



## NOTICE TO MEMBERS

No. 080 - 2018

July 13, 2018

### SELF-CERTIFICATION

#### **AMENDMENTS TO THE RULES AND OPERATIONS MANUAL OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO ACCOMMODATE THE EXTENSION OF THE TRADING HOURS AT BOURSE DE MONTREAL INC.**

On November 3, 2017, the Board of Directors of the Canadian Derivatives Clearing Corporation (“CDCC”) approved amendments to the Rules and Operations Manual of CDCC in order to accommodate the extension of the trading hours at Bourse de Montréal Inc. (the “Bourse”). CDCC wishes to inform the Clearing Members that these amendments have been self-certified pursuant to the self-certification process set forth in the *Derivatives Act* (C.Q.L.R., c I-14.01) and submitted to the Ontario Securities Commission in accordance with the “Rule Change Requiring Approval in Ontario” process.

The Bourse is proposing to extend its trading hours by opening its market at 2:00 am ET rather than the current 6:00 am ET. In support of the Bourse’s initiative, CDCC is proposing to adjust its operational processes, Rules and Operations Manual to ensure the clearing of the transactions that will take place between 2:00 am ET and 6:00 am ET.

You will find attached hereto the amendments set to come into force and to be incorporated into the version of the Rules and Operations Manual of CDCC that will be made available on CDCC website at [www.cdcc.ca](http://www.cdcc.ca) on **October 5, 2018**, after market close. Therefore, the first trading day with the extended hours schedule will be **October 9, 2018**.

The amendments described in the present circular were published for public comment by CDCC on November 14, 2017 (see [Circular 157-17](#)). Further to the publication of this circular, CDCC has received comments. A summary of the comments received as well as responses from CDCC to these comments is attached hereto.

If you have any questions or concerns regarding this notice, please contact Martin Jannelle at 514-787-6578 or at [martin.jannelle@tmx.com](mailto:martin.jannelle@tmx.com).

Glenn Goucher  
President and Chief Clearing Officer

## 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

[...]

“Business Hours” – means from 2 a.m. (ET) to the Close of Business on any Business Day.

[...]

“Office Hours” – means from 7:00 a.m. (ET) to 6:00 p.m. (ET) on any Business Day.

#### SECTION A-206 NOTICES AND REPORTS BY THE CORPORATION

- (1) Unless otherwise specifically provided for in any other Rule, the Corporation may give notice to a Clearing Member in such manner as the Corporation deems appropriate in the circumstances of the notice being given, including by telephone, by hand delivery, by fax and by Electronic Communication.
- (2) Each Clearing Member shall by notice in writing signed by a Clearing Member’s Authorized Representative provide to the Corporation the names of at least two individuals and their positions for the purposes of telephone communications. The Corporation shall attempt to contact such individuals (or any other persons at the Clearing Member holding such positions) (the “**CDCC Contacts**”) in connection with all telephone communications during ~~B~~business ~~H~~hours. If the CDCC Contacts are not available, the Corporation shall be entitled, during ~~B~~business ~~H~~hours, to provide telephone communications to any person answering the telephones at the Clearing Member. All telephone communications by the Corporation will be logged, electronically or manually, by the Corporation in one or more files (“**Notice Files**”) kept for that purpose, recording the time and subject matter of the call, the individual at the Corporation who made the call and the individual at the Clearing Member who received the call. The Notice File, absent manifest error, shall be deemed to be correct.

