

**RULE FIFTEEN  
FUTURES CONTRACTS SPECIFICATIONS**

**Section 15001 - 15050  
General Provisions**

**15001 Scope of Rule**

(24.01.86, 22.04.88, 08.09.89, 16.04.92, 19.01.95, 07.09.99, 31.01.01, 14.06.02, 03.05.04, 16.11.07, 30.05.08, 15.05.09, 18.06.10)

This Rule is limited in application to futures trading of the following instruments:

- a) the overnight repo rate;
- b) 1-month Canadian bankers' acceptance;
- c) 3-month Canadian bankers' acceptance;
- d) 2-year Government of Canada Bond;
- e) 5-year Government of Canada Bond;
- f) 10-year Government of Canada Bond;
- g) 30-year Government of Canada Bond;
- h) the S&P/TSX 60 Index;
- i) the S&P/TSX Composite Index;
- j) designated S&P/TSX sectorial indices;
- k) Canadian and International stocks;
- l) Carbon dioxide equivalent (CO<sub>2</sub>e) units;
- m) Canadian Crude Oil.

The procedures for dealing with clients, trading, clearing, settlement, delivery and any other matters not specifically covered herein shall be governed by the regulations of the Bourse and the General Regulations of the clearing corporation.

**15002 Definitions**

(24.01.86, 22.04.88, 08.09.89, 19.01.95, 07.09.99)

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.

**15003 Specifications**

(24.01.86, 22.04.88, 05.09.89, 16.04.92, 05.08.97, 07.09.99, 22.12.99, 31.01.01, 29.04.02, 14.06.02, 03.05.04, abr. 24.07.06)

**Section 15051 - 15300****North American Lumber Futures**

(abr. 19.01.95)

**Section 15301 - 15450****Gold Futures**

(abr. 19.01.95)

**Section 15501 -15600****Canadian Bankers' Acceptance Futures****Sub-section 15501 - 15550****Specific Trading Provisions****15501 Contract Months**

(22.04.88, 16.04.92, 11.03.98)

The contract months for trading in Canadian bankers' acceptance futures contracts shall be as indicated in article 6804 of Rules Six of the Exchange.

**15502 Trading Hours**

(22.04.88, 08.09.89, abr. 06.01.03)

**15503 Trading Unit**

(22.04.88, 16.04.92)

a) The unit of trading for the one-month Canadian bankers' acceptance futures shall be:

a bankers' acceptance having a nominal value of CAN\$3,000,000 with a one-month maturity.

b) The unit of trading for the 3-month Canadian bankers' acceptance futures shall be:

a bankers' acceptance having a nominal value of CAN\$1,000,000 with a three-month maturity.

**15504 Currency**  
(22.04.88)

Trading, clearing and settlement shall be in Canadian dollars.

**15505 Price Quotation**  
(22.04.88, 16.04.92)

- a) Bids and offers for one-month Canadian bankers' acceptance futures shall be quoted in terms of an Index equal to 100 minus the yield of a one-month Canadian bankers' acceptance on an annual basis for a 365-day year.
- b) Bids and offers for 3-month Canadian bankers' acceptance futures shall be quoted in terms of an Index equal to 100 minus the yield of a 3-month Canadian bankers' acceptance on an annual basis for a 365-day year.

**15506 Price Fluctuation Unit**  
(22.04.88, 08.09.89, 15.10.02)

The price fluctuation unit shall be as defined in article 6807 of the Rules.

**15507 Daily Price Limit**  
(22.04.88)

There shall be no daily price limit.

**15508 Position Limits**  
(22.04.88, 08.09.89, 30.12.93, 07.04.94, 20.06.03, 15.05.09)

The maximum number of net long or net short positions in all contract months combined in Canadian bankers' acceptance futures contracts which a person may own or control in accordance with article 14157 shall be as follows:

the greater of 4,000 contracts or of such a limit to be established and published on a monthly basis by the Bourse based on 20% of the average daily open interest for all Canadian bankers' acceptance futures contracts during the preceding three calendar months

or such other position limits as may be determined by the Bourse.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all approved participants or clients, if deemed necessary.

For positions involving options on Canadian Bankers' Acceptance Futures, this rule is superseded by article 6651.

**15509 Position Reporting Threshold**

(22.04.88, 15.05.09)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 300 Canadian bankers' acceptance futures contracts, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

**15510 Delivery**

(22.04.88, 14.06.02)

Delivery of the Canadian bankers' acceptance futures contract shall be by cash settlement. The settlement procedures for same are stipulated at Sub-Sections 15551 to 15600 of the present Rule.

**15511 Margin Requirements**

(22.04.88, 13.07.92, 19.10.93, 09.03.99, abr. 01.01.05)

**Sub-section 15551 - 15600  
Settlement Procedures**

**15551 Settlement Date**

(16.04.92)

The settlement date of a given contract month shall be the first business day following the last day of trading in the contract month.

**15552 Cash Settlement Procedures**

(16.04.92, 06.09.96, 16.10.97, 15.10.02)

In the case of one-month and 3-month Canadian bankers' acceptance futures:

- a) The Final Settlement Price as determined below by the Bourse shall be used to settle all open Canadian bankers' acceptance futures:
- on the last day of trading and at the time of termination of trading, the Bourse shall determine the Reference one-month and the Reference 3-month Bankers' Acceptance Rate (yield);
  - final Settlement Price for one-month Canadian Bankers' Acceptance futures contracts shall be 100 minus the Reference one-month Bankers' Acceptance Rate;
  - final Settlement Price for 3-month Canadian Bankers' Acceptance futures contracts shall be 100 minus the Reference 3-month Bankers' Acceptance Rate;
  - Reference one-month and Reference 3-month Bankers' Acceptance Rate:
    - i) means the arithmetic mean rounded to the nearest 1/1000<sup>th</sup> of a percentage point, (decimal fraction ending in a five (5) or higher shall be rounded up) of the quotations of the bid rates, after elimination of the highest and the lowest quotations, expressed as an annual rate of interest (yield), for the underlying Canadian Bankers' Acceptances determined by the Bourse at 10:15 a.m. (Montreal time) as displayed on the CDOR page (or such other page whatever its designation, on which bid rates for 1-month and 3-month Canadian Bankers' Acceptances are for the time being displayed) on the Reuters Monitor Money Rates

Service, provided that not less than six (6) quotations are available on such Reuters Service;

- ii) if fewer than six (6) quotations are available, or if no such display appears at the relevant time, the Bourse will obtain, from major Canadian banks and Canadian brokers chosen on a random basis, the number of quotations needed to obtain a total of six (6) quotations. The Reference Rate will then be calculated according to the provisions of paragraph i);
- iii) in view of the rapidly changing structure of the Canadian money markets, the Bourse reserves the right to change the above selection process in the determination of the Reference 1-month and the Reference 3-month Bankers' Acceptance Rate.

**15553 Failure to Perform**  
(16.04.92)

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined from time to time by the Exchange.

**GOVERNMENT OF CANADA BOND FUTURES**

**Section 15601 - 15700**  
**Specific Trading Provisions**

**15601 Contract Months**  
(08.09.89, 27.07.94, 19.01.95, 03.05.04)

Unless otherwise determined by the Bourse, trading in Government of Canada Bond futures may be scheduled for delivery in any March, June, September or December months.

**15602 Trading Hours**  
(08.09.89, 19.01.95, abr. 06.01.03)

**15603 Trading Unit**  
(08.09.89, 05.08.97, 22.12.99, 03.05.04, 24.07.06)

Unless otherwise determined by the Bourse, the unit of trading shall be as defined in article 6801.

**15604 Currency**  
(08.09.89)

Trading and settlement shall be in Canadian dollars.

**15605 Price Quotation**  
(08.09.89)

Bids and offers on Government of Canada Bond futures shall be quoted per CAN\$100 nominal value.

