



NOTICE TO MEMBERS

No. 2015 - 033

March 12, 2015

SELF-CERTIFICATION

AMENDMENTS TO RULES A-1, B-10, C-7 AND C-12 OF CDCC RULES

LISTING OF NEW SECTOR INDEX OPTIONS AND FUTURES: S&P/TSX BANKS INDEX (SXK) AND S&P/TSX CAPPED UTILITIES INDEX (SXU)

On November 2, 2012, the Board of Directors of the Canadian Derivatives Clearing Corporation (CDCC) approved amendments to its Rules. CDCC wishes to inform Clearing Members that such amendments were self-certified in accordance with the self-certification process set forth in the *Derivatives Act* (R.S.Q., chapter I-14.01).

The purpose of the amendments is to allow the introduction of new options contracts and futures contract by the Montréal Exchange.

Please find attached the amendments that will take effect and be incorporated into the CDCC Rules available on CDCC's website (www.cdcc.ca) as of March 13, 2015.

If you have any questions or comments regarding this notice, please contact CDCC's Corporate Operations department or send an email to cdcc-ops@cdcc.ca.

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CANADIAN DERIVATIVES CLEARING CORPORATION

RULES

VERSION OF ~~DECEMBER 1ST~~, 2014

PART A – GENERAL

RULE A-1 DEFINITIONS

Section A-101 Scope of Application

Unless the context otherwise requires or unless different meanings are specifically defined, for all purposes of these Rules the capitalized terms used herein shall have the meanings given them in Section A-102.

Section A-102 Definitions

“Acceptable Instrument Types” or “Acceptable OTCI” – means Over-The-Counter Instruments which are determined by the Corporation as acceptable for clearing with the Corporation.

“Acceptable Underlying Interests” – means an Underlying Interest which is determined by the Corporation as acceptable for clearing by the Corporation.

“Acceptable Marketplace” – means a bilateral or multilateral marketplace, other than an Exchange, where buyers and sellers conclude transactions in Acceptable Instrument Types including bilateral trades between two Fixed Income Clearing Members and which meets any of the following requirements (i) in the case of a marketplace which is an alternative trading system (“ATS”), it has qualified as such and complies with the applicable requirements of National Instrument 21-101 – Marketplace Operations (“21-101”) and National Instrument 23-101 – Trading Rules (“23-101”) as determined by the Corporation, and (ii) in the case of an inter-dealer bond broker (“IDBB”), it has qualified as such and complies with applicable IIROC Rules including IIROC Rule 2800 and applicable requirements of 21-101 and 23-101 as determined by the Corporation, and (iii) in the case of bilateral trades between Fixed Income Clearing Members involving an SRO Clearing Member, the SRO Clearing Member complies with applicable requirements of 21-101 and 23-101 as determined by the Corporation.

“Acceptable Security” – means a Security determined by the Corporation as acceptable for purposes of clearing Fixed Income Transactions and Futures for which the deliverable security is a fixed income security.

“Acceptable Treasury Bills” – means a short-term debt instrument, having a maturity of less than one year, issued by the Government of Canada and sold at a discount.

“Acceptance Criteria” – means the criteria established by the Corporation for acceptance or rejection of an OTCI in accordance with the provisions of Section D-104.

“Additional Deposit” – means the additional amount ~~which may be required~~ of to be added to a the Clearing Member in addition to the Clearing Fund deposit pursuant to Section A-606.

“Affiliate” – means, in relation to any Clearing Member, any Entity controlled, directly or indirectly, by the Clearing Member, any entity that controls, directly or indirectly, the Clearing Member, or any Entity directly or indirectly under common control with the Clearing Member. For ~~the~~ these purposes ~~of this definition~~, “control” of any Clearing Member or Entity means ownership of a majority of the voting power of the Clearing Member or Entity.

“Afternoon Net DVP Settlement Requirement” – has the meaning attributed thereto in assigned to this term by Section D-601.

“Afternoon Netting Cycle Timeframe” – has the meaning attributed thereto in assigned to this term by Section D-601.

“American Option” (or “American Style Option”) – means an Option which can be exercised at any time from issuance until its Expiration Date.

“Amounts Due” – has the meaning attributed thereto in assigned to this term by Subsection D-409(10).

“Application for Membership” – means the Application for Membership, which, when completed by a Clearing Member candidate and accepted by the Corporation, forms part of the Membership Agreement together with the Rules which are incorporated by reference therein and form a part thereof ~~the Membership Agreement~~, as such Application for Membership may from time to time be amended, changed, supplemented or replaced in whole or in part.

“Approved Depository” – means a financial institution approved by the Corporation to act in such capacity in accordance with the criteria set forth in Subsection A-212(8).

“Approved Processes” – means any CDCS function for processing Transactions for clearing by the Corporation. CDCC may make available more than one Approved Process in respect of any clearing service.

“Assigned Position” – means the position of the Clearing Member in any account for which such Clearing Member is the assigned Clearing Member in such account.

“At-the-Money Option” – means a call Option or a put Option with an Exercise Price that is equal to the Market Price of the Underlying Interest.

“Authorized Representative” – means a person for whom the Clearing Member has filed evidence of authority pursuant to Section A-202.

“Bank Clearing Member” – means a Clearing Member that is a bank to which the Bank Act (Canada), as amended from time to time, applies.

“Base Deposit” – means the minimum Clearing Fund deposit required of each Clearing Member pursuant to Section A-603.

“Board” – means the Board of Directors of the Corporation.

“Business Day” – means any day on which the Corporation is open for business.

“By-laws” – means the By-laws of the Corporation as the same may be amended from time to time.

“Calculation Agent” – means the Corporation when calculating certain close-out amounts as provided in Subsection A-409(9).

“Call Underlying Interest Deposit” – means the deposit by an Approved Depository acting on behalf of a Clearing Member or a client thereof of the Underlying Interest of a call Option ~~with~~ the Corporation through a Central Securities Depository.

“Canada Mortgage Bonds (CMB)” – means bullet maturity bonds that are fixed rate with a semi-annual coupon issued by Canada Housing Trust and guaranteed by Canada Mortgage and Housing Corporation.

“Capital Adequacy Return (CAR)” – means the documents specified from time to time by the Office of the Superintendent of Financial Institutions in its guidelines relating to capital adequacy requirements applicable to banks.

“Cash” – means money in the lawful currency of Canada.

“Cash Settlement Amount” – means the amount determined by the Calculation Agent in accordance with Subsection A-409(6).

“Cash Settlement Payment Default” – has the meaning attributed thereto in ~~assigned to this term by~~ Subsection A-409(6).

“Cash Settlement Payment Request” – has the meaning attributed thereto in ~~assigned to this term by~~ Subsection A-409(6).

“Cash Settlement Amount Calculation Request” – has the meaning attributed thereto ~~assigned to this term by~~ Subsection A-409(6).

“Cash Settlement Amount Calculation Request Date” – has the meaning attributed thereto in ~~assigned to this term by~~ Subsection A-409(6).