- (3) Telephone communications given in accordance with Paragraph A-206(2) or in accordance with Subsection A-206(9) shall constitute full and proper notice notwithstanding the absence of any written or electronic confirmation of same.
- ~~(4) For the purposes of this Section A-206, “business hours” shall mean from 8:00 a.m. to the Close of Business on any Business Day.~~
- ~~(5)~~(4) The Corporation may from time to time prescribe the form of reports to be given by the Corporation to Clearing Members. These reports may be sent by hand delivery, fax or Electronic Communication.
- ~~(6)~~(5) Each Clearing Member shall maintain a computer system at the Clearing Member’s designated office capable of obtaining, displaying and receiving Electronic Communications from the Corporation. Each Clearing Member shall have an obligation to review promptly each report, notice, instruction, data or other information made available by the Corporation to such Clearing Member through Electronic Communication. Each Clearing Member shall be responsible for advising the Corporation by telephone (confirmed in writing), fax or hand delivered notice on the Business Day on which a report is deemed to have been received or the Expiration Date of any item requiring change for any reason and the failure to report any such required change by such time shall constitute a waiver of the Clearing Member’s right to have such item changed.
- ~~(7)~~(6) Upon the Corporation delivering or making available a notice or report in accordance with this Section A-206, the Corporation’s obligation to furnish, issue or deliver such notice or report shall have been fulfilled.
- ~~(8)~~(7) Subject to Subsection A-206(9):
- (a) a notice given by telephone shall be deemed to have been received by a Clearing Member as of and to be effective from the time of the telephone call to an individual in accordance with Paragraph A-206(2) or Subsection A-206(9), as the case may be, as recorded in the relevant Notice File, unless the notice or another Rule specifically provides otherwise;
  - (b) a notice given or report sent by fax shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received as of and, unless otherwise stated, to be effective from and after the time of the fax on the day it is sent, unless the notice or another Rule specifically provides otherwise;
  - (c) a notice or report given by Electronic Communication shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received on and to be effective as of the day it is sent, unless the notice or another Rule specifically provides otherwise; and
  - (d) a notice given by mail shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received and to be effective on the fifth day after mailing and a notice given or report sent by hand delivery shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received and to be effective on the earlier of when it actually is received by the Clearing Member and the next Business Day immediately following the date it was sent.

(9)(8) Where a notice is given or a report is sent by any means out of ~~B~~business ~~H~~hours or on a day that is not a Business Day, the notice or the report, as the case may be, shall be deemed to have been received on the earlier of

- (a) the time the Corporation confirms it has actually been communicated to a responsible individual with the Clearing Member; and
- (b) the beginning of the Business Hours ~~on~~ the next following Business Day.

For greater certainty, under Paragraph A-206(9)(b), where a notice is given or report is received prior to 9:00 a.m. on a Business Day, it shall be deemed to have been received not later than 9:15 a.m. on that Business Day. The Corporation shall maintain a list of emergency contact telephone and/or fax numbers of not less than three responsible individuals employed by each Clearing Member with whom the Corporation can communicate at all times during the Business Hours ~~out of ordinary business hours~~ if the Corporation determines such communication is necessary or advisable. It shall be the responsibility of each Clearing Member to ensure that the individuals so selected can be readily contacted during all ~~outside of ordinary~~ ~~B~~business ~~H~~hours, and that the contact numbers for them are kept current.

## PART B – OPTIONS

### RULE B-1 CLEARING OF EXCHANGE TRANSACTIONS IN OPTIONS

The provisions of this Part B shall apply only to Exchange Transactions which are trades in Options issued by the Corporation pursuant to these Rules and to those Clearing Members who are required to make a base deposit to the Clearing Fund for Options clearing as set out in Subsection A-601(2)(a).

[...]

#### SECTION B-117 SETTLEMENT WHEN DELIVERY OF UNDERLYING INTEREST IS RESTRICTED

- (1) Notwithstanding anything contained in these Rules, the Board shall be empowered to impose such restrictions on the exercise of one or more Series of American Options as the Board in its judgment deems necessary or advisable in the interest of maintaining a fair and orderly market in Options or in the Underlying Interest or otherwise deems advisable in the public interest or for the protection of investors.
- (2) During the effectiveness of any such restriction, no Clearing Member shall effect an exercise for any account in contravention of such restriction. Notwithstanding the foregoing, no such restriction on exercise shall remain in effect with respect to any Series of Options on the Expiration Date for such Series of Options or, in the case of American Options, during the ten days prior to the Expiration Date of such Series of American Options. During such ten day period, or thereafter, the Board may restrict the delivery upon exercise of the Underlying Interest not owned/held by the Clearing Member holding a Short Position in a call Option to whom an Exercise Notice is assigned, in which event the Corporation shall, at the beginning of Office Hours of each Business Day during which such restriction is in effect, fix a settlement value, if any, for such series of call Options; and any Clearing Member holding a Short Position in call Options of that series who is assigned an Exercise Notice shall, to the extent that the Clearing Member does not own/hold the Underlying Interest required to be delivered, be obligated to pay, and the Clearing Member holding a Long Position in a call Option whose Exercise Notice has been assigned shall give a receipt in full for, a cash amount equivalent to the settlement value so determined for the day the Exercise Notice is assigned. Further, during the ten day period or thereafter, the Board may restrict the delivery upon exercise of the Underlying Interest not owned/held by the Clearing Member holding a Long Position in a put Option who has exercised such put Option, in which event the Corporation shall, at the beginning of Office Hours of each Business Day during which such restriction is in effect, fix a settlement value, if any, for such series of put Options and any Clearing Member holding a Short Position in put Options of that series who exercises such Options shall, to the extent that he does not own the Underlying Interest required to be delivered, be obligated to accept, and the Clearing Member holding a Short Position in the put Option to whom an Exercise Notice is assigned shall pay a cash amount equal to the settlement value so determined for the day the Exercise Notice is assigned.