**15606 Minimum Price Fluctuation Unit**

(08.09.89, 17.11.04, 24.07.06)

Price fluctuation units shall be in minimum multiples as defined in article 6807.

**15607 Daily Price Limit**

(08.09.89, 17.04.09)

There shall be no daily price limit.

**15608 Position Limits**

(08.09.89, 30.12.93, 07.04.94, 26.08.94, 19.01.95, 03.05.04, 17.04.09)

The maximum net long or net short position in each designated Government of Canada Bond futures contract which a person may own or control in accordance with article 14157 shall be as follows:

Position limit for all delivery months combined for each designated Government of Canada bond futures contract:

The greater of 4,000 contracts, or of 20% of the average daily open interest for all contract months during the preceding three calendar months.

First contract month position limit:

Effective at the start of trading on the first business day prior to the First Delivery Notice day of the first contract month, the position limit shall be 20% of the open interest of that contract month.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all approved participants or clients, if deemed necessary.

**15609 Reporting Limit**

(08.09.89, 19.01.95, 03.05.04)

Approved participants shall report to the Bourse all combined positions, regardless of the delivery months, which exceed 250 futures contracts for each designated Government of Canada Bond futures contracts, or such other level as may be determined by the Bourse, in such manner prescribed by the Bourse.

**15610 Delivery**

(08.09.89, 19.01.95)

Delivery of Canadian Government Bond shall be made in the manner prescribed in articles 15613 to 15618 of Rule Fifteen or by the clearing house.

**15611 Minimum Margin Requirements**

(08.09.89, 24.11.92, 19.01.95, 09.03.99, abr. 01.01.05)

**15612 Last Day of Trading**  
(08.09.89)

No trading shall take place during the last seven business days of the delivery month, for those contracts whose delivery month is the current month.

**15613 Delivery Standards**

(08.09.89, 20.11.89, 05.03.90, 01.07.92, 01.10.92, 12.07.94, 19.01.95, 05.08.97, 06.11.97, 22.12.99, 03.05.04, 17.11.04, 24.07.06, 16.11.07, 01.09.10, 05.11.10)

- a) For the 10-year Government of Canada Bond Futures contract shall be deliverable only those Government of Canada bond issues which:
- i) have a remaining maturity of between 8 and 10½ years, as of the first day of the delivery month (for the purpose of determining the maturity of a bond eligible for delivery and for settlement, the time to maturity of a given issue shall be calculated in complete periods of three months, by rounding down to the nearest entire three-month period, e.g. 10 years and seven months shall be considered 10½ years from the first day of the delivery month);
  - ii) have an outstanding amount of \$3.5 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the bond issue is deliverable);
  - iii) are originally issued at 10-year auctions (a bond not issued at a 10-year auction which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery Notice Day of the contract month, its reopenings total a minimum nominal amount of \$3.5 billion);
  - iv) are issued and delivered on or before the 15th day preceding the first Delivery Notice Day corresponding to the delivery month of the contract;
  - v) have a face value at maturity in multiples of CAN \$100,000; and
  - vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.
- b) For the 5-year Government of Canada Bond Futures contract, shall be deliverable only those Government of Canada bond issues which:
- i) have a remaining maturity of between 3 years 6 months and 5 years 3 months, as of the first day of the delivery month (for the purpose of determining the maturity of a bond eligible for delivery and for settlement, the time to maturity of a given issue shall be calculated in complete one month increments, by rounding down to the nearest entire one month period. e.g. 4 years 5 months and 14 days shall be considered 4 years and 5 months from the first day of the delivery month);
  - ii) have an outstanding amount of \$3.5 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the bond issue is deliverable);

- iii) are originally issued at 5-year Government of Canada bond auctions (an issue which has an original maturity of more than 5 years and 9 months and which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery Notice Day of the contract month, its reopenings total a minimum nominal amount of \$3.5 billion);
  - iv) are issued and delivered on or before the 15th day preceding the first Delivery Notice Day corresponding to the delivery month of the contract;
  - v) have a face value at maturity in multiples of CAN \$100,000; and
  - vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.
- c) For the 2-year Government of Canada Bond Futures contract expiring before December 2010, shall be deliverable only those Government of Canada bond issues which:
- i) have a remaining maturity of between 1 year 6 months and 2 years 6 months, as of the first day of the delivery month (for the purpose of determining the maturity of a bond eligible for delivery and for settlement, the time to maturity of a given issue shall be calculated in complete one month increments, by rounding down to the nearest entire one month period. e.g. 2 years 1 month and 14 days shall be considered 2 years and 1 month from the first day of the delivery month);
  - ii) have an outstanding amount of \$2.4 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the bond issue is deliverable);
  - iii) are originally issued at 2-year, 5-year or 10-year Government of Canada bond auctions (a bond which has not been originally issued at a 2-year, 5-year or 10-year Government of Canada bond auction and which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery Notice Day of the contract month, its reopenings total a minimum nominal amount of \$2.4 billion);
  - iv) are issued and delivered on or before the 15th day preceding the first Delivery Notice Day corresponding to the delivery month of the contract;
  - v) have a face value at maturity in multiples of CAN \$200,000; and
  - vi) have a coupon of 4%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 4% can be substituted. The amount of premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 4% coupon and selling at par.
- d) For the December 2010 2-year Government of Canada Bond Futures contract and for subsequent contract months, shall be deliverable only those Government of Canada bond issues which:
- i) have a remaining maturity of between 1 year 6 months and 2 years 6 months, as of the first day of the delivery month (for the purpose of determining the maturity of a bond eligible for

- delivery and for settlement, the time to maturity of a given issue shall be calculated in complete one month increments, by rounding down to the nearest entire one month period. e.g. 2 years 1 month and 14 days shall be considered 2 years and 1 month from the first day of the delivery month);
- ii) have an outstanding amount of \$2.4 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the bond issue is deliverable);
  - iii) are originally issued at 2-year Government of Canada bond auctions (a bond which has not been originally issued at a 2-year Government of Canada bond auction and which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery Notice Day of the contract month, its reopenings total a minimum nominal amount of \$2.4 billion);
  - iv) are issued and delivered on or before the 15th day preceding the first Delivery Notice Day corresponding to the delivery month of the contract;
  - v) have a face value at maturity in multiples of CAN \$200,000; and
  - vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.
- e) For the 30-year Government of Canada Bond Futures contract shall be deliverable only those Government of Canada Bond issues which:
- i) have a remaining maturity of between 21 and 33 years, as of the first day of the delivery month (for the purpose of determining the maturity of a bond eligible for delivery and for settlement, the time to maturity of a given issue shall be calculated in complete periods of three months, by rounding down to the nearest entire three-month period, e.g. 30 years and seven months shall be considered 30½ years from the first day of the delivery month);
  - ii) have an outstanding amount of \$3.5 billion nominal value (net of all potential purchases by the Government of Canada up until the end of the period during which the bond issue is deliverable);
  - iii) are originally issued at 30-year auctions (a bond not issued at a 30-year auction which would otherwise meet the standards of this rule, is also deemed to be deliverable, if during the last 12-month period preceding the first Delivery Notice Day of the contract month, its reopenings total a minimum nominal amount of \$3.5 billion);
  - iv) are issued and delivered on or before the 15th day preceding the first delivery notice day corresponding to the delivery month of the contract;
  - v) have a face value at maturity in multiples of CAN \$100,000; and
  - vi) have a coupon of 6%. However, at the seller's choice, a Government of Canada Bond having a coupon other than 6% can be substituted. The amount of premium or discount for each deliverable issue shall be calculated on the basis of a yield equivalent to a Government of Canada Bond bearing a 6% coupon and selling at par.

