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<input checked="" type="checkbox"/>	Trading – Equity and Index Derivatives	<input checked="" type="checkbox"/>	Technology
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**CIRCULAR
May 10, 2012**

ACCEPTABLE STRATEGY TYPES FOR USER DEFINED STRATEGIES INVOLVING FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

The purpose of this Circular is to inform Approved Participants of the strategy types accepted by Bourse de Montréal Inc. (the Bourse) for the purpose of User Defined Strategies (UDS) on Futures Contracts and Options on Futures Contracts, pursuant to the Procedures Applicable to the Execution of Strategies Involving Futures and Options on Futures.

ACCEPTABLE INTER-GROUP STRATEGIES FOR UDS FUNCTIONALITY

For indicative purposes and without limitations, the acceptable inter-group strategies for the purposes of the UDS functionality are the following:

STRATEGY	EXAMPLE
LGB vs. CGB	Buy LGBU12 – Sell CGBU12
LGB vs. CGF	Buy LGBU12 – Sell CGFU12
CGB vs. CGF	Buy CGBU12 – Sell CGFU12
CGB Delta Trade	Buy CGBU12 – Buy or Sell OGB Call or Put
BAX Delta Trade	Buy BAXU12 – Buy or Sell OBX Call or Put

Additional strategies will be introduced at a later date and will be communicated to Approved Participants in a subsequent Circular.

ACCEPTANCE CRITERIA – INTER-GROUP STRATEGIES

For an Inter-Group Strategy to be executed through the UDS functionality, each strategy must meet the following acceptance criteria:

- 1) The strategy must include instruments from different product groups;
- 2) Every instrument of a strategy must be of the same nominal value and have the same minimum price fluctuation (tick size);
- 3) A strategy must not be composed of more than two legs;
- 4) The maximum leg ratios are +99 and/or -99.

The Bourse reserves the right to review and amend in its sole discretion the acceptance criteria for the UDS functionality, from time to time, in order to include additional strategies.

CHARACTERISTICS OF IMPLIED PRICING ON IGS AND TRADE THROUGHGS

- 1) Implied orders will only be generated from regular orders. They cannot be generated from other implied orders.
- 2) Implied orders can trade against either only regular orders or only implied orders with priority given to qualifying regular orders. Under no circumstances are regular and implied orders combined to satisfy the minimum quantity required by a leg order implied by a strategy order.
- 3) An implied order on an instrument can trade through limit orders if (1) the collective size of the qualifying regular orders is not sufficient to fill the quantity of the instrument that is required by the strategy structure and (2) the quantity can be filled by the implied market on the instrument.

THE FOLLOWING STRATEGIES WILL CONTINUE TO BE MANUALLY CREATED BY THE BOURSE, AND WILL NOT BE ACTIVATED FOR UDS FUNCTIONALITY AT THE PRESENT TIME:

INTRA-GROUP STRATEGIES*	
STRATEGY	EXAMPLE
CALENDAR SPREAD	Buy BAXU12 – BAXZ12
BUTTERFLY SPREAD **	Buy 1 BAXU12 – Sell 2 BAXZ12 – Buy 1 BAXH13
CONDOR SPREAD **	Buy 1 BAXU12 – Sell 1 BAXZ12 – Sell 1 BAXH13 – Buy 1 BAXM13

*For indicative purposes and without limitations

**Implied pricing not activated

For further information, please contact the Market Operations Department at 514 871-7877 or 1-866-576-8836.

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