**RULE B-3**  
**TENDER AND ASSIGNMENT OF EXERCISE NOTICES**

**SECTION B-301**  
**EXERCISE OF OPTIONS**

Unless otherwise determined by the Corporation, issued and unexpired Options may be exercised only in the following manner, during the Business Hours of each Business Day:

- (1) American Options:
  - (a) on the Expiration Date in accordance with Rule B-307 hereof; or
  - (b) on a Business Day other than the Expiration Date a Clearing Member desiring to exercise an Option may tender an Exercise Notice to the Corporation until the Close of Business on such Business Day.
- (2) European Options:
  - (a) on the Expiration Date in accordance with Rule B-307 hereof.

Only the Clearing Member who holds the relevant open position may tender an Exercise Notice on that position.

## 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

[...]

“**Business Hours**” – means from 2 a.m. (ET) to the Close of Business on any Business Day.

[...]

“**Office Hours**” – means from 7:00 a.m. (ET) to 6:00 p.m. (ET) on any Business Day.

#### SECTION A-206 NOTICES AND REPORTS BY THE CORPORATION

- (1) Unless otherwise specifically provided for in any other Rule, the Corporation may give notice to a Clearing Member in such manner as the Corporation deems appropriate in the circumstances of the notice being given, including by telephone, by hand delivery, by fax and by Electronic Communication.
- (2) Each Clearing Member shall by notice in writing signed by a Clearing Member’s Authorized Representative provide to the Corporation the names of at least two individuals and their positions for the purposes of telephone communications. The Corporation shall attempt to contact such individuals (or any other persons at the Clearing Member holding such positions) (the “**CDCC Contacts**”) in connection with all telephone communications during Business Hours. If the CDCC Contacts are not available, the Corporation shall be entitled, during Business Hours, to provide telephone communications to any person answering the telephones at the Clearing Member. All telephone communications by the Corporation will be logged, electronically or manually, by the Corporation in one or more files (“**Notice Files**”) kept for that purpose, recording the time and subject matter of the call, the individual at the Corporation who made the call and the individual at the Clearing Member who received the call. The Notice File, absent manifest error, shall be deemed to be correct.

- (3) Telephone communications given in accordance with Paragraph A-206(2) or in accordance with Subsection A-206(9) shall constitute full and proper notice notwithstanding the absence of any written or electronic confirmation of same.
- (4) The Corporation may from time to time prescribe the form of reports to be given by the Corporation to Clearing Members. These reports may be sent by hand delivery, fax or Electronic Communication.
- (5) Each Clearing Member shall maintain a computer system at the Clearing Member's designated office capable of obtaining, displaying and receiving Electronic Communications from the Corporation. Each Clearing Member shall have an obligation to review promptly each report, notice, instruction, data or other information made available by the Corporation to such Clearing Member through Electronic Communication. Each Clearing Member shall be responsible for advising the Corporation by telephone (confirmed in writing), fax or hand delivered notice on the Business Day on which a report is deemed to have been received or the Expiration Date of any item requiring change for any reason and the failure to report any such required change by such time shall constitute a waiver of the Clearing Member's right to have such item changed.
- (6) Upon the Corporation delivering or making available a notice or report in accordance with this Section A-206, the Corporation's obligation to furnish, issue or deliver such notice or report shall have been fulfilled.
- (7) Subject to Subsection A-206(9):
  - (a) a notice given by telephone shall be deemed to have been received by a Clearing Member as of and to be effective from the time of the telephone call to an individual in accordance with Paragraph A-206(2) or Subsection A-206(9), as the case may be, as recorded in the relevant Notice File, unless the notice or another Rule specifically provides otherwise;
  - (b) a notice given or report sent by fax shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received as of and, unless otherwise stated, to be effective from and after the time of the fax on the day it is sent, unless the notice or another Rule specifically provides otherwise;
  - (c) a notice or report given by Electronic Communication shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received on and to be effective as of the day it is sent, unless the notice or another Rule specifically provides otherwise; and
  - (d) a notice given by mail shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received and to be effective on the fifth day after mailing and a notice given or report sent by hand delivery shall be addressed to one or more of the CDCC Contacts and shall be deemed to have been received and to be effective on the earlier of when it actually is received by the Clearing Member and the next Business Day immediately following the date it was sent.
- (8) Where a notice is given or a report is sent by any means out of Business Hours or on a day that is not a Business Day, the notice or the report, as the case may be, shall be deemed to have been received on the earlier of





- (a) the time the Corporation confirms it has actually been communicated to a responsible individual with the Clearing Member; and
- (b) the beginning of the Business Hours on the next following Business Day.

