SELF-CERTIFICATION

GENERAL UPDATES

INTRODUCTION OF ARTICLE 6663 AND AMENDMENTS TO ARTICLES 6121, 6369, 6369A, 6370, 6373, 6378 AND 6654 OF THE RULES OF BOURSE DE MONTRÉAL INC.

The Rules and Policies Committee of Bourse de Montréal Inc. (the "Bourse") has approved the introduction of article 6663 and amendments to articles 6121, 6369, 6369A, 6370, 6373, 6378 and 6654 of the Rules of the Bourse in order to clarify and align the Rules with current Bourse practices. The attached amendments were self-certified in accordance with the self-certification process as defined in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments, as attached, will become effective on **June 15, 2018**, after market close. Please note that the revised articles will also be available on the Bourse's website (www.m-x.ca).

The amendments described in the present circular were published for public comment by the Bourse on June 22, 2016 (see Circular 088-16). Further to the publication of this circular, the Bourse has received comments. A summary of the comments received as well as responses from the Bourse to these comments is attached hereto.

For additional information, please contact Martin Jannelle, Legal Counsel, at 514-787-6578 or by email at martin.jannelle@tmx.com.

Martin Jannelle
Legal Counsel
Bourse de Montréal Inc.

Tour Deloitte
1800-1190 avenue des Canadiens-de-Montréal, P.O. Box 14, Montreal, Quebec H3B 0G7
Telephone: 514 871-2424
Toll free within Canada and the U.S.A.: 1 800 361-5353
Website: www.m-x.ca

1

6663   Communications with the Market Operations Department
        (00.00.00)

Whenever an article permits, or requires, an Approved Participant (or its authorized client under article 6366) to contact the Market Operations Department by telephone, the Market Operations Department will act upon, and treat as authorized and binding upon the Approved Participant (or authorized client), the oral communication of the Approved Participant's Designated Representative or of any Person providing a valid trader ID and matching account number of the Approved Participant or authorized client.

6121   Standard Nomenclature
        (10.10.91, 20.04.98, 26.06.15, 17.07.15, abr. 00.00.00)

6369   **Orders**
        (25.09.00, 24.09.01, 29.10.01, 24.04.09, 26.06.15, 22.01.16, 00.00.00)

1) To be considered valid, an order must specify the name or symbol of the ~~listed security~~Listed Product, whether ~~the order~~ it is ~~to~~a buy or sell ~~and~~order, the ~~number~~quantity of units ~~to be traded, as well as~~, explicit instructions regarding the trading price and the conditions which must be met prior to the order becoming effective. ~~All~~, and the type and duration qualifier of the order.

2) The types of orders ~~are deemed to be day orders, unless otherwise specified.~~

~~Definitions:~~

~~a)   Day order~~

~~   An order to buy or sell valid only for the day it is given.~~

~~b)   Open order~~

~~   An order to buy or sell~~ which ~~remains effective until it is executed or cancelled.~~

~~c)   Good 'til~~

~~   An order that remains effective until it is executed or has reached the specified cancellation date.~~

~~d)   Not held order~~

~~   An order giving discretion as to the price or time at which it is to be executed.~~

~~e)   Contingency orders~~

~~   Orders to buy and sell that are contingent upon certain specifications being satisfied before their execution.~~

i) Fill or kill order

~~An order which, if it cannot be completely or partially executed immediately, is cancelled.~~

ii) All or none order

~~An order which is effective only if the total specified amount~~ can be ~~executed.~~

iii) Minimum amount order

~~An order which is effective only if a specified minimum amount can be executed.~~

f) Committed order

~~An order which is effective only if an approved participant enters the terms of an order, including the identification code of the approved participant that agreed to submit the opposing order during prenegotiation discussions,~~entered into the electronic trading system ~~of the Bourse.~~

~~Committed orders will only be matched with an opposite committed order in order to be executed. Committed orders will not interact with any other order type.~~

are as follows

~~6369~~ **Regular Orders**
(25.09.00, 24.09.01, 29.10.01, 24.04.09, 26.06.15, 22.01.16)

