity wholly-owned by this natural person:
 - i) a unique identifier allowing to link together all the accounts having the same beneficial owner. The unique identifier used in such a case must be created by the approved participant in a format that it deems to be appropriate. This unique identifier, once created

and used, must not be modified or replaced by a new identifier without having provided prior notice to the Bourse.

- b) for any account owned by many natural persons such as a joint account, an investment club account, partnership or holding company:
 - i) if one of the natural persons owning this account has an ownership interest of more than 50% in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above ;
 - ii) if none of the persons owning the account has an ownership interest of more than 50%, the unique identifier must be the account name.
- c) for any account opened in the name of a corporation other than a corporation wholly-owned by a natural person:
 - i) if one of the natural persons owning shares of this corporation holds an ownership interest of more than 50% in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above;
 - ii) if more than 50% of the corporation shares are owned by another corporation, the unique identifier must be the Legal Entity Identifier of this other corporation as attributed by the organization responsible for the attribution of such an identifier;
 - iii) in all other cases, the unique identifier must be the Legal Entity Identifier of the corporation in whose name the account has been opened;
 - iv) if, for corporations mentioned in subparagraphs c) ii) and c) iii), no Legal Entity identifier is available, the identifier to be used shall be the incorporation number of the corporation as attributed by the government authority having issued the incorporation certificate of such corporation.

In the case where neither the Legal Entity Identifier nor the incorporation number of a corporation are available or can be obtained or communicated by the approved participant in reason of legal or regulatory restrictions, the approved participant shall use a unique identifier that permits to link together all the accounts having the same corporation as beneficial owner. The unique identifier used in such a case can be either the name of the corporation owning the account or be created by the approved participant in a format that it deems appropriate.

Any unique identifier, be it or not created by the approved participant, must not be changed or replaced by a new identifier without prior notice having been given to the Bourse.

For the purposes of this paragraph c), the term “Legal Entity identifier” means the unique identification number attributed to a legal entity by any organization accredited to this effect pursuant to the ISO 17442 standard of the International Standardization Organization, as approved by the Financial Stability Board and the G-20 and aiming at implementing a universal and mandatory identification system for legal entities trading any type of derivative instrument.

- 5) In order to determine if the reporting thresholds are attained, approved participants must aggregate positions held or controlled by the same account beneficial owner.

For the purposes of this article, the term “control” means a beneficial ownership interest greater than 50%.

- 6) The reporting thresholds established by the Bourse are as follows:
- a) For each options class other than options on futures contracts:
 - i) 250 contracts, in the case of stock and trust units options;
 - ii) 500 contracts, in the case of options on Exchange Traded Fund unit options;
 - iii) 500 contracts, in the case of currency options;
 - iv) 15,000 contracts, in the case of index options;
 - v) 1,000 contracts, in the case of sector index options.

 - b) For futures contracts and the related options on futures contracts:
 - i) 300 contracts, in the case of futures contracts and options on futures contracts on Three-Month Canadian Bankers’ Acceptance Futures (BAX and OBX), by aggregating positions on options on futures contracts and positions in the underlying futures contract. In this case, one options contract (OBX) is equal to one futures contract (BAX);
 - ii) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);
 - iii) 250 contracts, in the case of futures and options on futures contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on options on futures contracts and positions in the underlying futures contract. For the purposes of aggregating positions, one options contract (OGB) is equal to one futures contract (CGB);
 - iv) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
 - v) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
 - vi) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both futures contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);
 - vii) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);
 - viii) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);
 - ix) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXK, SXU);

- x) 250 contracts, in the case of futures contracts on Canada carbon dioxide equivalent (CO₂e) units with physical settlement (MCX);
- xi) 1,000 contracts, in the case of futures contracts on the FTSE Emerging Markets Index;

The Bourse may, at its discretion, impose the application of any other reporting threshold that is more severe and lower than those provided in this Rule.

- 7) in addition to the reports required under the provisions of the present article, each approved participant must report immediately to the Vice-President of the Regulatory Division of the Bourse any situation in which the approved participant has reason to believe that itself or a client, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits established by the Bourse;
- 8) An approved participant of the Bourse which does not trade or does not hold or manage any trading accounts for its clients or itself for the purposes of transactions in any of the derivative instruments listed on the Bourse may be exempted from complying with the requirements as provided for in paragraph 1) of the present article, under the following conditions:
 - i) the approved participant must submit an exemption request in writing to the Regulatory Division, confirming that it has not traded any of the derivative instruments listed on the Bourse in the last calendar year and that it does not plan to trade any of them in a foreseeable future;
 - ii) all exemptions granted will be valid as long as all conditions relative to such exemptions are complied with;
 - iii) any exemption can be cancelled by the Regulatory Division at any time and, in any case, ends when an approved participant executes a transaction on any of the derivative instruments listed on the Bourse;
- 9) An approved participant may, with prior approval of the Bourse, delegate to a third party the transmission of position reports required under the provisions of paragraph 1) of the present Rule. In order for such an exemption to be granted, the following conditions must be met:
 - i) the approved participant which wishes to delegate the task of producing and submitting position reports to a third party rather than doing so by itself must divulge to this third party all information necessary for the production of such reports, as is required by the Bourse;
 - ii) any delegation established in accordance with the present paragraph must first be approved in writing by the Regulatory Division. An approved participant wishing to delegate the submission of positions reports required by the Bourse to a third party must therefore submit a request for approval in writing to the Regulatory Division;
 - iii) all approvals of delegation granted by the Regulatory Division will be valid as long as all conditions relative to such approvals are complied with;
 - iv) any approval of delegation can be cancelled by the Regulatory Division at any time and, in any case, ends when the third party delegate ceases to produce reports or is no longer able to submit position reports on behalf of the approved participant having delegated such task, pursuant to the requirements of the Bourse;

- v) an approved participant having chosen to delegate the submission position reports to a third party nevertheless remains responsible for the obligations provided in the present article and must ensure that all the information transmitted to the Bourse by the delagatee is complete and accurate.

**RULE FOURTEEN
DERIVATIVE INSTRUMENTS – MISCELLANEOUS RULES**

(11.03.80, 13.09.05, 04.03.08, 01.04.13, 09.06.14, 04.06.15)

**Section 14101 – 14150
(04.03.08, 01.04.13, 09.06.14, 04.06.15)
Reports for Derivative Instruments**

14102 Reports Pertaining to the Accumulation of Positions for Derivative Instruments

(24.04.84, 01.06.84, 13.09.05, 04.03.08, 01.04.13, 09.06.14, 04.06.15)

- 1) Each approved participant must file daily with the Bourse, in the prescribed manner, a report detailing all gross positions held for its own account or for an account or group of accounts which are all owned by the same beneficial owner in derivative instruments listed on the Bourse when these gross positions exceed the reporting thresholds prescribed by the Bourse for each of these derivative instruments.
- 2) Any report transmitted to the Bourse pursuant to this Rule must be transmitted not later than 8:00 a.m. (Montreal time) on the business day following the one for which positions must be reported.
- 3) For each account subject to a positions report to the Bourse, each approved participant must provide to the Bourse all the information necessary to the Bourse to allow it to adequately identify and classify this account. The information that must be provided to the Bourse is the following:
 - a) the name and complete coordinates of the account beneficial owner;
 - b) the full account number as it appears in the approved participant records;
 - c) the account type (client, firm, market-maker, professional or omnibus);
 - d) the beneficial account owner classification according to the typology established by the Bourse; and
 - e) the identification of the nature of transactions made by the account (speculation or hedging). If it is impossible to clearly determine if the account is used for speculative or hedging purposes, it must then, by default, be identified as being a speculative account.
- 4) In addition to providing the above-mentioned information to the Bourse, each approved participant must provide, for each account being reported, a unique identifier complying with the following requirements:
 - a) for any account opened in the name of a natural person or of a corporation or other type of commercial entity wholly-owned by this natural person:
 - i) a unique identifier allowing to link together all the accounts having the same beneficial owner. The unique identifier used in such a case must be created by the approved participant in a format that it deems to be appropriate. This unique identifier, once created

and used, must not be modified or replaced by a new identifier without having provided prior notice to the Bourse.