- f) The price of a deliverable Government of Canada Bond shall be determined according to the conversion factors tables published by the Bourse.

The conversion factor of a deliverable issue is the actualized value of the deliverable issue to the notional yield of the futures contract considered on the first day of the delivery month, minus the interest accrued until delivery day.

- g) The amount to be paid at delivery is equal to \$1,000 (\$2,000 for the 2-year Government of Canada Bond Futures contract) multiplied by the conversion factor of the deliverable issue and multiplied by the settlement price of the futures contract being delivered, plus accrued interests to the delivery day. Accrued interest is charged to the approved participant taking delivery.
- h) All Government of Canada Bonds being delivered in respect of a futures contract must be of the same issue.
- i) Before a contract is listed for trading, the Bourse shall have the right to exclude any deliverable Government of Canada bond issue, even if it meets all the standards specified in this Rule.

#### **15614 Delivery Procedure**

(08.09.89, 07.10.93)

- a) Members must apply the assignment process used by the Clearing House to assign delivery to each of their accounts. In order that the delivery procedure of the Clearing House not be impaired, members shall keep throughout the contract month, an up-to-date list of the purchase and sale dates of all open positions for that contract month;
- b) Only a member holding a seller's position can initiate the delivery process;
- c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;
- d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the member does not initiate the delivery process, the Clearing House shall substitute itself for the member in initiating the delivery process.

#### **15615 Submission of Delivery Notice**

(08.09.89, 02.06.95, 03.05.04)

To initiate the delivery process, an approved participant holding a seller's position must submit a delivery notice to the clearing corporation before the time limit set by the clearing corporation on any business day, between the third business day (the second business day for the 2-year Government of Canada Bond futures contract) preceding the first business day of the delivery month, and the third business day (the second business day for the 2-year Government of Canada Bond futures contract) preceding the last business day of the delivery month, inclusively.

#### **15616 Assignment of Delivery Notice**

(08.09.89)

- a) The assignment of a delivery notice to a member holding a long position shall be done by the Clearing House, in the manner set forth by the Clearing House;

- b) The member holding an assigned long position shall receive a delivery notice from the clearing house on the business day following the submission of the delivery notice by the member holding the seller's position.

**15617 Delivery Day**

(08.09.89, 02.06.95, 03.05.04)

Delivery in respect to Government of Canada Bond Futures shall be done on the third business day (on the second business day for the 2-year Government of Canada Bond futures contract) following the submission of the delivery notice by the approved participant holding a seller's position, or on any other day as determined by the clearing corporation. Delivery shall be completed no later than the last business day of the delivery month.

**15618 Execution Default**

(08.09.89, 03.05.04)

All defaults from approved participants in respect to delivery procedures shall carry the imposition of a penalty, as determined from time to time by the Bourse.

**15619 Emergencies, Acts of God, Actions of Governments**

(08.09.89, 19.01.95, 05.08.97, 22.12.99, 03.05.04, 16.11.07, 01.09.10)

- 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 Bourse and the clearing corporation. In the eventuality that the Bourse 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 eventuality where the Board of Directors decides that a shortage of deliverable Government of Canada Bond issues exists or might exist, it shall take all necessary action to correct, prevent or alleviate the situation. The Board of Directors could, for instance:
- i) designate as a deliverable issue any other Government of Canada Bond 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 Government of Canada Bond bearing the coupon rate specified in the rules applicable to each designated 2-year, 5-year, 10-year or 30-year Government of Canada Bond futures contract, as determined by using the yield curve of Government of Canada Bonds on the last day of trading.

**SECTION 15701 - 15750**  
**Futures Contracts on S&P/TSX 60 Index**  
(07.09.99, 06.05.11)

**Sub-section 15701 - 15720**  
**Specific Trading Provisions**

**15701 Contract Months**

(07.09.99)

The contract months for trading in index futures contracts shall be as indicated in article 6804 of Rule Six.

**15702 Trading Hours**

(07.09.99, abr. 06.01.03)

**15703 Trading Unit**

(07.09.99, 15.05.09, 06.05.11)

The unit of trading for futures contracts on the S&P/TSX 60 Index shall be as follows:

- i) in the case of standard futures contracts on the S&P/TSX 60 Index: CAN \$200 times the S&P/TSX 60 Index standard futures contract level; and
- ii) in the case of mini futures contracts on the S&P/TSX 60 Index: CAN \$50 times the level of the S&P/TSX 60 Index mini futures contract level.

**15704 Currency**

(07.09.99)

Trading, clearing and settlement shall be in Canadian dollars.

**15705 Price Quotation**

(07.09.99, 06.05.11)

Bids and offers for futures contracts on the S&P/TSX 60 Index shall be quoted in terms of index points expressed to two decimal points. One point equals:

- i) CAN \$200 in the case of standard futures contracts on the S&P/TSX 60 Index; and
- ii) CAN \$50 in the case of mini futures contracts on the S&P/TSX 60 Index.

**15706 Price Fluctuation Unit**

(07.09.99)

Price fluctuation unit shall be as defined in article 6807 of the Rules.

**15707 Price Limits/Trading Halts**

(07.09.99)

Price limits are indicated in article 6808 of the Rules.

**15708 Position Limits**

(07.09.99, 15.05.09, 06.05.11)

The maximum number of net long or net short positions in all contract months combined in index futures contracts which a person may own or control in accordance with article 14157 of the Rules shall be as follows:

30,000 standard futures contracts, or equivalent contracts, on the S&P/TSX 60 Index

or such other position limits as may be determined by the Exchange. For purposes of this calculation, a mini futures contract on the S&P/TSX 60 Index shall be deemed to be equivalent to one-quarter of a standard futures contract on the S&P/TSX 60 Index.

In establishing position limits, the Exchange may apply specific limits to one or more rather than all members or clients, if deemed necessary.

Members may benefit from the exemption for a bona fide hedge in accordance with article 14157 of the Rules.

**15709 Position Reporting Threshold**  
(07.09.99, 15.05.09, 06.05.11)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 1,000 futures contracts (standard and mini combined) on the S&P/TSX 60 Index, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

**15710 Delivery**  
(07.09.99)

Delivery of the index futures contracts shall be by cash settlement through the Clearing Corporation. The settlement procedures are stipulated in articles 15721 to 15730 of the Rules.

**15711 Margin Requirements**  
(07.09.99, abr. 01.01.05)

**15712 Margin offsets**  
(07.09.99, abr. 01.01.05)

**Sub-section 15721 - 15730**  
**Settlement Procedures**

**15721 Final Settlement Day**  
(07.09.99, 06.05.11)

The final settlement day shall be the third Friday of the expiration contract month or, if the S&P/TSX 60 Index is not published on that day, the first preceding trading day for which the Index is scheduled to be published.

**15722 Final Settlement Price**  
(07.09.99, 06.05.11)

The final settlement price determined on the Final Settlement Day shall be:

- i) CAN \$200 times the official opening level of the S&P/TSX 60 Index in the case of standard futures contracts on the S&P/TSX 60 Index; and
- ii) CAN \$50 times the official opening level of the S&P/TSX 60 Index in the case of mini futures contracts on the S&P/TSX 60 Index.

This final settlement price is based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All open positions at the close of the last trading day will be marked to market using the official opening level of the S&P/TSX 60 Index on final settlement day and terminated by cash settlement.

### **15723 Failure of Settlement**

(07.09.99, 06.05.11)

Any failure on the part of an approved participant to conform to the aforementioned rules of settlement could result in the imposition of disciplinary sanctions as may be determined by the Exchange based on the circumstances.