“CDCC Daylight Credit Facility” – means the daylight credit facility of the Corporation, the amount of which is subject to change from time to time, with prior notice to Clearing Members.

“CDCC Materials” – means any material, data and information developed, created or compiled by the Corporation and provided by the Corporation to the Clearing Members in any form, and including the software, trade-marks, logos, domain names, documentation (including the Rules), Approved Processes, technical information, systems (including the clearing systems and electronic transmission systems), hardware and networks, that comprises the CDCS provided by the Corporation to the Clearing Members.

“CDCS” – means ~~stands for~~ “Canadian Derivatives Clearing Service” and refers to the clearing and settlement system operated by CDCC, which is governed by the Rules.

“CDS” – means CDS Clearing and Depository Services Inc., acting as Central Securities Depository in Canada or acting in any other capacity, or any successor thereof.

“Central Securities Depository” – means any central securities depository acceptable to the Corporation, including CDS.

“Class Group” – means all Options and Futures relating to the same Underlying Interest.

“Class of Futures” – means all Futures covering the same Underlying Interest.

“Class of Options” – means all Options of the same style within the same maturity category on the same Underlying Interest.

“Clearing Fund” – means the fund established pursuant to Rule A-6 Clearing Fund Deposits.

“Clearing Member” – means an applicant who has been admitted to membership in the Corporation.

“Client” – means those customers of a Clearing Member who are not Market Makers or trading on behalf of a broker.

“Client Account” – means the account or accounts required to be established for Transactions of the Clearing Members' Clients pursuant to Sections B-102, B-103, C-102, C-103, D-102 and D103.

“Clients Settlement Account” – means the account established by Section A-403.

“Close of Business” – means the time at which the Business Day ends, as specified in the CDCC Operations Manual. The time may, at the sole discretion of the Corporation, be modified to address shortened trading days on Exchanges.

“Closing Buy Transaction” – means an Exchange Transaction the result of which is to reduce or eliminate a Short Position in the Series of Futures involved in such transaction.

“Closing Purchase Transaction” – means an Exchange Transaction the result of which is to reduce or eliminate a Short Position in the Series of Options involved in such transaction.

“Closing Sell Transaction” – means an Exchange Transaction the result of which is to reduce or eliminate a Long Position in the Series of Futures involved in such transaction.

“Closing Writing Transaction” – means an Exchange Transaction the result of which is to reduce or eliminate a Long Position in the Series of Options involved in such transaction.

“Commodity” – means any agricultural product, forest product, product of the sea, mineral, metal, hydrocarbon fuel, natural gas, electric power, currency or precious stone or other gem, and any goods, article, service, right or interest, or class thereof, whether in the original or processed state.

“Competent Authority” – has the meaning attributed thereto in assigned to this term by Subsection A-409(3).

“Confirmation Transmission” – means the electronic transmission made by a Clearing Member to the Corporation confirming that the Expiry Report detailed in Section B-307 is accepted.

“Consolidated Activity Report” – means a daily report listing ~~alleither~~ Options, Futures ~~and/or~~ OTCI transactions.

“Contract Specifications” – means the specifications prescribed by the relevant Exchange with respect to a particular Option or Future.

“Corporation or CDCC” – means Canadian Derivatives Clearing Corporation.

“CORRA Rate” – has the meaning attributed thereto in assigned to this term by Section D-601.

“Corresponding CDCC Delivery Requirement” – has the meaning attributed thereto in assigned to this term by Subsection A-804(4).

“Coupon Income” – has the meaning attributed thereto in assigned to this term by Section D-601.

“CUSIP/ISIN” – are acronyms respectively standing for Committee on Uniform Security Identification Procedures and International Securities Identification Number respectively, herein used to refer to a security identifier assigned by CDS to any Acceptable Security.

“Daily Settlement Summary Report” – means the report designated as such by the Corporation as described in the Operations Manual.

“Default Manual” – means any manual designated as such by the Corporation, as amended from time to time.

“Default Value” – means the value determined by the Calculation Agent in accordance with Subsection A-409(6).

“Delivery Agent” – means the party through which the Corporation will effect the transfer of the Underlying Interest between the buyer and seller.

“Delivery Default” – has the meaning attributed thereto in assigned to this term by Subsection A-409(6).

“Delivery Month” – means the calendar month in which a Future may be satisfied by making or taking delivery.

“Delivery Request” – has the meaning attributed thereto in assigned to this term by Subsection A-409(6).

“Deposit” – means a payment, deposit or transfer, whether of cash, securities, certificates, property, Underlying Interests, Underlying Interest Equivalents or other property interests or rights.

“Depository Agreement” – means an agreement entered into between the Corporation and an Approved Depository.

“Depository Receipt” – means a Put Escrow Receipt, a Call Underlying Interest Deposit or a Futures Underlying Interest Deposit.

“Derivative Instrument” – means a financial instrument, the value of which derives from the value of an Underlying Interest. Without limiting the foregoing, this Underlying Interest may be a commodity or a financial instrument such as a stock, a bond, a currency, a stock or economic index or any other asset.

“Detailed Futures Consolidated Activity Report” – means the report created by the Corporation on a daily basis reporting the aggregate position in Futures held by a Clearing Member, which also contains the Settlement of Gains and Losses for that Clearing Member for that day.

“Early Termination Date” – has the meaning ~~attributed thereto inassigned to this term by~~ Subsection A-409(7).

“Electronic Communication” – means, in respect of the Corporation, any one or more of the following: the posting of a notice, report or other information on the Corporation’s website, the transmission of a notice, report or other information to a Clearing Member by means of electronic mail and the making available on the Corporation’s computer, in a form accessible to a Clearing Member, a notice, report or other information.

“Emergency” – ~~means a s~~ Situation materially affecting the Corporation’s operations resulting from i) riot, war or hostilities between any nations, civil disturbance, acts of God, fire, accidents, strikes, earthquakes, labour disputes, lack of transportation facilities, inability to obtain materials, curtailment of or failure in obtaining sufficient power, gas or fuel, computer malfunction (whether mechanical or through faulty operation), malfunction, unavailability or restriction of the payment, computer or bank wire or transfer system and any other cause of inability that is beyond the reasonable control of the Corporation; ii) any action taken by Canada, a foreign government, a province, state or local government or body, authority, agency or corporation, and any Exchange, Central Securities Depository, Acceptable Marketplace, Market Centre and Delivery Agent ; iii) the bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a Clearing Member which may affect the ability of that member to perform its obligations; iv) any circumstance in which a Clearing Member, a Central Securities Depository or any other Entity has failed to perform contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such Entity cannot be permitted to continue in business without jeopardizing the safety of assets, of any Clearing Member or the Corporation; or v) any other unusual, unforeseeable or adverse circumstance.

“End of Day DVP Settlement Time” – has the meaning ~~attributed thereto inassigned to this term by~~ Section D-601.

“Entity” – shall include an individual, a corporation, a partnership, a trust and an unincorporated organization or association.

-“European Option” (or “European Style Option”) – means an Option which can be exercised only on its Expiration Date.