- b) for any account owned by many natural persons such as a joint account, an investment club account, partnership or holding company:
 - i) if one of the natural persons owning this account has an ownership interest of more than 50% in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above ;
 - ii) if none of the persons owning the account has an ownership interest of more than 50%, the unique identifier must be the account name.
- c) for any account opened in the name of a corporation other than a corporation wholly-owned by a natural person:
 - i) if one of the natural persons owning shares of this corporation holds an ownership interest of more than 50% in the account, the unique identifier used must be the identifier of this person and must be set as specified in subparagraph 3) a) i) above;
 - ii) if more than 50% of the corporation shares are owned by another corporation, the unique identifier must be the Legal Entity Identifier of this other corporation as attributed by the organization responsible for the attribution of such an identifier;
 - iii) in all other cases, the unique identifier must be the Legal Entity Identifier of the corporation in whose name the account has been opened;
 - iv) if, for corporations mentioned in subparagraphs c) ii) and c) iii), no Legal Entity identifier is available, the identifier to be used shall be the incorporation number of the corporation as attributed by the government authority having issued the incorporation certificate of such corporation.

In the case where neither the Legal Entity Identifier nor the incorporation number of a corporation are available or can be obtained or communicated by the approved participant in reason of legal or regulatory restrictions, the approved participant shall use a unique identifier that permits to link together all the accounts having the same corporation as beneficial owner. The unique identifier used in such a case can be either the name of the corporation owning the account or be created by the approved participant in a format that it deems appropriate.

Any unique identifier, be it or not created by the approved participant, must not be changed or replaced by a new identifier without prior notice having been given to the Bourse.

For the purposes of this paragraph c), the term “Legal Entity identifier” means the unique identification number attributed to a legal entity by any organization accredited to this effect pursuant to the ISO 17442 standard of the International Standardization Organization, as approved by the Financial Stability Board and the G-20 and aiming at implementing a universal and mandatory identification system for legal entities trading any type of derivative instrument.

- 5) In order to determine if the reporting thresholds are attained, approved participants must aggregate positions held or controlled by the same account beneficial owner.

For the purposes of this article, the term “control” means a beneficial ownership interest greater than 50%.

- 6) The reporting thresholds established by the Bourse are as follows:
 - a) For each options class other than options on futures contracts:
 - i) 250 contracts, in the case of stock and trust units options;
 - ii) 500 contracts, in the case of options on Exchange Traded Fund unit options;
 - iii) 500 contracts, in the case of currency options;
 - iv) 15,000 contracts, in the case of index options;
 - v) 1,000 contracts, in the case of sector index options.
 - b) For futures contracts and the related options on futures contracts:
 - i) 300 contracts, in the case of futures contracts and options on futures contracts on Three-Month Canadian Bankers’ Acceptance Futures (BAX and OBX), by aggregating positions on options on futures contracts and positions in the underlying futures contract. In this case, one options contract (OBX) is equal to one futures contract (BAX);
 - ii) 250 contracts, in the case of 30-Year Government of Canada Bond Futures (LGB);
 - iii) 250 contracts, in the case of futures and options on futures contracts on Ten-Year Government of Canada Bond Futures (CGB and OGB), by aggregating positions on options on futures contracts and positions in the underlying futures contract. For the purposes of aggregating positions, one options contract (OGB) is equal to one futures contract (CGB);
 - iv) 250 contracts, in the case of Five-Year Government of Canada Bond Futures (CGF);
 - v) 250 contracts, in the case of Two-Year Government of Canada Bond Futures (CGZ);
 - vi) 1,000 contracts, in the case of S&P/TSX 60 Index Standard Futures (SXF) and S&P/TSX 60 Index Mini Futures (SXM), by aggregating positions on both futures contracts. For the purposes of aggregating positions, one standard contract (SXF) is equal to one mini contract (SXM);
 - vii) 1,000 contracts, in the case of S&P/TSX Composite Index Mini Futures (SCF);
 - viii) 300 contracts, in the case of 30-Day Overnight Repo Rate Futures (ONX) and Overnight Index Swap Futures (OIS);
 - ix) 500 contracts, in the case of S&P/TSX Sector Index Futures (SXA, SXB, SXH, SXY, SXX, SXU);

- x) 250 contracts, in the case of futures contracts on Canada carbon dioxide equivalent (CO2e) units with physical settlement (MCX);
- xi) 1,000 contracts, in the case of futures contracts on the FTSE Emerging Markets Index;

The Bourse may, at its discretion, impose the application of any other reporting threshold that is more severe and lower than those provided in this Rule.

- 7) in addition to the reports required under the provisions of the present article, each approved participant must report immediately to the Vice-President of the Regulatory Division of the Bourse any situation in which the approved participant has reason to believe that itself or a client, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits established by the Bourse;
- 8) An approved participant of the Bourse which does not trade or does not hold or manage any trading accounts for its clients or itself for the purposes of transactions in any of the derivative instruments listed on the Bourse may be exempted from complying with the requirements as provided for in paragraph 1) of the present article, under the following conditions:
 - i) the approved participant must submit an exemption request in writing to the Regulatory Division, confirming that it has not traded any of the derivative instruments listed on the Bourse in the last calendar year and that it does not plan to trade any of them in a foreseeable future;
 - ii) all exemptions granted will be valid as long as all conditions relative to such exemptions are complied with;
 - iii) any exemption can be cancelled by the Regulatory Division at any time and, in any case, ends when an approved participant executes a transaction on any of the derivative instruments listed on the Bourse;
- 9) An approved participant may, with prior approval of the Bourse, delegate to a third party the transmission of position reports required under the provisions of paragraph 1) of the present Rule. In order for such an exemption to be granted, the following conditions must be met:
 - i) the approved participant which wishes to delegate the task of producing and submitting position reports to a third party rather than doing so by itself must divulge to this third party all information necessary for the production of such reports, as is required by the Bourse;
 - ii) any delegation established in accordance with the present paragraph must first be approved in writing by the Regulatory Division. An approved participant wishing to delegate the submission of positions reports required by the Bourse to a third party must therefore submit a request for approval in writing to the Regulatory Division;
 - iii) all approvals of delegation granted by the Regulatory Division will be valid as long as all conditions relative to such approvals are complied with;
 - iv) any approval of delegation can be cancelled by the Regulatory Division at any time and, in any case, ends when the third party delegate ceases to produce reports or is no longer able to submit position reports on behalf of the approved participant having delegated such task, pursuant to the requirements of the Bourse;

- v) an approved participant having chosen to delegate the submission position reports to a third party nevertheless remains responsible for the obligations provided in the present article and must ensure that all the information transmitted to the Bourse by the delagatee is complete and accurate.

**RULE FIFTEEN
FUTURES CONTRACTS SPECIFICATIONS**

**SECTION 15751 - 15800
Futures Contracts on S&P/TSX~~E~~s Sectorial Stock Indexes
(31.01.01, 04.06.15)**

**Sub-section 15751 - 15770
Specific Trading Provisions**

15755 Price Quotation
(31.01.01, 29.04.02, 04.06.15)

Bids and offers for futures contracts on S&P/TSX~~E~~ sectorial Stock Indices shall be quoted in terms of index points expressed to two decimal points.

