



NOTICE TO MEMBERS

No. 2018 – 053

May 23, 2018

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO EXPAND SHARE FUTURES CONTRACTS TO EXCHANGE TRADED FUNDS AND TRUST UNITS

On February 6, 2018, the Board of Directors of Canadian Derivatives Clearing Corporation (“CDCC”) approved amendments to certain articles within Rule C-15 of CDCC’s Rules in order to allow a broader range of securities to constitute underlying interests of share futures, namely exchange traded funds and trust units. 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 approved by the Ontario Securities Commission in accordance with the “Rule Change Requiring Approval in Ontario” process.

You will find attached hereto the amendments set to come into force and to be incorporated into the version of the Rules of CDCC that will be made available on the CDCC website at www.cdcc.ca as of June 15, 2018, after market close.

If you have any questions or concerns regarding this notice, please contact CDCC’s Corporate Operations department or direct your email inquiries to cdcc-ops@cdcc.ca.

Glenn Goucher
President and Chief Clearing Officer
CDCC

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).

[...]

RULE B-6 SECURITIES OPTIONS

This Rule B-6 is applicable to American Style Options and European Style Options where the Underlying Interest is a class of shares or a class of units. Such Options are referred to in this Rule B-6 as “Securities Options”.

SECTION B-601 DEFINITIONS

Notwithstanding Section A-102, the following definitions shall apply to Rule B-6:

“American Exchange” – means a national securities exchange as defined in the Securities Exchange Act of 1934, as amended from time to time.

“American ATS” – means an alternative trading system, as defined by the U.S. Securities and Exchange Commission in its Rules, as amended from time to time.

“ATS” – means Canadian ATS and American ATS.

“Canadian ATS” – means an alternative trading system, as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“Canadian Exchange” – means a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“ETF” – means an exchange-traded funds, the Securities of which are listed on a Canadian Exchange.

“North American Volume” – for the purposes of the eligibility and ineligibility of the Underlying Interests of Options, means the aggregate trading volume on all Canadian Exchanges and American Exchanges and all the ATS where the underlying Securities are traded.

“Primary Exchange” – as regards a specific Security on a given day, means the Canadian Exchange on which such Security is listed if it is listed on only one Canadian Exchange. Where such specific Security is listed on more than one Canadian Exchange, then it shall mean the Canadian Exchange which has the highest trading volume on such Security on a given day, as determined by the Corporation.

“Securities Option” – means an American Style Option or a European Style Option for which the Underlying Interest is a class of shares or a class of units.

“Security” – means a share or a unit.

“Share” – means an instrument of title issued by a corporation or an ETF which is an open-end investment company.

“Underlying Interest” – means Securities meeting the criteria described in this Rule.

“Unit” – means an instrument of title issued by a trust or by an ETF which is a trust.

“Unit of Trading” – means 100 shares of the Underlying Interest, unless otherwise indicated.

“Value of Available Public Float” – means the value of the available public float as calculated by the following formula: as regards a specific Security on a given day, the number of units of the Security outstanding and available for trading by the public, multiplied by the closing price of such Security on the Primary Exchange.

SECTION B-602 APPROVAL OF UNDERLYING INTEREST

- 1) The Securities underlying the Securities Options issued by the Corporation shall be approved by the Corporation based on criteria described in Section B-603 or B-605 of the Rules.
- 2) No more than one Class of Securities Options shall be approved for any one issuer, unless the Corporation considers it necessary or advisable, as a temporary measure, that there be additional Classes of Options.

SECTION B-603 CRITERIA FOR ELIGIBILITY OF SECURITIES UNDERLYING OPTIONS

- 1) To determine whether any Securities should be approved as the Underlying Interest of a Securities Option, the Corporation, in those circumstances where Section B-607 does not apply, shall ensure that prior to being approved as an Underlying Interest the Securities meet all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;
 - b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) The Corporation may approve as an Underlying Interest a Security which does not otherwise meet the eligibility criteria set forth in Subsection B-603(1), but which meets all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;
 - b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all the Canadian Exchanges on the last Business Day of the current quarter; and

- c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the Current quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all the Canadian Exchanges on the last Business Day of the current quarter.

