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<input checked="" type="checkbox"/>	Trading – Equity and Index Derivatives	<input type="checkbox"/>	Technology
<input type="checkbox"/>	Back-office – Futures	<input checked="" type="checkbox"/>	Regulation

CIRCULAR 088-14

June 17, 2014

**REMINDER RELATING TO ARTICLE 6306 – MANIPULATIVE OR DECEPTIVE
METHODS OF TRADING**

The purpose of the present circular is to remind approved participants of their responsibilities relative to the regulatory requirements of article **6306 - Manipulative or Deceptive Methods of Trading** of the Rules of the Bourse (the Rules). Participants must ensure that their compliance and supervisory systems, along with their policies and procedures, enable them to fulfill the requirements contained in article 6306. More specifically, the Regulatory Division of the Bourse (The Division) is particularly concerned with orders submitted by approved participants or their clients in proximity to the settlement price determination period and the opening time of a derivative instrument listed on the Bourse. The Division considers the transmission of orders (including modifications and cancellations) with the objective of influencing the Theoretical Opening Price or the settlement price of listed derivative instruments to be manipulative, disruptive and detrimental to the reputation and image of the Bourse.

Approved participant of the Bourse have the responsibility to ensure, pursuant to paragraph B) of article **6366 – Access to Electronic Trading** of the Rules, that all conditions prescribed by the Bourse are complied with. More particularly, this paragraph provides that:

- the approved participant must ensure that the client has reasonable knowledge of and the ability to comply with all applicable Bourse and regulatory requirements (subparagraph B. 2. 2.2 c) of article 6366);
- the approved participant must have reasonable arrangements in place to monitor the entry of orders through such electronic access (subparagraph B. 2. 2.2 d) of article 6366);
- the approved participant must ensure that the client’s trading activity complies with all applicable Bourse and regulatory requirements (subparagraph B. 2. 2.5 a) of article 6366);
- the approved participant must not allow a client to have, an electronic access to the Bourse pursuant to paragraph B), unless it is satisfied that the client has reasonable knowledge of the applicable Bourse and regulatory requirements, and of the standards established by the approved participant (subparagraph B. 2.6 of article 6366);

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- the approved participant remains responsible for compliance with all applicable Bourse and regulatory requirements with respect to the entry and execution of orders from its clients (subparagraph B. 3 of article 6366);
- the approved participant must immediately report to the Bourse, in writing, if it is aware of or has reason to believe that a client has, or may have, breached a material provision of any standard established by the approved participant, or of the written agreement between the approved participant and the client, pursuant to section 2 (subparagraph B. 4. 4.2 of article 6366)

The Division expects approved participants to make all of the necessary efforts to develop and implement procedures, policies and measures in order to ensure compliance with the Rules of the Bourse.

Failure to comply with the regulatory requirements of the Rules referred to in the present circular may result in the Division imposing access conditions, suspending or withdrawing access to the Bourse's markets for those clients or employees of approved participants who have been identified by the Division as having engaged in manipulative or deceptive methods of trading. Furthermore, it is important to note that such trading activities may lead the Division to initiate disciplinary procedures against approved participants.

The Regulatory Division considers adherence to the above mentioned articles to be a core component of the preservation of market integrity. Compliance with these articles is therefore of the utmost importance to the Bourse, and will be diligently monitored and enforced.

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