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**CIRCULAR**  
May 15, 2013

## **CLOSING OUT OF LONG AND SHORT FUTURES CONTRACT POSITIONS**

Bourse de Montréal Inc. (the Bourse) wishes to remind all market participants the requirements of article 6817 of the Rules of the Bourse regarding the treatment of long and short futures contracts positions.

In particular, article 6817 prohibits, except in the case of omnibus accounts and in specific situations provided for by the regulations, maintaining in an account or in accounts under common control and ownership simultaneous long and short futures contract positions in the same contract month.

Article 6817 also requires from clearing approved participants that they promptly close out with the clearing corporation open long or short positions in a client's account if offsetting sale or purchase transactions are made for such client's account.

Although the obligation to promptly close out long and short futures contracts in the same contract month does not apply in the case of omnibus accounts held in the name of another broker, approved participants have nonetheless the responsibility, when there is a significant number of simultaneous long and short positions in such accounts, to verify with this other broker whether some of these simultaneous positions should be closed out.

Also, it happens frequently that futures contract accounts held for clients are instruct accounts, which implies that the approved participant holding such accounts must act according to the instructions that are provided by the client and that in principle the approved participant cannot close out any open position without having received clients instructions to this effect. In this case also, approved participants have the responsibility to ensure that the concerned clients promptly provide them with the necessary instructions to close out open positions.

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Finally, paragraph c) of article 6817 allows maintaining simultaneous long and short positions in separate accounts of a client but only to the extent that certain conditions, enumerated in this paragraph, are satisfied.

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