SECTION B-604 INELIGIBILITY CRITERIA OF SECURITIES UNDERLYING OPTIONS

- 1) Except as provided in Subsection B-604(2), no new Series of a Class of Securities Options which is already listed may be opened for trading if any one of the following conditions occurs with respect to the Underlying Interest:
 - a) the Security is no longer listed on a Canadian Exchange;
 - b) the Value of the Available Public Float of the Security is below the top forty percentile (40%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is below the top forty percentile (40%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) In exceptional circumstances and in the interest of maintaining a fair and orderly market or for the protection of investors, the Corporation may agree to clear additional Series of Options with respect to any Underlying Interest which complies with the criteria described in Paragraphs B-604(1)(b) or (c), provided that the Security is listed on a Canadian Exchange.

SECTION B-605 CRITERIA FOR THE ELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

- 1) Where the eligibility criteria set forth in section B-603 are not met, to determine whether Securities issued by an ETF should be eligible as an Underlying Interest of Securities Option, the Corporation may approve the listing thereof as an Underlying Interest, where the ETF meets all the following criteria:
 - a) the Securities issued are listed on a Canadian Exchange;
 - b) the Value of Available Public Float is equal to or greater the CAN\$20 million;
 - c) the Securities issued may be created or repurchased upon request every Business Day by the ETF for an amount based on the net asset value; and
 - d) the documentation is deemed satisfactory by the Corporation.
- 2) The ETF Securities eligible as Underlying Interests of Options pursuant to Subsection (1) are not subject to the ineligibility criteria set forth in Section B-604.

SECTION B-606 CRITERIA FOR THE INELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

No new series of a Class of ETF Securities listed on an Exchange under Section B-605 shall be eligible for trading if any one of the following events occurs in respect of the Underlying Interest:

- a) the Security is no longer listed on a Canadian Exchange;
- b) the Securities cease to be created or repurchased upon request every Business Day; or
- c) the documentation is deemed unacceptable by the Corporation.

SECTION B-607 EVENT RELATING TO UNDERLYING INTERESTS OF SECURITIES OPTIONS

1) Acquisition of a Listed Entity by a Newly-Established Entity

If a newly-established entity has acquired a listed entity, the trading record and history of the acquired entity may be used to test the options eligibility of the Securities of the new entity as provided for in Section B-603.

2) Name Changes

Corporate name changes have no effect on listed issues options eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest of such entity under the new corporate name.

3) Substitutional Listings

When a Security list change which is the result of a merger or acquisition involving the issuance or acquisition of listed Securities has occurred, the eligibility for Securities Options of all listed issues connected with the change shall be reviewed by the Corporation. No decision to change the option-eligibility status of a listed Underlying Interest will occur until after such merger or acquisition is completed. The general process which applies is as follows:

- a)
 - i) the Corporation shall ensure that each of the entities involved in such merger or acquisition is listed on a Canadian Exchange; or
 - ii) on receipt of the notice of an event relating to the Underlying Interest or following the closing date of a Securities purchase offer, the Corporation shall ensure that the Securities of at least one of the entities involved are an Underlying Interest for Options currently listed on a Canadian Exchange, and these Options are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation, nor is the Underlying Interest for these Options classified as ineligible under Section B-604 or Section B-606.
- b) The Corporation shall ensure that, prior to the merger or acquisition involving the issuance or acquisition of listed Securities, the sum of the Value of Available Public Float of the entities involved in the merger or acquisition meets the criteria set out in Paragraph B-603(1)(b) or Paragraph B-603(2)(b) or Paragraph B-605(1)(b) of the Rules.
- c) It is confirmed by the Corporation that the resultant company is listed on a Canadian Exchange.
- d) It is confirmed by the Corporation that the resultant company exceeds the criteria set out in Paragraph B-604(1)(b) of the Rules.

4) New Securities

If new Securities are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed Securities, the relationship between the old and new Securities will determine whether the new Securities will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the entity, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

[...]