## **Sub-section 15731 - 15750**

### **Disclaimer**

#### **15731 Limitation of Standard & Poor's Liability Disclaimer**

(07.09.99; 22.10.09)

Standard and Poor's, a division of The McGraw-Hill Companies, Inc. (S&P), licenses Bourse de Montréal Inc. to use various S&P TSX indices (« indices ») in connection with the trading of futures exchange-traded contracts and options on futures exchange-traded contracts and options exchange-traded contracts based upon such indices. S&P, its affiliates and their third party licensors shall have no liability for any damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating the indices.

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**15732 Exclusion of liability**  
(07.09.99; abr. 22.10.09)

**SECTION 15751 - 15800**  
**Futures Contracts on S&P/TSE sectorial Stock Indexes**  
(31.01.01)

**Sub-section 15751 - 15770**  
**Specific Trading Provisions**

**15751 Contract Months**  
(31.01.01)

The contract months for trading in sectorial stock index futures contracts shall be as indicated in article 6804 of Rule Six.

**15752 Trading Hours**  
(31.01.01, abr. 06.01.03)

**15753 Trading Unit**  
(31.01.01, 29.04.02)

The Bourse, in consultation with the Canadian Derivatives Clearing Corporation, shall establish the unit of trading for each futures contract that has been approved for trading.

**15754 Currency**  
(31.01.01)

Trading, clearing and settlement shall be in Canadian dollars.

**15755 Price Quotation**  
(31.01.01, 29.04.02)

Bids and offers for futures contracts on S&P/TSE sectorial Stock Indices shall be quoted in terms of index points expressed to two decimal points.

**15756 Price Fluctuation Unit**  
(31.01.01)

Price fluctuation unit shall be as defined in article 6807 of the Rules.

**15757 Price Limits/Trading Halts**  
(31.01.01)

Price limits are indicated in article 6808 of Rule Six.

**15758 Position Limits**  
(31.01.01, 29.04.02, 15.05.09)

The maximum number of net long or net short positions in all contract months combined in S&P/TSE sectorial stock indices futures contracts which a person may own or control in accordance with article 14157 of the Rules are the following:

20,000 contracts

or such other position limits as may be determined by the Bourse.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all approved participants or clients, if deemed necessary.

Approved participants may benefit from the exemption for a bona fide hedge in accordance with article 14156 of the Rules.

**15759 Position Reporting Threshold**  
(31.01.01,15.05.09)

Members shall report to the Exchange all gross positions, as defined in article 15508 of the Rules, in any one contract month, which exceed 500 sectorial stock index futures contracts, or such other number as may be determined by the Exchange, in such form and in such manner as shall be prescribed by the Exchange.

**15760 Settlement**  
(31.01.01)

Settlement of the sectorial stock index futures contracts shall be by cash through the Clearing Corporation. The settlement procedures are stipulated in articles 15771 to 15780 of the Rules of the Exchange.

**15761 Margin Requirements for simple or spread positions**  
(29.04.02, abr. 01.01.05)

**15762 Margin offsets**  
(29.04.02, abr. 01.01.05)

**Sub-section 15771 - 15780**  
**Settlement Procedures**

**15771 Final Settlement Date**  
(31.01.01)

The final settlement date shall be the third Friday of the expiration contract month or, if the S&P/TSE sectorial Stock Index is not published on that day, the first preceding trading day for which the Index is scheduled to be published.

**15772 Final Settlement Price**  
(31.01.01, 29.04.02)

The final settlement price determined on the Final Settlement Date shall be the trading unit of the S&P/TSE sectorial Stock Index, as determined by the Bourse, multiplied by the official opening level of the S&P/TSE sectorial Stock Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All open positions at the close of the last trading day will be marked to market using the official opening level of the S&P/TSE sectorial Stock Index on final settlement day and terminated by cash settlement.

**15773 Failure to Perform**  
(31.01.01)

Any failure on the part of a buyer or seller to perform in accordance with the aforementioned rules of settlement shall result in the imposition of such penalties and/or damages as may be determined from time to time by the Exchange.

**Sub-section 15781 - 15800**  
**Disclaimer**

**15781 Limitation of Standard & Poor's Liability Disclaimer**  
(31.01.01; 22.10.09)

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**15782 Exclusion of liability**  
(31.01.01; abr. 22.10.09)

**CANADIAN AND INTERNATIONAL SHARE FUTURES CONTRACTS**

**Section 15801 – 15900**  
**Specific Trading Provisions**  
(31.01.01)

**15801 Eligibility criteria**  
(31.01.01)

In order for a Canadian or international share futures contract to be traded on the Exchange, the underlying share shall be a share which is currently traded on a recognized exchange and which option or futures contract is listed on this same exchange or on any other recognized exchange.

For the purpose of the present Rule, the term “recognized exchange” means any exchange carrying on its activities on the territory of one of the Basle Accord Countries and those countries that have adopted the banking and supervisory rules set out in the Basle Accord, and any other exchange or group of exchanges with whom the Montreal Exchange has signed a collaboration agreement

**15802 Contract Months**  
(31.01.01)

Trading in Canadian and international share futures contracts shall be scheduled for delivery or cash settlement quarterly or monthly, as provided for in article 6804 of the Rules of the Exchange.

**15803 Trading Hours**  
(31.01.01, abr. 06.01.03)

**15804 Trading Unit**  
(31.01.01, 29.04.02)

The Bourse, in consultation with the Canadian Derivatives Clearing Corporation, shall establish the unit of trading for each futures contract that has been approved for trading.

**15805 Currency**  
(31.01.01)

Trading and settlement shall be in the currency provided for in article 6803 of the Rules.

**15806 Price Quotation**  
(31.01.01)

Bids and offers on futures contracts on Canadian and international shares shall be quoted in accordance with article 6802 of the Rules.

**15807 Price Fluctuation Unit**  
(31.01.01)

Price fluctuation for futures contracts on Canadian shares shall be, at a minimum, in multiples of 0.01 per share as provided in article 6807 of the Rules.

For futures contracts on international shares, the unit of fluctuation shall be established at a minimum corresponding to the unit of fluctuation used by the market on which the underlying share is being traded as provided in article 6807 of the Rules.

**15808 Daily Price Limit**  
(31.01.01)

The daily price limit shall be as specified in article 6807 of the Rules.

**15809 Position Limits**  
(31.01.01, 29.04.02, 15.05.09)

- A) The maximum net long or net short positions in futures contracts on Canadian or international shares which a person may own or control in accordance with article 14157 of the Rules of the Bourse shall be as follows and this for all contract months combined of each future contract having the same underlying security:
- i) The number of contracts equivalent to 1,350,000 shares where the underlying security does not meet the requirements set out in sub-paragraphs ii), iii), iv) or v) hereafter;
  - ii) The number of contracts equivalent to 2,250,000 shares, where either the most recent interlisted six-month trading volume of the underlying interest totals at least 20 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 15 million shares and at least 40 million shares are currently outstanding;
  - iii) The number of contracts equivalent to 3,150,000 shares, where either the most recent interlisted six-month trading volume in the underlying interest totals at least 40 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 30 million shares and at least 120 million shares are currently outstanding.
  - iv) The number of contracts equivalent to 6,000,000 shares, where either the most recent interlisted six-month trading volume in the underlying interest totals at least 80 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 60 million shares and at least 240 million shares are currently outstanding.
  - v) The number of contracts equivalent to 7,500,000 shares, where either the most recent interlisted six-month trading volume in the underlying interest totals at least 100 million shares, or the most recent interlisted six-month trading volume on the underlying interest totals at least 75 million shares and at least 300 million shares are currently outstanding.

**B) Exemption**

As described in Policy C-1, a member may file with the Bourse an application to obtain on behalf of a bona fide hedger an exemption from the position limits prescribed in this article. The application must be filed on the appropriate form, no later than the next business day after the limit has been exceeded. If the application is rejected, the member shall reduce the position below the prescribed limit within the period set by the Bourse. The Bourse may modify any exemption which has been previously granted. A bona fide hedger may also under certain circumstances file directly with the Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all members or clients, if deemed necessary.

