



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

CIRCULAR 134-15
November 11, 2015

REQUEST FOR COMMENTS

AN UPDATE OF THE RULES AND PROCEDURES OF BOURSE DE MONTRÉAL INC.

AMENDMENTS TO RULES 6 AND 15 OF THE BOURSE

AMENDMENTS TO THE PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING OPTIONS

AMENDMENTS TO THE PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING FUTURES AND OPTIONS ON FUTURES

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) has approved amendments to Rule 6, Rule 15, the Procedures applicable to the execution of strategies involving options and the Procedures applicable to the execution of strategies involving futures and options on futures in order to update their content.

Comments on the proposed amendments must be submitted within 31 days following the date of publication of this notice, at the latest on **December 14, 2015**. Please submit your comments to:

M^e Jean-Philippe Joyal
Legal Counsel, Legal Affairs, Derivatives
Bourse de Montréal Inc.
Tour de la Bourse
P.O. Box 61, 800 Victoria Square
Montréal, Québec H4Z 1A9
Email: legal@m-x.ca

A copy of these comments must also be forwarded to the *Autorité des marchés financiers* (the “**Autorité**”) to:

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800 Victoria Square, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal (Québec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Please note that comments received by one of these recipients will be transferred to the other recipient and that the Bourse may publish a summary of such comments as part of the self-certification process concerning this file.

Appendices

You will find in the appendices an analysis as well as the text of the proposed amendments. The implementation date of the proposed amendments will be determined by the Bourse, in accordance with the self-certification process as established by the *Derivatives Act* (CQLR, chapter I-14.01).

Regulatory Amendment Process

The Bourse is authorized to carry on business as an exchange and is recognized as a self-regulatory organization (SRO) by the Autorité. The Board of Directors of the Bourse has delegated to the Rules and Policies Committee of the Bourse its powers to approve and amend the Rules, the Policies and the Procedures, which are thereafter submitted to the Autorité in accordance with the self-certification process as determined by the *Derivatives Act* (CQLR, chapter I-14.01).



AN UPDATE OF THE RULES AND PROCEDURES OF BOURSE DE MONTRÉAL INC.

AMENDMENTS TO RULES 6 AND 15 OF THE BOURSE

AMENDMENTS TO THE PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING OPTIONS

AMENDMENTS TO THE PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING FUTURES AND OPTIONS ON FUTURES

TABLE OF CONTENTS

I.	SUMMARY	2
II.	ANALYSIS	2
	a. Background	2
	b. Description and Analysis of Market Impacts	2
	c. Comparative Analysis	2
	d. Proposed Amendments	2
III.	AMENDMENT PROCESS	6
IV.	IMPACTS ON TECHNOLOGICAL SYSTEMS	6
V.	OBJECTIVES OF PROPOSED AMENDMENTS.....	6
VI.	PUBLIC INTEREST.....	6
VII.	EFFICIENCY.....	6
VIII.	PROCESS	6
IX.	ATTACHED DOCUMENTS	7

I. SUMMARY

As part of the plan to modernize the Rules of Bourse de Montréal Inc. (“Bourse”), the Bourse proposes to update some of the provisions of Rules 6 and 15, the Procedures Applicable to the Execution of Strategies Involving Options and the Procedures Applicable to the Execution of Strategies Involving Futures and Options on Futures (the “Procedures”). A number of provisions of Rules 6 and 15 and of the Procedures do not accurately reflect current practices or refer to outdated concepts that need to be updated to reflect the current electronic trading environment of the Bourse.

These amendments are necessary to ensure that the Rules of the Bourse are a clear, transparent and accurate reflection of current practices. The proposed amendments touch upon operational as well as regulatory aspects of the Bourse.

II. ANALYSIS

a. Background

The proposed amendments are part of the plan to modernize the Rules of the Bourse. The purpose of these amendments is to update the Rules so they will clearly and accurately reflect current practices and the Bourse’s electronic trading environment. A number of provisions have been identified as still relevant but not necessarily current. The Bourse is therefore proposing to amend such provisions to make them consistent with current practice. Other amendments, stylistic in nature, are also proposed.

b. Description and Analysis of Market Impacts

The proposed amendments will have no impact on the market. These changes aim to clarify certain provisions to reflect current practices in the market and changes in the trading environment.

c. Comparative Analysis

No comparative analysis is required in this case given the objective of the amendments.

d. Proposed Amendments

The proposed amendments are detailed below. An explanation is provided for each proposed amendment to put such amendment in context.

Rule 6 - Trading

- 6101 Qualifications

Section 6101 remains relevant but must be updated. It is propose to specify that the trading personnel referred to is the trading personnel of approved participants of the Bourse.

Furthermore, the Bourse proposes removing the reference to passing an exam and only refer to the fulfilment of the training requirements mandated by the Bourse. As those

requirements are different for employees of approved participants and foreign approved participants, the Bourse doesn't want to get too specific in its Rules.

- **6213 Taping of Transactions**

To update section 6213, the Bourse proposes to replace the term "tape" by the term "market data feed". Trades are no longer displayed on the tape but rather on the market data feed.

The section heading will also be amended to remove the reference to the tape.

- **6369 a) Market Order**

There is a spelling error in the English-language version of paragraph 6369 a). The word "exits" must be replaced by "exists". The French-language version is correct as it uses the word "*existe*".

- **6375 a) Allocation of Tradeable Orders**

The current wording of this rule implies that stop orders may be included in the calculation of the Calculated Theoretical-Opening (CTO) price. Under the current rule, the opening price seems to take into account stop orders whose trigger price has been reached. However, since the switchover to electronic trading, stop orders are only triggered once the CTO has been determined, and not before.