CANADIAN DERIVATIVES CLEARING CORPORATION

PART C – FUTURES

RULE C-1 CLEARING OF EXCHANGE TRANSACTIONS RESPECTING FUTURES

The provisions of this Part C shall apply only to Exchange Transactions which are trades in Futures 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 Futures clearing as set out in Paragraph A-601(2)(b).

[...]

RULE C-15 SHARE FUTURES

The Sections of this Rule C-15 are applicable only for Futures settling on a future date where the Underlying Interest is an individual stock, exchange-traded fund or trust unit.

SECTION C-1501 DEFINITIONS

“Canadian Share Futures” – A Futures contract that requires the parties to this contract to make or receive delivery of a specified number of Canadian Stocks-underlying interests at the expiry of the contract at a price agreed upon when the contract was entered into on the Exchange.

“Canadian Stock Underlying Interest” – An individual stock, exchange-traded fund or trust unit issued by a Canadian reporting issuer listed on a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“Delivery” – physical delivery made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

“Final Settlement Price” – the price of the Underlying Interest as determined by the product specifications of the Bourse de Montréal Inc.

“Foreign Share Futures” – A Futures contract that requires the parties to this contract to pay or receive from the Corporation the difference between the Final Settlement Price of the Underlying Interest and the initial Trade Price multiplied by the appropriate Unit of Trading.

“Last Trading Date” – the Maturity Date.

“Maturity Date” – the Final Settlement Date as defined by the Bourse de Montréal Inc. from time to time.

“Recognized Exchange” – a recognized exchange according to the definition in Rule One of Bourse de Montréal Inc. as amended from time to time.

“Settlement Price” – the official daily closing price of a Futures, as determined in accordance with Section C-301.

“Underlying Interest” – sStocks, exchange-traded funds or trust units meeting the criteria described in this Rule.

“Unit of Trading” – 100 shares of the Underlying Interest, unless otherwise designated.

SECTION C-1502 APPROVAL OF UNDERLYING INTEREST

- 1) The sStocks, exchange-traded funds or trust units underlying the Futures issued by the Corporation shall be approved based on criteria described in Section C-1503 of the Rules.

SECTION C-1503 CRITERIA FOR ELIGIBILITY OF SHARE FUTURES

In considering whether any sStock, exchange-traded fund or trust unit should be approved as the Underlying Interest of a Share Futures, the Corporation, in those circumstances where C-1505 does not apply, shall ensure that prior to being approved as an Underlying Interest the sStock, exchange-traded fund or trust unit meets all of the following criteria:

- 1) For a Canadian Share Futures, the Canadian Share to be Underlying Interest will meet the Options eligibility criteria described in Section B-603 or B-605, as applicable.
- 2) For a Foreign Share Futures, the sStock, exchange-traded fund or trust unit:
 - i) trades on a Recognized Exchange; and
 - ii) there are derivatives listed on a Recognized Exchange on that Underlying Interest.

SECTION C-1504 INELIGIBILITY CRITERIA FOR SHARE FUTURES

No new series of Canadian Share Futures which is already listed may be opened for trading if any one of the conditions described in Section B-604 or B-606, as applicable, with applicable adaptations, occurs with respect to the Underlying Interest

SECTION C-1505 PROCEDURE FOR ASSESSING THE EFFECT OF STOCK LIST CHANGES ON SHARE FUTURES ELIGIBILITY

- 1) Acquisition of a Listed Company by a Newly-Established Company

If a newly-established entity has acquired a listed company, the trading record and history of the predecessor entity may be used to test the Share Futures eligibility of the stock of the new entity as provided for in Section C-1503.

- 2) Name Changes

Corporate name changes have no effect on listed issues Share Futures eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest under the new corporate name.

3) Substitutional Listings

When a Stock list change which is the result of a merger or acquisition involving the issuance or acquisition of listed shares has occurred, all listed issues connected with the change are reviewed by the Corporation. No decision to change the Share Futures status of a listed issue will occur until after the offer or transaction is completed. The general process which applies is as follows:

a)

- i) it is confirmed by the Corporation that each of the predecessor companies is listed on a Recognized Exchange; or
- ii) on receipt of the notice of corporate change or following the closing date of a share purchase offer, it is confirmed by the Corporation that at least one predecessor company has Share Futures currently listed on the Bourse de Montréal Inc., and these Share Futures are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation.