“Event of Default” – has the meaning ~~attributed thereto inassigned to this term by~~ Subsection A-409(2).

“Exchange” – means an exchange whose trades are guaranteed and/or cleared by the Corporation.

“Exchange Transaction” – means a transaction through the facilities of an Exchange for:

- a) the purchase or writing of an Option or the reduction or elimination of a Long or Short Position in an Option; or
- b) the buying or selling of a Future or the reduction or elimination of a Long or Short Position in a Future.

“Exercise Notice” – means a notice to the Corporation in the form prescribed by the Corporation, notifying the Corporation of the intent of the Clearing Member executing such notice to exercise an Option.

“Exercised Position” – means the position of a Clearing Member in any account in respect of Options Transactions providing optionality to the holder and which ~~may~~ have been exercised by such Clearing Member in such account.

“Exercise Price” – means the specified price per unit at which the Underlying Interest may be purchased (in the case of a call) or sold (in the case of a put) upon the exercise of an Option. (Sometimes referred to as the Strike Price).

“Exercise Settlement Amount” – means the amount which must be paid by the Corporation to the Clearing Member exercising a put Option or who has been assigned a call Option, against delivery of the Underlying Interest.

“Exercise Settlement Date” – means the date prescribed by the relevant Exchange within Contract Specifications of a particular Option.

“Expiration Date” – unless otherwise specified, means the third Friday of the month and year in which the Option expires.

“Expiration Time” – means the time on the Expiration Date, as fixed by the Corporation, at which the Option expires. Unless subsequently changed by the Corporation, the Expiration Time shall be 10:45 p.m. on the Expiration Date.

“Expiry Response Screen” – means a computer display also known as the “Expiry Workspace” made available to Clearing Members in connection with Rule B-3.

“Failed Delivery” – has the meaning set out (i) in Subsection A-804(1) with respect to the delivery of an Acceptable Security, (ii) in Section B-407 with respect to the delivery of an Underlying Interest of under an Option, (iii) in Section C-512 with respect to the delivery of an Underlying Interest of under a Future ~~of an Underlying Interest~~ other than an Acceptable Security, or (iv) in Section D-304 with respect to the delivery of an Underlying Interest of under an OTCI that is not a Fixed Income Transaction.

“Failed Payment Against Delivery” – has the meaning attributed thereto in ~~assigned to this term by~~ Section A-806.

“Failure to Pay” – has the meaning attributed thereto in ~~scribed to this term by~~ Subsection A-409(4).

“Final Settlement Amount” – means ~~is~~ the amount determined by the Calculation Agent in accordance with Subsection A-409(10).

“Firm” – means a Clearing Member acting for its own account.

“Firm Account” – means the account or accounts required to be established for Firm Transactions of the Clearing Members pursuant to Sections B-102, B-103, C-102, C-103, D-102 and D-103.

“Fixed Income Clearing Member” – has the meaning ~~attributed thereto in assigned to this term by~~ Section D-601.

“Fixed Income Transaction” – has the meaning ~~attributed thereto in assigned to this term by~~ Section D-601.

“Forward Curve” – means the summary representation of the price of a commodity on a forward basis obtained by amalgamating all Reference Prices by tenor as defined in Section D-201.

“Forward Price” – means the price extracted from the Forward Curve and used in the daily Mark-to-Market Valuation and margining processes as defined in Section D-202.

“Future” – means a contract:

- a) in the case of a Future settled by delivery of the Underlying Interest, to make or take delivery of a specified quantity and quality, grade or size of an Underlying Interest during a designated future month at a price agreed upon when the contract was entered into on an Exchange; or
- b) in the case of a Future settled in cash, to pay to or receive from the Corporation the difference between the final settlement price and the trade price pursuant to standardized terms and conditions set forth by the Exchange where the contract is concluded and which is cleared by the Corporation.

“Futures Underlying Interest Deposit” – means the deposit by an Approved Depository acting on behalf of a Clearing Member or a client thereof of the Underlying Interest of a Future ~~with~~ the Corporation through a Central Securities Depository.

“Futures Sub-Accounts Consolidated Activity Report” – means the report created by the Corporation on a daily basis reporting the aggregate position held by a Clearing Member in each of its sub-accounts, which also contains the Settlement of Gains and Losses for that day with respect to each sub-account.

“Good Deliverable Form” – Underlying Interests shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of the Underlying Interests in such form would constitute good delivery under the Contract Specifications.

“Gross Delivery Requirement” – means the quantity of Acceptable Securities required to be physically delivered through a Central Securities Depository by or to a Clearing Member, expressed on a gross basis, in accordance with Subsection D-606(10).

“Gross Payment Against Delivery Requirement” – means the amount required to be paid against physical delivery through a Central Securities Depository by or to a Clearing Member, expressed on a gross basis, in accordance with Subsection D-606(10).

“Guaranteeing Delivery Agent” – means a Delivery Agent who bears the responsibility of guaranteeing the acquisition or delivery of the Underlying Interest in the event of a delivery failure.

“include”, “includes” and “including” – where used in these Rules, means “include”, “includes” and “including”, in each case, without limitation.

“Insolvency Event” – has the meaning ~~attributed thereto inassigned to this term by~~ Subsection A-409(3).

“Insolvency Proceedings” – has the meaning ~~attributed thereto inassigned to this term by~~ Subsection A-409(3).

“In-the-Money-Option” – means a call Option with an Exercise Price that is less than the Market Price of the Underlying Interest or a put Option where the Exercise Price exceeds the Market Price of the Underlying Interest.

“Instrument” – ~~shall~~means a bill, note or cheque within the meaning of the Bills of Exchange Act (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, but does not include a security.

“Intra-Day Margin Call” –~~shall~~means the requirement to deposit supplementary Margin, as determined by the Corporation in accordance with Section A-705, at any time the Corporation deems necessary, and notably at such times as are specified in Section 2 of the Operations Manual.

“Joint Regulatory Financial Questionnaire and Report” – means the documents required under the applicable rules of the Investment Industry Regulatory Organization of Canada.

“Liquidating Settlement Account” – means the account created following the default of a Clearing Member to recognize the value of all gains, losses, and expenses due to or from the Non-Conforming Member during the liquidation of positions and Margin Deposits, in accordance with Section A-402.

“Long Position” – means a Clearing Member’s interest as:

- a) the holder of one or more Options of a Series of Options; or
- b) the buyer of one or more Futures of a Series of Futures; or
- c) the buyer of an Over-The-Counter Instrument.

“Margin” – means any and all the deposits required or made pursuant to Rule A-7 Margin Requirements.