~~The orders routed by Approved Participants (regular orders) which can be executed are defined hereinafter~~:

a) Market order (best limit; bid/ask)

i) A Market order is executed at the best limit that is available on the other side of the market at the moment the order is introduced into the electronic trading system, at the quantity available at this limit. If the order is partially filled, the unfilled quantity ~~is posted~~becomes a limit order at the price ~~which~~ the first part of the order was executed.

ii) A Market order can only be entered during the Market Session (Continuous Trading).

iii) A Market order is only accepted by the system if a price limit exists on the other side.

b) Limit order~~:~~

An order to buy or sell at a specified price, or better.

c) Stop limit order~~:~~

i) An order to buy or sell which becomes a limit order once the contract has traded at the stop-price or higher in the case of a buy order; at the stop-price or lower in the case of a sell order.

ii) If more than one stop order has the same trigger price, then the first in, first out basis (FIFO) rule will apply. Once the stop order becomes a limit order, a new time priority is given to it.

iii) Stop limit orders can only be entered as day orders.

d) Opening / Closing price order (Market on Open and Market on Close):

Orderi) An order which must be input during the pre-opening / pre-closing session by which a trader is the buyer or the seller of contracts at the opening / closing price as defined by the electronic trading system at the pre-opening / pre-closing session. Therefore, this order must be input during the pre-opening / / pre-closing session.

ii) If an opening price order is not filled in full, the order is assigned the opening price Calculated Theoretical-Opening (CTO) as defined in article 6375 of the Rules, as its new limit.

e) Hidden quantity order:

AAn order that enables a trader mayto hide a certain quantity of the order to the market :

Disclosed quantity: quantityby displaying to the market only that portion of contractsthe total order which has been initially parameterized by the user to be seen by the market.

Hidden quantity: difference between the whole order quantity (total quantity) and the disclosed quantity. The hidden quantity, which is only the remainder of the order, is seen only by the Bourse.

Displayed quantity: Quantity of contracts effectively seen by the market.

When the order is executed for the disclosed quantity, it is renewed for the same disclosed quantity and the order isbut positioned at the end of the queue at the same limit. It loops until the whole order quantity (total quantity) has been filled.

f) Fill and kill Committed order

An order which is executed at the given price for the quantity which that can be executed. Any portion of the order, which cannot be executed, will be cancelled.

g) Aonly be matched with another opposite committed order must conform to that meet the following criteria:conditions:

Both i) The identification code on the initial order matches the identification code of the Approved Participant entering the initialopposite order and;

ii) The identification code on the opposing order must bematches the identification code of the Approved Participant that entered atthe initial order;

iii) Both orders are entered with the same price.

~~Both the initial order and the opposing order must be entered~~ and for the same quantity.

~~The identification code~~, *provided* ~~on the initial order must match the identification code of the approved participant that agreed to enter the opposing order; and the identification code provided on the opposing order must match the identification code of the approved participant that entered the initial order.~~

~~The initial order and the opposing order will only be matched at a better price, that is,~~ *however*, that such price is between the best bid ~~price~~ and the best offer ~~price.~~ at the time of the transaction;

~~An opposing order meeting all criteria specified above~~ iv)   Both orders must be entered ~~before~~during the ~~close of the~~same trading session ~~during which the initial order was submitted or~~. Otherwise, the initial order will ~~be cancelled~~ automatically~~.~~ be cancelled.

h)   ~~All or none bids or offers and minimum amount orders are not allowed.~~

                        g) Implied order

An order generated by the implied pricing algorithm using order registered in the order book by the the electronic trading system.