**15810 Reporting Limit**  
(31.01.01, 29.04.02)

Approved participants shall report to the Bourse, in such manner as prescribed by the Bourse, all combined positions, regardless of the delivery or exercise months, which exceed the number of futures contracts on Canadian and international stocks equivalent to 25,000 shares, being understood that such obligation to report applies separately to each future contract having a different underlying, or such other limit as may be determined by the Bourse.

**15811 Delivery or settlement**  
(31.01.01)

Delivery of Canadian shares shall be made in the manner prescribed in articles 15813 to 15818 of the Rules or by the Clearing Corporation.

Settlement of International shares shall be by cash through the Clearing Corporation. The settlement procedures are those provided for in articles 15821 to 15830 of the Rules.

**15812 Last Trading Day**  
(31.01.01)

The last trading day shall be the one defined in article 6812 of the Rules.

**15813 Delivery Standards for Canadian shares**  
(31.01.01)

Shall be deliverable only those Canadian shares that are the direct underlying security of the futures contract being subject to delivery.

**15814 Delivery Procedure**  
(31.01.01)

- a) Members must apply the assignment process used by the Clearing Corporation to assign delivery to each of their accounts;
- b) Only a member holding a seller's position can initiate the delivery process;

- c) All buyers' and sellers' positions still open in a contract after trading has ceased in the contract shall be settled by delivery;
- d) In the case where a seller's position is still open in a contract after trading has ceased in that contract, and where the member does not initiate the delivery process, the Clearing Corporation shall substitute itself for the member in initiating the delivery process.

**15815 Submission of Delivery Notice**  
(31.01.01)

To initiate the delivery process, a member holding a seller's position must submit a delivery notice to the Clearing Corporation before the time limit set by the Clearing Corporation after the close of the last trading day.

**15816 Assignment of Delivery Notice**  
(31.01.01)

- a) The assignment of a delivery notice to a member holding a long position shall be done by the Clearing Corporation, in the manner set forth by the Clearing Corporation;
- b) The member holding an assigned long position shall receive a delivery notice from the Clearing Corporation on the business day following the submission of the delivery notice by the member holding the seller's position.

**15817 Delivery Day**  
(31.01.01)

Delivery in respect to futures contracts on Canadian shares must be done in the manner prescribed by the Exchange and the Clearing Corporation following the submission of the delivery notice by the member holding a seller's position.

**15818 Execution Default**  
(31.01.01)

All defaults from members in respect to delivery procedures shall carry the imposition of a penalty, as determined from time to time by the Exchange.

**15819 Emergencies, Acts of God, Actions of Governments**  
(31.01.01)

- 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 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 Governing Committee decides that an Emergency situation is in progress, the Governing Committee shall take all necessary actions in the circumstances, and the decision of the Governing Committee shall bind all parties to the futures contract. The Governing Committee could, for instance, extend the delivery period or indicate a different location for delivery operations.

- b) In the eventuality 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 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.

**15820 Adjustment to Terms of Contract**  
(31.01.01)

The terms of a share futures contract are subject to adjustment in accordance with the By-Laws and Rules of the Exchange, or with General Conditions of the Clearing Corporation. When adjustments are made, a notice thereof shall be promptly given to members.

**Sub-section 15821 - 15830**  
**Settlement Procedures for futures contracts on Canadian and International shares**

**15821 Settlement Procedures**  
(31.01.01)

- a) Canadian shares futures contracts are subject to settlement after the close of the last trading day by the delivery of the underlying shares on the final settlement day pursuant to the rules of the Clearing Corporation.
- b) For International shares futures contracts, all open positions at the close of the last trading day are marked-to-market using the final settlement price on the final settlement day and terminated by cash settlement pursuant to the rules of the Clearing Corporation.

**15822 Final Settlement Day**  
(31.01.01)

- a) For the Canadian share futures contract, the final settlement day shall be the third business day after the last trading day.
- b) For International share futures contracts, the final settlement day of a given contract month shall be the first business day following the last day of trading in the contract month.

**15823 Final Settlement Price**  
(31.01.01)

- a) For Canadian shares futures contracts, the final settlement price shall be the last trade price recorded in the stock underlying the futures contract at the close of regular trading hours at the Toronto Stock Exchange, or by such other method as may be prescribed by the Exchange.
- b) For International shares futures contracts, the final settlement price determined on the final settlement day shall be the price of the underlying stock as determined by the recognized exchange to compute the final settlement price of the corresponding stock index futures contract for which the underlying stock is a constituent, or by such other method as prescribed by the Exchange.

**Subsection 15851 - 15900**  
**Margin and Capital Requirements on Share Futures Contracts**  
(31.01.01, abr. 01.01.05)

- 15851 General Provisions**  
(31.01.01, abr. 01.01.05)
- 15852 Margin Required for Simple or Spread Positions**  
(31.01.01, 17.09.02, abr. 01.01.05)
- 15853 Margin Requirements for Paired Positions in Underlying Securities and Short Share Futures Contracts**  
(31.01.01, abr. 01.01.05)
- 15854 Margin Requirements for Paired Positions in Underlying Securities and Long Share Futures Contracts**  
(31.01.01, abr. 01.01.05)
- 15855 Combination of Stock Options and Share Futures Contracts**  
(31.01.01, abr. 01.01.05)
- 15856 – 15874 (reserved)**  
(abr. 01.01.05)
- 15875 Capital Requirements – General Provisions**  
(31.01.01, abr. 01.01.05)
- 15876 Capital requirements**  
(31.01.01, 17.09.02, 01.01.05)
- 15877 Capital Requirements for Paired Share Futures Contracts Positions with Stocks Options**  
(31.01.01, abr. 01.01.05)
- 15878 Capital Requirements for Paired Positions in Underlying Securities and Share Futures Contracts**  
(31.01.01, abr. 01.01.05)

**Section 15901 – 15930**  
**30-DAY OVERNIGHT REPO RATE FUTURES**

**Sub-section 15901 - 15920**  
**Specific Trading Provisions**

- 15901 Contract Months**  
(14.06.02)

Unless otherwise determined by the Bourse, the contract months for trading in 30-day overnight repo rate futures contracts shall be as indicated in article 6804 of Rule Six of the Bourse.

**15902 Trading Hours**  
(14.06.02, abr. 06.01.03)

**15903 Trading Unit**  
(14.06.02)

Unless otherwise determined by the Bourse, the unit of trading for the 30-day overnight repo rate futures shall be as indicated in article 6801 of Rule Six of the Bourse.

**15904 Currency**  
(14.06.02)

Trading, clearing and settlement shall be in Canadian dollars.

**15905 Price Quotation**  
(14.06.02)

Unless otherwise determined by the Bourse, bids and offers for the 30-day overnight repo rate futures shall be as indicated in article 6802 of Rule Six of the Bourse.

**15906 Minimum Price Fluctuation Unit**  
(14.06.02)

Unless otherwise determined by the Bourse, the minimum price fluctuation unit shall be as indicated in article 6807 of Rule Six of the Bourse.

**15907 Daily Price Limit**  
(14.06.02)

There shall be no daily price limit.

**15908 Position Limits**  
(14.06.02, 15.05.09)

The maximum number of net long or net short positions in all contract months combined in 30-day repo rate futures contracts which a person may own or control in accordance with article 14157 shall be as follows:

- a) for speculators 5,000 contracts
- b) for hedgers the greater of 7,000 contracts or of such a limit to be established and published on a monthly basis by the Bourse based on 20% of the average daily open interest for all 30-day overnight repo rate futures contracts during the preceding three calendar months

or such other position limits as may be determined by the Bourse.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all approved participants or clients, if deemed necessary.