For greater certainty, under Paragraph A-206(9)(b), where a notice is given or report is received prior to 9:00 a.m. on a Business Day, it shall be deemed to have been received not later than 9:15 a.m. on that Business Day. The Corporation shall maintain a list of emergency contact telephone and/or fax numbers of not less than three responsible individuals employed by each Clearing Member with whom the Corporation can communicate at all times during the Business Hours if the Corporation determines such communication is necessary or advisable. It shall be the responsibility of each Clearing Member to ensure that the individuals so selected can be readily contacted during all Business Hours, and that the contact numbers for them are kept current.

## **PART B – OPTIONS**

### **RULE B-1 CLEARING OF EXCHANGE TRANSACTIONS IN OPTIONS**

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[...]

#### **SECTION B-117 SETTLEMENT WHEN DELIVERY OF UNDERLYING INTEREST IS RESTRICTED**

- (1) Notwithstanding anything contained in these Rules, the Board shall be empowered to impose such restrictions on the exercise of one or more Series of American Options as the Board in its judgment deems necessary or advisable in the interest of maintaining a fair and orderly market in Options or in the Underlying Interest or otherwise deems advisable in the public interest or for the protection of investors.
- (2) During the effectiveness of any such restriction, no Clearing Member shall effect an exercise for any account in contravention of such restriction. Notwithstanding the foregoing, no such restriction on exercise shall remain in effect with respect to any Series of Options on the Expiration Date for such Series of Options or, in the case of American Options, during the ten days prior to the Expiration Date of such Series of American Options. During such ten day period, or thereafter, the Board may restrict the delivery upon exercise of the Underlying Interest not owned/held by the Clearing Member holding a Short Position in a call Option to whom an Exercise Notice is assigned, in which event the Corporation shall, at the beginning of Office Hours of each Business Day during which such restriction is in effect, fix a settlement value, if any, for such series of call Options; and any Clearing Member holding a Short Position in call Options of that series who is assigned an Exercise Notice shall, to the extent that the Clearing Member does not own/hold the Underlying Interest required to be delivered, be obligated to pay, and the Clearing Member holding a Long Position in a call Option whose Exercise Notice has been assigned shall give a receipt in full for, a cash amount equivalent to the settlement value so determined for the day the Exercise Notice is assigned. Further, during the ten day period or thereafter, the Board may restrict the delivery upon exercise of the Underlying Interest not owned/held by the Clearing Member holding a Long Position in a put Option who has exercised such put Option, in which event the Corporation shall, at the beginning of Office Hours of each Business Day during which such restriction is in effect, fix a settlement value, if any, for such series of put Options and any Clearing Member holding a Short Position in put Options of that series who exercises such Options shall, to the extent that he does not own the Underlying Interest required to be delivered, be obligated to accept, and the Clearing Member holding a Short Position in the put Option to whom an Exercise Notice is assigned shall pay a cash amount equal to the settlement value so determined for the day the Exercise Notice is assigned.

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- (1) American Options:
  - (a) on the Expiration Date in accordance with Rule B-307 hereof; or
  - (b) on a Business Day other than the Expiration Date a Clearing Member desiring to exercise an Option may tender an Exercise Notice to the Corporation until the Close of Business on such Business Day.
- (2) European Options:
  - (a) on the Expiration Date in accordance with Rule B-307 hereof.

Only the Clearing Member who holds the relevant open position may tender an Exercise Notice on that position.



Section: 11- 2



**CANADIAN DERIVATIVES CLEARING CORPORATION  
CORPORATION CANADIENNE DE COMPENSATION DE PRODUITS DÉRIVÉS  
OPERATIONS MANUAL**



## ON-LINE ACCESS

Each Clearing Member must be connected to the CDCC Clearing Application using its PC terminals to perform a variety of functions. (Clearing Members must supply their own PC terminals and Internet connection, at their own cost).

