

Technical Notice **14-001**

TO: Montréal Exchange Participants & Vendors
FROM: Market Access Manager
SUBJECT: Restricting Position Opening Order Function
DATE: January 23, 2014

The purpose of this notice is to inform all participants that the Montréal Exchange Inc. (MX) will introduce a new function that will restrict participants to enter open position orders when activated by the MX (referred as a “Restricting Position Opening Order” function). The activation date is planned for Monday, April 28.

FUNCTION OVERVIEW - RESTRICTING POSITION OPENING ORDER

The MX is establishing a new mechanism to prevent the creation of new positions. When activated by the MX, this function will reject any incoming order or modification of orders flagged with an “open” position identifier. The MX will be able to activate this function on a firm level or on a specific instrument group. The MX will enable this function under the following circumstances:

- 1- When an equity option class announces a corporate action and the MX needs to restrict adjusted series to closing position only.
- 2- Upon request from the Canadian Derivatives Clearing Corporation (CDCC), if a/an (foreign) approved participant’s Clearing Member is in default, the MX may be required to only permit the participant from entering closing positions.

For strategy orders, each leg instrument is processed independently. Therefore, if one of the legs fails the validation, the strategy order is rejected.

CLEARING DATA for OPEN/CLOSE FIELD per PROTOCOL

PROTOCOL	FIELD NAME	FIELD TYPE
SAIL	Open/Close	Open/Close

PROTOCOL	FIELD NAME	TAG
FIX	Open/Close	77

PROTOCOL	FIELD IDENTIFIER	OptionsPosition
STAMP	485	“O” or “C”

This will not require any certification from participants and ISVs; however, a new error code will be generated when an order is rejected by the activation of the Restricting Position Opening Order function.

NEW REJECT MESSAGES

NEW ERROR CODE	ERROR TEXT
0513	Instrument allows only closing Orders
0514	Instrument Legs allow only Closing Orders
0516	Privileges are limited to Closing Orders only

GENERAL TEST ENVIRONMENT (GTE)

The function will be activated on Friday, February 28, 2014 for participants who would like to validate the new error code in the GTE environment.

The following two classes will be disabled for open order entry.

Class name	Instrument group ID
Barrick Gold Corporation	ABX
BlackBerry Limited	BB

Application testing and support is available Mondays through Fridays, from 8:00 AM (EST) to 16:30 PM (EST). After-hours testing is available without support on Mondays through Fridays, from 16:30 PM (EST) to 22:30 PM (EST).

CONTACT INFORMATION

For additional information on this notice or if you require technical assistance, please contact the Technical Help Desk.

TECHNICAL HELP DESK	
Toll-Free	1- 877-588-8489
Local	514-877-7872
E-mail	samsupport@m-x.ca

We thank you for your cooperation.

Market Access Manager