“Margin Deposit” – means, collectively,

- a) any and all Securities, Cash, Instruments, cheques, Underlying Interest, Underlying Interest Equivalent, Long Positions and Short Positions;
- b) any and all of the deposits required or made pursuant to Rule A-6 Clearing Fund Deposits, Rule A-7 Margin Requirements, and Rule B-4 Delivery and Payment with Respect to Options Exercised, Rule C-5 Delivery of Underlying Interest of Futures and Rule D-3 Physical Delivery of Underlying Interest on Over-the-Counter Instruments, including Margins, Base Deposits, Additional Deposits, Variable Deposits, Put Escrow Receipts, Call Underlying Interest Deposits, and Futures Underlying Interest Deposits, and any other form of deposit accepted~~as~~ from time to time ~~are accepted~~ by the Corporation; and

- c) any and all securities pledged or assigned to the Corporation through the facilities of a Central Securities Depository;

deposited by or on behalf of the Clearing Member with the Corporation.

“Mark-to-Market Valuation” – means the value determined by the Corporation representing the net asset liquidation value of a Transaction or account held by a Clearing Member, as defined in Section D-202.

“Market Centre” – means the local facility where the exchange of Underlying Interests occurs.

“Market Maker” – means an individual who has been approved by the Exchange on which he trades to trade for his own account or for the account of the Exchange member or non-member by which he is employed or for which he acts as agent in Options or Futures, and may include a futures trader, an options trader, a trader member, a market maker and a market specialist.

“Market Maker Account” – means the account or accounts required to be established for Exchange Transactions of the Clearing Member's Market Makers pursuant to Sections B-102, B-103, C-102 and C-103.

“Market Price” – means the aggregate price of the Unit of Trading of the Underlying Interest as determined by the Exchange or Exchanges involved.

“Matured Amounts” – means any financial cash flows resulting from the expiration of an OTCI.

“Maturity Date” – means the date on which final obligations related to a Transaction are executed.

“Morning Net Payment Against Delivery Requirement” – has the meaning attributed thereto in assigned to this term by Section D-601.

“Morning Net DVP Settlement Timeframe” – has the meaning attributed thereto in assigned to this term by Section D-601.

“Morning Netting Cycle Timeframe” – has the meaning attributed thereto in assigned to this term by Section D-601.

“Multi-Purpose Account” – means a Market Maker Account and/or a Netted Client Account.

“Net Daily Premium” – when applied to any account of a Clearing Member for any Settlement Time, means the net amount payable to or by the Corporation at such Settlement Time in respect of all Exchange Transactions of the Clearing Member in Options in such account as a purchasing Clearing Member and a writing Clearing Member.

“Net Daily Settlement” – means the amount shown on the Daily Settlement Summary Report.

“Net Delivery Requirement” – with respect to Acceptable Securities, means the quantity thereof required to be physically delivered through a Central Securities Depository by or to a Clearing Member, expressed on a net basis, in accordance with Paragraph A-801(2)(d); and with respect to any Underlying Interest of an OTCI that physically settles other than Acceptable Securities, means the quantity of such Underlying

Interest ~~required~~^{needed} to be physically delivered through ~~the relevant~~ Delivery Agent by or to a Clearing Member, expressed on a net basis, in accordance with Section D-303.

“Net Payment Against Delivery Requirement” – means the amount required to be paid against physical delivery through a Central Securities Depository by or to a Clearing Member, expressed on a net basis, in accordance with Paragraph A-801(2)(c).

“Netted Client Account” – means a type of Client Account that requires specific documentation be signed between the Clearing Member and the Corporation, in which the Transactions of a sole Client are held on a net basis.

“Netting Cut Off Time” – means, with respect to a Business Day and a Clearing Member, a time specified in the Operations Manual on such Business Day for purposes of determining, in respect of such Clearing Member, all net payment and delivery obligations owing by or to such Clearing Member in accordance with these Rules on such Business Day.

“Non-Conforming Member” – has the meaning ~~attributed thereto in assigned to this term by~~ Section A-1A04.

“Non-delivered Assets” – has the meaning ~~attributed thereto in assigned to this term by~~ Subsection A-409(6).

“Non-Payment of the Cash Settlement Amount following a Delivery Default” – has the meaning ~~attributed thereto in assigned to this term by~~ Subsection A-409(6).

“Notional Quantity” – means the size of the OTCI transaction expressed either outright, or in accordance with the Unit of Trading and the number of contracts underlying the OTCI transaction.

“Open Interest” or “Open Position” – means the position of a buyer or a seller of an Option, of a Future or of an OTCI.

“Opening Buy Transaction” – means an Exchange Transaction the result of which is to create or increase a Long Position in the Series of Futures involved in such transaction.

“Opening Purchase Transaction” – means an Exchange Transaction the result of which is to create or increase a Long Position in the Series of Options involved in such Exchange Transaction.

“Opening Sell Transaction” – means an Exchange Transaction the result of which is to create or increase a Short Position in the Series of Futures involved in such transaction.

“Opening Writing Transaction” – means an Exchange Transaction the result of which is to create or increase a Short Position in the Series of Options involved in such Exchange Transaction.

“Operations Manual” – means the manual designated as such by the Corporation and any schedule to the Operations Manual, including the Risk Manual, as amended from time to time.

“Option” – means a contract which, unless otherwise specified, gives the buying Clearing Member the right to buy (a call) or sell (a put) at a specified quantity of an Underlying Interest at a fixed exercise

price during a specified time period and which obligates the writing Clearing Member to sell (a call) or buy (a put) the Underlying Interest, pursuant to standardized terms and conditions set forth by the Exchange where the contract is concluded or to the terms determined by the Corporation as acceptable and which is cleared by the Corporation.

“Option Type” – means a put Option or a call Option.

“Options Daily Transaction Report” – means a report created by the Corporation providing the net premium payable/receivable.

“Out-of-the-Money Option” – means a call Option with an Exercise Price that exceeds the Market Price of the Underlying Interest or a put Option where the Exercise Price is less than the Market Price of the Underlying Interest.

“Over-The-Counter Instrument” or “OTCI” – means ~~refers to~~ any bilaterally negotiated transactions as well as any transactions entered into ~~concluded~~ on any Acceptable Marketplaces.

“Payment Default” – has the meaning attributed thereto in assigned to this term by Subsection A-409(5).

“Payment Request” – has the meaning attributed thereto in assigned to this term by Subsection A-409(5).

“Pending Payment Against Delivery Requirements” – has the meaning attributed thereto in assigned to this term by Section D-601.

“Pending Delivery Requirements” – has the meaning attributed thereto in assigned to this term by Section D-601.

“Postponed Payment Obligation” – with respect to the Corporation, means the amount by which its Afternoon Net DVP Settlement Requirement consisting of an obligation to pay against delivery of Acceptable Securities or its Gross Payment Against Delivery Requirement resulting from any Same Day Transaction submitted after the Afternoon Netting Cycle Timeframe and before the Submission Cut-Off Time, as the case may be, in favour of a Provider of Securities has been reduced as a result of the Provider of Securities’ failure to deliver Acceptable Securities on the Business Day they were due by the End of Day DVP Settlement Time and the payment by the Corporation of such reduction has been postponed until full delivery by the Provider of Securities in accordance with Subsection A-804(1); and with respect to a Clearing Member who is a Receiver of Securities, means the amount by which its Afternoon Net DVP Settlement Requirement consisting of an obligation to pay against delivery of Acceptable Securities or its Gross Payment Against Delivery Requirement resulting from any Same Day Transaction submitted after the Afternoon Netting Cycle Timeframe and before the Submission Cut-Off Time, as the case may be, in favour of the Corporation has been reduced as a result of the Corporation’s failure to deliver Acceptable Securities on the Business Day they were due by the End of Day DVP Settlement Time and the payment by such Clearing Member of such reduction has been postponed until full delivery by the Corporation in accordance with Subsection A-804(2).