The current method consists in calculating the CTO without taking stop orders into account. Once the CTO has been determined, it is compared to the trigger prices of the stop orders, and orders whose prices allow it, will be triggered.

- **6375 b) Allocation of Tradeable Orders**

Paragraph 6375 b) provides that tradeable orders are allocated on a first in, first out basis (FIFO), although it should be specified that allocation is first based on price and then on a first in first out basis.

Orders entered into the trading system will be filled at the best possible price. This is a market integrity rule. The price always comes first in the matching of orders. The time of order entry becomes relevant when there are several orders at the same price.

- **6653 Variation to Position and Exercise Limits**

Section 6653 deals with position and exercise limits in connection with a stock split. It is necessary to update the method of posting these new limits by removing the reference to the bulletin board of the options trading floor since the bulletin board no longer exists. The new limits are reported in a circular issued by the Bourse.

- **6655 Report of Uncovered Short Positions**

Obtaining the report referred to in section 6655 is no longer necessary given that such report is required once a month within a two-day delay and could prove outdated upon receipt.

The Bourse proposes to amend section 6655 to replace the required periodic report by the requirement to provide such report to the Bourse upon request. Furthermore, it is proposed to remove the reference to “restricted permit holder” since there are no longer restricted permit holders for options.

- **6661 Recording of Telephone Conversations**

As the recording of telephone conversations with market supervisors is important, it should be clearly established that all conversations with the Market Operations Department about the trading of listed products will be recorded.

The term “trading booths” must be replaced by “Market Operations Department” to bring section 6661 up to date.

Furthermore, we propose extending the scope of section 6661 to futures contracts and to options on futures. To this end, the Bourse proposes to introduce the term “Listed Products” which, as defined in Rule 1, refers to all products traded on the Bourse.

- **6662 a) Procedures for Consulting Recordings**

To update section 6662, the Bourse proposes to replace “Quebec Securities Commission” with “Autorité des marchés financiers”.

- **6672 Allocation of Exercise Notices**

Section 6672 must be amended because the Bourse does not approve methods for allocating exercise notices. The allocation method is verified upon inspection of approved participants by the Regulatory Division of the Bourse. The purpose of this verification is to ensure that the method used corresponds to the method identified in the new account documentation completed by the clients. The purpose of this verification is also to ensure that the method used is fair and equitable.

- **6680 Extraordinary Circumstances**

Section 6680 must be amended to remove the reference to Rule 12, which no longer exists.

- **6816 Ex-Pit Transfers of Existing Futures Contracts**

Only the English-language version of section 6816 needs to be amended. The terms “Exchange Floor” and “Ex-pit” must be eliminated as those concepts are outdated. As the French-language version does not refer to those terms, it need not be amended.

- **6819 Extraordinary Circumstances for Shares Futures Contracts**

Section 6819 must be amended to remove the reference to Rule 12, which no longer exists.

Rule 15- Futures Contracts Specifications

- **15002 Definitions**

“Pit Committee”

This term is outdated and is not referred to anywhere in Rule 15. Furthermore, the definition refers to section 6821, which was repealed in 2001. This definition should be removed.

“Governing Committee”

The term “Governing Committee” appears in only one section of Rule 15. Section 15819 deals with emergencies and acts of God. However, all other sections of Rule 15 dealing with the same subject matter refer to the “Board of Directors”. It would seem that section 15819 was not updated along with the other similar sections of Rule 15. Therefore, the definition of “Governing Committee” must be repealed as this committee no longer exists.

- **15819 Emergencies, Acts of God, Actions of Governments**

Section 15819 must be amended to replace the term “Governing Committee” by “Board of Directors”. The Governing Committee no longer exists and the role of such committee has been transferred to the Board of Directors.

**PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES
INVOLVING OPTIONS**

Section 2 of these procedures describes how a user-defined strategy (“UDS”) may be transmitted to the Bourse. More specifically, section 2 mentions that such transmission occurs by way of one of the supported protocols (SAIL, FIX and STAMP). STAMP is no longer used today and the Bourse proposes to remove the reference to such protocol.

Although the other two protocols are still used, the Bourse is proposing to remove the reference thereto. In fact, no UDS can be transmitted to the Bourse via a protocol that is not supported. Therefore, there is no point in exhaustively listing which protocols are supported.

PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING FUTURES AND OPTIONS ON FUTURES

Section 2 of these procedures describes how a user-defined strategy (“UDS”) may be transmitted to the Bourse. More specifically, section 2 mentions that such transmission occurs by way of one of the supported protocols (SAIL, FIX and STAMP). STAMP is no longer used today and the Bourse proposes to remove the reference to such protocol.

Although the other two protocols are still used, the Bourse is proposing to remove the reference thereto. In fact, no UDS can be transmitted to the Bourse via a protocol that is not supported. Therefore, there is no point in exhaustively listing which protocols are supported.

III. AMENDMENT PROCESS

The proposed amendments are driven by the need to update the Rules to ensure that they reflect the current practices of the Bourse. These changes are important to the Rules modernization project.

IV. IMPACTS ON TECHNOLOGICAL SYSTEMS

The Bourse is of the opinion that the amendments proposed herein will have no impact on its technological systems or those of its approved participants or other market participants.

More particularly, the amendments to the Rules and Procedures will have no impact on the technological systems.

V. OBJECTIVES OF PROPOSED AMENDMENTS

The purpose of the proposed amendments is to clarify the Rules to ensure that they accurately reflect the operations of the Bourse. It is important to make these amendments from a regulatory and operational point of view. These amendments will help make the Rules and Procedures clearer and more transparent.

VI. PUBLIC INTEREST

It is in the public interest for the Rules of the Bourse to clearly and accurately describe the current practices of the Bourse. The proposed amendments aim specifically to make the Rules more transparent and current to ensure that no ambiguity exists in the application thereof.