15758 Position Limits for S&P/TSX~~E~~ Sectorial Indices Futures Contracts
(31.01.01, 29.04.02, 15.05.09, 13.02.15, 04.06.15)

The maximum net Long Position or net Short Position in all contract months combined in S&P/TSX~~E~~ sectorial stock indices futures contracts which a person may own or control in accordance with article 14157 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 14157.

15759 Position Reporting Threshold
(31.01.01, 15.05.09, 04.06.15)

Approved participants~~Members~~ shall report to the BourseExchange all ~~gross~~ positions which, when combining all contract expiries, as defined in article 15508 of the Rules, in any one contract month, which exceed 500 S&P/TSX sectorial stock index futures contracts, or such other number as may be determined by the BourseExchange, in such form and in such manner as shall be prescribed by the BourseExchange.

15760 Settlement
(31.01.01, 04.06.15)

Settlement of the sectorial stock index futures contracts shall be by cash through the Clearing Corporation. The settlement procedures are those stipulated in articles 15771 to 15780 of the Rules of the BourseExchange.

Sub-section 15771 - 15780
Settlement Procedures

15771 Final Settlement Date

(31.01.01, 04.06.15)

The final settlement date shall be the third Friday of the expiration contract month or, if the S&P/TSX~~E~~ sectorial Stock Index is not published on that day, the first preceding trading day for which the Index is scheduled to be published.

15772 Final Settlement Price

(31.01.01, 29.04.02, 04.06.15)

The final settlement price determined on the Final Settlement Date shall be the trading unit of the S&P/TSX~~E~~ sectorial Stock Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX~~E~~ sectorial Stock Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All open positions at the close of the last trading day will be marked to market using the official opening level of the S&P/TSX~~E~~ sectorial Stock Index on final settlement day and terminated by cash settlement.

15773 Failure to Perform

(31.01.01, 04.06.15)

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined from time to time by the BourseExchange.

Sub-section 15781 - 15800
Disclaimer

15781 Limitation of Standard & Poor's Liability Disclaimer

(31.01.01; 22.10.09, 04.06.15)

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**RULE FIFTEEN
FUTURES CONTRACTS SPECIFICATIONS**

**SECTION 15751 - 15800
Futures Contracts on S&P/TSX Sectorial Stock Indexes
(31.01.01, 04.06.15)**

**Sub-section 15751 - 15770
Specific Trading Provisions**

15755 Price Quotation
(31.01.01, 29.04.02, 04.06.15)

Bids and offers for futures contracts on S&P/TSX sectorial Stock Indices shall be quoted in terms of index points expressed to two decimal points.

15758 Position Limits for S&P/TSX Sectorial Indices Futures Contracts
(31.01.01, 29.04.02, 15.05.09, 13.02.15, 04.06.15)

The maximum net Long Position or net Short Position in all contract months combined in S&P/TSX sectorial stock indices futures contracts which a person may own or control in accordance with article 14157 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 14157.

15759 Position Reporting Threshold
(31.01.01, 15.05.09, 04.06.15)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 500 S&P/TSX sectorial stock index futures contracts, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

15760 Settlement
(31.01.01, 04.06.15)

Settlement of the sectorial stock index futures contracts shall be by cash through the Clearing Corporation. The settlement procedures are those stipulated in articles 15771 to 15780 of the Rules of the Bourse.

**Sub-section 15771 - 15780
Settlement Procedures**

15771 Final Settlement Date
(31.01.01, 04.06.15)

The final settlement date shall be the third Friday of the expiration contract month or, if the S&P/TSX sectorial Stock Index is not published on that day, the first preceding trading day for which the Index is scheduled to be published.

15772 Final Settlement Price
(31.01.01, 29.04.02, 04.06.15)

The final settlement price determined on the Final Settlement Date shall be the trading unit of the S&P/TSX sectorial Stock Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX sectorial Stock Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All open positions at the close of the last trading day will be marked to market using the official opening level of the S&P/TSX sectorial Stock Index on final settlement day and terminated by cash settlement.

15773 Failure to Perform
(31.01.01, 04.06.15)

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined from time to time by the Bourse.

Sub-section 15781 - 15800
Disclaimer**15781 Limitation of Standard & Poor's Liability Disclaimer**
(31.01.01; 22.10.09, 04.06.15)

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NEW PRODUCTS

SECTOR INDEX FUTURES AND OPTIONS CONTRACTS:

S&P/TSX BANKS INDEX (SXX)

AND

S&P/TSX CAPPED UTILITIES INDEX (SXU)

AMENDMENTS TO ARTICLES 6602, 6651, 6654 AND 6780 TO 6800 OF RULE SIX

AMENDMENTS TO ARTICLES 15755, 15758, 15759, 15771 AND 15772 OF RULE FIFTEEN

I. Introduction

Bourse de Montréal Inc. (the “**Bourse**”) proposes to list futures and options contracts on the S&P/TSX Banks Index, as well as on the S&P/TSX Capped Utilities Index. It should be noted that, since 2002, the Bourse has offered futures contracts on the indices of the following sectors: gold (SXA), financials (SXB), information technology (SXH) and energy (SXY). The expansion of the Bourse’s range of sector index products stems from market demand for more targeted sector index derivatives.

The Bourse proposes to amend article 6602 regarding the eligibility criteria for underlying interests, article 6651 regarding position limits and article 6654 regarding reports related to position limits. The Bourse also proposes to make certain minor amendments to other articles of Rule Six of the Bourse. The amendments in question concern articles 6780, 6781, 6785, 6786 and 6788 of section 6780-6800 of the Rules regarding specific rules concerning contract specifications.

II. Detailed Analysis

A. Rationale

The listing of S&P/TSX Banks and Capped Utilities Index futures and options contracts will be based on the following objectives:

Meeting market demand

Further to demand from Canadian financial institutions, the Bourse conducted a survey of market participants that confirmed interest for S&P/TSX Banks and Capped Utilities Index futures and options contracts. This demand stems mainly from the need for Canadian financial institutions to cover their positions in over-the-counter market instruments, such as equity swaps.

The notional values held in the form of swaps on both of these sector indices are strongly supported and stimulated by the demand of private investors for sector index guaranteed investment certificates. These guaranteed investment certificates are created by Canadian financial institutions in order to provide retail investors with a guaranteed minimum return, in addition to sector-targeted growth potential. Over the past few years, this type of investment has gained in popularity, which, in turn, has increased the Canadian banks' exposure to these sectors of activity. In order to meet the demand of its participants and help the latter effectively manage the risks related to such exposures, the Bourse therefore proposes to list options and futures contracts on S&P/TSX Banks and Capped Utilities indices.

S&P/TSX Banks and Capped Utilities Index futures and options contracts will offer the Bourse's participants the following:

- Better risk management per sector;
- The ability to effectively generate returns per specific economic sector;
- More efficient use of capital (possibility of margin matching between different contracts, etc.);
- Centralized clearing services; and
- New trading opportunities.

Meeting a demand that corresponds to a trend

Sector index products are now an integral part of financial markets. This is evidenced by the large number of exchanged traded fund (ETF) providers, as well as the many international derivatives exchanges that have developed this market segment.

a) Volume of Banks and Capped Utilities Index Exchange Traded Funds (ETFs)

The table below shows the major growth in the volume of Banks and Capped Utilities Index Exchange Traded Funds (ETFs).

