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<input checked="" type="checkbox"/> Trading – Equity and Index Derivatives	<input checked="" type="checkbox"/> Technology
<input checked="" type="checkbox"/> Back-office – Futures	<input checked="" type="checkbox"/> Regulation

CIRCULAR 151-17
October 25, 2017

SELF-CERTIFICATION

TRADE PRACTICES

AMENDMENTS TO ARTICLES 5002 AND 6652 OF THE RULES OF BOURSE DE MONTRÉAL INC.

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) has approved amendments to articles 5002 and 6652 of the Rules of the Bourse and the Special Committee of the Regulatory Division of the Bourse has approved amendments to article 6652, in order to clarify the Rules and align them with other exchanges’ practices. 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, as attached, will become effective on **October 30, 2017**, after market close. Please note that the revised articles will also be available on the Bourse’s website (www.m-x.ca).

The amendments described in the present circular were published for public comment by the Bourse on June 29, 2016 (see Circular [090-16](#)). Further to the publication of this circular, the Bourse has 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 Martin Jannelle, Legal Counsel, at 514-787-6578 or by email at martin.jannelle@tmx.com.

Martin Jannelle
Legal Counsel, Montréal Exchange & CDCC

5002 Montréal Local Time
(15.03.05, 00.00.00)

The Bourse shall conform to local Montréal time: as set by the Coordinated Universal Time (“UTC”), administered and offered by the National Research Council (“NRC”) or by any other recognized contributor to the calculation of the UTC. Approved Participants shall synchronize their time, using UTC as the common reference time. System (computer-based) clocks shall be continually synchronized during trading hours to within 50 milliseconds of UTC. Manual (mechanical) clocks shall be synchronized at least once per day, prior to the opening of trading. Approved Participants that rely on third-party systems shall ensure such systems comply with the requirements of this article.

5002 Montréal Local Time
(15.03.05, 00.00.00)

The Bourse shall conform to local Montréal time as set by the Coordinated Universal Time (“UTC”), administered and offered by the National Research Council (“NRC”) or by any other recognized contributor to the calculation of the UTC. Approved Participants shall synchronize their time, using UTC as the common reference time. System (computer-based) clocks shall be continually synchronized during trading hours to within 50 milliseconds of UTC. Manual (mechanical) clocks shall be synchronized at least once per day, prior to the opening of trading. Approved Participants that rely on third-party systems shall ensure such systems comply with the requirements of this article.

6652 Exercise Limits

(10.11.92, 00.00.00)

A) Except in highly unusual circumstances and with the prior written permission of the Exchange, no member or restricted permit holder shall exercise, for any account in which he has an interest or for the account of any client, a long position in any option where such ~~member~~ Approved Participant or; ~~client~~ ~~or restricted permit holder~~, acting alone or in concert with others, directly or indirectly, has or will have exercised, within any five (5) consecutive business days an aggregate long position exceeding the number of contracts established as position limits by article 6651.

B) With respect to an option contract for which an exemption has been granted in accordance with article 6651, the exercise limit shall be equal to the amount of the exemption.

6652 Exercise Limits

(10.11.92, 00.00.00)

A) Except in highly unusual circumstances and with the prior written permission of the Exchange, no member or restricted permit holder shall exercise, for any account in which he has an interest or for the account of any client, a long position in any option where such Approved Participant or client, acting alone or in concert with others, directly or indirectly, has or will have exercised, within any five (5) consecutive business days an aggregate long position exceeding the number of contracts established as position limits by article 6651.

B) With respect to an option contract for which an exemption has been granted in accordance with article 6651, the exercise limit shall be equal to the amount of the exemption.

Circular 090-16: Summary of comments and responses

Note: The Bourse received one comment letter. The comments raised by the commenter are addressed below.

No.	Date comment received	Commenting participant category	Article	Summary of comments	Summary of response
1	August 31, 2016	Dealer Firm	5002	<p>There are notable differences in certain technological and operational aspects of the functioning of equity and derivative markets which make the imposition of the IIROC standard to synchronize manual time clocks to within +/- 50 milliseconds impractical in many instances.</p> <p>Recording of futures orders for the purpose of audit trail records continues to be a manual process for many participants. Upgrading technology to enable synchronization of manual clocks to the standard implied under the proposed rule represents a notable cost for some of our members.</p> <p>Existing standards that have been applied by the Bourse to the synchronization of manual time stamping devices are sufficient until such time as technological innovation in the futures markets approaches the sophistication found in the equity trading environment.</p>	<p>Article 5002 states that both the Bourse and approved participants shall synchronize their clocks using UTC. This is to ensure that there are no discrepancies between the time transactions are recorded by the Bourse and by the approved participants.</p> <p>Article 5002 also requires that systems clocks (computer clocks) be continually synchronized with UTC to within +/- 50 milliseconds during the trading day. With respect to manual clocks (mechanical clocks), Article 5002 states that synchronization with UTC must be made once a day, prior to trading. Although the recording of futures orders continues to be a manual process, Article 5002 only requires clocks to be synchronized with UTC and thus, does not prevent an approved participant from manually time-stamping its order tickets.</p>