VII. EFFICIENCY

The proposed amendments will have no impact on market efficiency.

VIII. PROCESS

The proposed amendments will be submitted to the Bourse’s Rules and Policies Committee for approval. They will also be submitted to the Autorité des marchés financiers in accordance with the self-certification process and to the Ontario Securities Commission for information purposes.

IX. ATTACHED DOCUMENTS

- Proposed amendments to articles 6101, 6213, 6369, 6375, 6653, 6655, 6661, 6662, 6672, 6680, 6816, 6819 of Rule Six;
- Proposed amendments to articles 15002 and 15819 of Rule Fifteen;
- Proposed amendments to the Procedures Applicable to the Execution of Strategies Involving Options ;
- Proposed amendments to the Procedures Applicable to the Execution of Strategies Involving Futures and Options on Futures.

6101 Qualifications
(10.10.91, [00.00.00](#))

Trading personnel [of an Approved Participant](#) must:

- a) be at least eighteen (18) years of age;
- b) be considered in all respects to be a suitable person for the privilege and responsibility of trading [Exchange-Listed Products](#);
- c) have completed the [Exchange's training requirements Trading Workshop prescribed by the Bourse](#) and ~~have successfully passed an exam on trading rules and order handling regulations.~~

6213 Dissemination Taping of Trades/Transactions
(03.07.87, 10.10.91, [00.00.00](#))

All trades shall be ~~disseminated/published through~~ [the market data feed tape](#) forthwith after their execution.

6369 Regular Orders
(25.09.00, 24.09.01, 29.10.01, 24.04.09, 26.06.15, [00.00.00](#))

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

- a) Market order (best limit; bid/ask)
 - 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 at the price which the first part of the order was executed.
 - A Market order can only be entered during the Market Session (Continuous Trading).
 - 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:

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.

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.

 - Stop limit orders can only be entered as day orders.
- d) Opening / Closing price order (Market on Open and Market on Close):

Order by which a trader is the buyer or the seller of contracts at the opening / closing price 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. If an 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:

A trader may hide a certain quantity of the order to the market :

- Disclosed quantity: quantity of contracts 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 is only seen 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 is 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 order

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

g) A committed order must conform to the following criteria:

- Both the initial order and the opposing order must be entered at the same price.
- Both the initial order and the opposing order must be entered 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, between the best bid price and the best offer price.
- An opposing order meeting all criteria specified above must be entered before the close of the trading session during which the initial order was submitted or the initial order will be cancelled automatically.

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

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

6375 Allocation of tradeable orders
(25.09.00, 24.09.01, 29.10.01, [00.00.00](#))

a) Pre-opening / Pre-closing

During the pre-opening and pre-closing stages of the trading day, orders are entered but no trades are generated until the end of the stage. The electronic trading system will calculate the opening/ closing price.

The Calculated Theoretical-Opening price (CTO) represents the overlapping bid/ask price range that results in the maximum possible trade volume.

When there is more than one possible CTO at which the maximum volume is reached, the price with the lowest residual is used. Furthermore under the following conditions:

- if there is an imbalance on the buy side, the highest price is taken;
- if there is an imbalance on the sell side, the lowest price is taken;
- where the residuals are the same, the price which is closest to the previous settlement is taken.

~~Stop orders during Pre opening / Pre closing stages are treated as follows:~~

~~Stop limit orders [do not enter into](#) [can only participate in](#) the CTO calculation [once their trigger price has been reached](#). Each time a new CTO is determined, a stop order could get triggered and untriggered.~~

b) Market Session (Continuous Trading)

The electronic trading system allocates the tradeable orders [first on a price basis, and then](#) on a first in, first out basis (FIFO) except when part of the allocation is subject to an execution guarantee as defined by the Bourse.

6653 Variation to Position and Exercise Limits
(10.11.92, [00.00.00](#))

In the case of a stock split in the underlying interest:

- a) the [BourseExchange](#) may establish special position and exercise limits which may reflect the basis of the stock split, providing that
- b) the normal limits shall apply to the aggregate positions of all new option series of that class of options listed after the date of the split.

Prompt notice shall be given [through the issuance of a circular](#) for each new limit fixed by the [BourseExchange, by posting notice thereof on the bulletin board of the option trading floor and by notice to members](#).

6655 Report of Uncovered Short Positions
(28.09.82, 10.11.92, [00.00.00](#))

~~Upon request by the Bourse, an Approved Participant shall provide the Bourse with. Each member shall submit to the Exchange Chief Examiner~~ a report of the total uncovered short position in each option contract open for trading showing:

- a) the position carried by such ~~Approved Participant member or restricted permit holder~~ for its own account;
- b) the positions carried by such ~~Approved Participant member~~ for the account of clients;

~~provided that Approved Participants members shall not report positions carried for the accounts of other Approved Participants members where such members Approved Participants report the positions themselves. Such report shall be made as of the 15th of each month (or more frequently if required by the Exchange) and shall be submitted not later than the second business day following the date as of which the report is made.~~

6661 Recording of Telephone Conversations

(02.07.96, 07.09.99, 11.02.00, 00.00.00)

To ensure the integrity of the markets and resolve disputes regarding trades in ~~Listed Products~~ stœk options, bond options, index options and options on index participation units, the ~~Bourse~~ Exchange will record all telephone conversations of the Bourse's Market Operations Department regarding the trading of Listed Products ~~between persons authorized to communicate directly with the trading booths on the floor and the persons trading these products.~~

6662 Procedures for Consulting Recordings

(02.07.96, 07.09.99, 00.00.00)