Table I: Volume of S&P/TSX Banks and Capped Utilities Index ETFs

| ETF Name | Ticker | Year | ADV ETF | Growth ETF Volume | ADV Options | Growth Options Volume |
|--|--------|-------|------------|----------------------|----------------|-----------------------------|
| BMO S&P/TSX Equal Weight Banks Index | ZEB | 2009 | 20 749 | | | |
| | | 2010 | 24 965 | 20% | | |
| | | 2011 | 190 127 | 662% | 76 | |
| | | 2012* | 288 365 | 52% | 516 | 576% |
| Ishares S&P/TSX Capped Utilities Index | XUT | 2009 | | | | |
| | | 2010 | | | | |
| | | 2011 | 9 222 | | | |
| | | 2012* | 29 732 | 222% | | |

**From January 2012 to June 2012 inclusively*

**Source: Bloomberg L.P.*

b) International Analysis of Sector Index Options and Futures Contracts

The tables below show the growth of sector index futures and options contracts at the CME and EUREX derivatives exchanges.

Table I: Volume of CME Sector Index Futures

| CME | | | | | | |
|--|---------------|-----------------|-----|-----------------|-----|--------|
| | Trading Unit | FUTURES | | | | |
| | | JAN-JUN 2011 | ADV | JAN-JUN 2012 | ADV | GROWTH |
| E-mini S&P Financial Sector | \$250 x Index | 653 | 5 | 10 421 | 41 | 1496% |
| E-mini S&P Consumer Discretionary Sector | \$100 x Index | 714 | 6 | 4 478 | 18 | 527% |
| E-mini S&P Consumer Staples Sector | \$100 x Index | 578 | 5 | 8 387 | 33 | 1351% |
| E-mini S&P Energy Sector | \$100 x Index | 2 121 | 17 | 13 325 | 53 | 528% |
| E-mini S&P Health Sector | \$100 x Index | 825 | 7 | 11 333 | 45 | 1274% |
| E-mini S&P Industrial Sector | \$100 x Index | 1 689 | 13 | 18 101 | 72 | 972% |
| E-mini S&P Materials Sector | \$100 x Index | 1 254 | 10 | 9 706 | 39 | 674% |
| E-mini S&P Technology Sector | \$100 x Index | 761 | 6 | 13 611 | 54 | 1689% |
| E-mini S&P Utilities Sector | \$100 x Index | 707 | 6 | 10 977 | 44 | 1453% |
| AVERAGE VOLUME | | 1 034 | 8 | 11 149 | 44 | |
| TOTAL VOLUME | | 9 302 | 74 | 100 339 | 398 | 979% |

*Source: FIA

Table II: Volume of EUREX Sector Index Futures

| INDICES | Trading Unit | FUTURES | | | | |
|--|--------------|-----------------|--------|-----------------|--------|--------|
| | | JAN-JUN 2011 | ADV | JAN-JUN 2012 | ADV | GROWTH |
| Euro Stoxx Automobiles & Parts | €50 x Index | 27 728 | 220 | 54 549 | 433 | 97% |
| Euro Stoxx Banks | €50 x Index | 2 200 695 | 17 466 | 5 221 985 | 41 444 | 137% |
| Euro Stoxx Basic Resources | €50 x Index | 11 697 | 93 | 15 034 | 119 | 29% |
| Euro Stoxx Chemicals | €50 x Index | 13 635 | 108 | 12 869 | 102 | -6% |
| Euro Stoxx Construction & Materials | €50 x Index | 21 980 | 174 | 19 460 | 154 | -11% |
| Euro Stoxx Financial Services | €50 x Index | 4 696 | 37 | 8 644 | 69 | 84% |
| Euro Stoxx Food and Beverage | €50 x Index | 11 696 | 93 | 8 950 | 71 | -23% |
| Euro Stoxx Healthcare | €50 x Index | 16 477 | 131 | 31 928 | 253 | 94% |
| Euro Stoxx Industrial Goods & Services | €50 x Index | 9 756 | 77 | 13 980 | 111 | 43% |
| Euro Stoxx Insurance | €50 x Index | 112 109 | 890 | 158 529 | 1 258 | 41% |
| Euro Stoxx Media | €50 x Index | 15 192 | 121 | 13 969 | 111 | -8% |
| Euro Stoxx Oil & Gas | €50 x Index | 32 150 | 255 | 53 111 | 422 | 65% |
| Euro Stoxx Personal & Household Goods | €50 x Index | 6 718 | 53 | 13 413 | 106 | 100% |
| Euro Stoxx Real Estate | €50 x Index | 502 | 4 | 4 154 | 33 | 727% |
| Euro Stoxx Retail | €50 x Index | 30 623 | 243 | 3 053 | 24 | -90% |
| Euro Stoxx Technology | €50 x Index | 22 859 | 181 | 29 314 | 233 | 28% |
| Euro Stoxx Telecom | €50 x Index | 67 606 | 537 | 87 066 | 691 | 29% |
| Euro Stoxx Travel & Leisure | €50 x Index | 6 832 | 54 | 11 519 | 91 | 69% |
| Euro Stoxx Utilities | €50 x Index | 47 784 | 379 | 65 646 | 521 | 37% |
| Stoxx Europe 600 Automobiles & Parts | €50 x Index | 137 886 | 1 094 | 173 795 | 1 379 | 26% |
| Stoxx Europe 600 Banks | €50 x Index | 1 084 913 | 8 610 | 1 133 977 | 9 000 | 5% |
| Stoxx Europe 600 Basic Resources | €50 x Index | 337 929 | 2 682 | 371 098 | 2 945 | 10% |
| Stoxx Europe 600 Chemicals | €50 x Index | 40 303 | 320 | 47 494 | 377 | 18% |
| Stoxx Europe 600 Construction & Materials | €50 x Index | 49 301 | 391 | 55 463 | 440 | 12% |
| Stoxx Europe 600 Financial Services | €50 x Index | 25 427 | 202 | 13 168 | 105 | -48% |
| Stoxx Europe 600 Food & Beverage | €50 x Index | 127 512 | 1 012 | 136 622 | 1 084 | 7% |
| Stoxx Europe 600 Healthcare | €50 x Index | 199 478 | 1 583 | 165 518 | 1 314 | -17% |
| Stoxx Europe 600 Industrial Goods & Services | €50 x Index | 278 050 | 2 207 | 252 550 | 2 004 | -9% |
| Stoxx Europe 600 Insurance | €50 x Index | 430 371 | 3 416 | 236 106 | 1 874 | -45% |
| Stoxx Europe 600 Media | €50 x Index | 139 414 | 1 106 | 74 791 | 594 | -46% |
| Stoxx Europe 600 Oil & Gas | €50 x Index | 319 540 | 2 536 | 217 591 | 1 727 | -32% |
| Stoxx Europe 600 Personal & Household Goods | €50 x Index | 60 897 | 483 | 41 336 | 328 | -32% |
| Stoxx Europe 600 Real Estate | €50 x Index | 22 187 | 176 | 7 851 | 62 | -65% |
| Stoxx Europe 600 Retail | €50 x Index | 107 002 | 849 | 29 930 | 238 | -72% |
| Stoxx Europe 600 Technology | €50 x Index | 108 694 | 863 | 48 680 | 386 | -55% |
| Stoxx Europe 600 Telecom | €50 x Index | 190 800 | 1 514 | 245 069 | 1 945 | 28% |
| Stoxx Europe 600 Travel & Leisure | €50 x Index | 100 451 | 797 | 33 508 | 266 | -67% |
| Stoxx Europe 600 Utilities | €50 x Index | 186 526 | 1 480 | 153 572 | 1 219 | -18% |
| AVERAGE VOLUME | | 173 879 | 1 380 | 243 823 | 1 935 | |
| TOTAL VOLUME | | 6 607 416 | 52 440 | 9 265 292 | 73 534 | 40% |

