



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

CIRCULAR 176-17

December 12, 2017

ADJUSTMENTS REGARDING POSITION LIMITS

OPTIONS ON EQUITY HOLDING EXCHANGE-TRADED FUNDS

Please be advised that the position limits for exchange traded fund unit options listed at Bourse de Montréal Inc. (the Bourse) are outlined in the attached list. These position limits are in accordance to the amendments to article 6651 of the Rules of the Bourse regarding position limits for options on equity holding exchange-traded funds. **These new limits are effective as of the open of the next business day.** Positions limits on stock and trust unit options, sector index options, index options, currency options and non-equity holding exchange-traded funds remain unchanged.

Position limits for stock and trust unit options and Exchange Traded Fund unit options are established and published on a quarterly basis by the Bourse based on the number of shares or units outstanding and the most recent six-month trading volume of the underlying security, in accordance with article 6651 of the Rules of the Bourse.

It is important to note that for any account, subparagraph D) 2 of article 6651 of the Rules of the Bourse allows to hold, for each class of options, an additional quantity of contracts not exceeding the position limit established by the Bourse for this class when such account holds either one of the hedge positions defined in subparagraphs D) 1.a) to D) 1.d) of this article. This effectively means that when options contracts are used for hedging purposes, position limits are doubled. Although it is not necessary to ask for any authorization from the Bourse to take advantage of this provision, approved participants and their clients who decide to use it must be able, upon request, to demonstrate their hedge position to the Bourse.

For cases where the above-mentioned increased position limit is insufficient or where the combination used for hedging purposes is different from those that are defined in the above-mentioned subparagraphs, approved participants and their clients can take advantage of the provisions of paragraph E) of article 6651 of the Rules and of Policy C-1 of the Bourse in order to ask, on behalf of a bona fide hedger, for an exemption from the position limits set by the Bourse.

Tour de la Bourse

P.O. Box 61, 800 Victoria Square, Montréal, Quebec H4Z 1A9
 Telephone: (514) 871-2424
 Toll-free within Canada and the U.S.A.: 1 800 361-5353
 Website: www.m-x.ca

It must also be noted that article 6653 of the Rules of the Bourse provides that position limits can be adjusted following a stock split or a share consolidation of the securities underlying an option contract.

In accordance with article 14102 of the Rules of the Bourse, we remind you that each approved participant must file daily with the Bourse, in the prescribed manner, no later than 9:00 a.m. (ET) on the business day following the one for which the positions must be reported, a report detailing all gross positions held for its own account or for an account or group of accounts which are all owned by the same beneficial owner in derivative instruments listed on the Bourse when these gross positions exceed the reporting thresholds prescribed by the Bourse. As per article 14102 sub-article 6) paragraph A all approved participants must report positions in excess of 250 contracts in the case of stock and trust unit options, 500 contracts in the case of Exchange Traded Fund unit options and currency options, 15,000 contracts in the case of index options and 1,000 contracts in the case of sector index options.

Please note that an MS Excel version of this circular is available in the LOPR section of the Regulatory Division of the Bourse website <http://reg.m-x.ca/en/lopr/>.

For further information, please contact the Regulatory Division, at 514 787-6530, or by e-mail at info.mxr@tmx.com