“President” – means the person appointed by the Board as chief executive officer and chief administration officer of the Corporation.

“Product Type” – means the attribute of an OTCI which describes the rights and obligations of the counterparties involved in the transaction insofar as cash flows are concerned.

“Provider of Securities” – means a Clearing Member who owes to the Corporation a Net Delivery Requirement with respect to an Acceptable Security in accordance with Subsection D-606(3) and Paragraph A-801(2)(d) or a Gross Delivery Requirement with respect to an Acceptable Security in accordance with Subsection D-606(10), as the case may be.

“Put Escrow Receipt” – means a receipt, in a form that is acceptable to the Corporation, issued by an Approved Depository certifying that it holds Cash in the amount of the Exercise Price of a put Option on behalf of a Clearing Member or a client thereof, in trust for the Corporation.

“Receiver of Securities” – means a Clearing Member who is owed by the Corporation a Net Delivery Requirement with respect to an Acceptable Security in accordance with Subsection D-606(3) and Paragraph A-801(2)(d) or a Gross Delivery Requirement with respect to an Acceptable Security in accordance with Subsection D-606(10), as the case may be.

“Reference Price” – means the price determined by the Corporation in accordance with Section D-201.

“Registry” – means any registry designated by the Corporation which, for the purposes of clearing Futures Contracts on Carbon Dioxide Equivalent (CO₂e) Units with physical settlement, has been established in order to ensure the accurate accounting of holding, transfer, acquisition, surrender, cancellation and replacement of the Carbon Dioxide Equivalent (CO₂e) Units.

“Risk Limits” – means refers to the set of risk management limits imposed by the Corporation on Clearing Members’ clearing activities as updated from time to time by the Corporation.

“Risk Manual” – means the manual designated as such by the Corporation and any schedule to the Risk Manual, including the Default Manual, as amended from time to time.

“Rolling Delivery Obligation” – with respect to a Clearing Member who is a Provider of Securities, means the quantity of a given Acceptable Security that it has failed to deliver to the Corporation under an Afternoon Net DVP Settlement Requirement consisting of an obligation to deliver Acceptable Securities under Subsection A-801(4) or a Gross Delivery Requirement resulting from any Same Day Transaction submitted after the Afternoon Netting Cycle Timeframe and before the Submission Cut-Off Time under Subsection D-606(10), as the case may be, on the Business Day it was due by the End of Day DVP Settlement Time, which is rolled into the calculation of the next Business Day’s Net Delivery Requirement (and the Net Delivery Requirement of each subsequent Business Day) of such Clearing Member, in accordance with, and until such time as set out under, Subsection A-804(1); and with respect to the Corporation and a Clearing Member who is a Receiver of Securities, means the quantity of a given Acceptable Security that the Corporation has failed to deliver to such Clearing Member under an Afternoon Net DVP Settlement Requirement consisting of an obligation to deliver Acceptable Securities under Subsection A-801(4) or a Gross Delivery Requirement resulting from any Same Day Transaction submitted after the Afternoon Netting Cycle Timeframe and before the Submission Cut-Off Time under Subsection D-606(10), as the case may be, on the Business Day it was due by the End of Day DVP Settlement Time (as a direct consequence of a Provider of Securities’ failure to deliver all or a part of its Afternoon Net DVP Settlement Requirement consisting of an obligation to deliver Acceptable Securities or its Gross Delivery Requirement resulting from any Same Day Transaction submitted after the

Afternoon Netting Cycle Timeframe and before the Submission Cut-Off Time, as the case may be, in respect of such Acceptable Security on such Business Day) which is rolled into the calculation of the Corporation's next Business Day's Net Delivery Requirement (and the Net Delivery Requirement of each subsequent Business Day) in favour of such Clearing Members, in accordance with, and until such time as set out under, Subsection A-804(2).

"Rules" or "these Rules" – ~~shall~~ means the Rules of the Corporation and the Operations Manual, as any such rules, and manual may from time to time be amended, changed, supplemented or replaced in whole or in part.

"SRO Clearing Member" – means a Clearing Member that is within the audit jurisdiction of the Investment Industry Regulatory Organization of Canada.

"Same Day Transaction" – has the meaning attributed thereto in ~~assigned to this term by~~ Section D-601.

"Security" – ~~shall~~ means a document that is

- (a) issued in bearer, order or registered form;
- (b) of a type commonly dealt in upon securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment;
- (c) one of a class or series or, by its terms, is divisible into a class or series of documents; and
- (d) evidence of a share, participation or other interest in property or in an enterprise or is evidence of an obligation of the issuer;

and includes such a document, not evidenced by a certificate, the issue and any transfer of which are registered or recorded in records maintained for that purpose by or on behalf of the issuer.

"Series of Futures" – means all Futures of the same class covering the same quantity of an Underlying Interest and having the same delivery month.

"Series of Options" – means all Options of the same class, the same type, covering the same quantity of an Underlying Interest and having the same Exercise Price and Expiration Date.

"Settlement Accounts" – has the meaning attributed thereto in ~~set out in~~ Section A-217.

"Settlement Amount" – means the amount calculated in accordance with these Rules payable to the delivering Clearing Member upon delivery of or cash settlement for the Underlying Interest in respect of a Transaction.

"Settlement of Gains and Losses" – means the settlement with the Corporation of the gains and losses on Open Positions in Futures pursuant to Section C-302.

"Settlement Price" – means the official daily closing price of a Future, as determined in accordance with Section C-301.

“Settlement Time” – means, with respect to a particular Transaction and a particular Business Day, the time on such Business Day as established by the Corporation in the Operations Manual and if no Business Day is specified, the time on the next Business Day ~~immediately~~ following ~~the~~ trade day, ~~a~~ calculation date or ~~a~~ Coupon Payment Date, as applicable, as established by the Corporation in the Operations Manual, by which time Settlement of Gains and Losses, premium payments, all Margin requirements and all other payments required in respect of such Business Day, trade day, calculation date or Coupon Payment Date must be submitted to the Corporation.

“Short Position” – means a Clearing Member’s obligation as:

- a) the writer of one or more Options of a Series of Options; or
- b) the seller of one or more Futures in a Series of Futures; or
- c) the seller of an Over-The-Counter Instrument.

“Spread Position” means:

- a) the situation in which there is carried in a Clearing Member's Client Account both an Option in the Short Position and an Option of the same Class of Options in the Long Position; or
- b) the situation in which there is carried in a Clearing Member’s Client Account both a Long Position and a Short Position in Futures.