- a) Authorization to consult the recordings of telephone conversations shall be granted in the case of an investigation by the ~~Bourse, Exchange or, the Autorité des marchés financiers Quebec Securities Commission or by any other~~ upon request by any competent government authority, regulatory body or self-regulatory organization or as prescribed by applicable law or regulation, by the valid order of a court, tribunal or by legal process with which the Bourse Exchange has concluded an information sharing agreement.
- b) Only persons authorized by the President and authorized representatives of the ~~Approved Participants member firms~~ Approved Participants member firms may listen to a recording.
- c) Before consulting a recording and only to the extent legally permissible, the ~~Exchange Bourse~~ Exchange shall notify the person concerned or its authorized representative, who may wish to be present during consultation, except in the case of an investigation ~~or when a situation warrants.~~
- d) In the case of litigation or in disciplinary matters, the recordings may be filed as evidence.
- e) Except for persons authorized by the President, all concerned persons or their authorized representative who wish to consult their recording must make a written request to the Director, ~~Market Futures Operations~~, of the ~~Exchange Bourse~~ Exchange explaining the reasons for the request. Upon approval, the authorized person may consult the recording in the presence of one of the authorized persons of the ~~Exchange Bourse~~ Exchange as per paragraph b).

- f) ~~Approved Participants~~Members must advise their clients of the recording process of telephone conversations and abide to the provisions of article 7452 of Rule Seven.

6672 Allocation of Exercise Notices
(10.11.92, ~~00.00.00~~)

Each ~~Approved Participant member~~ shall establish a fixed written procedure for the allocation of exercise notices assigned in respect of a short position in such member's clients' accounts. The procedure to be adopted may be on a "first in, first out" basis, on a random selection basis or another allocation method that is fair and equitable to the ~~Approved Participant~~member's clients. ~~In each case, the method shall be approved by the Exchange and shall not be thereafter changed without Exchange approval.~~

6680 Extraordinary Circumstances
(10.11.92, ~~00.00.00~~)

In the interest of keeping fair and orderly trading on the ~~Bourse~~Exchange and for the protection of both option holders and writers, the ~~Bourse~~Exchange may make special trading and settlement rules when an underlying Interest is involved in:

- a) a take-over bid under a circular, ~~or under Rule Twelve~~;
- b) a stock dividend, a share split or a consolidation;
- c) any other unforeseen events.

6816 ~~Off-Exchange Ex-Pit~~ Transfers of Existing Futures Contracts
(08.09.89, 07.09.99, ~~00.00.00~~)

- a) ~~Off-Exchange Pit~~ transfers of open futures contracts may be accomplished ~~other than on the Exchange Floor~~ only if there is no change in the beneficial ownership of the futures contracts, the members involved in the transfer are able to produce to the ~~Bourse~~Exchange upon request, all orders, records and memoranda pertaining thereto and the transfer either
 - i) is made at the request of the beneficial owner of the futures contracts from one member to another; or
 - ii) is made at the request of a member to another member; or
 - iii) is made to correct an error in clearing; or
 - iv) is made to correct an error in the recording of transactions in the members' books.
- b) Both members which are parties to an ~~off-exchange ex-pit~~ transfer pursuant to this article shall complete and submit to the designated Clearing Corporation such information evidencing the terms of the ~~off-exchange ex-pit~~ transfer as may be prescribed by the Clearing Corporation on the day on which such ~~off-exchange ex-pit~~ transfer is effected.

6819 Extraordinary Circumstances for shares futures contracts
(31.01.01, [00.00.00](#))

In order to keep fair and orderly trading on the [BourseExchange](#) and for the protection of both share futures buyers and sellers, the [BourseExchange](#) may make special trading and settlement rules when an underlying Interest is involved in:

- a) a take-over bid under a circular, ~~or under Rule Twelve~~;
- b) a stock dividend, a share split or a consolidation;
- c) any other unforeseen events.

Generally, no adjustments will be made for declared dividends, if any, on the underlying stocks.

6101 Qualifications
(10.10.91, 00.00.00)

Trading personnel of an Approved Participant must:

- a) be at least eighteen (18) years of age;
- b) be considered in all respects to be a suitable person for the privilege and responsibility of trading Listed Products;
- c) have completed the training requirements prescribed by the Bourse.

6213 Dissemination of Trades
(03.07.87, 10.10.91, 00.00.00)

All trades shall be disseminated through the market data feed after execution.

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

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

- a) Market order (best limit; bid/ask)
 - 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 at the price which the first part of the order was executed.
 - A Market order can only be entered during the Market Session (Continuous Trading).
 - 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:

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.

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.

 - Stop limit orders can only be entered as day orders.
- d) Opening / Closing price order (Market on Open and Market on Close):

Order by which a trader is the buyer or the seller of contracts at the opening / closing price 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. If an 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:

A trader may hide a certain quantity of the order to the market :

- Disclosed quantity: quantity of contracts 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 is only seen 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 is 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 order

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

g) A committed order must conform to the following criteria:

- Both the initial order and the opposing order must be entered at the same price.
- Both the initial order and the opposing order must be entered 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, between the best bid price and the best offer price.
- An opposing order meeting all criteria specified above must be entered before the close of the trading session during which the initial order was submitted or the initial order will be cancelled automatically.

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

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

6375 Allocation of tradeable orders
(25.09.00, 24.09.01, 29.10.01, 00.00.00)

a) Pre-opening / Pre-closing

During the pre-opening and pre-closing stages of the trading day, orders are entered but no trades are generated until the end of the stage. The electronic trading system will calculate the opening/ closing price.

The Calculated Theoretical-Opening price (CTO) represents the overlapping bid/ask price range that results in the maximum possible trade volume.

When there is more than one possible CTO at which the maximum volume is reached, the price with the lowest residual is used. Furthermore under the following conditions:

- if there is an imbalance on the buy side, the highest price is taken;
- if there is an imbalance on the sell side, the lowest price is taken;
- where the residuals are the same, the price which is closest to the previous settlement is taken.