All instructions (corrections, Open Position changes, Position Transfers, Deposits, withdrawals, and submission of Exercise Notices and Tender Notices) must be entered on-line.

The CDCC Clearing Application allows Clearing Members to view their current information throughout the day electronically (except during scheduled maintenance or unforeseen outages). In addition, Clearing Members can download their reports after 7:00 p.m. every day using the FTP Download function.

Should a Clearing Member not have electronic access (due to technical issues) to the CDCC Clearing Application during Office Hours, CDCC can perform instructions on behalf of the Clearing Member. This requires a phone call from the Clearing Member to CDCC, along with the appropriate form faxed or scanned and e-mailed to CDCC. Such form must be authorized with the approved Clearing Member's stamp.

~~The regular business hours of CDCC are 7:00 a.m. to 5:30 p.m. Eastern Time (ET) on every Business Day.~~

With respect to operational activity related to Options with an Expiration Date on Expiry Friday, CDCC staff members are on-site from 7:00 a.m. to forty-five (45) minutes after delivery of the Options Exercised and Assigned Report (MT02).



**SETTLEMENT TIME FOR EVERY BUSINESS DAY**

<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Start of Settlement Day at CDS and Clearing Day at CDCC	5:30 a.m.	System Activity
<u>Clearing Member's (excluding LCMs) Early Morning Intra-Day Margin Calculation &amp; Notification</u>	<u>7:15 a.m.</u>	<u>System Activity/Notification</u>
Assets Concentration Limits breach notification	7:30 a.m.	Notification
Deadline for Clearing Members (excluding LCMs) for Settlement Time with respect to payments for overnight settlement	7:45 a.m.	Obligation Deadline
Fixed Income Transactions – Netting Cycle Timeframe in respect of any Pending Settlement Requirements – 15 minutes cycle	8:30 a.m.	System Activity
Deadline for Clearing Members (excluding LCMs) to receive EOD Amount due from CDCC	8:45 a.m.	Obligation Deadline
Deadline for LCMs for Settlement Time with respect to payments for overnight settlement	9:00 a.m.	Obligation Deadline
Additional Capital Margin: Notification to Clearing Members (excluding LCMs)	9:30 a.m.	Publication
Fixed Income Transactions – Morning Netting Cycle Timeframe in respect of any Pending Payment Against Delivery Requirements (Morning Net Payment Against Delivery Requirements sent to CDS for settlement during the Morning Net DVP Settlement Timeframe) – 15 minutes cycle	10:00 a.m.	System Activity
Morning Net DVP Settlement Calculation	10:15 a.m.	System Activity
Deadline for Morning Net DVP Settlement	10:30 a.m.	Obligation Deadline
Clearing Member's (excluding LCMs) Morning Intra-Day Margin Calculation & Notification	10:30 a.m.	System Activity/Notification
Deadline to settle Morning Intra-Day Margin Call for Clearing Members (excluding LCMs)	1 hour after notification	Obligation Deadline
Assets Concentration Limit breach correction deadline	11:45 a.m.	Obligation Deadline

**SETTLEMENT TIME FOR EVERY BUSINESS DAY (continued)**



<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Additional Capital Margin: Obligation to meet the Capital Requirement	12:00 p.m.	Obligation Deadline
Fixed Income Transactions – Netting Cycle Timeframe in respect of any Pending Settlement Requirements – 15 minutes cycle	12:15 p.m.	System Activity
Clearing Member's Afternoon Intra-Day Margin Calculation & Clearing Members (excluding LCMs) notification Activity/Notification	12:45 p.m.	System
Deadline to settle Afternoon Intra-Day Margin Call for Clearing Members (excluding LCMs)	1 hour after notification	Obligation Deadline
Specific Deposits (same day withdrawal)	12:45 p.m.	Operational Deadline
Additional Margin Call for Mismatched Settlement Risk	1:30 p.m.	Publication
Additional Margin Call for Intra-Day Variation Margin Risk	1:30 p.m.	Publication
Additional Margin Call for Variation Margin Delivery Risk	1:30 p.m.	Publication
Additional Margin Call for Uncovered Risk for LCMs	1:30 p.m.	Publication
LCM Intra-Day Margin Call and Additional Margins Notification	1:30 p.m.	Notification
Clearing Members (excluding LCMs) Additional Margins Notification	1:30 p.m.	Notification
Deadline to settle Additional Margins for Clearing Members (excluding LCMs)	1 hour after notification	Obligation Deadline
Deadline to settle Intra-Day Margin Call and Additional Margins for LCMs	The later of 3:30 p.m. or 2 hours after notification	Obligation Deadline
Fixed Income Transactions – Netting Cycle Timeframe in respect of any Pending Settlement Requirements – 15 minutes cycle	2:00 p.m.	System Activity
Cash Deposits (Margin deposits) – \$10,000,000 and under (same day deposit)	2:45 p.m.	Operational Deadline
Cash Deposits (Margin deposits) – over \$10,000,000 (2 Business Days notice)	2:45 p.m.	Operational Deadline