**15909 Position Reporting Threshold**  
(14.06.02, 15.05.09)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 300 30-day overnight repo rate futures contracts, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

**15910 Delivery**  
(14.06.02)

Delivery shall be by cash settlement through the clearing corporation. The settlement procedures are stipulated in articles 15921 to 15930.

**15911 Margin Requirements**  
(14.06.02, abr. 01.01.05)

**Sub-section 15921 - 15930**  
**Final Settlement Procedures**

**15921 Final Settlement Date**  
(14.06.02)

The final settlement date of a given contract month shall be the first business day following the last day of trading.

**15922 Cash Settlement Procedures**  
(14.06.02, 03.11.03)

In the case of 30-day overnight repo rate futures contracts:

- a) On the last day of trading, open contracts will be marked to market based on the daily settlement price. A final settlement price will be determined on the Final Settlement Date.
- b) The Final Settlement Price as determined below by the Bourse shall be used to settle all open 30-day overnight repo rate futures:
  - i) on the Final Settlement Date, the Bourse shall determine the overnight repo reference rate;
  - ii) Final Settlement Price for the 30-day overnight repo rate futures shall be 100 minus the overnight repo reference rate;
  - iii) the overnight repo reference rate:
    - 1) means the arithmetic average of the overnight repo rate during the contract month. For example, on the final settlement day, during a month when the overnight repo rate averaged 2%, the 30-day overnight repo rate futures contract would settle at 98.00. The arithmetic monthly average of the overnight repo rate will be rounded to the nearest tenth of a basis point. The decimal fraction ending in a five (5) or higher shall be rounded up.
    - 2) The average is a simple arithmetic average corresponding to the sum of the daily overnight repo rates divided by the number of calendar days in the month. Weekend and holiday rates

are considered to be the rate applicable on the previous business day. For example, Friday's rate is used for Saturday and Sunday rates.

- 3) In view of the rapidly changing structure of the Canadian money markets, the Bourse reserves the right to change the above selection process in the determination of the overnight repo reference rate.

**15923 Failure to Perform**  
(14.06.02)

Any failure on the part of an approved participant in accordance with the aforementioned settlement procedures shall result in the imposition of such penalties as may be determined from time to time by the Bourse.

**Section 15931 – 15950**  
**FUTURES CONTRACTS ON CARBON DIOXIDE EQUIVALENT (CO<sub>2</sub>e) UNITS WITH**  
**PHYSICAL SETTLEMENT**

**Sub-section 15931 – 15948**  
**Specific Trading and Delivery Provisions**

**15931 Definitions**  
(30.05.08)

"Carbon dioxide equivalent (CO<sub>2</sub>e)" means a unit of measure used to allow the comparison between greenhouse gases that have different global warming potentials.

"Carbon dioxide equivalent (CO<sub>2</sub>e) unit" means any right, benefit, title or interest recognized by a governmental or legislative authority in Canada, associated partly or in its entirety to a reduction of the emissions of greenhouse gases expressed in carbon dioxide equivalent (CO<sub>2</sub>e).

**15932 Contract Expirations**  
(30.05.08)

Unless otherwise determined by the Bourse, the contract expiries available for trading in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall be as indicated in article 6804 of Rule Six of the Bourse.

**15933 Trading Unit**  
(30.05.08)

Unless otherwise determined by the Bourse, the unit of trading for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall be as indicated in article 6801 of Rule Six of the Bourse.

**15934 Currency**  
(30.05.08)

Trading, clearing and settlement for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall be in Canadian dollars.

**15935 Price Quotation**  
(30.05.08)

Unless otherwise determined by the Bourse, bids and offers for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall be as indicated in article 6802 of Rule Six of the Bourse.

**15936 Minimum Price Fluctuation Unit**  
(30.05.08)

Unless otherwise determined by the Bourse, the minimum price fluctuation unit for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall be as indicated in article 6807 of Rule Six of the Bourse.

**15937 Daily Price Limit**  
(30.05.08)

There shall be no daily price limit for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement.

**15938 Position Limits**  
(30.05.08)

The maximum net long or net short position in each designated futures contract on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement which a person may own or control shall be as follows:

Position limit for all contract expiries combined for each futures contract on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement:

The greater of a maximum number of contracts to be determined by the Bourse or of 20% of the average daily open interest for all contract expiries during the preceding three calendar months; or

Such other limit as may be determined by the Bourse.

As provided by Policy C-1 of the Bourse, an approved participant may file with the Bourse an application to obtain, on behalf of a bona fide hedger, an exemption from the position limits established by the Bourse. The application must be filed in the form and within the delays prescribed by the Bourse and must contain all the information required in Section 1.3 of Policy C-1 of the Bourse. If the application is rejected, the approved participant shall reduce the position so that it does not exceed the prescribed limit within the period set by the Bourse. The Bourse can modify any exemption which has been previously granted. A bona fide hedger may also, under certain circumstances, file directly with the Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.

In establishing position limits, the Bourse may, if deemed necessary, apply specific limits to one or more rather than all approved participants or clients.

**15939 Position Reporting Threshold**  
(30.05.08)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 250 futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

**15940 Physical Settlement**  
(30.05.08)

Physical settlement of the carbon dioxide equivalent (CO<sub>2</sub>e) units underlying the futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall be made in the manner prescribed in articles 15942 to 15948 of this Rule and by the clearing corporation.

**15941 Last Day of Trading**  
(30.05.08)

The last day of trading of futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement will be the third business day preceding the last business day of the contract expiry. For contracts with daily expiries, the last day of trading will be the first trading day of the contract.

**15942 Physical Settlement Standards**  
(30.05.08)

- a) For futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement, the only carbon dioxide equivalent (CO<sub>2</sub>e) units acceptable for physical settlement shall be those specified by the Bourse from time to time.
- b) Before a futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement is listed for trading, the Bourse shall have the right to exclude from the physical settlement of such futures contract any carbon dioxide equivalent (CO<sub>2</sub>e) unit it deems appropriate to exclude, even if such unit meets all the standards specified by the Bourse.

**15943 Physical Settlement Procedure**  
(30.05.08)

- a) Approved participants must apply the assignment process used by the clearing corporation to assign physical settlements to each of their accounts.
- b) Only an approved participant holding a short position in a futures contract on carbon dioxide equivalent (CO<sub>2</sub>e) units can initiate the physical settlement process.
- c) All buyers' and sellers' positions still open in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement after trading has ceased in the contract shall be settled by physical settlement.
- d) In the case where a short position is still open in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement after trading has ceased in that futures contract, and where the approved participant has not initiated the physical settlement process, the clearing corporation shall substitute itself for the approved participant in initiating such process.

- e) An alternative delivery procedure is available to buyers and sellers who have been matched by the clearing corporation subsequent to the termination of trading in the expired contract. If buyer and seller agree to complete the physical settlement under terms different from those prescribed by the clearing corporation, they may proceed on that basis after submitting a confirmation of agreement to such alternative procedure to the clearing corporation. A copy of this confirmation must also be transmitted to the Regulatory Division of the Bourse.

**15944 Submission of Physical Settlement Notice**  
(30.05.08)

To initiate the physical settlement process of a futures contract on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement, an approved participant holding a seller's position must submit a physical settlement notice to the clearing corporation on the last trading day.

**15945 Assignment of Physical Settlement Notice**  
(30.05.08)

- a) The assignment of a physical settlement notice to an approved participant holding a long position shall be done by the clearing corporation in the manner set forth by the clearing corporation.
- b) Approved participants holding long positions in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall receive a physical settlement notice from the clearing corporation on the business day following the submission of physical settlement notices by approved participants holding short positions in such futures contracts.

**15946 Physical Settlement Day**  
(30.05.08)

Physical settlement in respect of futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall be done on the third business day following the submission of physical settlement notices by the approved participants holding short positions, or on any other day as determined by the clearing corporation.