3) Each order must include a duration qualifier which determines the period during which the   order remains in effect. All orders are deemed to be Day Orders, unless otherwise specified. The duration qualifiers are as follows:

        a) Day order

        An order to buy or sell valid only for the day it is given.

        b) Good 'til date (G.T.D)

        An order that remains effective until it is executed or has reached the specified date.

        c) Good 'til cancel (G.T.C)

        An order that remains effective until it is cancelled or until the end of expiry month.

d) While connected order

Unexecuted Day Order which is automatically withdrawn from the Bourse's central order book in the event that the Approved Participant's server through which the order was transmitted is disconnected from the Bourse.

4) The Bourse may decide that certain types of orders are not available.

6369A   Implied orders
(24.04.09, abr.00.00.00)

The orders generated by the trading engine which can also be executed are defined hereinafter:

Implied orders:

Orders generated by the implied pricing algorithm using regular orders and registered in the order book by the trading engine.

6370   Order Duration
(25.09.00, 24.09.01, abr.00.00.00)

Orders may be entered as:

— Day orders

— Session orders

— G.T.C. orders

— (A Good until Cancel order, which is good until it is cancelled or until the end of expiry month)

— G.T.D. orders (good until a specified date)

— The Bourse may decide that certain types of orders duration are not available.

6373   Time-Stamping of Limit Order
(25.09.00, 24.09.01, abr.00.00.00)

The order ticket for a limit order must bear, in addition to that mention, a double time-stamping at the receipt and at the execution of the order.

6378   Receipt of Orders
(25.09.00, 24.09.01, 29.10.01, 01.12.17abr.00.00.00)

Any order received or initiated by an approved participant must be time-stamped in accordance with articles 6373 and 6377 of the Rules.

6654 **Reports** ~~Related to Positions in Options Traded on the Bourse and reports~~ **related to transactions in over-the-counter options**

(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, 01.04.13, 14.01.16, 00.00.00)

~~Each approved participant shall file with the Bourse, in the prescribed manner and frequency, a~~ Approved Participants must report ~~related to positions~~ in ~~options traded on~~the form prescribed by the Bourse ~~prepared in compliance with article 14102.~~

~~For all transactions executed~~, the total number of puts and calls written, issued or guaranteed in over-the-counter options~~, approved participants are required to report as of~~ during each period ending at the close of business on the fifteenth and last days of each month or, ~~when either of these days is~~if not a ~~trading~~business day, ~~on~~ the preceding ~~trading~~business day~~, the total puts and calls written and issued or guaranteed during the period which has ended. This report~~. Reports must be transmitted to the Bourse within two (2) business days ~~following the above mentioned dates and this in the form prescribed by the Bourse.~~of the end of the period.

6663   Communications with the Market Operations Department
         (00.00.00)

Whenever an article permits, or requires, an Approved Participant (or its authorized client under article 6366) to contact the Market Operations Department by telephone, the Market Operations Department will act upon, and treat as authorized and binding upon the Approved Participant (or authorized client), the oral communication of the Approved Participant's Designated Representative or of any Person providing a valid trader ID and matching account number of the Approved Participant or authorized client.

6121   Standard Nomenclature
         (10.10.91, 20.04.98, 26.06.15, 17.07.15, abr. 00.00.00)

6369   Orders
         (25.09.00, 24.09.01, 29.10.01, 24.04.09, 26.06.15, 22.01.16, 00.00.00)

1) To be considered valid, an order must specify the name or symbol of the Listed Product, whether it is a buy or sell order, the quantity of units, explicit instructions regarding the trading price and the conditions which must be met prior to the order becoming effective, and the type and duration qualifier of the order.