Julie Rochette
Vice-President and Chief Regulatory Officer

POSITION LIMITS - EXCHANGE TRADED FUND UNIT OPTIONS
December 2017

Symbol	Index Participation Units	Position Limit
CGL	iShares Gold Bullion ETF	25,000
HED	Options on BetaPro S&P/TSX Capped Energy™ -2x Daily Bear ETF	25,000
HEU	Options on BetaPro S&P/TSX Capped Energy™ 2x Daily Bull ETF	25,000
HFD	Options on BetaPro S&P/TSX Capped Financials™ -2x Daily Bear ETF	25,000
HFU	Options on BetaPro S&P/TSX Capped Financials™ 2x Daily Bull ETF	25,000
HGD	Options on BetaPro Canadian Gold Miners -2x Daily Bear ETF	250,000
HGU	Options on BetaPro Canadian Gold Miners 2x Daily Bull ETF	250,000
HIX	Options on BetaPro S&P/TSX 60™ Daily Inverse ETF	25,000
HND	Options on BetaPro Natural Gas -2x Daily Bear ETF	250,000
HNU	Options on BetaPro Natural Gas 2x Daily Bull ETF	250,000
HOD	Options on BetaPro Crude Oil -2x Daily Bear ETF	250,000
HOU	Options on BetaPro Crude Oil 2x Daily Bull ETF	250,000
HPR	Horizons Active Preferred Share ETF	150,000
HVU	BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull ETF	250,000
HXD	Options on BetaPro S&P/TSX 60™ -2x Daily Bear ETF	75,000
HXT	Options on Horizons BetaPro S&P/TSX 60 ETF	250,000
HXU	Options on BetaPro S&P/TSX 60™ 2x Daily Bull ETF	75,000
VAB	Vanguard Canadian Aggregate Bond Index ETF	50,000
VFV	Vanguard S&P 500 Index ETF	50,000
VSX	Vanguard Canadian Short-Term Bond Index ETF	25,000
VSC	Vanguard Canadian Short-Term Corporate Bond Index ETF	50,000
VUN	Vanguard U.S. Total Market Index ETF	50,000
XCB	Options on iShares Canadian Corporate Bond Index ETF	50,000
XDV	Options on iShares Canadian Select Dividend Index ETF	100,000
XEG	Options on iShares S&P/TSX Capped Energy Index ETF	500,000
XFN	Options on iShares S&P/TSX Capped Financials Index ETF	500,000
XGD	Options on iShares S&P/TSX Global Gold Index ETF	500,000
XIC	Options on iShares CDN S&P/TSX Capped Composite Index ETF	150,000
XIN	Options on iShares MSCI EAFE Index ETF (CAD Hedged)	50,000
XIT	Options on iShares S&P/TSX Capped Information Technology Index ETF	50,000
XIU	Options on iShares S&P/TSX 60 Index ETF	600,000
XMA	Options on iShares Index S&P/TSX Capped Materials ETF	50,000
XRE	iShares S&P/TSX Capped REIT Index Fund	150,000
XSB	Options on iShares Core Canadian Short Term Bond Index ETF	50,000
XSP	Options on iShares S&P 500 Index ETF (CAD-Hedged)	500,000
XSU	iShare U.S. Small Cap Index ETF (CAD-Hedged)	100,000
ZAG	BMO Aggregate Bond Index ETF	200,000
ZCM	BMO Mid Corporate Bond Index ETF	75,000
ZCN	BMO S&P/TSX Capped Composite Index ETF	150,000
ZDM	BMO MSCI EAFE Hedged to CAD Index ETF	50,000

Symbol	Index Participation Units	Position Limit
ZDV	BMO Canadian Dividend ETF	100,000
ZEB	BMO Equal Weight Banks Index ETF	150,000
ZEO	BMO Equal Weight Oil & Gas Index ETF	100,000
ZEQ	BMO MSCI Europe High Quality Hedged to CAD Index ETF	50,000
ZFL	BMO Long Federal Bond Index ETF	25,000
ZHY	BMO High Yield US Corporate Bond Hedged to CAD Index ETF	200,000
ZLB	BMO Low Volatility Canadian Equity ETF	100,000
ZLU	BMO Low Volatility US Equity ETF	50,000
ZPR	BMO S&P/TSX Laddered Preferred Share Index ETF	100,000
ZQQ	BMO Nasdaq 100 Equity Hedged to CAD Index ETF	50,000
ZRE	BMO Equal Weight REITs Index ETF	50,000
ZSP	BMP S&P 500Index ETF	150,000
ZUB	BMO Equal Weight US Banks Hedged to CAD Index ETF	100,000
ZUE	BMO S&P 500 Hedged to CAD Index ETF	100,000
ZUH	BMO Equal Weight US Health Care Hedged to CAD Index	50,000
ZUT	BMO Equal Weight Utilities Index ETF	50,000
HMMJ	Horizon Marijuana Life Sciences Index ETF	50,000
ZEA	BMO MSCI EAFE Index ETF	100,000