**15947 Physical Settlement Default**  
(30.05.08)

A physical settlement default may occur if the seller does not transfer the acceptable carbon dioxide equivalent (CO<sub>2</sub>e) units in accordance with the conditions prescribed by the clearing corporation or if the buyer does not accept these units in accordance with these same prescribed conditions. Any default from an approved participant to comply with physical settlement procedures may result in the imposition of disciplinary sanctions, as determined from time to time by the Bourse.

**15948 Force Majeure**  
(30.05.08)

In the eventuality that a physical settlement operation cannot be completed because of a “force majeure”, such as a strike, a fire, an accident, a government action, an act of God or any other emergency situation, the holder of a long position or a short position in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement shall immediately notify the Bourse and the clearing

corporation. In the eventuality that the Bourse and the clearing corporation find that an immediate action is necessary, a special meeting of the Board of Directors of the Bourse shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement. If the Board of Directors of the Bourse deems that an emergency situation is in progress, the Board of Directors of the Bourse shall take all necessary actions in the circumstances, and the decision of the Board of Directors of the Bourse shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with physical settlement.

In the specific situation where the trading system related to the carbon dioxide equivalent (CO<sub>2</sub>e) unit is no longer scheduled to proceed, is not implemented by any governmental or legislative authority in Canada or is to be discontinued by any governmental or legislative authority in Canada, the Board of Directors of the clearing corporation shall decide on the cash settlement of the futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units at a price that reflects a minimum quality standard established by recognized standards organizations to be determined from time to time by the Bourse.

### **Section 15951 – 15970**

## **FUTURES CONTRACTS ON CARBON DIOXIDE (CO<sub>2</sub>e) EQUIVALENT UNITS WITH CASH SETTLEMENT**

### **Sub-section 15951 – 15962 Specific Trading Provisions**

#### **15951 Definitions** (30.05.08)

"Carbon dioxide equivalent (CO<sub>2</sub>e)" means a unit of measure used to allow the comparison between greenhouse gases that have different global warming potentials.

"Carbon dioxide equivalent (CO<sub>2</sub>e) unit" means any right, benefit, title or interest recognized by a governmental or legislative authority in Canada, associated partly or in its entirety to a reduction of the emissions of greenhouse gases expressed in carbon dioxide equivalent (CO<sub>2</sub>e).

"Final settlement price" means the price at which a cash-settled futures contract is settled at maturity, pursuant to a calculation procedure specified by the Bourse.

#### **15952 Contract Expirations** (30.05.08)

Unless otherwise determined by the Bourse, the contract expiries available for trading in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall be as indicated in article 6804 of Rule Six of the Bourse.

#### **15953 Trading Unit** (30.05.08)

Unless otherwise determined by the Bourse, the unit of trading for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall be as indicated in article 6801 of Rule Six of the Bourse.

**15954 Currency**  
(30.05.08)

Trading, clearing and settlement for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall be in Canadian dollars.

**15955 Price Quotation**  
(30.05.08)

Unless otherwise determined by the Bourse, bids and offers for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall be as indicated in article 6802 of Rule Six of the Bourse.

**15956 Minimum Price Fluctuation Unit**  
(30.05.08)

Unless otherwise determined by the Bourse, the minimum price fluctuation unit for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall be as indicated in article 6807 of Rule Six of the Bourse.

**15957 Daily Price Limit**  
(30.05.08)

There shall be no daily price limit for futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement.

**15958 Position Limits**  
(30.05.08)

The maximum net long or net short position in each designated futures contract on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement which a person may own or control shall be as follows:

Position limit for all contract expiries combined for each futures contract on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement:

The greater of a maximum number of contracts to be determined by the Bourse or of 20% of the average daily open interest for all contract expiries during the preceding three calendar months; or

Such other limit as may be determined by the Bourse.

As provided by Policy C-1 of the Bourse, an approved participant may file with the Bourse an application to obtain, on behalf of a bona fide hedger, an exemption from the position limits established by the Bourse. The application must be filed in the form and within the delays prescribed by the Bourse and must contain all the information required in Section 1.3 of Policy C-1 of the Bourse. If the application is rejected, the approved participant shall reduce the position so that it does not exceed the prescribed limit within the period set by the Bourse. The Bourse can modify any exemption which has been previously granted. A bona fide hedger may also, under certain circumstances, file directly with the

Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.

In establishing position limits, the Bourse may, if deemed necessary, apply specific limits to one or more rather than all approved participants or clients.

**15959 Position Reporting Threshold**  
(30.05.08)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 250 futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

**15960 Cash Settlement**  
(30.05.08)

Cash settlement of futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall be through the clearing corporation. The final settlement procedures are those stipulated in articles 15963 to 15970.

**15961 Last Day of Trading**  
(30.05.08)

The last day of trading of futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement will be the third business day preceding the last business day of the contract expiry. For contracts with daily expiries, the last day of trading is the first trading day of the contract.

**15962 Force Majeure**  
(30.05.08)

In the eventuality that the final cash settlement procedures cannot be completed because of a “force majeure”, such as a strike, a fire, an accident, a government action, an act of God or any other emergency situation, the holder of a long position or a short position in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall immediately notify the Bourse and the clearing corporation. In the eventuality that the Bourse and the clearing corporation find that an immediate action is necessary, a special meeting of the Board of Directors of the Bourse shall be called on the matter and any decision rendered in such circumstances shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement. If the Board of Directors of the Bourse decides that an emergency situation is in progress, the Board of Directors of the Bourse shall take all necessary actions in the circumstances, and the decision of the Board of Directors of the Bourse shall be binding on all parties holding long or short positions in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement.

In the specific situation where the trading system related to the carbon dioxide equivalent (CO<sub>2</sub>e) unit is no longer scheduled to proceed, is not implemented by any governmental or legislative authority in Canada or is to be discontinued by any governmental or legislative authority in Canada, the Board of Directors of the clearing corporation shall decide on the cash settlement of the futures contracts on carbon

dioxide equivalent (CO<sub>2</sub>e) units at a price that reflects a minimum quality standard established by recognized standards organizations to be determined from time to time by the Bourse.

**Sub-section 15963 - 15970**  
**Final Settlement Procedures**

**15963 Final Cash Settlement Date**  
(30.05.08)

The final cash settlement date of a given futures contract on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement shall be the first business day following the last day of trading of the expired contract.

**15964 Cash Settlement Procedures**  
(30.05.08)

In the case of futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement:

- a) On the last day of trading, open futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units will be marked to market based on the final settlement price.
- a) On the final settlement date, the final settlement price, as determined by the Bourse, shall be used to settle all open positions in futures contracts on carbon dioxide equivalent (CO<sub>2</sub>e) units with cash settlement.

**15965 Failure to Settle**  
(30.05.08)

Any failure on the part of an approved participant to comply with the aforementioned cash settlement rules may result in the imposition of such disciplinary sanctions as may be deemed appropriate in the circumstances by the Bourse.

**SECTION 15971 - 15995**  
**Mini Futures Contract on S&P/TSX Composite Index**  
(15.05.09)

**Sub-section 15971 - 15985**  
**Specific Trading Provisions**

**15971 Contract Months**  
(15.05.09)

The contract months for trading in the mini futures contracts on the S&P/TSX Composite Index shall be as indicated in article 6804 of Rule Six.

**15972 Trading Unit**  
(15.05.09)

The unit of trading for the mini futures contracts on the S&P/TSX Composite Index shall be as follows:

CAN \$5 times the Mini Futures Contract on S&P/TSX Composite Index level.

**15973 Currency**  
(15.05.09)

Trading, clearing and settlement shall be in Canadian dollars.