“Straddle Position” – means an equal number of call and put Options covering the same Underlying Interest and having the same Exercise Price and Expiration Date.

“Style of Options” – means the classification of an Option as either an American Option or a European Option. (Parts A and B of these Rules shall apply to both Styles of Options unless a specific Style of Option is designated).

“Submission Cut-Off Time” – has the meaning attributed thereto ~~inassigned to this term by~~ Section D-601.

“Tender Notice” – means a notice to the Corporation in the form prescribed by the Corporation, notifying the Corporation of the intent of the Clearing Member executing such notice to deliver the Underlying Interest of the Future.

“Termination Value” – means the amount determined by the Calculation Agent in accordance with Subsection A-409(10).

“Trade Confirmation” – means the official document issued to a Clearing Member which details the attributes of the OTCI transaction and which signals the acceptance of the transaction for clearing by the Corporation.

“Trade Price” – means the price agreed upon for the Future when the contract is entered into on an Exchange.

“Transactions” – means a All Futures, Options and Over-The-Counter Instruments which are determined by the Corporation as acceptable for clearing.

“Transaction Value” – has the meaning attributed thereto in ~~signed to this term by~~ Subsection A-409(10).

“Type of Options” – means the classification of an Option as either a “put” or a “call”.

“Uncovered Residual Risk” – means t The amount of risk determined by the Corporation to be uncovered by the Margin model, resulting from an estimation of the loss the Corporation would face in an extreme but plausible market stress test scenario. This Uncovered Residual Risk is calculated and attributed to Clearing Members through their Clearing Fund contribution.

“Underlying Interest” – means an a Asset which underlies and determines the value of a Derivative Instrument or of an OTCI. The Underlying Interest may be a commodity or a financial instrument such as a stock, a bond, a currency, a stock or economic index or any other asset.

“Underlying Interest Equivalent” – means the Securities ~~items~~ specified in Section A-708.

“Unit of Trading” – in respect of any Series of Futures and Series of Options and any Fixed Income Transaction means the number of units of the Underlying Interest which has been designated by the Corporation and the Exchange on which the Derivative Instrument is traded (as applicable) as the number to be the subject of a single Future or Option contract or of the Acceptable Security, as applicable.

“Variable Deposit” – means the Clearing Fund deposit which may be required in addition to a Base Deposit pursuant to Section A-603.

RULE B-10 EUROPEAN STYLE STOCK INDEX OPTIONS

This Rule B-10 is applicable only to European Style Options where the Underlying Interest is a group of Eligible Stock Indices ~~an Eligible Index group~~. Such Options are referred to in this Rule B-10 as “Stock Index Options.”

Section B-1001 Definitions

Notwithstanding Section A-102 of the Rules, for the purposes of European Style Stock Index Options, the following terms shall have the meanings specified:

“Aggregate Current Value” — means ~~t~~the official opening level of an Index ~~at the opening of trading~~ on the Expiration Date of the Option, multiplied by ~~the Unit of Trading of the Eligible Stock Index Option Unit of Trading, as specified by the Exchange~~ \$1.00 and by the number of Units of Trading.

“Aggregate Exercise Price” — means the Exercise Price of an Option, multiplied by the ~~number of Units of Trading of the Eligible Stock Index Option Unit of Trading, as specified by the Exchange~~ Underlying Interest covered by the Option.

“Call” — means an exchange-traded European Style Option which gives the holding Clearing Member the right to receive the Call Exercise Settlement Amount from the Corporation on the Expiration Date ~~the Call Exercise Settlement Amount~~.

“Call Exercise Settlement Amount” — means ~~t~~the cash difference when the Aggregate Exercise Price is deducted from the Aggregate Current Value.

“Eligible Stock Index” — means a ~~securities index that is either the S&P/TSX 60 Index, the S&P/TSX Composite Index - Banks (Industry Group) or the S&P/TSX Capped Utilities Index~~.

“Exchange” — means Bourse de Montréal Inc.

“Exercise Settlement Date” — means the Business Day following the Expiration Date.

“Expiration Date” — means the third Friday of the month.

“Index” — ~~a securities index specified by an Exchange which is determined by the inclusion and relative representation of the Current market prices of a group of securities.~~

“Put” — means an exchange-traded European Style Option which gives the holding Clearing Member the right to receive the Put Exercise Settlement Amount from the Corporation on the Expiration Date ~~the Put Exercise Settlement Amount~~.

“Put Exercise Settlement Amount” — means ~~t~~the cash difference when the Aggregate Current Value is deducted from the Aggregate Exercise Price.

“Underlying Interest” — means the Eligible Stock Index underlying which is the subject of the Option.

“Underlying Security” ~~-- means~~ any of the ~~S~~securities included in an Eligible Stock Index underlying a class of Eligible Stock Index Options.

~~“Unit of Trading” 10 units.~~

Section B-1002 Exercise Prices

(Deleted)

Section B-1003 Trade Reporting of Options Transactions

Notwithstanding Subsection B-201(6) each Clearing Member shall have until 1.5 hours prior to the Close of Business on the Business Day following the day on which the trade took place to notify the Corporation, in the form prescribed, of any error. Unless such notification is received by the established cut-off hour, the exchange transactions accepted by the Corporation and as contained in the report shall be final and binding upon the Clearing Members reported as parties to such transaction.

Section B-1004 Expiration Date Exercise Procedure

- (1) European Style Eligible Stock Index Options will be listed with American Style Options on the Expiry Report issued on the Expiration Date and all in-the-money Long Positions ~~shall~~will be automatically exercised in accordance with Section B-307.
- (2) The term “closing price” as used in Section B-307 in reference to the ~~Underlying Interest Index of underlying~~ any European Style Eligible Stock Index Option shall mean the official opening level of the Index ~~at the opening of trading~~ on the Expiration Date as reported to the Corporation by the relevant Exchange. If no level was reported for such Index, the Corporation may determine not to fix a “closing price” for ~~this such European Style Index~~ Option. In the event of such a determination, Expiry Reports ~~shall~~will not include a daily “closing price” for such European Style Stock Index Option and Clearing Members may exercise ~~this such European Style Index~~ Option only by giving affirmative exercise instructions in accordance with Subsections B-307(b) or (e).

Section B-1005 General Rights and Obligations of Clearing Members

Notwithstanding Section B-110, for the purposes of Eligible Stock Index Options:

- (a) A Clearing Member holding a Long Position in a Call Option has the right, on (and only on) the Expiration Date, to receive the Call Exercise Settlement Amount from the Corporation, on tender of an Exercise Notice, ~~the Call Exercise Settlement Amount;~~
- (b) A Clearing Member holding a Short Position in a Call Option is obligated, upon receipt ~~the assignment to the Clearing Member~~ of an Exercise Notice in respect of such Option, to pay to the Call Exercise Settlement Amount to the Corporation ~~the Call Exercise Settlement Amount;~~
- (c) A Clearing Member holding a Long Position in a Put Option has the right, on (and only on) the Expiration Date, to receive the Put Exercise Settlement Amount from the Corporation, on tender of an Exercise Notice, ~~the Put Exercise Settlement Amount;~~ and

- (d) A Clearing Member holding a Short Position in a Put Option is obligated, upon ~~receipt~~the assignment to the Clearing Member of an Exercise Notice in respect of such Option, to pay the Put Exercise Settlement Amount to the Corporation ~~the Put Exercise Settlement Amount~~.