**SETTLEMENT TIME FOR EVERY BUSINESS DAY (continued)**



<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Cash withdrawal requests (Margin deposits) – \$10,000,000 and under (same day withdrawal)	2:45 p.m.	Operational Deadline
Cash withdrawal requests (Margin deposits) – over \$10,000,000 (2 Business Days notice)	2:45 p.m.	Operational Deadline
Fixed Income Transactions – (Same Day Transactions) – Submission Cut-Off Time	3:30 p.m.	Operational Deadline
Clearing Members (excluding LCMs) - All assets deposits other than cash (Margin deposits)	3:30 p.m.	Operational Deadline
Clearing Members - All assets withdrawal requests other than cash (Margin deposits) for same day withdrawal	3:30 p.m.	Operational Deadline
Clearing Members - All assets substitution requests other than cash (Margin deposits) for same day substitution	3:30 p.m.	Operational Deadline
Fixed Income Transactions – Afternoon Netting Cycle Timeframe in respect of any Pending Settlement Requirements (Afternoon Net DVP Settlement Requirements sent to CDS for settlement by End of Day DVP Settlement Time) – 5 minutes cycle	3:35 p.m.	System Activity
CDS Payment Exchange, Net Wire Payment	4:00 p.m.	System Activity
End of Day DVP Settlement Time	4:00 p.m.	Obligation Deadline
Unsettled Item (Options Underlying deliveries only): Confirmation of settled items to be sent to CDCC	4:15 p.m.	Operational Deadline
Deadline for CDCC to respond to substitution or withdrawal request (other than (Fixed Income) Variation Margin)	4:30 p.m.	Obligation Deadline
OTCI (other than Fixed Income Transactions) – Trade Submission Deadline	4:30 p.m.	Operational Deadline
Projected Margin Report Computation	4:30 p.m.	System Activity
Futures – Request for Standard vs Mini Offset	5:00 p.m.	Operational Deadline
Position Transfers	5:25 p.m.	Operational Deadline
Same Day and T+1 Trade corrections	5:30 p.m.	Operational Deadline





Section: 11- 2



**CANADIAN DERIVATIVES CLEARING CORPORATION  
CORPORATION CANADIENNE DE COMPENSATION DE PRODUITS DÉRIVÉS  
OPERATIONS MANUAL**



## **ON-LINE ACCESS**

Each Clearing Member must be connected to the CDCC Clearing Application using its PC terminals to perform a variety of functions. (Clearing Members must supply their own PC terminals and Internet connection, at their own cost).

All instructions (corrections, Open Position changes, Position Transfers, Deposits, withdrawals, and submission of Exercise Notices and Tender Notices) must be entered on-line.

The CDCC Clearing Application allows Clearing Members to view their current information throughout the day electronically (except during scheduled maintenance or unforeseen outages). In addition, Clearing Members can download their reports after 7:00 p.m. every day using the FTP Download function.

Should a Clearing Member not have electronic access (due to technical issues) to the CDCC Clearing Application during Office Hours, CDCC can perform instructions on behalf of the Clearing Member. This requires a phone call from the Clearing Member to CDCC, along with the appropriate form faxed or scanned and e-mailed to CDCC. Such form must be authorized with the approved Clearing Member's stamp.

With respect to operational activity related to Options with an Expiration Date on Expiry Friday, CDCC staff members are on-site from 7:00 a.m. to forty-five (45) minutes after delivery of the Options Exercised and Assigned Report (MT02).



