

<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 063-16**

May 18, 2016

(Updated January 15, 2019)<sup>1</sup>

**LARGE OPEN POSITION REPORTING – FREQUENTLY ASKED QUESTIONS  
(LOPR FAQ)**

This circular is intended to provide approved participants of Bourse de Montréal Inc. (the “Bourse”) and clients of approved participants with an outline of its current Large Open Position Reporting (“LOPR”) requirements. This information is being provided in the form of a list of frequently asked questions (“FAQ”) regarding the compulsory use of the LOPR mechanism.

The following FAQ page is available in the LOPR section of the Regulatory Division of the Bourse website (<https://reg.m-x.ca/en/regulatory/lopr>) and may be updated periodically.

**1- What is daily LOPR reporting?**

The Regulatory Division of the Bourse (the “Division”) monitors the accumulation of large open positions in derivative instruments listed on the Bourse.

Pursuant to article 6.500<sup>2</sup> of the Rules of the Bourse , all approved participants must submit to the Division, on a daily basis, records related to the accumulation in their own account or for their clients’ accounts of large open positions held in derivative instruments listed on the Bourse ([http://reg.m-x.ca/en/approval/approved\\_participant](http://reg.m-x.ca/en/approval/approved_participant)) (See question 5 for more information).

To report such open positions, approved participants of the Bourse are required to use an electronic mechanism called the Large Open Position Reporting tool (the “LOPR tool”). This tool ensures the accuracy, confidentiality and systematic transmission of the required information to the Division.

The *Report Date* must correspond to the day for which the position reports have been compiled. For example, if the position report reflects positions at the end of the trading day on April 2, the *Report Date* must be April 2 (See section **3.3 – Position Submission Time of the**

<sup>1</sup> Updated to modify references to the Rules of the Bourse following the publication of the new version of the Rules, effective January 1, 2019

<sup>2</sup> Formerly Article 14102

**Large Open Position Reporting – LOPR Regulatory Requirements Guide** (the “LOPR Guide”).

## **2- What information is monitored by the Regulatory Division for LOPR?**

The Division requires information to identify the beneficial owners of the positions submitted by the approved participants. This mandatory information includes name, address, account number(s), related corporate or trust accounts, unique identifier (an LEI or, if not available, another unique identifier that may be created by the approved participant to aggregate positions belonging to the same beneficial owner possessing multiple accounts held at that approved participant) and the details of the Bourse’s listed derivative instrument(s) held in the reported account(s). The details of the derivative instrument(s) must include which instrument(s) is (are) held, the quantity and side of the market (buy or sell). All positions reported to the Bourse must be reported on a gross basis.

Please note that netting is not permitted.

A complete list of the required information is available in article 6.500 of the Rules of the Bourse (*Reports of Accumulated Positions*).

## **3- What are the possible consequences if an approved participant refuses to submit certain LOPR required information to the Regulatory Division?**

If an approved participant refuses to submit certain LOPR information, the Division may undertake measures against this approved participant, including disciplinary measures, when it deems justified to do so under the circumstances.

## **4- Are all open positions in derivative instruments listed on the Bourse systematically reported daily to the Division?**

No. Only open positions that exceed the reporting thresholds as described in article 6.500 of the Rules of the Bourse are systematically reported. However, when none of the reporting thresholds prescribed by the Bourse have been exceeded for each of these derivative instruments, a report must be filed confirming that there are no positions to be reported.

## **5- Is the confidential information collected by the Division stored in a secure manner?**

LOPR related information is securely transmitted to the Division via a Virtual Private Network or dedicated line (which automatically protects the information), thus avoiding the conventional and less secure internet infrastructure. Once the transmitted information is in its possession, the Division ensures that the information is securely stored at all times and that the data network architecture supports firewalls preventing unauthorized access. Access to the information within the Division is restricted to defined personnel from the Regulatory Division.

## **6- What happens if an approved participant incorrectly submits or submits an incomplete LOPR report?**

It is the approved participant's responsibility to ensure the LOPR reports are submitted in a prescribed manner by means of the LOPR tool. The LOPR reports must be filed by the prescribed deadline and the information provided must be complete and accurate. In cases where the approved participant realizes, after the reporting deadline, that incorrect or incomplete LOPR information was transmitted to the Bourse, then, the LOPR data or corrections must be submitted through the LOPR Notification Portal (<https://lopr.m-x.ca>) as per the requirements of article 6.500.

The purpose of the LOPR Notification Portal (the "Portal") is to provide participants of the Bourse and their LOPR delegates a user-friendly and secure alternative to communicate issues relating to the submission of Reports of Accumulated Positions, as described in article 6.500.

The Portal is not in any way a replacement of the prescribed manner for which LOPR reports must be submitted to the Bourse on a daily basis. The Portal is only to be used as an alternative or to provide supplemental information in the following circumstances:

- Corrections<sup>3</sup> for erroneous or incomplete LOPR reports that have met the prescribed reporting deadline;
- Technical issues prevent the transmission in the usual prescribed manner; and/or
- When the prescribed deadline has been missed.

In addition, the Portal should be used to notify the Division when a LOPR unique identifier is being modified.

The Portal will also enable Bourse participants who have delegated their LOPR reporting task to a third party to view the latter's LOPR report transmissions and corrections that have been completed through the Portal.

The Portal, located at (<https://lopr.m-x.ca>), includes the use of login credentials, drop down menus, reference numbers, and mandatory/conditional fields. The "smart form" is interactive and intuitive. A guide for "Administrators" and "Users" of the Portal is also available ([https://reg.m-x.ca/pdf/lopr\\_portal\\_guide\\_en.pdf](https://reg.m-x.ca/pdf/lopr_portal_guide_en.pdf)).