2) The types of orders which can be entered into the electronic trading system are as follows:

   a) Market order (best limit; bid/ask)

       i) A Market order is executed at the best limit that is available on the other side of the market at the moment the order is introduced into the electronic trading system, at the quantity available at this limit. If the order is partially filled, the unfilled quantity becomes a limit order at the price the first part of the order was executed.

       ii) A Market order can only be entered during the Market Session (Continuous Trading).

       iii) A Market order is only accepted by the system if a price limit exists on the other side.

   b) Limit order

       An order to buy or sell at a specified price, or better.

   c) Stop limit order

       i) An order to buy or sell which becomes a limit order once the contract has traded at the stop-price or higher in the case of a buy order; at the stop-price or lower in the case of a sell order.

       ii) If more than one stop order has the same trigger price, then the first in, first out basis (FIFO) rule will apply. Once the stop order becomes a limit order, a new time priority is given to it.

       iii) Stop limit orders can only be entered as day orders.

d) Opening / Closing price order (Market on Open and Market on Close)

i) An order which must be input during the pre-opening / pre-closing session by which a trader is the buyer or the seller of contracts at the opening / closing price as defined by the electronic trading system at the pre-opening / pre-closing session. Therefore, this order must be input during the pre-opening / pre-closing session.

ii) If an opening price order is not filled in full, the order is assigned the opening price Calculated Theoretical-Opening (CTO) as defined in article 6375 of the Rules, as its new limit.

e) Hidden quantity order

An order that enables a trader to hide a certain quantity of the order to the market by displaying to the market only that portion of the total order which has been initially parameterized by the user to be seen by the market. The hidden quantity, which is the remainder of the order, is seen only by the Bourse. When the order is executed for the disclosed quantity, it is renewed for the same disclosed quantity but positioned at the end of the queue at the same limit. It loops until the whole order quantity (total quantity) has been filled.

f) Committed order

An order that can only be matched with another opposite committed order that meet the following conditions:

i) The identification code on the initial order matches the identification code of the Approved Participant entering the opposite order;

ii) The identification code on the opposing order matches the identification code of the Approved Participant that entered the initial order;

iii) Both orders are entered with the same price and for the same quantity, *provided however*, that such price is between the best bid and the best offer at the time of the transaction;

iv) Both orders must be entered during the same trading session. Otherwise, the initial order will automatically be cancelled.

g) Implied order

An order generated by the implied pricing algorithm using order registered in the order book by the the electronic trading system.

3) Each order must include a duration qualifier which determines the period during which the order remains in effect. All orders are deemed to be Day Orders, unless otherwise specified. The duration qualifiers are as follows:

a) Day order

An order to buy or sell valid only for the day it is given.

b) Good 'til date (G.T.D)

An order that remains effective until it is executed or has reached the specified date.

c) Good 'til cancel (G.T.C)

An order that remains effective until it is cancelled or until the end of expiry month.

d) While connected order

Unexecuted Day Order which is automatically withdrawn from the Bourse's central order book in the event that the Approved Participant's server through which the order was transmitted is disconnected from the Bourse.

4) The Bourse may decide that certain types of orders are not available.

6369A   Implied orders
        (24.04.09, abr.00.00.00)

6370   Order Duration
        (25.09.00, 24.09.01, abr.00.00.00)

6373   Time-Stamping of Limit Order
        (25.09.00, 24.09.01, abr.00.00.00)

6378   Receipt of Orders
        (25.09.00, 24.09.01, 29.10.01, abr.00.00.00)

6654   Reports related to transactions in over-the-counter options
        (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, 01.04.13, 14.01.16, 00.00.00)

Approved Participants must report in the form prescribed by the Bourse, the total number of puts and calls written, issued or guaranteed in over-the-counter options during each period ending at the close of business on the fifteenth and last days of each month or, if not a business day, the preceding business day. Reports must be transmitted to the Bourse within two (2) business days of the end of the period.

Note: The Bourse received one comment letter. The comments raised by the commenters are addressed below.

No.	Date comment received	Article	Summary of comment	Summary of response
1	August 31, 2016	6663	We believe that the wording should be clarified to ensure that only approved persons/authorized clients or designated representatives can contact the Market Operation Department of the Bourse.	The Bourse considers the language of this article sufficiently clear to be interpreted as permitting any person providing a valid trader ID and matching account number to contact the Market Operation Department, including approved persons and authorized clients. The term "Person" is broadly defined in Rule 1, article 1102 and thus include approved persons and authorized clients.