*Source: FIA

Table III: Volume of EUREX Sector Index Options

| EUREX | | | | | | |
|--|--------------|-----------------|--------|-----------------|--------|--------|
| INDICES | Trading Unit | FUTURES | | | | |
| | | JAN-JUN 2011 | ADV | JAN-JUN 2012 | ADV | GROWTH |
| Euro Stoxx Automobiles & Parts | €50 x Index | 896 | 7 | 6 940 | 55 | 675% |
| Euro Stoxx Banks | €50 x Index | 904 623 | 7 180 | 2 859 035 | 22 691 | 216% |
| Euro Stoxx Basic Resources | €50 x Index | 694 | 6 | 0 | 0 | -100% |
| Euro Stoxx Chemicals | €50 x Index | 3 550 | 28 | 0 | 0 | -100% |
| Euro Stoxx Construction & Materials | €50 x Index | 132 | 1 | 0 | 0 | -100% |
| Euro Stoxx Financial Services | €50 x Index | 191 | 2 | 0 | 0 | -100% |
| Euro Stoxx Food and Beverage | €50 x Index | 2 581 | 20 | 900 | 7 | -65% |
| Euro Stoxx Healthcare | €50 x Index | 281 | 2 | 650 | 5 | 131% |
| Euro Stoxx Industrial Goods & Services | €50 x Index | 24 | 0 | 0 | 0 | -100% |
| Euro Stoxx Insurance | €50 x Index | 18 548 | 147 | 1 514 | 12 | -92% |
| Euro Stoxx Media | €50 x Index | 103 | 1 | 0 | 0 | -100% |
| Euro Stoxx Oil & Gas | €50 x Index | 1 401 | 11 | 4 400 | 35 | 214% |
| Euro Stoxx Personal & Household Goods | €50 x Index | 868 | 7 | 0 | 0 | -100% |
| Euro Stoxx Retail | €50 x Index | 341 | 3 | 0 | 0 | -100% |
| Euro Stoxx Technology | €50 x Index | 80 | 1 | 0 | 0 | -100% |
| Euro Stoxx Telecom | €50 x Index | 11 105 | 88 | 10 800 | 86 | -3% |
| Euro Stoxx Travel & Leisure | €50 x Index | 577 | 5 | 0 | 0 | -100% |
| Euro Stoxx Utilities | €50 x Index | 1 402 | 11 | 3 892 | 31 | 178% |
| Stoxx Europe 600 Automobiles & Parts | €50 x Index | 14 558 | 116 | 102 394 | 813 | 603% |
| Stoxx Europe 600 Banks | €50 x Index | 576 713 | 4 577 | 209 163 | 1 660 | -64% |
| Stoxx Europe 600 Basic Resources | €50 x Index | 224 805 | 1 784 | 108 617 | 862 | -52% |
| Stoxx Europe 600 Chemicals | €50 x Index | 8 627 | 68 | 2 730 | 22 | -68% |
| Stoxx Europe 600 Construction & Materials | €50 x Index | 1 885 | 15 | 75 | 1 | -96% |
| Stoxx Europe 600 Financial Services | €50 x Index | 259 | 2 | 0 | 0 | -100% |
| Stoxx Europe 600 Food & Beverage | €50 x Index | 6 696 | 53 | 0 | 0 | -100% |
| Stoxx Europe 600 Healthcare | €50 x Index | 16 540 | 131 | 6 426 | 51 | -61% |
| Stoxx Europe 600 Industrial Goods & Services | €50 x Index | 74 694 | 593 | 14 594 | 116 | -80% |
| Stoxx Europe 600 Insurance | €50 x Index | 51 586 | 409 | 5 402 | 43 | -90% |
| Stoxx Europe 600 Media | €50 x Index | 3 196 | 25 | 0 | 0 | -100% |
| Stoxx Europe 600 Oil & Gas | €50 x Index | 133 727 | 1 061 | 19 194 | 152 | -86% |
| Stoxx Europe 600 Personal & Household Goods | €50 x Index | 165 | 1 | 40 | 0 | -76% |
| Stoxx Europe 600 Real Estate | €50 x Index | 0 | 0 | 523 | 4 | |
| Stoxx Europe 600 Retail | €50 x Index | 9 528 | 76 | 3 726 | 30 | -61% |
| Stoxx Europe 600 Technology | €50 x Index | 223 | 2 | 30 | 0 | -87% |
| Stoxx Europe 600 Telecom | €50 x Index | 7 985 | 63 | 16 500 | 131 | 107% |
| Stoxx Europe 600 Travel & Leisure | €50 x Index | 559 | 4 | 13 334 | 106 | 2285% |
| Stoxx Europe 600 Utilities | €50 x Index | 13 358 | 106 | 14 088 | 112 | 5% |
| AVERAGE VOLUME | | 56 554 | 449 | 92 026 | 730 | |
| TOTAL VOLUME | | 2 092 501 | 16 607 | 3 404 967 | 27 024 | 63% |

*Source: FIA

III. Proposed Regulatory Amendments

A. S&P/TSX Banks and Capped Utilities Index Futures and Options Contract Specifications

The Bourse proposes to list futures and options contracts with specifications similar to comparable products currently listed on the Bourse, namely, the SXO™ contract for index options and SXA™, SXB™, SXH™, SXY™ and SXM™ contracts for sector index futures. Futures and options contract multipliers will be chosen so as to create contracts with approximate notional values of \$40,000 for sector index futures and \$20,000 for sector index options. These contracts are designed to meet the needs of both retail clients and institutional clients. It should also be noted that, as at August 30, 2012, the S&P/TSX Banks Index and the S&P/TSX Capped Utilities Index stood at about 2,000 points and 220 points, respectively.

Table IV: Comparison of Sector Index Futures Contract Specifications

| Underlying | S&P/TSX Banks Index | S&P/TSX Capped Utilities Index | S&P/TSX Global Gold Index | S&P/TSX Capped Financials Index | S&P/TSX Capped Energy Index | S&P/TSX Capped Information Technology Index |
|--------------------------------------|---|--------------------------------|---------------------------|---------------------------------|-----------------------------|---|
| Trading Unit | C\$20 times the futures value | C\$200 times the futures value | | | | C\$500 times the futures value |
| Expiration Month | March, June, September and December | | | | | |
| Price Quotation | Quoted in index points, expressed to two decimals. | | | | | |
| Last Trading Day | Trading ceases on the business day prior to the final settlement date. | | | | | |
| Final Settlement Date | The 3rd Friday of the expiration month, provided it is a business day; otherwise, the first preceding business day. | | | | | |
| Contract Type | Cash settlement. The final settlement price is the official opening level of the index on the final settlement date. | | | | | |
| Price Fluctuation Unit | 0.10 index point | | | | | 0.05 index point |
| Reporting Limit | 500 contracts for any net long or short position, for all expiration months combined. | | | | | |
| Position Limits | 20,000 contracts for any net long or short position, for all expiration months combined. | | | | | |
| Trading Hours (Montreal time) | Early session*: 6:00 a.m. to 9:15 a.m. Regular session: 9:30 a.m. to 4:15 p.m. * Note: A trading range of – 5% to + 5% (based on the previous day's settlement price) has been established only for this session. | | | | | |
| Clearing Corporation | Canadian Derivatives Clearing Corporation | | | | | |

