



**CIRCULAR 161-20**  
September 21, 2020

**SELF-CERTIFICATION**

**AMENDMENTS TO ARTICLE 6.201 OF THE RULES OF BOURSE DE MONTREAL INC. TO UPDATE THE AVERAGE PRICE TRANSACTIONS SECTION**

On March 17, 2020, the Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) approved amendments to article 6.201 of the Rules of the Bourse in order to adapt its content to an electronic trading model and to introduce a new Average Price Service that will be offered by the Bourse. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached herewith will become effective on **September 30, 2020**, after market close. Please note that the revised articles will also be available on the Bourse’s website ([www.m-x.ca](http://www.m-x.ca)).

The amendments described in the present circular were published for public comment by the Bourse on April 20, 2020 (see circular [063-20](#)). Further to the publication of this circular, no comment was received by the Bourse.

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## PROPOSED MODIFICATIONS

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*Blackline version*

### Article 6.201 Average Price Transactions

- (a) Approved Participants, at the request of a client, may accumulate a Futures Derivative Instrument position in an inventory account and transfer this position to the Client Account at an average price. Such transfer must be done through the Average Price Service functionality offered by the Bourse, or alternatively, submitted by Approved Participants using an average price calculated through a proprietary average pricing system. This may only be done if the Approved Participant has a firm time-stamped order from the client before accumulating the position.
- (b) The Bourse requires that confirmations to clients of average price Trades must indicate that the Transaction price is an average price. The Approved Participant must be able to provide clients with full details of the execution of the Transaction in a timely manner. Approved Participants must also maintain records of each individual Trade and of the transfer, which must be available to both the client and regulatory authorities on request.
- ~~(b)(c) This procedure is required to ensure that the transfer of position does not represent a change in beneficial interest (i.e., the client is the beneficial owner of the Derivative Instruments in the inventory account at all times).~~
- ~~(e) If an Approved Participant has a firm time-stamped client order and accumulates Futures in an inventory account for administrative purposes only, the transfer of the position to the client must be done through Over-the-counter Trade (OTC). This procedure is required to ensure that the unwinding does not represent a change in beneficial interest (i.e., the client is the beneficial owner of the Futures in the inventory account at all times). However, if an Approved Participant accumulates a position based on an indication of interest from the client, the transfer of the position to the Client Account must result in a Transaction on the Electronic Trading System.~~
- ~~(d) The date used on the client's confirmation shall be the date of the unwinding, provided that the client requested an average price. Approved Participants must, however, maintain records of each individual Trade and of the transfer, which must be available to both the client and regulatory authorities on request.~~

**Article 6.201 Average Price Transactions**

- (a) Approved Participants, at the request of a client, may accumulate a Derivative Instrument position in an inventory account and transfer this position to the Client Account at an average price. Such transfer must be done through the Average Price Service functionality offered by the Bourse, or alternatively, submitted by Approved Participants using an average price calculated through a proprietary average pricing system.
- (b) The Bourse requires that confirmations to clients of average price Trades must indicate that the Transaction price is an average price. The Approved Participant must be able to provide clients with full details of the execution of the Transaction in a timely manner. Approved Participants must also maintain records of each individual Trade and of the transfer, which must be available to both the client and regulatory authorities on request.
- (c) This procedure is required to ensure that the transfer of position does not represent a change in beneficial interest (i.e., the client is the beneficial owner of the Derivative Instruments in the inventory account at all times).