



**CIRCULAR 054-21**

March 25, 2021

**SELF-CERTIFICATION**

**AMENDMENTS TO ARTICLE 6.206 OF THE RULES OF BOURSE DE MONTREAL INC. TO MODIFY THE MINIMUM VOLUME THRESHOLD FOR BLOCK TRANSACTIONS ON THE THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES**

On May 11, 2020, the Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) approved amendments to Article 6.206 of the Rules of the Bourse in order to reintroduce a minimum volume threshold for block transactions on Three-Month Canadian Bankers’ Acceptance Futures (quarterlies one to four) during the regular trading hours.

These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached herewith will become effective on **April 5, 2021**, before the market open. Please note that the revised articles will also be available on the Bourse’s website ([www.m-x.ca](http://www.m-x.ca)).

The amendments described in the present circular were published for public comment by the Bourse on July 7, 2020 (circular [120-20](#)) and on January 22, 2021 (circular [008-21](#)). Further to the publication of these circulars, the Bourse received comments. A summary of the comments received as well as responses from the Bourse to these comments is attached hereto.

For additional information, please contact Adam Allouba, Chief Legal Officer, at 514-871-3500 or at [adam.allouba@tmx.com](mailto:adam.allouba@tmx.com).

Adam Allouba  
Chief Legal Officer  
Bourse de Montréal Inc.

**Blackline version**

**Article 6.206 Block Trades**

- (a) In general. Approved Participants may negotiate and execute a Transaction off of the Electronic Trading System pursuant to the following conditions:
- (i) A block trade Transaction may be arranged and executed only during trading hours on the Bourse for the eligible derivative.
  - (ii) Block trades are only permitted in the Derivative Instruments and for a quantity which meets or exceeds the minimum volume thresholds as follows (only to the extent the eligible security or derivative instrument is available for trading):

<b>Eligible derivatives instruments</b>	<b>Prescribed time delay (from 6AM until the end of the Trading Day)</b>	<b>Block - Minimum volume threshold (from 6AM until the end of the Trading Day)</b>	<b>Prescribed time delay (from 2AM until 5h59m59s)</b>	<b>Block - Minimum volume threshold (from 2AM until 5h59m59s)</b>
	<b>(As soon as practicable and in any event within the following time delay)</b>		<b>(As soon as practicable and in any event within the following time delay)</b>	
30-Day Overnight Repo Rate Futures Contracts (ONX)	15 minutes	1,000 contracts	1 hour	250 contracts
Overnight Index Swap Futures Contracts (OIS)	15 minutes	200 contracts	1 hour	50 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB)	15 minutes 30 minutes	1,500 contracts 3,500 contracts	1 hour	350 contracts
Two-Year Government of Canada Bond Futures Contracts (CGZ)	15 minutes	250 contracts	1 hour	100 contracts
30-Year Government of Canada Bond	15 minutes	100 contracts	1 hour	100 contracts

Eligible derivatives instruments	Prescribed time delay (from 6AM until the end of the Trading Day)	Block - Minimum volume threshold (from 6AM until the end of the Trading Day)	Prescribed time delay (from 2AM until 5h59m59s)	Block - Minimum volume threshold (from 2AM until 5h59m59s)
	(As soon as practicable and in any event within the following time delay)		(As soon as practicable and in any event within the following time delay)	
Futures Contracts (LGB)				
Five-Year Government of Canada Bond Futures Contracts (CGF)	15 minutes	500 contracts	1 hour	100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	15 minutes	2,000 contracts	1 hour	500 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies one through four (BAX Whites)	<del>Not applicable</del> 15 minutes	<del>4,000 contracts</del> Not applicable	1 hour	500 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	15 minutes	1,000 contracts	1 hour	250 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	15 minutes	500 contracts	1 hour	100 contracts

Eligible derivatives instruments	Prescribed time delay (from 6AM until the end of the Trading Day)	Block - Minimum volume threshold (from 6AM until the end of the Trading Day)	Prescribed time delay (from 2AM until 5h59m59s)	Block - Minimum volume threshold (from 2AM until 5h59m59s)
	(As soon as practicable and in any event within the following time delay)		(As soon as practicable and in any event within the following time delay)	
Three-Month Canadian Bankers' Acceptance Futures Contracts (BAX) / Options on Three-Month Canadian Banker's Acceptance Futures Contracts Strategy Instruments	15 minutes	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs	1 hour	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs
Ten-Year Government of Canada Bond Futures Contracts (CGB) / Options on Ten-Year Government of Canada Bond Futures Contracts (OGB) Strategy Instruments	15 minutes	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs	1 hour	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs

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**Clean version**

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Eligible derivatives instruments	Prescribed time delay (from 6AM until the end of the Trading Day)	Block - Minimum volume threshold (from 6AM until the end of the Trading Day)	Prescribed time delay (from 2AM until 5h59m59s)	Block - Minimum volume threshold (from 2AM until 5h59m59s)
	(As soon as practicable and in any event within the following time delay)		(As soon as practicable and in any event within the following time delay)	
30-Day Overnight Repo Rate Futures Contracts (ONX)	15 minutes	1,000 contracts	1 hour	250 contracts
Overnight Index Swap Futures Contracts (OIS)	15 minutes	200 contracts	1 hour	50 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB)	15 minutes 30 minutes	1,500 contracts 3,500 contracts	1 hour	350 contracts
Two-Year Government of Canada Bond Futures Contracts (CGZ)	15 minutes	250 contracts	1 hour	100 contracts
30-Year Government of Canada Bond	15 minutes	100 contracts	1 hour	100 contracts

Eligible derivatives instruments	Prescribed time delay (from 6AM until the end of the Trading Day)	Block - Minimum volume threshold (from 6AM until the end of the Trading Day)	Prescribed time delay (from 2AM until 5h59m59s)	Block - Minimum volume threshold (from 2AM until 5h59m59s)
	(As soon as practicable and in any event within the following time delay)		(As soon as practicable and in any event within the following time delay)	
Futures Contracts (LGB)				
Five-Year Government of Canada Bond Futures Contracts (CGF)	15 minutes	500 contracts	1 hour	100 contracts
Options on Three-Month Canadian Bankers' Acceptance Futures Contracts	15 minutes	2,000 contracts	1 hour	500 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies one through four (BAX Whites)	15 minutes	4,000 contracts	1 hour	500 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies five through eight (BAX Reds)	15 minutes	1,000 contracts	1 hour	250 contracts
Three-Month Canadian Bankers' Acceptance Futures Contracts quarterlies nine through twelve (BAX Greens)	15 minutes	500 contracts	1 hour	100 contracts

Eligible derivatives instruments	Prescribed time delay (from 6AM until the end of the Trading Day)	Block - Minimum volume threshold (from 6AM until the end of the Trading Day)	Prescribed time delay (from 2AM until 5h59m59s)	Block - Minimum volume threshold (from 2AM until 5h59m59s)
	(As soon as practicable and in any event within the following time delay)		(As soon as practicable and in any event within the following time delay)	
Three-Month Canadian Bankers' Acceptance Futures Contracts (BAX) / Options on Three-Month Canadian Banker's Acceptance Futures Contracts Strategy Instruments	15 minutes	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs	1 hour	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs
Ten-Year Government of Canada Bond Futures Contracts (CGB) / Options on Ten-Year Government of Canada Bond Futures Contracts (OGB) Strategy Instruments	15 minutes	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs	1 hour	Sum of the strategy legs: 2,000 contracts in which the options leg(s) volume must amount to at least 50% of the sum of the strategy legs

[...]

**Circulars 120-20 and 008-21: Summarized comments and responses**

**AMENDMENTS TO ARTICLE 6.206 OF THE RULES OF BOURSE DE MONTREAL INC. TO MODIFY THE MINIMUM VOLUME THRESHOLD FOR BLOCK TRANSACTIONS ON THE THREE-MONTH CANADIAN BANKERS' ACCEPTANCE FUTURES**

No.	Date comments received	Participant Category	Summary of comments	Summary of responses
1.	August 25, 2020	IIAC	IIAC indicated that it had no objection to the proposal to increase the minimum volume threshold to 2,000 contracts, adding that all block transaction minimum volume thresholds should be reviewed periodically.	The Bourse noted IIAC's comments and is amenable to a full review of block transaction minimum volume thresholds.
2.	February 25, 2021	IIAC	<p>IIAC indicated that the threshold proposed in the original circular (2,000 contracts) was sufficiently high and should not be fixed at 4,000.</p> <p>In all cases, when changing thresholds the Bourse should act with transparency, incorporate periodic reviews and, when in doubt, round up.</p> <p>IIAC reiterated that the Bourse should review the minimum volume thresholds</p>	<p>The Bourse believes that the proposed threshold of 4,000 contracts should not be evaluated against the former proposed threshold of 2,000 contracts, but rather versus the current situation where no threshold exists during regular trading hours. The absence of a block offering for the BAX Whites contracts does not allow participants to express a strong market view or to offset risk in the market without impacting market dynamics. Introducing a block threshold for should help reduce unnecessary price</p>



			<p>for equity, ETF and currency options.</p>	<p>volatility and market disruption in case of large transactions.</p> <p>In reviewing its thresholds, the Bourse acknowledges the importance of transparency and publishes detailed analyses for that reason. The Bourse acknowledges the potential benefit of periodic reviews of applicable thresholds, while noting the need to maintain a certain stability. With respect to rounding up, the Bourse’s goal in determining thresholds is to make block trading available for trades that would otherwise be disruptive to the marketplace and not for block volumes to make up a significant part of the market. The Bourse’s central limit order book is expected to remain intact and price discovery offered by the market expected to stay consistent.</p> <p>The Bourse acknowledges the comments on the thresholds for equity, ETF and currency options and intends to review these as part of a market structure exercise.</p>
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