Table V: Comparison of Sector Index Option Contract Specifications

| Underlying | S&P/TSX Capped Utilities Index | S&P/TSX Banks Index | S&P/TSX 60 Index |
|--------------------------------|--|--|-----------------------------|
| Trading Unit | C\$100 per S&P/TSX Capped Utilities index point | C\$10 per S&P/TSX Banks index point . | |
| Expiration Month | Nearest three months, plus the next two months in the quarterly cycle March, June, September and December. | | |
| Minimum Price Fluctuation Unit | 0.01 index point, or C\$1 per contract, for premiums of less than 0.10 index point; 0.05 index point, or C\$5 per contract, for premiums of 0.10 index point and over. | 0.01 index point, or C\$10 per contract, for premiums of less than 0.10 index point; 0.05 index point, or C\$50 per contract, for premiums of 0.10 index point and over. | |
| Strike Price | Interval of 5 index points. | Minimum interval of 10 index points. | Interval of 5 index points. |
| Contract Type | European style. Cash settlement. | | |
| Last Trading Day | The business day preceding the expiration day. | | |
| Expiration Day | The 3rd Friday of the expiration month, provided it is a business day; otherwise, the first preceding business day. | | |
| Reporting Limit | 1,000 contracts | | 15,000 contracts |
| Position Limits | 40,000 contracts | | 500,000 contracts |
| Trading Hours | 9:30 a.m. to 4:15 p.m. (EST) | | |
| Clearing Corporation | Canadian Derivatives Clearing Corporation (CDCC) | | |

Table VI: Comparison of Sector Index Derivatives Structures

| | Index Level* | Contract | Notional size* | Contract Multiplier | Strike Interval | Strike Interval (%) |
|---------------------------------|--------------|---------------|----------------|---------------------|-----------------|---------------------|
| S&P/TSX Banks Index | 2000 | Options | 20 000,00 \$ | 10 | 25 | 1,25% |
| | | Futures | 40 000,00 \$ | 20 | | |
| S&P/TSX Capped Utilities Index | 200 | Options | 20 000,00 \$ | 100 | 2,5 | 1,25% |
| | | Futures | 40 000,00 \$ | 200 | | |
| S&P/TSX Capped Financials Index | 200 | Futures | 40 000,00 \$ | 200 | | |
| S&P 500 Financial Sector Index | 150 | Futures | 37 500,00 \$ | 250 | | |
| S&P/TSX 60 | 700 | Options | 7 000,00 \$ | 10 | 5 | 0,71% |
| | | Futures (SXM) | 35 000,00 \$ | 50 | | |

* Approximated values

B. Amendments to the Rules of the Bourse

The Bourse proposes to amend article 6602 regarding the eligibility criteria for underlying interests so that it is very clear that the global or sector market indices constitute an eligible underlying interest for options.

The Bourse also proposes to amend article 6651 to add position limits for sector indices and then to amend article 6654 to add sector indices to reports related to position limits.

The Bourse also proposes to take this opportunity to make certain other technical amendments to the text of articles 6780, 6781, 6785, 6786 and 6788 of section 6780-6800 of the Rules, including, among others, the replacement of the reference to the S&P/TSE 60 Index with a reference to the S&P/TSX 60 Index. Certain

technical corrections were also made, in addition to the correction of a reference to other articles of Rules Fifteen of the Bourse.

IV. Public Interest

The establishment of a futures and options market on the S&P/TSX Banks Index as well as on the S&P/TSX Capped Utilities Index will allow institutional and retail investors to benefit from effective risk management tools, as well as instruments offering sector-targeted investment possibilities.

V. Process

The proposed amendments, including this analysis, must be approved by the Bourse's Rules and Policies Committee and submitted to the *Autorité des marchés financiers*, in accordance with the self-certification process, and to the Ontario Securities Commission for information.

VI. References

Futures Industry Association – Monthly Statistics
<http://www.futuresindustry.org/>

VII. Attachments

- Rule Six of Bourse de Montréal Inc.: Amendment to Article 6602
- Rule Six of Bourse de Montréal Inc.: Amendment to Articles 6651 and 6654
- Rule Six of Bourse de Montréal Inc.: Amendment to Articles 6780 to 6800
- Rule Fifteen of Bourse de Montréal Inc.: Amendment to Articles 15755, 15758, 15759, 15771 and 15772
- S&P/TSX Banks and Capped Utilities Index Futures and Options Contract Specifications

Table VII: S&P/TSX Banks Index Futures Contract Specifications

| | |
|--------------------------------------|--|
| Underlying | S&P/TSX Banks Index |
| Trading Unit | C\$ 20 X S&P/TSX Banks Index futures value |
| Contract Months | March, June, September and December. |
| Price Quotation | Quoted in index points, expressed to two decimals. |
| Last Trading Day/Expiration | Trading ceases on the trading day prior to the Final Settlement Day (the 3rd Friday of the contract month, providing it be a business day; if not, the 1st preceding day). |
| Contract Type | Cash Settlement. The final settlement price is the Official Opening Level of the underlying sector index on the Final Settlement Day. |
| Price Fluctuation | 0.10 index points for outright positions 0.01 index points for calendar spreads |
| Reporting Limit | 500 contracts gross long and short in all contract months combined. |
| Position Limit | 20,000 contracts gross long and short in all contract months combined. |
| Price Limits | A trading halt will be invoked in conjunction with the triggering of "circuit breaker" in the underlying stocks. |
| Trading Hours (Montréal time) | Early session*: 6:00 a.m. to 9:15 a.m. Regular session: 9:30 a.m. to 4:15 p.m. *A trading range of -5% to +5% (based on previous day's settlement price) has been established only for this session. |
| Clearing Corporation | Canadian Derivatives Clearing Corporation (CDCC) |

Table VIII: S&P/TSX Banks Index Options Contract Specifications

| | |
|--------------------------------------|---|
| Underlying | S&P/TSX Banks Index |
| Multiplier | C\$ 10 per S&P/TSX Banks index points |
| Contract Months | Nearest three months plus the next two months in the designated quarterly cycle March, June, September and December. Annual expiry of December (long term). |
| Price Fluctuation | 0,01 index point = C\$ 0,10 per contract, for premiums of less than 0.10 index points; 0,05 index point= C\$ 0,50 per contract, for premiums of 0.10 index points and over |
| Strike Prices | Set at a minimum of 10 index points |
| Contract Type | European style. Cash settlement. The final settlement price is the Official Opening Level of the underlying index on the expiration day. |
| Last Trading Day | Trading ceases on the trading day prior to the Expiration Day. |
| Expiration Day | The 3rd Friday of the contract month, providing it be a business day; if not, the 1st preceding day. |
| Reporting Limit | 1,000 contracts gross long and short in all contract months combined. |
| Position Limit | 40,000 contracts gross long and short in all contract months combined. |
| Trading Hours (Montréal time) | 9:31 am to 4:15pm (EST) |
| Clearing Corporation | Canadian Derivatives Clearing Corporation (CDCC) |

Table IX: S&P/TSX Capped Utilities Index Futures Contract Specifications

| | |
|--------------------------------------|--|
| Underlying | S&P/TSX Capped Utilities Index |
| Trading Unit | C\$ 200 X S&P/TSX Capped Utilities Index futures value |
| Contract Months | March, June, September and December. |
| Price Quotation | Quoted in index points, expressed to two decimals. |
| Last Trading Day/Expiration | Trading ceases on the trading day prior to the Final Settlement Day (the 3rd Friday of the contract month, providing it be a business day; if not, the 1st preceding day). |
| Contract Type | Cash Settlement. The final settlement price is the Official Opening Level of the underlying sector index on the Final Settlement Day. |
| Price Fluctuation | 0.10 index points for outright positions 0.01 index points for calendar spreads |
| Reporting Limit | 500 contracts gross long and short in all contract months combined |
| Position Limit | 20,000 contracts gross long and short in all contract months combined. |
| Price Limits | A trading halt will be invoked in conjunction with the triggering of "circuit breaker" in the underlying stocks. |
| Trading Hours (Montréal time) | Early session*: 6:00 a.m. to 9:15 a.m. Regular session: 9:30 a.m. to 4:15 p.m. *A trading range of -5% to +5% (based on previous day's settlement price) has been established only for this session. |
| Clearing Corporation | Canadian Derivatives Clearing Corporation (CDCC) |