If an approved participant fails to submit or incorrectly submits a LOPR report, or fails to notify the Division of any erroneous or incomplete LOPR submissions, the Division may impose fees and/or take other action, including disciplinary measures, when it deems justified to do so under the circumstances.

---

<sup>3</sup> For the purposes of this document, corrections are restricted to erroneous or incomplete LOPR account records or position records provided for a given reporting day. This excludes any information regarding position transfers occurring after the reporting deadline is reached (such as trade breaks, allocation errors, reconciliation, and out trades).

## **7- Who should be contacted for any LOPR related questions?**

Employees of Participants may contact their compliance department or the Regulatory Division of the Bourse at [LOPR@tmx.com](mailto:LOPR@tmx.com) for regulatory-related questions and the Bourse's Technical Help Desk at [samsupport@tmx.com](mailto:samsupport@tmx.com) for questions of a technical nature.

## **8- Should inactive accounts be deleted from the LOPR account records?**

The Division does not require an approved participant to file a report confirming that there are no positions to be reported for inactive accounts. While there is no regulatory requirement to delete inactive accounts in the LOPR accounts records, the Division highly recommends deleting inactive accounts as a best practice.

## **9- How are inactive accounts deleted?**

Approved participants should contact the Technical Help Desk at [samsupport@tmx.com](mailto:samsupport@tmx.com) to obtain the "*Position Report Manager User Guide for Approved Participants*" which explains how to delete inactive accounts in LOPR.

## **10- When should correction files be submitted?**

Approved participants are required to submit accurate LOPR reports on a daily basis by the reporting deadline as prescribed by the Rules of the Bourse.

On occasions where the prescribed submission deadline has not been met or the approved participant realizes, after the reporting deadline has been reached, that incorrect or incomplete LOPR information was transmitted to the Bourse, then, the LOPR data or corrections must be submitted through the LOPR Notification Portal (<https://lopr.m-x.ca>).

The LOPR Notification Portal (the Portal) is not in any way a replacement of the prescribed manner for which LOPR reports must be submitted to the Bourse on a daily basis. The Portal is to be used as an alternative or to provide supplemental information in the following circumstances:

- To provide corrections<sup>4</sup> for erroneous or incomplete LOPR reports that have met the prescribed reporting deadline;
- To provide the LOPR report when technical issues prevent its transmission in the usual prescribed manner;
- To provide the LOPR report when the prescribed deadline has been missed;

---

<sup>4</sup> For the purposes of this document, corrections are restricted to erroneous or incomplete LOPR account records or position records provided for a given reporting day. This excludes any information regarding position transfers occurring after the reporting deadline is reached (trade breaks, allocation errors, reconciliation, out trades).

- To provide corrections for erroneous or incomplete LOPR reports that have not met the prescribed reporting deadline;
- To notify the Division when a LOPR unique identifier is being modified.

The Portal will also enable Bourse participants who have delegated their LOPR reporting task to a third party to view the latter's LOPR report transmissions or corrections that have been done through the Portal.

The Portal, located at (<https://lopr.m-x.ca>), includes the use of login credentials, drop down menus, reference numbers, and mandatory/conditional fields. The "smart form" is interactive and intuitive. A guide for "Administrators" and "Users" of the Portal is also available ([https://reg.m-x.ca/pdf/lopr\\_portal\\_guide\\_en.pdf](https://reg.m-x.ca/pdf/lopr_portal_guide_en.pdf)).

If an approved participant fails to correctly submit LOPR reports, or to notify the Division of erroneous or incomplete LOPR submissions, the latter may impose fees and/or take other measures, including disciplinary measures, when it deems justified to do so under the circumstances. The recommendation of the Division is not to submit a new LOPR file, detailing the errors and corrections after the 9 a.m. deadline, but rather submit an accurate file the next reporting day.

In sum, corrections resulting from position transfers or position adjustments occurring after the reporting deadline is reached (trade breaks, allocation errors, reconciliation, out trades) do not require a participant to file correction files. The reporting of LOPR corrections files should be restricted to erroneous or incomplete LOPR account records or position records provided for a given reporting day.

#### **11- How should an approved participant submit their positions if they are experiencing a system failure?**

The Division has provided a LOPR Notification Portal (<https://lopr.m-x.ca>) to be used in such instances. The LOPR Notification Portal is not in any way a replacement of the prescribed manner in which LOPR reports must be submitted to the Bourse on a daily basis. The Portal is to be used as an alternative conduit whenever the LOPR tool is unavailable.

If a participant experiences technical issues, the AP should immediately contact the Technical Help Desk at [samsupport@tmx.com](mailto:samsupport@tmx.com).

#### **12- How can an approved participant who has delegated the LOPR reporting task to a third party verify if the delegate is performing the task correctly?**

It is the responsibility of the approved participant to ensure that their LOPR duties are being fulfilled, whether by its own back office, or that of its delegate. The approved participant must take the appropriate actions and integrate sufficient measures to confirm the LOPR reports are being sent out accurately and completely. The Portal will enable you to view your third party's LOPR report transmissions and corrections that have been done through LOPR.

For more information, contact the Regulatory Division by telephone at 514-787-6530, toll-free at 1-800-361-5353, ext. 46530, or by email at [info.mxr@tmx.com](mailto:info.mxr@tmx.com).

Brian Z. Gelfand  
Vice-President and Chief Regulatory Officer