Section B-1006 Adjustments

No adjustments will ordinarily be made in the terms of Eligible Stock Index Options in the event that Underlying Securities are added to or deleted from an Eligible Stock Index or when the relative mean weight of one or more Underlying Securities in an Eligible Stock Index is changed. However, if the Corporation ~~shall~~determines, in its sole discretion, that any such addition, deletion or change causes significant discontinuity in the level of the Eligible Stock Index, the Corporation may adjust the terms of the affected Eligible Stock Index Options by taking such action as the Corporation in its sole discretion deems fair to Clearing Members holding Long or Short Positions in these contracts. Determinations with respect to adjustments pursuant to this Section shall be made by the Adjustments Committee provided for in Subsection A-902(2).

Section B-1007 Official Opening Level Unavailability or Inaccuracy of Aggregate Current Value

- (1) If the Corporation ~~shall~~determines that the official opening level Aggregate Current Value ~~offer~~ the Underlying Interest Index underlying of any series of Eligible Stock Index Options (the “affected series”) is unreported or otherwise unavailable for purposes of calculating the Call and Put Exercise Settlement Amounts for exercised Options of the affected series, then, in addition to any other actions that the Corporation may be entitled to take under the Rules, the Corporation may do any or all of the following:
 - (a) Suspend the exercise settlement obligations ~~of exercising of and~~ assigned Clearing Members with respect to Eligible Stock Index Options of the affected series. At such time as the Corporation determines that the official opening level of for the Eligible Stock Index Option can be achieved ~~required Aggregate Current Value is available~~ or the Corporation has fixed the Call and Put Exercise Settlement Amounts pursuant to Paragraph (b) of this Subsection, the Corporation shall fix a new date for settlement of the exercised Option;
 - (b) Fix the Call and Put Exercise Settlement Amounts for exercised contracts of an affected series in accordance with the best information available as to the official opening level offer the Index ~~correct Aggregate Current Value~~.
- (2) The official opening level Aggregate Current Value of an given Index, as reported by the Exchange specifying such Index, shall be conclusively deemed to be accurate, except that where the Corporation determines in its discretion that there is a material inaccuracy in the reported official opening level offer the Eligible Index Aggregate Current Value, it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended official opening level Aggregate Current Value to be used for settlement purposes.

Section B-1008 Delivery and Payment with Respect to Options Exercised

Notwithstanding the provisions of Sections B-403 to B-408 inclusive^{ly}, for the purposes of Eligible Index Options, exercised and assigned Eligible Stock Index Options shall be settled in cash at Settlement Time on the Exercise Settlement Date.

Section B-1009 Suspension of a Clearing Member - Exercised Options

- (1) Notwithstanding Section A-408, unless the Corporation stipulates otherwise in a particular case, exercised Eligible Stock Index Options to which a suspended Clearing Member is a party shall be closed through the procedures set forth in Sections B-407 and B-408, respectively, except that the Corporation may decide not to buy-in or sell-out. All losses and gains on such buy-ins and sell-outs shall be paid from or credited to, as the case may be, the Liquidating Settlement Account of the suspended Clearing Member; provided, however, that all losses on such buy-ins and sell-outs in a Market Maker Account shall first be paid from such account to the extent there are funds available in such account and only the amount of any deficit therein shall be paid from the Liquidating Settlement Account.
- (2) The Corporation shall effect settlement pursuant to Section B-1009 with all Clearing Members that have been assigned an exercise notice filed by a suspended Clearing Member or that have filed exercise notices that were assigned to a suspended Clearing Member without regard to such suspension.

RULE C-7 FUTURES ON STOCK INDICES

_____The Sections of this Rule C-7 are applicable only to Futures settling on a future date where the Underlying Interest is an Eligible Stock Index.

Section C-701 Definitions

Notwithstanding Section A-102, for the purposes of Futures on Stock indices, the following terms are as defined:

- “Eligible Stock Index” - means a stock ~~securities~~-index that is either the S&P/TSX 60 Index, the S&P/TSX Composite Index - Banks (Industry Group), the S&P/TSX Capped Utilities Index, ~~the S&P/TSX Composite Index, the-~~ S&P/TSX World Gold Index, ~~the-~~ S&P/TSX Capped Financials Index, ~~the-~~ S&P/TSX Capped Information Technology Index or ~~the-~~ S&P/TSX Capped Energy Index.
- “Exchange” - means ~~the~~ Bourse de Montréal Inc.
- “Final Settlement Price” - means the settlement price determined by the Exchange ~~on which the Futures trades~~ as being the official opening level-~~price~~ of the Eligible Stock Index on the day following the last day of trading, multiplied by the appropriate Multiplier.
- “Futures” - means an undertaking ~~contract~~ to make settlement in cash on a future date of the difference between the Final Settlement Price and the Trade Price, multiplied by the appropriate Multiplier, pursuant to the standardized terms and conditions set forth in these Rules and in accordance with the by-laws, ~~regulations~~, rules and policies of the Exchange.
- “Multiplier” - means the multiplier of a ~~Futures contract~~ on an Eligible Stock Index, ~~the factor used to calculate the size of the contract~~ as specified by the Exchange.
- “~~Stock Index~~” - ~~a securities index specified by the Exchange which is determined by the inclusion and relative representation of the current market prices of a group of securities.~~
- “Underlying Interest” - means the Eligible Stock Index underlying ~~which is the subject~~ of the Futures.
- “Underlying Security” - means any of the securities included in an Eligible Stock Index underlying a class of Futures on an Eligible Stock Index.

Section C-702 Final Settlement in Cash Through the Corporation

Unless otherwise specified by the Corporation, settlement of positions held in Series of Futures following the close of trading on the last day of trading ~~in a Series of Futures~~ shall be made on the first Business Day following the last day of trading. Settlement shall be made by an exchange of cash between the Corporation and each of the short and long Clearing Members. The amount to be paid or received in final settlement of:

- (a) each position opened prior to the last trading day is the difference between
 - (i) the Final Settlement Price, and
 - (ii) the Settlement ~~P~~price of the contract on the ~~B~~usiness ~~D~~ay before the last trading day,
 _____ multiplied by the appropriate Multiplier; and
- (b) each position opened on the last trading day is the difference between
 - (i) the Final Settlement Price, and
 - (ii) the Trade price of the open contract
 _____ multiplied by the appropriate Multiplier.

Section C-703 Tender Notices

Rule C-5 shall not apply to Futures on Eligible Stock Indices as they are Cash-settled.