Table X: S&P/TSX Capped Utilities Index Options Contract Specifications

| | |
|--------------------------------------|---|
| Underlying | S&P/TSX Capped Utilities Index |
| Multiplier | C\$ 100 per S&P/TSX Capped Utilities Index points |
| Contract Months | Nearest three months plus the next two months in the designated quarterly cycle March, June, September and December. Annual expiry of December (long term). |
| Price Fluctuation | 0,01 index point = C\$ 1 per contract, for premiums of less than 0.10 index points; 0,05 index point= C\$ 5 per contract, for premiums of 0.10 index points and over |
| Strike Prices | Set at a minimum of 5 index points |
| Contract Type | European style. Cash settlement. The final settlement price is the Official Opening Level of the underlying index on the expiration day. |
| Last Trading Day | Trading ceases on the trading day prior to the Expiration Day. |
| Expiration Day | The 3rd Friday of the contract month, providing it be a business day; if not, the 1st preceding day. |
| Reporting Limit | 1,000 contracts gross long and short in all contract months combined. |
| Position Limit | 40,000 contracts gross long and short in all contract months combined. |
| Trading Hours (Montréal time) | 9:31 am to 4:15pm (EST) |
| Clearing Corporation | Canadian Derivatives Clearing Corporation (CDCC) |

Section 6601 - 6610
Exchange-Traded Options

6602 Qualification for Underlying Interests

(13.03.87, 31.05.88, 10.11.92, 07.09.99, 28.01.02, 26.09.05, [00.00.00](#))

Products qualify as underlying interests provided they meet certain requirements.

- a) Every equity issue shall be listed on a Canadian Exchange, meet the criteria of the Canadian Derivatives Clearing Corporation, or be a security recommended for approval by the Bourse.
- b) In the case of Government of Canada Bonds, every issue shall have an outstanding amount of at least \$500,000,000 face value at maturity.
- c) A Futures contract must be listed on the Bourse.
- d) In the case of a currency, it must have been priorily approved by the Bourse.
- e) In order for a Canadian sponsored option to be traded on the Bourse, the underlying interest must satisfy the options eligibility criteria defined in the Canadian Derivatives Clearing Corporation Rules.
- f) In order for an international sponsored option to be traded on the Bourse, the underlying interest must be currently traded on a recognized exchange and there must be options or futures contracts listed on this same exchange or on any other recognized exchange.

For the purpose of the present Rule, the term "recognized exchange" means any exchange carrying on its activities on the territory of one of the Basle Accord Countries and those countries that have adopted the banking and supervisory rules set out in the Basle Accord, and any other exchange or group of exchanges with whom the Bourse has signed a collaboration agreement.

- g) In the case of an index sponsored option, the sponsor must have a licensing rights agreement with the index supplier. A copy of the agreement must be filed with the Bourse before the sponsored option is launched.

[h\) In the case of an index, the index must be representative of a listed market in its entirety, or be represented by a specific industrial sector.](#)

Section 6651 - 6670
Limits and Restrictions

6651 Position Limits

(06.08.86, 19.05.87, 08.09.89, 06.08.90, 20.03.91, 10.11.92, 07.04.94, 08.07.99, 07.09.99, 11.02.00, 28.01.02, 26.09.05, 20.05.10, 25.06.12, [00.00.00](#))

- A) Except as provided in paragraph D) of this article, no approved participant or restricted permit holder shall make for any account in which it has an interest, or for the account of any client, an opening transaction if the approved participant or the restricted permit holder has reason to believe that as a result of such transaction the approved participant or its client, or the restricted permit holder would, acting alone or in concert with others, directly or indirectly, hold, control or be obligated with respect to a position on the same side of the market relating to the same underlying interest (whether long or short) in excess of the position limits established by the Bourse.
- B) Except otherwise indicated, the applicable position limits are as follows:
1. Stock or index participation unit options
 - a) 13,500 contracts where the underlying security does not meet the requirements set out in sub-paragraphs B) 1. b) and B) 1. c) of this article;
 - b) 22,500 contracts, where either the most recent interlisted six-month trading volume of the underlying interest totals at least 20 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 15 million shares and at least 40 million shares are currently outstanding;
 - c) 31,500 contracts, where either the most recent interlisted six-month trading volume in the underlying interest totals at least 40 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 30 million shares and at least 120 million shares are currently outstanding.
 - d) 60,000 contracts, where either the most recent interlisted six-month trading volume in the underlying interest totals at least 80 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 60 million shares and at least 240 million shares are currently outstanding.
 - e) 75,000 contracts, where either the most recent interlisted six-month trading volume in the underlying interest totals at least 100 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 75 million shares and at least 300 million shares are currently outstanding.
 - f) 300,000 contracts for options on the following index participation units:
 - units of the iShares S&P/TSX 60 Index Fund (XIU).
 2. Debt options
 - 8,000 contracts;

3. Index options

500,000 contracts;

4. Sector index options

40,000 contracts;

45. 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.

56. Sponsored options

The position limits described above apply to sponsored options. However, these position limits must be adjusted by using an equivalent unit of trading.

When the underlying interest is traded on a market other than the Bourse, the position limits of this market apply to sponsored options by using an equivalent unit of trading.

76. 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) For the purpose of this article:

1. calls written, puts held and short underlying interest are on the same side of the market and puts written, calls held and long underlying interest are on the same side of the market;
2. the account of an individual member or of the holder of a restricted trading permit will not be counted with that of his clearing member unless the clearing member has an interest in the account;
3. the Exchange may, by notice, change the position limits. A change in the position limit will be effective on the date set by the Exchange and reasonable notice shall be given of each new position limit.

D) Conversions, reverse conversions, long and short hedges

1. For the purposes of this article the following defined hedges are approved by the Exchange:

- a) 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 strike 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;
 - b) 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 strike 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;
 - c) 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;
 - d) 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.
2. In addition to the options position limits set out in paragraph B), any one account may hold an amount not exceeding the applicable paragraph B) limit of any combination of the approved hedge positions defined in sub-paragraphs D) 1. a) to D) 1. d), inclusive.
 3. For all position limits set out in this article, in the case of conversion and reverse conversion as defined in paragraph D) 1. a) and b), 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.

E) Exemption

As described in Policy C-1, a member may file with the Exchange an application to obtain on behalf of a bona fide hedger an exemption from the position limits prescribed in this article. 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 member shall reduce the position below the prescribed limit within the period set by the Exchange. The Exchange may modify any exemption which has been previously granted. A bona fide hedger may also under certain circumstances file directly with the Exchange, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Exchange.

Section 6651 - 6670
Limits and Restrictions

6654 Reports Related to Position Limits

(05.08.75, 15.11.79, 24.04.84, 20.03.91, 10.11.92, 07.04.94, 07.09.99, 11.02.00,
28.01.02, 26.09.05, 25.06.12, [00.00.00](#))

a) Each approved participant shall file with the Bourse, no later than three business days following the last business day of each week, a report in such form as may be prescribed, giving the name and address of any client who, on the last business day of any week, held aggregate long or short positions in excess of:

i) 250 contracts, in the case of stock and bond and 500 contracts, in the case of index participation units;

ii) 15,000 contracts, in the case of index options;

[iii\) 1,000 contracts, in the case of sector index options;](#)

[iiiv\) 500 contracts, for currency options;](#)

[v\) 250 options or futures equivalent contracts \(as defined in article 6651\) with respect to a position involving the option and the underlying futures contract, in the case of options on Government of Canada Bond futures;](#)

[vi\) 300 options or futures equivalent contracts \(as defined in article 6651\) with respect to a position involving the option and the underlying futures contract, in the case of options on Canadian Bankers' Acceptance futures;](#)

on the same side of the market in any single class. The report shall indicate for each such class of options, the number of contracts comprising each such position and, in the case of short positions, whether covered or uncovered.