Stop limit orders do not enter into the CTO calculation.

b) Market Session (Continuous Trading)

The electronic trading system allocates the tradeable orders first on a price basis, and then on a first in, first out basis (FIFO) except when part of the allocation is subject to an execution guarantee as defined by the Bourse.

6653 Variation to Position and Exercise Limits
(10.11.92, 00.00.00)

In the case of a stock split in the underlying interest:

- a) the Bourse may establish special position and exercise limits which may reflect the basis of the stock split, providing that
- b) the normal limits shall apply to the aggregate positions of all new option series of that class of options listed after the date of the split.

Prompt notice shall be given through the issuance of a circular for each new limit fixed by the Bourse.

6655 Report of Uncovered Short Positions
(28.09.82, 10.11.92, 00.00.00)

Upon request by the Bourse, an Approved Participant shall provide the Bourse with a report of the total uncovered short position in each option contract open for trading showing:

- a) the position carried by such Approved Participant for its own account;

- b) the positions carried by such Approved Participant for the account of clients;

provided that Approved Participants shall not report positions carried for the accounts of other Approved Participants where such Approved Participants report the positions themselves.

6661 Recording of Telephone Conversations
(02.07.96, 07.09.99, 11.02.00, 00.00.00)

To ensure the integrity of the markets and resolve disputes regarding trades in Listed Products, the Bourse will record all telephone conversations of the Bourse's Market Operations Department regarding the trading of Listed Products.

6662 Procedures for Consulting Recordings
(02.07.96, 07.09.99, 00.00.00)

- a) Authorization to consult the recordings of telephone conversations shall be granted in the case of an investigation by the Bourse, upon request by any competent government authority, regulatory body or self-regulatory organization or as prescribed by applicable law or regulation, by the valid order of a court, tribunal or by legal process.
- b) Only persons authorized by the President and authorized representatives of the Approved Participants may listen to a recording.
- c) Before consulting a recording and only to the extent legally permissible, the Bourse shall notify the person concerned or its authorized representative, who may wish to be present during consultation, except in the case of an investigation.
- d) In the case of litigation or in disciplinary matters, the recordings may be filed as evidence.
- e) Except for persons authorized by the President, all concerned persons or their authorized representative who wish to consult their recording must make a written request to the Director, Market Operations, of the Bourse explaining the reasons for the request. Upon approval, the authorized person may consult the recording in the presence of one of the authorized persons of the Bourse as per paragraph b).
- f) Approved Participants must advise their clients of the recording process of telephone conversations and abide to the provisions of article 7452 of Rule Seven.

6672 Allocation of Exercise Notices
(10.11.92, 00.00.00)

Each Approved Participant shall establish a fixed written procedure for the allocation of exercise notices assigned in respect of a short position in such member's clients' accounts. The procedure to be adopted may be on a "first in, first out" basis, on a random selection basis or another allocation method that is fair and equitable to the Approved Participant's clients.

6680 Extraordinary Circumstances
(10.11.92, 00.00.00)

In the interest of keeping fair and orderly trading on the Bourse and for the protection of both option holders and writers, the Bourse may make special trading and settlement rules when an underlying Interest is involved in:

- a) a take-over bid under a circular;
- b) a stock dividend, a share split or a consolidation;
- c) any other unforeseen events.

6816 Off-Exchange Transfers of Existing Futures Contracts
(08.09.89, 07.09.99, 00.00.00)

- a) Off-Exchange transfers of open futures contracts may be accomplished only if there is no change in the beneficial ownership of the futures contracts, the members involved in the transfer are able to produce to the Bourse upon request, all orders, records and memoranda pertaining thereto and the transfer either
 - i) is made at the request of the beneficial owner of the futures contracts from one member to another; or
 - ii) is made at the request of a member to another member; or
 - iii) is made to correct an error in clearing; or
 - iv) is made to correct an error in the recording of transactions in the members' books.
- b) Both members which are parties to an off-exchange transfer pursuant to this article shall complete and submit to the designated Clearing Corporation such information evidencing the terms of the off-exchange transfer as may be prescribed by the Clearing Corporation on the day on which such off-exchange transfer is effected.

6819 Extraordinary Circumstances for shares futures contracts
(31.01.01, 00.00.00)

In order to keep fair and orderly trading on the Bourse and for the protection of both share futures buyers and sellers, the Bourse may make special trading and settlement rules when an underlying Interest is involved in:

- a) a take-over bid under a circular;
- b) a stock dividend, a share split or a consolidation;
- c) any other unforeseen events.

Generally, no adjustments will be made for declared dividends, if any, on the underlying stocks.

15002 Definitions

(24.01.86, 22.04.88, 08.09.89, 19.01.95, 07.09.99, 00.00.00)

In this Rule, unless the subject matter or context otherwise require:

"Exchange"

means The Montreal Exchange.

"Clearing Corporation"

means the Canadian Derivatives Clearing Corporation (CDCC).

~~"Governing Committee"~~

~~—means the Governing Committee of the Exchange.~~

~~"Pit Committee"~~

~~—means a committee constituted by virtue of article 6821 of Rule Six.~~

"Business Day"

means a day when the Exchange is open for trading.

"Member"

means a Mercantile member or an Exchange member.