**SETTLEMENT TIME FOR EVERY BUSINESS DAY**

<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Start of Settlement Day at CDS and Clearing Day at CDCC	5:30 a.m.	System Activity
Clearing Member's (excluding LCMs) Early Morning Intra-Day Margin Calculation & Notification Activity/Notification	7:15 a.m.	System
Assets Concentration Limits breach notification	7:30 a.m.	Notification
Deadline for Clearing Members (excluding LCMs) for Settlement Time with respect to payments for overnight settlement	7:45 a.m.	Obligation Deadline
Fixed Income Transactions – Netting Cycle Timeframe in respect of any Pending Settlement Requirements – 15 minutes cycle	8:30 a.m.	System Activity
Deadline for Clearing Members (excluding LCMs) to receive EOD Amount due from CDCC	8:45 a.m.	Obligation Deadline
Deadline for LCMs for Settlement Time with respect to payments for overnight settlement	9:00 a.m.	Obligation Deadline
Additional Capital Margin: Notification to Clearing Members (excluding LCMs)	9:30 a.m.	Publication
Fixed Income Transactions – Morning Netting Cycle Timeframe in respect of any Pending Payment Against Delivery Requirements (Morning Net Payment Against Delivery Requirements sent to CDS for settlement during the Morning Net DVP Settlement Timeframe) – 15 minutes cycle	10:00 a.m.	System Activity
Morning Net DVP Settlement Calculation	10:15 a.m.	System Activity
Deadline for Morning Net DVP Settlement	10:30 a.m.	Obligation Deadline
Clearing Member's (excluding LCMs) Morning Intra-Day Margin Calculation & Notification Activity/Notification	10:30 a.m.	System
Deadline to settle Morning Intra-Day Margin Call for Clearing Members (excluding LCMs)	1 hour after notification	Obligation Deadline
Assets Concentration Limit breach correction deadline	11:45 a.m.	Obligation Deadline

**SETTLEMENT TIME FOR EVERY BUSINESS DAY (continued)**



<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Additional Capital Margin: Obligation to meet the Capital Requirement	12:00 p.m.	Obligation Deadline
Fixed Income Transactions – Netting Cycle Timeframe in respect of any Pending Settlement Requirements – 15 minutes cycle	12:15 p.m.	System Activity
Clearing Member's Afternoon Intra-Day Margin Calculation & Clearing Members (excluding LCMs) notification Activity/Notification	12:45 p.m.	System
Deadline to settle Afternoon Intra-Day Margin Call for Clearing Members (excluding LCMs)	1 hour after notification	Obligation Deadline
Specific Deposits (same day withdrawal)	12:45 p.m.	Operational Deadline
Additional Margin Call for Mismatched Settlement Risk	1:30 p.m.	Publication
Additional Margin Call for Intra-Day Variation Margin Risk	1:30 p.m.	Publication
Additional Margin Call for Variation Margin Delivery Risk	1:30 p.m.	Publication
Additional Margin Call for Uncovered Risk for LCMs	1:30 p.m.	Publication
LCM Intra-Day Margin Call and Additional Margins Notification	1:30 p.m.	Notification
Clearing Members (excluding LCMs) Additional Margins Notification	1:30 p.m.	Notification
Deadline to settle Additional Margins for Clearing Members (excluding LCMs)	1 hour after notification	Obligation Deadline
Deadline to settle Intra-Day Margin Call and Additional Margins for LCMs	The later of 3:30 p.m. or 2 hours after notification	Obligation Deadline
Fixed Income Transactions – Netting Cycle Timeframe in respect of any Pending Settlement Requirements – 15 minutes cycle	2:00 p.m.	System Activity
Cash Deposits (Margin deposits) – \$10,000,000 and under (same day deposit)	2:45 p.m.	Operational Deadline
Cash Deposits (Margin deposits) – over \$10,000,000 (2 Business Days notice)	2:45 p.m.	Operational Deadline