[vii\) The position limits requirements described above apply to sponsored options by using an equivalent unit of trading.](#)

b) In addition to the reports required above, each approved participant shall report immediately to the Bourse any instance in which the approved participant has reason to believe that a client, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits established in article 6651.

c) For the purposes of this article, the term "client" in respect to any approved participant shall include the approved participant, any general or special partner of the approved participant, any officer or director of the approved participant, or any participant, as such, in any joint group or syndicate account with the approved participant or with a partner, officer or director thereof.

OPTIONS ON S&P/TSX~~E~~ SECTORIAL INDICES

Section 6780-6800 Specific Rules Concerning the Contract Specifications (31.01.01, [00.00.00](#))

6780 Application of Specific Rules (31.01.01, [00.00.00](#))

In addition to articles 6571-6700 of the Rules, options on S&P/TSX~~E~~ sectorial indices shall be subject to the Rules contained in this section.

6781 Nature of options (31.01.01, [00.00.00](#))

A buyer of one S&P/TSX~~E~~ sectorial index option may exercise his option only on the expiration date (“European style”) to receive a cash payment equal to the difference between the strike price and the official opening level of the S&P/TSX~~E~~ sectorial index on the expiration date, as provided for in article 6676 b) of the Rules.

The seller of one S&P/TSX~~E~~ sectorial index option has, if the option is exercised, the obligation of rendering payment equal to the difference between the strike price and the official opening level of the S&P/TSX~~E~~ sectorial index on the expiration date, as provided for in article 6676 b) of the Rules.

6782 Trading Unit (31.01.01, 29.04.02)

The Bourse, in consultation with the Canadian Derivatives Clearing Corporation, shall establish the unit of trading for each class of options that has been approved for trading.

6783 Strike Prices (31.01.01)

Strike prices are set at a minimum of 2.5 index point intervals.

6784 Minimum Price Increment (Tick Size) (31.01.01, 29.04.02)

The minimum tick size shall be:

.05 index point intervals for premiums of .10 index points and over; and

.01 index point intervals for premiums of less than .10 index points.

6785 Daily Price Limit (31.01.01, [00.00.00](#))

The [BourseExchange](#) will halt trading in options on the S&P/TSX~~E~~ sectorial indices in accordance with the Circuit Breaker Policy (T-3) of the [BourseMontreal Exchange](#).

6786 Last Trading Day
(31.01.01, [00.00.00](#))

Index options shall cease trading on the [Bourse's Exchange](#) trading day preceding the [Expiration Date](#) of the contract month, as defined in article 6637 b) of the Rules.

6787 Trading Hours
(31.01.01, abr. 06.01.03)

6788 Trading Halts or Suspensions
(24.09.01, [00.00.00](#))

A) Trading on the Bourse in an option on S&P/TSX~~E~~ sectorial index shall be halted whenever a Market Supervisor shall conclude, in his judgement, that such action is appropriate in the interests of a fair and orderly market. A Market Supervisor must take the following factors into account when deciding whether to halt or suspend trading in an option S&P/TSX~~E~~ sectorial index class:

i) ~~for options on S&P/TSE sectorial index,~~ the extent to which trading is not occurring in stocks underlying the index;

ii) ~~for options on S&P/TSE sectorial index,~~ whether the most current calculation of the index derived from the current market prices of the stocks [underlying the index](#) is available;

~~B)iii)~~ whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

~~EB)~~ Trading in options on S&P/TSX~~E~~ sectorial index of a class or a series that has been the subject of a halt or suspension by the Bourse may resume if a Market Supervisor determines that the interests of a fair and orderly market are served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt or suspension are no longer present and the extent to which trading is occurring in stocks underlying the index.

~~CD)~~ Once trading resumes, the pre-opening stage shall be done in accordance with article 637~~56~~ of the Rules.

SECTION 15751 - 15800
Futures Contracts on S&P/TSXESectorial Stock Indexes
(31.01.01, [00.00.00](#))

Sub-section 15751 - 15770
Specific Trading Provisions

15751 Contract Months
(31.01.01)

The contract months for trading in sectorial stock index futures contracts shall be as indicated in article 6804 of Rule Six.

15752 Trading Hours
(31.01.01, abr. 06.01.03)

15753 Trading Unit
(31.01.01, 29.04.02)

The Bourse, in consultation with the Canadian Derivatives Clearing Corporation, shall establish the unit of trading for each futures contract that has been approved for trading.

15754 Currency
(31.01.01)

Trading, clearing and settlement shall be in Canadian dollars.

15755 Price Quotation
(31.01.01, 29.04.02, [00.00.00](#))

Bids and offers for futures contracts on S&P/TSXESectorial Stock Indices shall be quoted in terms of index points expressed to two decimal points.

15756 Price Fluctuation Unit
(31.01.01)

Price fluctuation unit shall be as defined in article 6807 of the Rules.

15757 Price Limits/Trading Halts
(31.01.01)

Price limits are indicated in article 6808 of Rule Six.

15758 Position Limits
(31.01.01, 29.04.02, 15.05.09, [00.00.00](#))

The maximum number of net long or net short positions in all contract months combined in S&P/TSXESectorial stock indices futures contracts which a person may own or control in accordance with article 14157 of the Rules are the following:

20,000 contracts

or such other position limits as may be determined by the Bourse.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all approved participants or clients, if deemed necessary.

Approved participants may benefit from the exemption for a bona fide hedge in accordance with article 1415~~7~~⁶ of the Rules.

15759 Position Reporting Threshold

(31.01.01, 15.05.09, [00.00.00](#))

~~Approved participants~~^{Members} shall report to the ~~Bourse~~^{Exchange} all ~~gross~~ positions ~~which, when combining all contract expiries, as defined in article 15508 of the Rules, in any one contract month, which~~ exceed 500 sectorial stock index futures contracts, or such other number as may be determined by the ~~Bourse~~^{Exchange}, in such form and in such manner as shall be prescribed by the ~~Bourse~~^{Exchange}.

15760 Settlement

(31.01.01, [00.00.00](#))

Settlement of the sectorial stock index futures contracts shall be by cash through the ~~C~~^eclearing ~~C~~^ecorporation. The settlement procedures are those stipulated in articles 15771 to 15780 of the Rules of the ~~Bourse~~^{Exchange}.

15761 Margin Requirements for simple or spread positions

(29.04.02, abr. 01.01.05)

15762 Margin offsets

(29.04.02, abr. 01.01.05)

**Sub-section 15771 - 15780
Settlement Procedures**

15771 Final Settlement Date

(31.01.01, [00.00.00](#))

The final settlement date shall be the third Friday of the expiration contract month or, if the S&P/TS~~X~~^E sectorial Stock Index is not published on that day, the first preceding trading day for which the Index is scheduled to be published.

15772 Final Settlement Price
(31.01.01, 29.04.02, [00.00.00](#))

The final settlement price determined on the Final Settlement Date shall be the trading unit of the S&P/TSX~~E~~ sectorial Stock Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSX~~E~~ sectorial Stock Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All open positions at the close of the last trading day will be marked to market using the official opening level of the S&P/TSX~~E~~ sectorial Stock Index on final settlement day and terminated by cash settlement.

15773 Failure to Perform
(31.01.01, [00.00.00](#))

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined from time to time by the [BourseExchange](#).

Sub-section 15781 - 15800
Disclaimer

15781 Limitation of Standard & Poor's Liability Disclaimer
(31.01.01; 22.10.09, [00.00.00](#))

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15782 Exclusion of liability
(31.01.01; abr. 22.10.09)