



**TO: Approved Participants
Options Contracts Principals
Options Traders
Futures Contracts and Options on Futures Contracts Principals
Futures Contracts and Options on Futures Contracts Traders
Restricted Trading Permit Holders**

June 28, 2002

**UPDATING OF THE DERIVATIVES INSTRUMENTS TRADING COURSE
OFFERED BY THE DERIVATIVES INSTITUTE OF
BOURSE DE MONTRÉAL INC.**

Following the receipt of various comments, the launch of new products and various other changes that occurred during the last months at Bourse de Montréal Inc. (the "Bourse"), the Derivatives Institute of the Bourse (the "Institute") has made a complete revision of the course entitled "Derivatives Trading at Bourse de Montréal Inc." (course no. P01) that was made available to persons wishing to have access to the Montreal Automated System ("SAM") for the entry of orders on products listed on the Bourse.

As a first step, the Institute separated the existing course into two distinct courses, one covering specifically the subject of equities, indices and bond options and another one covering specifically the subject of futures contracts and options on futures contracts. The purpose of this separation into two distinct subjects reflects the fact that in most cases, persons wishing to have access to SAM want to have such an access only for one of these two categories of products. Having to register for a course which covered subject matter relating to both categories of products was problematic since it required candidates to study and to write an exam on products that they were not intending to trade. The Institute also took this opportunity to update the content of these courses by incorporating therein, among other things, material relating to the new products launched by the Bourse since the beginning of 2002 (sponsored options, futures contracts on sectorial indices, etc.) and to review the chapter dealing with SAM and its procedures. The section containing the trading rules has also been updated in order to reflect the current state of the regulations of the Bourse and this for each of the two categories of derivative products mentioned above.

As a second step, following the authorization granted on February 27, 2002 by the United States Commodity Futures Trading Commission (CFTC) allowing the Bourse to install SAM terminals in the offices of U.S. brokers approved by the Bourse as Foreign Approved Participants, the Institute developed a course on futures contracts and options on futures contracts intended for U.S. traders wishing to have access to SAM. This course is identical to the one intended for Canadian candidates except for the fact that it does not cover the futures contracts for which the CFTC has not yet issued an authorization for trading on the U.S. market, namely, single stock and sectorial indices futures contracts.

Circular no.: 090-2002

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Elimination of exam and exemption request

In the course of the above mentioned revisions and update, the Regulatory Division of the Bourse, in collaboration with the Institute, re-examined the relevance of requiring the successful writing of an exam before a person can be authorized to access SAM.

For the purposes of this valuation, various factors were taken into consideration including the fact that the course is intended for persons having a good knowledge of derivatives instruments, their characteristics and the trading strategies they allow. In addition, these persons generally have practical experience in the trading of these products, a relevant academic background and/or professional training and are employed by approved participants who provide their employees with in-house training.

Following this review, it has been decided to completely eliminate any form of examination for these courses. However, the Bourse considers that it remains essential to ensure that persons wishing to have an access to SAM be sufficiently knowledgeable about the products traded at the Bourse and more particularly about the rules relating to the trading of these products.

In consequence of the above, it has also been decided that no more exemption from the courses offered by the Institute would be granted. Registration for these courses will therefore be mandatory from now on without any exception for any person wishing to have access to SAM. Those persons who, during the last few months, were refused the exemption they had applied for regarding the successful writing of the examination on the "Derivatives Trading at Bourse de Montréal Inc.", must comply with this new procedure. They shall therefore register for the relevant course (options or futures contracts) and provide to the Registration department of the Regulatory Division of the Bourse with the necessary proofs of such course registration within the time delays that will be communicated to them by the Registration Department.

Availability of Courses

The courses offered by the Institute mentioned in this circular are the following ones :

- For options traders: "Options Trading at Bourse de Montréal Inc."/ "La négociation des options de Bourse de Montréal Inc."
- For futures contracts and options on futures contracts traders: "Futures and Options on Futures Trading at Bourse de Montréal Inc."/ "La négociation des contrats à terme et des options sur contrats à terme de Bourse de Montréal Inc."; and
- For futures contracts and options on futures contracts foreign traders: "Futures and Options on Futures Trading at Bourse de Montréal Inc. (U.S. Version)".

These courses will be offered only in PDF format (Acrobat) with possibility of purchasing and paying for them online. The cost of each course is \$ 287.56 (including course fees of \$ 250.00, GST charge of \$ 17.50 and QST charge of \$ 20.06). To register, candidates must go on the website of the Institute at (<http://www.derivatives-institute.com>) and enter the "Learning Center".

Approval procedures for persons wishing to have access to SAM

The procedures to submit a SAM access approval request with the Registration Department of the Regulatory Division remain the same as in the past except for the change explained hereafter.

In addition to the usual documents (1-U-2000 Form along with usual documents and appendices and applicable fees), candidates shall from now on provide with their application for approval a training certificate (see document attached) certifying that they have registered for the relevant course of the Institute, that they have read all the material relating thereto including the regulations of the Bourse concerning the trading of derivative instruments and that they oblige themselves to comply with these regulations.

An approval for access to SAM will be granted only if the application for approval is accompanied by this training certificate and if the records of the Institute confirm the registration of the candidate for the course he is required to take in order to obtain the approval requested.

Date of implementation

All changes explained in this circular are effective immediately.

For further information concerning courses offered by the Institute, please contact (514) 871-7888 or at 1-866-871-7888, extension 429 or by e-mail at contact@derivatives-institute.com. For any question concerning the approval of candidates, please contact Catherine Lefebvre, Legal Counsel and Supervisor, Registration and Disciplinary Affairs, at (514) 871-4949, extension 497 or by e-mail at clefebvre@m-x.ca.

Jacques Tanguay
Vice-President, Regulatory Division



TRAINING CERTIFICATE

The undersigned certifies and acknowledges that :

1° He submitted or intends to submit to the Registration Department of the Regulatory Division of Bourse de Montréal Inc. (the "Bourse") an application in order to allow him to have a direct access to the Montreal Automated System (SAM) to be able to enter order and/or to execute transactions on the following derivatives instruments of the Bourse :

- options on equities, indices or bonds
- futures contracts and options on futures contracts

2° In order to be granted such an access, he must take the mandatory training required by the Bourse and to satisfy this requirement, he is registered into the following course(s) offered by the Derivatives Institute of the Bourse and has paid all applicable fees :

- Options Trading at Bourse de Montréal Inc.
- Futures and Options on Futures Trading at Bourse de Montréal Inc.

3o Following his registration, he has read and understood all the content of the concerned course(s) and obligates himself to comply with all the Rules, Policies and procedures relating to the derivatives instruments of the Bourse for which he is applying for an approval of the Bourse and with all future additions or amendments to such Rules, Policies and procedures that the Bourse may make from time to time.

Date: _____

Applicant Signature: _____

Name (print form): _____

The undersigned, in his capacity of approved director, officer or partner of _____

(Name of approved participant) certifies that the person mentioned above has the sufficient training and knowledge to enter orders and/or to execute transactions on the Montreal Automated System (SAM)

Signature of an approved director, officer or partner of the approved participant

Name (print form)