15819 Emergencies, Acts of God, Actions of Governments

(31.01.01, 00.00.00)

- a) In the eventuality that a delivery operation cannot be carried because of a strike, a fire, an accident, a Government action, an act of God or any other emergency situation, the holder of a buyer's position or a seller's position shall immediately notify the Exchange and the Clearing Corporation. In the eventuality that the Exchange or the Clearing Corporation finds that an immediate action is necessary, a special meeting of the Board of Directors ~~Governing Committee~~ shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties to futures contracts. If the Board of Directors ~~Governing Committee~~ decides that an Emergency situation is in progress, the Board of Directors ~~Governing Committee~~ shall take all necessary actions in the circumstances, and the decision of the ~~Governing Committee~~ Board of Directors shall bind all parties to the futures contract. The ~~Governing Committee~~ Board of Directors could, for instance, extend the delivery period or indicate a different location for delivery operations.
- b) In the eventuality the Board of Directors ~~where the Governing Committee~~ decides that a shortage of deliverable of Canadian shares issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The ~~Governing Committee~~ Board of Directors ~~may~~ could, for instance:
 - i) designate as a deliverable issue any other issue of the same issuer that does not meet the criteria in this Rule;

- ii) in addition to the normal delivery procedures, decide of a cash settlement based on the cash value of a Canadian share on the last day of trading.

15002 Definitions

(24.01.86, 22.04.88, 08.09.89, 19.01.95, 07.09.99, 00.00.00)

In this Rule, unless the subject matter or context otherwise require:

"Exchange"

means The Montreal Exchange.

"Clearing Corporation"

means the Canadian Derivatives Clearing Corporation (CDCC).

"Business Day"

means a day when the Exchange is open for trading.

"Member"

means a Mercantile member or an Exchange member.

15819 Emergencies, Acts of God, Actions of Governments

(31.01.01, 00.00.00)

- a) In the event that a delivery operation cannot be carried because of a strike, a fire, an accident, a Government action, an act of God or any other emergency situation, the holder of a buyer's position or a seller's position shall immediately notify the Exchange and the Clearing Corporation. In the event that the Exchange or the Clearing Corporation finds that an immediate action is necessary, a special meeting of the Board of Directors shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties to futures contracts. If the Board of Directors decides that an Emergency situation is in progress, the Board of Directors shall take all necessary actions in the circumstances, and the decision of the Board of Directors shall bind all parties to the futures contract. The Board of Directors could, for instance, extend the delivery period or indicate a different location for delivery operations.
- b) In the event the Board of Directors decides that a shortage of deliverable of Canadian shares issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors may, for instance:
 - i) designate as a deliverable issue any other issue of the same issuer that does not meet the criteria in this Rule;
 - ii) in addition to the normal delivery procedures, decide of a cash settlement based on the cash value of a Canadian share on the last day of trading.

PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING OPTIONS

1. OBJECTIVE

The objective of these procedures is to provide and facilitate the trading of strategies involving equity options for approved participants. For the purposes of these procedures, equity options also include options on indices, currencies and exchange-traded funds. Approved participants may create user-defined strategies (“**UDS**”) via individual trading terminals which allow customized strategies to be disseminated and traded. When not feasible, an approved participant must contact Bourse de Montréal Inc.’s (“**Bourse**”) Market Operations Department (“**MOD**”) at 1 866 576-8836 or 514 871-7877 for assistance in creating a UDS, or in presenting an options strategy to designated market makers and, when applicable, ensuring its manual execution in the Bourse’s trading system.

2. DESCRIPTION

Creation by Approved Participant

An approved participant requests the creation of a UDS instrument by sending a message to the Bourse’s trading system ~~in-through~~ any of the ~~supported~~ protocols supported by the Bourse(SAIL, FIX or STAMP). This message contains the parameters of the strategy the approved participant wishes to display.

Bourse will determine from time to time the strategy types that will be accepted by the UDS functionality, and will notify the market of such acceptance criteria.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast to the market via Bourse’s High Speed Vendor Feed, similar to the broadcast of any instrument. If the strategy is not accepted by the UDS functionality, an error message will be returned to the approved participant submitting the message.

A throttling mechanism is engaged in order to limit the number of strategy instruments created by an approved participant. Each approved participant is configured by MOD with a maximum number of instrument creation requests per trading day. Bourse will determine that maximum number depending on the capacity of its systems and will notify the market of such number. If the counter falls to zero, the approved participant is not able to create any new strategy instrument on that day. Conversely, the counter is credited if a newly created strategy instrument generates at least one trade during that trading session.

Creation by MOD

If an approved participant does not have the capability to create a UDS, the approved participant may contact the MOD and request the creation of the UDS. The UDS must conform to the acceptance criteria as determined by Bourse from time to time.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast to the market via the Bourse’s High Speed Vendor Feed, similar to the broadcast of any instrument.

In such cases, the MOD's assistance is limited to creating the UDS. Approved participants are responsible for entering orders.

Execution by MOD

If a strategy can not be created and broadcasted using the UDS because the strategy type is not accepted by Bourse, or because the approved participant does not have the capability to create and place orders on a UDS, the approved participant may submit a strategy order using the following procedure:

- A) The approved participant must contact the MOD and indicate its option strategy. The information provided must include the option series involved, the quantity ratio, the price and the total quantity of the order. Approved participants must have received and time-registered their order prior to contacting the MOD. If the intended strategy includes an equity leg, the approved participant must also indicate the reference price of the underlying interest and the number of shares to be executed in the strategy.
- B) The MOD will contact qualifying market makers assigned to the option class. A qualifying market maker is defined as a market maker that is showing a bid/ask market no wider than the no-bust range of that instrument, with a minimum of ten contracts per side. The MOD will respect the following procedure:
 - (i) For strategies involving less than 50 contracts per leg, market makers will be contacted individually as their turn comes up, according to a rotation kept by the MOD;
 - (ii) For strategies involving between 50 and 99 contracts per leg, market makers will be contacted by groups of two, according to their rank on the rotation;
 - (iii) For strategies involving 100 contracts or more per leg, all qualifying market makers will be contacted.