**15974 Price Quotation**  
(15.05.09)

Bids and offers for the mini futures contracts on the S&P/TSX Composite Index shall be quoted in terms of index points. One point equals CAN \$5.

**15975 Price Fluctuation Unit**  
(15.05.09)

Price fluctuation unit shall be as defined in article 6807 of the Rules.

**15976 Price Limits/Trading Halts**  
(15.05.09)

Price limits are indicated in article 6808 of the Rules.

**15977 Position Limits**  
(15.05.09)

The maximum number of net long or net short positions in all contract months combined in mini futures contracts on the S&P/TSX Composite Index which a person may own or control in accordance with article 14157 of the Rules shall be as follows:

72,000 contracts

or such other position limits as may be determined by the Bourse.

In establishing position limits, the Bourse may apply specific limits to one or more rather than all approved participants or clients, if deemed necessary.

Approved participants may benefit from the exemption for a bona fide hedger in accordance with article 14157 of the Rules.

**15978 Reporting Limit**  
(15.05.09)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 1,000 mini futures contracts on the S&P/TSX Composite Index, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

**15979 Settlement**  
(15.05.09)

The settlement of the mini futures contracts on the S&P/TSX Composite Index shall be by cash settlement through the CDCC. The settlement procedures are stipulated in articles 15986 to 15990 of the Rules.

**Sub-section 15986 - 15990  
Settlement Procedures**

**15986 Final Settlement Day**  
(15.05.09)

The final settlement day shall be the third Friday of the expiration contract month or, if the S&P/TSX Composite Index is not published on that day, the first preceding trading day for which the Index is scheduled to be published.

**15987 Final Settlement Price**  
(15.05.09)

The final settlement price determined on the Final Settlement Day shall be CAN \$5 times the official opening level of the S&P/TSX Composite Index based on the opening prices of the component stocks in the Index, or on the last sale price of a stock that does not open for trading on the regularly scheduled day of final settlement. All open positions at the close of the last trading day will be marked to market using the official opening level of the S&P/TSX Composite Index on final settlement day and terminated by cash settlement.

**15988 Failure of Settlement**  
(15.05.09)

Any failure on the part of an approved participant to conform to the aforementioned Rules of settlement could result in the imposition of disciplinary sanctions as may be determined by the Bourse based on the circumstances.

**Sub-section 15991 - 15995  
Disclaimer**

**15991 Limitation of Standard & Poor's Liability Disclaimer-**  
(15.05.09)

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**SECTION 15996.1 – 15997.5**  
**Futures Contracts on Canadian Crude Oil**  
(18.06.10)

**Sub-section 15996.1 – 15996.10**  
**Specific Trading Provisions**

**15996.1 Definitions**  
(18.06.10)

“U.S. Barrel” means 42 U.S. gallons of 231 cubic inches per gallon measured at 60°F.

**15996.2 Contract Months**  
(18.06.10)

Unless otherwise determined by the Bourse, the contract expiries available for trading in futures contracts on Canadian Crude Oil shall be as indicated in article 6804 of Rule Six of the Bourse.

**15996.3 Trading Unit**  
(18.06.10)

Unless otherwise determined by the Bourse, the unit of trading for futures contracts on Canadian Crude Oil shall be as indicated in article 6801 of Rule Six of the Bourse.

**15996.4 Currency**  
(18.06.10)

Trading, clearing and settlement for futures contracts on Canadian Crude Oil shall be in U.S. dollars.

**15996.5 Price Quotation**

(18.06.10)

Unless otherwise determined by the Bourse, bids and offers for futures contracts on Canadian Crude Oil shall be as indicated in article 6802 of Rule Six of the Bourse.

**15996.6 Minimum Price Fluctuation Unit**

(18.06.10)

Unless otherwise determined by the Bourse, the minimum price fluctuation unit for futures contracts on Canadian Crude Oil shall be as indicated in article 6807 of Rule Six of the Bourse.

**15996.7 Daily Price Limit**

(18.06.10)

There shall be no daily price limit for futures contracts on Canadian Crude Oil.

**15996.8 Position Limits**

(18.06.10)

The maximum net long or net short position in each designated futures contract on Canadian Crude Oil which a person may own or control shall be as follows:

Position limit for all contract expiries combined for each designated futures contract on Canadian Crude Oil:

The greater of a maximum number of contracts to be determined by the Bourse or of 20% of the average daily open interest for all contract expiries during the preceding three calendar months; or

Such other limit as may be determined by the Bourse.

As provided by Policy C-1 of the Bourse, an approved participant may file with the Bourse an application to obtain, on behalf of a bona fide hedger, an exemption from the position limits established by the Bourse. The application must be filed in the form and within the delays prescribed by the Bourse and must contain all the information required in Section 1.3 of Policy C-1 of the Bourse. If the application is rejected, the approved participant shall reduce the position so that it does not exceed the prescribed limit within the period set by the Bourse. The Bourse can modify any exemption which has been previously granted. A bona fide hedger may also, under certain circumstances, file directly with the Bourse, in the form prescribed, an application to obtain an exemption from the position limits prescribed by the Bourse.

In establishing position limits, the Bourse may, if deemed necessary, apply specific limits to one or more rather than all approved participants or clients.

**15996.9 Reporting Limit**

(18.06.10)

Approved participants shall report to the Bourse all positions which, when combining all contract expiries, exceed 25 futures contracts on Canadian Crude Oil, or such other number as may be determined by the Bourse, in such form and in such manner as shall be prescribed by the Bourse.

**15996.10 Last Day of Trading**  
(18.06.10)

The last trading day shall be the one defined in article 6812 of the Rules.

**Sub-section 15997.1 – 15997.5**  
**Settlement Procedures for Futures Contracts on Canadian Crude Oil with Cash Settlement**

**15997.1 Settlement**  
(18.06.10)

The settlement of futures contracts on Canadian Crude Oil shall be by cash settlement through the CDCC.

**15997.2 Final Settlement Day**  
(18.06.10)

The final settlement day of a given futures contract on Canadian Crude Oil with cash settlement shall be the first business day following the last day of trading of the contract expiry.

**15997.3 Final Settlement Price**  
(18.06.10)

The final settlement price determined on the Final Settlement Day shall be 1,000 U.S. barrels times the price of the designated Canadian Crude Oil, expressed in U.S. dollars per barrel, as determined by the Bourse on the last trading day. All open positions at the close of the last trading day will be marked to market using the price of the designated Canadian Crude Oil as determined by the Bourse on final settlement day and terminated by cash settlement.

**15997.4 Failure of Settlement**  
(18.06.10)

Any failure on the part of an approved participant to comply with the aforementioned cash settlement rules may result in the imposition of such disciplinary sanctions as may be deemed appropriate in the circumstances by the Bourse.

**15997.5 Force Majeure**  
(18.06.10)

If settlement or acceptance or any precondition or requirement is prevented by “Force Majeure” such as but not limited to strike, fire, accident, act of government, act of God or other emergency the affected Approved Participant shall immediately notify the Bourse and the Clearing Corporation. If the Bourse and the Clearing Corporation decide that a Force Majeure is in progress, by their own means or following the reception of a notice to this effect from an Approved Participant, they shall take all necessary actions in the circumstances and their decision shall be binding upon all parties to the futures contracts on

Canadian Crude Oil affected by the Force Majeure. Without limiting the generality of the foregoing, the Clearing Corporation may take one or many of the following measures:

- a) modify the Settlement Time;
- b) modify the settlement date;
- c) designate alternate or new settlement points or alternate or new procedures in the event of conditions interfering with the normal operations of approved facilities or settlement process;
- d) fix a Settlement Price.

Neither the Bourse nor the Clearing Corporation shall be liable for any failure or delay in the performance of the Bourse's obligations to any Approved Participant if such failure or delay arises out of a Force Majeure.