Section C-704 Adjustments

No adjustments will ordinarily be made in the terms of Eligible Stock Index Futures in the event that underlying securities are added to or deleted from an Eligible Stock Index or when the relative ~~representation weight~~ of one or more underlying securities ~~underlying in an~~ Eligible Stock Index is changed. However, the Corporation may, at the request of the Exchange, adjust the terms of the affected Stock Index Futures.

Section C-705 Unavailability or Inaccuracy of Current Value

- (1) If the Corporation ~~shall~~ determines that the Final Settlement Price for an Eligible Stock Index underlying any series of Eligible Stock Index Futures is unreported or otherwise unavailable for purposes of calculating the Gains and Losses, then, in addition to any other actions that the Corporation may be entitled to take under these Rules, the Corporation may do any or all of the following:
 - (a) Suspend the Settlement of Gains and Losses. At such times as the Corporation determines that the required Final Settlement Price is available, the Corporation shall fix a new date for Settlement of the Gains and Losses.
 - (b) Fix the Final Settlement Price in accordance with the best information available as to the correct Final Settlement Price.
- (2) The Final Settlement Price as reported by the Exchange shall be conclusively deemed to be accurate except that where the Corporation determines in its discretion that there is a material inaccuracy in the reported Final Settlement Price, it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the

foregoing, the Corporation may require an amended Final Settlement Price to be used for all settlements ~~purposes~~.

Section C-706 Payment and Receipt of Payment of the Trade Price

The settlement value of the maturing contract ~~shall~~will be included with other settlements ~~s~~ amounts on the daily Detailed Futures Consolidated Activity Report and the Futures Sub-Accounts Consolidated Activity Report.

RULE C-12 CANADIAN BANKER'S ACCEPTANCE FUTURES (SYMBOL BAR & BAX)

The Sections of this Rule C-12 are applicable only to Futures ~~settling on a future date~~ where the Underlying Interest is a Canadian Bankers' Acceptance.

Section C-1201 Definitions

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

“Canadian Bankers' Acceptance” ~~– means~~ a bill of exchange that has been accepted by a Canadian chartered bank.

“Canadian Bankers' Acceptance Index” ~~– means~~ an amount specified from time to time by an Exchange which is determined by subtracting from 100 the annualized yield on the Underlying Interest (based on a 365-day year).

“Canadian Bankers' Acceptance Reference Rate” ~~– means~~ a rate expressed as an annual rate of interest determined daily by the Exchange on which the Future trades by taking the arithmetic mean (rounded to the nearest 1/1000th of a percentage point) of the bid rates for Canadian Bankers' Acceptances, which are the subject of the Future, as quoted by various major Canadian ~~chartered~~ banks and investment dealers selected by the Exchange at random, provided that the two highest quoted bid rates and the two lowest quoted bid rates shall not be taken into account in calculating the arithmetic mean of the quoted rates and provided that the Exchange on which the Future trades, if it considers it appropriate to do so, may determine that such rate shall be calculated in some other fashion.

“Exchange” - – means Bourse de Montréal Inc.

“Final Settlement Price” - means the Settlement Price ~~amount~~ quoted by the Exchange on which the Future trades at the close of trading on the last day on which such Future trades, determined by subtracting from 100 the Canadian Bankers' Acceptance Reference Rate for such day, rounded to the nearest 1/1000th of a percentage point.

“Future” - means an undertaking ~~contract~~ to make settlement in cash on a future date of the difference between the Final Settlement Price and either the Trade Price or the Settlement Price on the previous day, multiplied by the appropriate Multiplier pursuant to the standardized terms and conditions set forth in these Rules and in accordance with the by-laws ~~regulations~~, rules and policies of an Exchange.

“Multiplier”

- ~~means the multiplier of the Eligible Stock Index Futures contract, as specified by the Exchange value of one basis point which is used to calculate the size of the contract: \$25.00.~~

“Underlying Interest” ~~means:—~~

- ~~_____~~ - BAR - a Canadian Bankers' Acceptance having a principal value at maturity of \$3,000,000 with a one-month maturity and quoted in terms of a Canadian Bankers' Acceptance Index.
- BAX - a Canadian Bankers' Acceptance having a principal value at maturity of \$1,000,000 with a three-month maturity and quoted in terms of a Canadian Bankers' Acceptance Index.

Section C-1202 Settlement in Cash Through the Corporation

Unless otherwise specified by the Corporation, settlement of positions held following the close of trading on the last day of trading in a Series of Futures shall be made on the first Business Day following the last day of trading. Settlement shall be made by an exchange of cash between the Corporation and each of the short and long Clearing Members. The amount to be paid or received in final settlement of

- (a) each position opened prior to the last trading day is the difference between
 - (i) the Final Settlement Price; and
 - (ii) the Settlement Price of the contract on the previous trading day
 multiplied by the appropriate Multiplier; and
- (b) each position opened on the last trading day is the difference between
 - (i) the Final Settlement Price; and
 - (ii) the Trade Price of the open contract
 multiplied by the appropriate Multiplier.

Section C-1203 Tender Notices

Rule C-5 shall not apply to Canadian Bankers' Acceptance Futures as they are cash-settled.

Section C-1204 Adjustments

No adjustments will ordinarily be made in the terms of Canadian Bankers' Acceptance Futures in the event that the Canadian Bankers' Acceptance Index is changed. However, if the Corporation ~~shall~~ determines, in its sole discretion, that any such change causes significant discontinuity in the level of the Canadian Bankers' Acceptance Index, the Corporation may adjust the terms of the affected Canadian Bankers' Acceptance Futures by taking such action as the Corporation in its sole discretion deems fair to Clearing Members holding Long and Short Positions.

In the event that a governmental agency or body issues an order, ruling, directive or law pertaining to the trading of the Canadian Bankers' Acceptance and the Corporation determines that a significant discontinuity in the level of the Canadian Bankers' Acceptance Index is caused by such a Government order, ruling, directive or law, it shall take such action, in its sole discretion, as it deems necessary and fair under the circumstances.

Section C-1205 Unavailability or Inaccuracy of Current Value

- (1) If the Corporation ~~shall~~ determines that the Final Settlement Price for any series of Canadian Bankers' Acceptance Futures is unreported or otherwise unavailable for purposes of calculating the gains and losses, then, in addition to any other actions that the Corporation may be entitled to take under the Rules, the Corporation may do any or all of the following:

- (a) ~~S~~suspend the Settlement of Gains and Losses. At such times as the ~~C~~orporation determines that the required Final Settlement Price is available, the Corporation shall fix a new date for Settlement of the Gains and Losses.
 - (b) ~~F~~ix the Final Settlement Price in accordance with the best information available as to the ~~correct~~ Final Settlement Price.
- (2) The Final Settlement Price as reported by the Exchange shall be conclusively deemed to be accurate, except that where the Corporation determines, in its sole discretion, that there is a material inaccuracy in the reported Final Settlement Price, it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended Final Settlement Price to be used for settlement purposes.

Section C-1206 Payment and Receipt of Payment of the Trade Price

The Trade price will be included with other settlements on the daily Detailed Futures Consolidated Activity Report and the Futures Sub-Accounts Consolidated Activity Report.