

RULE B-13 OPTIONS ON CANADIAN BANKERS' ACCEPTANCE FUTURES

This Rule B-13 is applicable only to American Style Options where the Underlying Interest is Canadian Bankers' Acceptance Futures traded on The Montreal Exchange. Such Options are referred to in this Rule B-13 as "Canadian Bankers' Acceptance Futures Options".

Section B-1301 Definitions

Notwithstanding Section A-102, for the purposes of Canadian Bankers' Acceptance Futures Options, the following terms are as defined:

"Exercise Price" - the specified price per Unit of Trading at which a position in the Underlying Interest may be assumed upon the exercise of an Option.

"Expiration Date" - the Last Day of Trading.

"Last Day of Trading" - options trading shall terminate at the same date and time as the underlying futures contract, i.e. at 10:00 a.m. on the second London (U.K.) business day preceding the third Wednesday of the contract month. However, options with an expiry that does not coincide with the expiry of the underlying futures contract shall cease trading at the date and time referred to in the options contract.

"Option" - a contract which gives the purchasing Clearing Member the right to assume a Long Position (in the case of a call) or assume a Short Position (in the case of a put) in the Underlying Interest at a specified Exercise Price during a specified time period and which obligates the Clearing Member holding a Short Position in the Option, upon assignment, to assume a Short Position (in the case of a call) or assume a Long Position (in the case of a put) in the Underlying Interest.

"Underlying Interest" - One Canadian Bankers' Acceptance Futures contract of the specified Futures contract month.

"Unit of Trading" - 1 contract representing the Underlying Interest.

Amended 6/96, 10/04

Section B-1302 Expiration Date Exercise Procedure

(1) Section B-307 will apply to Canadian Bankers' Acceptance Futures Options but the times which relate to each activity are changed to read as follows:

B-307 (a)	At or before 8:a.m. and until the Close of Business;
B-307 (b)(ii)	the Close of Business;
B-307 (f)	between the hours stipulated by the Corporation on each Expiration Date

(2) The "Closing Price" for Canadian Bankers' Acceptance Futures Options referred to in Section B-307 (1) shall mean the final settlement price of the Underlying Interest at or about the close of trading on the Expiration Date.

Amended 6/96; 3/99

Section B-1303 General Rights and Obligations of Clearing Members

- (1) Subject to the provisions of these Rules, a Clearing Member holding a Long Position in a call Option has the right, beginning at the time such Option is issued pursuant to Rule B-1 and expiring at the Expiration Time of such Option, to assume, on tender of an Exercise Notice, a Long Position in the Underlying Interest at the Exercise Price of the Option, all in accordance with the by-laws and rules of The Montreal Exchange and these Rules.
- (2) A Clearing Member holding a Short Position in a call Option is obligated, upon the assignment to him of an Exercise Notice in respect of such Option, to assume a Short Position in the Underlying Interest at the Exercise Price of the Option, all in accordance with the by-laws and rules of The Montreal Exchange and these Rules.
- (3) Subject to the provisions of these Rules, a Clearing Member holding a Long Position in a put Option has the right, beginning at the time such Option is issued pursuant to Rule B-1 and expiring at the Expiration Time of such Option, to assume, on tender of an Exercise Notice, a Short Position in the Underlying Interest at the Exercise Price of the Option all in accordance with the by-laws and rules of The Montreal Exchange and these Rules.
- (4) A Clearing Member holding a Short Position in a put Option is obliged, upon the assignment to him of an Exercise Notice in respect of such Option, to assume a Long Position in the Underlying Interest at the Exercise Price of the Option all in accordance with the by-laws and rules of The Montreal Exchange and these Rules.

Section B-110 does not apply to Canadian Bankers' Acceptance Futures Options.

Amended 6/96, 02/06

Section B-1304 Clearing Fund Deposits

Clearing Members admitted to clear Canadian Bankers' Acceptance Futures Options shall maintain deposits in both the Options Clearing Fund and the Futures Clearing Fund of the amounts from time to time required by the Rules.

Section B-1305 Trade Reporting

- (1) Section B-201 will apply to Canadian Bankers' Acceptance Futures Options. However in addition to a Consolidated Activity Report available on the day after trade, each trade will also be detailed on a Futures Daily Transaction Report available after the close of trading on the trade date.
- (2) Notwithstanding Section B-201 (5) each Clearing Member shall have until the Close of Business on the Expiration Date for an expiring Series of Canadian Bankers' Acceptance Futures Options to notify the Corporation, in the form prescribed, of any error.

Amended 3/99

Section B-1306 Random Assignment of Exercise Notices

Section B-305 shall apply to Canadian Bankers' Acceptance Futures Options but subsection (3) for Canadian Bankers' Acceptance Futures Options shall read as follows:

If an Exercise Notice is tendered in accordance with either Section B-301 (a)(i) or B-301 (a)(ii) the assignment of such Exercise Notice shall be effective as of the day on which the Exercise Notice was tendered.

Section B-1307 Reporting of Exercises and Assignments

Section B-306 shall apply to Canadian Bankers' Acceptance Futures Options except that no Options Unsettled Delivery Report shall be issued as all exercised Canadian Bankers' Acceptance Futures Options result in a Futures position.

New Rule 01/94