In the event that a strategy is comprised of multiple legs, the MOD will take into account the option with the furthest expiry to determine which participating market makers will be contacted. Qualifying market makers will be contacted and shown the strategy as submitted by the approved participant. If the market maker(s) accepts the prices provided by the MOD, the transaction will be entered and broadcast to all relevant parties (approved participants, market makers, and stock exchange, if necessary).

- C) The market makers may provide responding bids, offers and quantities:
 - (i) If market makers choose to participate on the strategy, they must be willing to trade all parts inherent to the transaction (all series, shares) but they will not be obligated to trade the entire quantity
 - (ii) If a particular market maker is not available within 15 seconds of the market supervisor of the MOD initiating the telephone call, no additional attempts to contact him will be made. The market maker should provide an answer to the MOD within approximately 30 seconds of the strategy description given by the MOD. Allowance will be made for a longer response time in the case of a particularly complex strategy. If all attempts fail the order will be rejected.

- D) In some situations where the strategy can not be executed, the MOD may inform the approved participant of the best corresponding bid/offer as well as the corresponding quantities obtained by market makers. Once the details of the transaction are negotiated and confirmed, information on the transaction will be entered into the Bourse's trading system by the MOD and broadcast to the marketplace. The strategy trade will be broadcast via the Bourse's Web site and the leg prices and volumes will be disseminated via the Bourse's data feed. If the transaction includes an equity leg and the option leg has been executed, the MOD will submit the equity portion of the strategy to the venue where the equity is traded.

Execution of Cross Transaction on Strategies Involving Options

- 1) Cross Transactions with a 50% guaranteed minimum will not be accepted electronically – Please refer to the *Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions*.
- 2) Cross transactions on equity options strategies **without** a 50% guaranteed minimum will be accepted electronically - Please refer to the *Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions*.

PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING OPTIONS

1. OBJECTIVE

The objective of these procedures is to provide and facilitate the trading of strategies involving equity options for approved participants. For the purposes of these procedures, equity options also include options on indices, currencies and exchange-traded funds. Approved participants may create user-defined strategies (“**UDS**”) via individual trading terminals which allow customized strategies to be disseminated and traded. When not feasible, an approved participant must contact Bourse de Montréal Inc.’s (“**Bourse**”) Market Operations Department (“**MOD**”) at 1 866 576-8836 or 514 871-7877 for assistance in creating a UDS, or in presenting an options strategy to designated market makers and, when applicable, ensuring its manual execution in the Bourse’s trading system.

2. DESCRIPTION

Creation by Approved Participant

An approved participant requests the creation of a UDS instrument by sending a message to the Bourse’s trading system through any of the protocols supported by the Bourse. This message contains the parameters of the strategy the approved participant wishes to display.

Bourse will determine from time to time the strategy types that will be accepted by the UDS functionality, and will notify the market of such acceptance criteria.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast to the market via Bourse’s High Speed Vendor Feed, similar to the broadcast of any instrument. If the strategy is not accepted by the UDS functionality, an error message will be returned to the approved participant submitting the message.

A throttling mechanism is engaged in order to limit the number of strategy instruments created by an approved participant. Each approved participant is configured by MOD with a maximum number of instrument creation requests per trading day. Bourse will determine that maximum number depending on the capacity of its systems and will notify the market of such number. If the counter falls to zero, the approved participant is not able to create any new strategy instrument on that day. Conversely, the counter is credited if a newly created strategy instrument generates at least one trade during that trading session.

Creation by MOD

If an approved participant does not have the capability to create a UDS, the approved participant may contact the MOD and request the creation of the UDS. The UDS must conform to the acceptance criteria as determined by Bourse from time to time.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast to the market via the Bourse’s High Speed Vendor Feed, similar to the broadcast of any instrument.

In such cases, the MOD's assistance is limited to creating the UDS. Approved participants are responsible for entering orders.

Execution by MOD

If a strategy can not be created and broadcasted using the UDS because the strategy type is not accepted by Bourse, or because the approved participant does not have the capability to create and place orders on a UDS, the approved participant may submit a strategy order using the following procedure:

- A) The approved participant must contact the MOD and indicate its option strategy. The information provided must include the option series involved, the quantity ratio, the price and the total quantity of the order. Approved participants must have received and time-registered their order prior to contacting the MOD. If the intended strategy includes an equity leg, the approved participant must also indicate the reference price of the underlying interest and the number of shares to be executed in the strategy.
- B) The MOD will contact qualifying market makers assigned to the option class. A qualifying market maker is defined as a market maker that is showing a bid/ask market no wider than the no-bust range of that instrument, with a minimum of ten contracts per side. The MOD will respect the following procedure:
 - (i) For strategies involving less than 50 contracts per leg, market makers will be contacted individually as their turn comes up, according to a rotation kept by the MOD;
 - (ii) For strategies involving between 50 and 99 contracts per leg, market makers will be contacted by groups of two, according to their rank on the rotation;
 - (iii) For strategies involving 100 contracts or more per leg, all qualifying market makers will be contacted.

In the event that a strategy is comprised of multiple legs, the MOD will take into account the option with the furthest expiry to determine which participating market makers will be contacted. Qualifying market makers will be contacted and shown the strategy as submitted by the approved participant. If the market maker(s) accepts the prices provided by the MOD, the transaction will be entered and broadcast to all relevant parties (approved participants, market makers, and stock exchange, if necessary).

- C) The market makers may provide responding bids, offers and quantities:
 - (i) If market makers choose to participate on the strategy, they must be willing to trade all parts inherent to the transaction (all series, shares) but they will not be obligated to trade the entire quantity
 - (ii) If a particular market maker is not available within 15 seconds of the market supervisor of the MOD initiating the telephone call, no additional attempts to contact him will be made. The market maker should provide an answer to the MOD within approximately 30 seconds of the strategy description given by the MOD. Allowance will be made for a longer response time in the case of a particularly complex strategy. If all attempts fail the order will be rejected.