**SETTLEMENT TIME FOR EVERY BUSINESS DAY (continued)**



<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Cash withdrawal requests (Margin deposits) – \$10,000,000 and under (same day withdrawal)	2:45 p.m.	Operational Deadline
Cash withdrawal requests (Margin deposits) – over \$10,000,000 (2 Business Days notice)	2:45 p.m.	Operational Deadline
Fixed Income Transactions – (Same Day Transactions) – Submission Cut-Off Time	3:30 p.m.	Operational Deadline
Clearing Members (excluding LCMs) - All assets deposits other than cash (Margin deposits)	3:30 p.m.	Operational Deadline
Clearing Members - All assets withdrawal requests other than cash (Margin deposits) for same day withdrawal	3:30 p.m.	Operational Deadline
Clearing Members - All assets substitution requests other than cash (Margin deposits) for same day substitution	3:30 p.m.	Operational Deadline
Fixed Income Transactions – Afternoon Netting Cycle Timeframe in respect of any Pending Settlement Requirements (Afternoon Net DVP Settlement Requirements sent to CDS for settlement by End of Day DVP Settlement Time) – 5 minutes cycle	3:35 p.m.	System Activity
CDS Payment Exchange, Net Wire Payment	4:00 p.m.	System Activity
End of Day DVP Settlement Time	4:00 p.m.	Obligation Deadline
Unsettled Item (Options Underlying deliveries only): Confirmation of settled items to be sent to CDCC	4:15 p.m.	Operational Deadline
Deadline for CDCC to respond to substitution or withdrawal request (other than (Fixed Income) Variation Margin)	4:30 p.m.	Obligation Deadline
OTCI (other than Fixed Income Transactions) – Trade Submission Deadline	4:30 p.m.	Operational Deadline
Projected Margin Report Computation	4:30 p.m.	System Activity
Futures – Request for Standard vs Mini Offset	5:00 p.m.	Operational Deadline
Position Transfers	5:25 p.m.	Operational Deadline
Same Day and T+1 Trade corrections	5:30 p.m.	Operational Deadline

**Notice to members 157-17: Summarized comments and responses**

**AMENDMENTS TO THE RULES AND OPERATIONS MANUAL OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO ACCOMMODATE THE EXTENSION OF THE TRADING HOURS AT BOURSE DE MONTREAL INC.**

No.	Date comments received	Participant Category	Subject	Summary of comments	Summary of responses
1.	January 30, 2018	IIAC and dealer members	Clearing Impacts	<p>We wonder if the clearing impacts have been properly assessed by the Bourse. The industry has many questions and concerns. For example, will transactions be novated on a live basis? If this is not the case, our members would be taking on the complete counterparty risk of a transaction until this transaction gets novated by the CDCC. Concerns remain despite answers received from the Bourse regarding clearing.</p> <p>Due to the increased counterparty risk (and associated increased financial and regulatory risk), our members may not want to participate in the extended trading hours. We believe this is yet another key issue for our members.</p> <p>Regardless whether members participate in the extended trading hours, they would have credit exposure resulting from market stress events during the extended session. Without adequate means to remediate credit exposure from customers and</p>	<p>The great majority of the concerns raised in the Comment Letter have been addressed by CDCC in its <a href="#">Circular 157-017</a>. The circular explains in detail the changes to CDCC's clearing and settlement activities that the Project requires. In summary, CDCC is proposing to adjust its operational processes, Rules and Manuals to ensure the clearing of the transactions executed during the extended trading hours. All proposed changes comply with the relevant regulatory standards, including the <i>Principles for Financial Market Infrastructures</i> developed by the Committee on Payments and Market Infrastructure and the International Organization of Securities Commission. All transactions entered into during the extended trading hours will be novated in real time, as it is currently the case during the regular trading hours. As a result, there should be no concerns around counterparty risk as CDCC will be the counterpart to each transaction.</p> <p>Moreover, CDCC currently performs intra-day margin calls at 10:30am and 12:45pm, in</p>

			<p>counterparties, member firms financial position could be negatively impacted. The industry would also like additional clarity related to the structure of the proposed 7:15 margin call. It is not currently clear whether the margin call will reflect price movements on contracts during the extended session. If this is the case, it represents a risk to firms whether they decide to participate in the early session or not, since the firms' open positions will be subject to variation margins based on the prices of the early session.</p> <p>This is a material exposure to overnight market or political events which is compounded by the fact that this 7:15 margin call occurs when Dealers' back offices will be lightly staffed, customers and counterparties are not available to provide offsetting margin deposits to the participant and the participant does not have immediate access to secondary sources of liquidity. The implications to firms' liquidity could be significant in the event of significant overnight stress events.</p> <p>Furthermore, we highly doubt that the current CDCC systems will be able to support the initiative. It is necessary that the CDCC systems be updated to support the proposed changes if the Bourse goes ahead with the initiative despite low industry support.</p>	<p>addition to the end-of-day margin call at 5:30pm, to mitigate risks that may arise from the derivative instruments cleared. In the context of the Project, CDCC will add an early morning intra-day margin call at 7:15am (as opposed to a variation margin call). This will minimize any potential risk of uncovered exposure during the overnight trading hours. Please note that all other rules and procedures of CDCC will apply during the extended trading hours, without change.</p> <p>CDCC fully supports the Bourse's initiative and will be ready in advance of the first trading day opening at 2:00am.</p>
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