- D) In some situations where the strategy can not be executed, the MOD may inform the approved participant of the best corresponding bid/offer as well as the corresponding quantities obtained by market makers. Once the details of the transaction are negotiated and confirmed, information on the transaction will be entered into the Bourse's trading system by the MOD and broadcast to the marketplace. The strategy trade will be broadcast via the Bourse's Web site and the leg prices and volumes will be disseminated via the Bourse's data feed. If the transaction includes an equity leg and the option leg has been executed, the MOD will submit the equity portion of the strategy to the venue where the equity is traded.

Execution of Cross Transaction on Strategies Involving Options

- 1) Cross Transactions with a 50% guaranteed minimum will not be accepted electronically – Please refer to the *Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions*.
- 2) Cross transactions on equity options strategies **without** a 50% guaranteed minimum will be accepted electronically - Please refer to the *Procedures Applicable to the Execution of Cross Transactions and the Execution of Prearranged Transactions*.

PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING FUTURES AND OPTIONS ON FUTURES

1. OBJECTIVE

The objective of these procedures is to provide for and facilitate the trading of strategies involving futures contracts and options on futures contracts from the same product group, .i.e. contracts with the same underlying (“**Intra-Group Strategies**”) as well as from different product groups, .i.e. contracts with different underlyings (“**Inter-Group Strategies**”). Strategies involving futures contracts and options contracts on such futures contracts are Inter-Group Strategies. Approved participants may create user-defined Intra-Group or Inter-Group Strategies (each, a “**UDS**”) via individual trading terminals which allow for customized strategies to be disseminated and traded. When not feasible, an approved participant must contact Bourse de Montréal inc. (“**Bourse**”) Market Operations Department (“**MOD**”) at 1 888 693-6366 or 514 871-7871 for assistance in creating a UDS.

2. DESCRIPTION

Creation by Approved Participant

An approved participant requests the creation of a UDS instrument by sending a message to the Bourse’s trading system ~~in-through~~ any of the ~~supported~~ protocols supported by the Bourse(SAIL, FIX or STAMP). This message contains the parameters of the strategy the approved participant wishes to display.

Bourse will determine from time to time the strategy types that will be accepted by the UDS functionality, and will notify the market of such acceptance criteria.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast in real time to the market via Bourse’s High Speed Vendor Feed, similar to the broadcast of any instrument. If the strategy is not accepted by the UDS functionality, an error message will be returned to the approved participant submitting the message.

A throttling mechanism is engaged in order to limit the number of strategy instruments created by an approved participant. Each approved participant is configured by MOD with a maximum number of instrument creation requests per trading day. Bourse will determine that maximum number depending on the capacity of its systems and will notify the market of such number. If the counter falls to zero, the approved participant is not able to create any new strategy instrument on that day. Conversely, the counter is credited if a newly created strategy instrument generates at least one trade during that trading session.

Creation by MOD

If an approved participant does not have the capability to create a UDS, the approved participant may contact the MOD and request the creation of the UDS. The UDS must conform to the acceptance criteria as determined by Bourse from time to time.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast to the market via the Bourse's High Speed Vendor Feed, similar to the broadcast of any instrument.

In such cases, the MOD's assistance is limited to creating the UDS. Approved participants are responsible for entering orders.

PROCEDURES APPLICABLE TO THE EXECUTION OF STRATEGIES INVOLVING FUTURES AND OPTIONS ON FUTURES

1. OBJECTIVE

The objective of these procedures is to provide for and facilitate the trading of strategies involving futures contracts and options on futures contracts from the same product group, .i.e. contracts with the same underlying (“**Intra-Group Strategies**”) as well as from different product groups, .i.e. contracts with different underlyings (“**Inter-Group Strategies**”). Strategies involving futures contracts and options contracts on such futures contracts are Inter-Group Strategies. Approved participants may create user-defined Intra-Group or Inter-Group Strategies (each, a “**UDS**”) via individual trading terminals which allow for customized strategies to be disseminated and traded. When not feasible, an approved participant must contact Bourse de Montréal inc. (“**Bourse**”) Market Operations Department (“**MOD**”) at 1 888 693-6366 or 514 871-7871 for assistance in creating a UDS.

2. DESCRIPTION

Creation by Approved Participant

An approved participant requests the creation of a UDS instrument by sending a message to the Bourse’s trading system through any of the protocols supported by the Bourse. This message contains the parameters of the strategy the approved participant wishes to display.

Bourse will determine from time to time the strategy types that will be accepted by the UDS functionality, and will notify the market of such acceptance criteria.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast in real time to the market via Bourse’s High Speed Vendor Feed, similar to the broadcast of any instrument. If the strategy is not accepted by the UDS functionality, an error message will be returned to the approved participant submitting the message.

A throttling mechanism is engaged in order to limit the number of strategy instruments created by an approved participant. Each approved participant is configured by MOD with a maximum number of instrument creation requests per trading day. Bourse will determine that maximum number depending on the capacity of its systems and will notify the market of such number. If the counter falls to zero, the approved participant is not able to create any new strategy instrument on that day. Conversely, the counter is credited if a newly created strategy instrument generates at least one trade during that trading session.

Creation by MOD

If an approved participant does not have the capability to create a UDS, the approved participant may contact the MOD and request the creation of the UDS. The UDS must conform to the acceptance criteria as determined by Bourse from time to time.

The UDS functionality will validate that the strategy created is among those that are accepted by the system. If accepted, the newly created strategy instrument will be broadcast to the market via the Bourse's High Speed Vendor Feed, similar to the broadcast of any instrument.

In such cases, the MOD's assistance is limited to creating the UDS. Approved participants are responsible for entering orders.