- b) It is confirmed by the Corporation that the resultant company is listed on a Recognized Exchange.

(4) New Shares

If new shares are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed shares, the relationship between the old and new shares will determine if the new shares will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the company, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

SECTION C-1506 WITHDRAWAL OF APPROVAL OF UNDERLYING INTEREST

Whenever the Corporation determines that an Underlying Interest, for any reason, should no longer be approved, the Corporation shall advise the Exchange that the Corporation will no longer accept trades in such Class of Futures (other than closing transactions) or in any additional Series of Futures of the Class of Futures covering that Underlying Interest.

SECTION C-1507 UNAVAILABILITY OR INACCURACY OF CURRENT VALUE

- 1) If the Corporation shall determine that the Final Settlement Price for any series of Share 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) 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 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-1508 through Section C-1511 inclusive apply to Canadian Share Futures:

SECTION C-1508 GOOD DELIVERABLE FORM OF STOCKS, EXCHANGE-TRADED FUND OR TRUST UNITS

A sStock, exchange-traded fund or trust unit held at CDS shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of such sStock, exchange-traded fund or trust unit would constitute good delivery under the regulations, rules and policies of the Exchange.

SECTION C-1509 DELIVERY THROUGH THE CENTRAL SECURITIES DEPOSITORY

- 1) Day of Delivery – Physical delivery of the Underlying Interest as required by this Rule shall be made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

SECTION C-1510 ASSIGNMENT OF SHARE FUTURES CONTRACTS

All long Share Futures contract positions will receive delivery in accordance with the Corporation's procedures from accounts with open Short Positions in the Series of Futures involved. The Corporation shall treat the accounts of all Clearing Members equally.

Section C-1511 through C-1513 inclusive apply to Foreign Share Futures:

SECTION C-1511 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 business day before the last trading day, multiplied by the Unit of Trading using the current foreign currency rate as specified in the product specifications, 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 Unit of Trading using the current foreign currency rate as specified in the product specifications.

SECTION C-1512 TENDER NOTICES

Rule C-5 shall not apply to Foreign Share Futures as they are cash-settled.

SECTION C-1513 PAYMENT AND RECEIPT OF PAYMENT OF THE TRADE PRICE

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

SECTION C-1514 ACCELERATION OF EXPIRATION DATE

When a Share Futures contract, where the Underlying Interest is an equity stock, exchange-traded fund or trust unit, is adjusted pursuant to Rule A-9 – Adjustment In Contract Terms, to require the delivery upon settlement of a fixed amount of Cash, the Maturity Date of the Share Futures contract will ordinarily be accelerated to fall on or shortly after the date on which the conversion of the Underlying Interest to a right to receive Cash occurs.

The Maturity Date of the closest month of the Share Futures contract will remain unchanged. All Share Futures contracts set to expire after this date will have their Maturity Date accelerated to the nearest practical date following the adjustment.

The fixed amount of Cash will be delivered according to CDCC's payment process.

[...]

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).

[...]

RULE B-6 SECURITIES OPTIONS

This Rule B-6 is applicable to American Style Options and European Style Options where the Underlying Interest is a class of shares or a class of units. Such Options are referred to in this Rule B-6 as “Securities Options”.

SECTION B-601 DEFINITIONS

Notwithstanding Section A-102, the following definitions shall apply to Rule B-6:

“American Exchange” – means a national securities exchange as defined in the Securities Exchange Act of 1934, as amended from time to time.

“American ATS” – means an alternative trading system, as defined by the U.S. Securities and Exchange Commission in its Rules, as amended from time to time.

“ATS” – means Canadian ATS and American ATS.

“Canadian ATS” – means an alternative trading system, as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“Canadian Exchange” – means a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“ETF” – means an exchange-traded funds, the Securities of which are listed on a Canadian Exchange.

“North American Volume” – for the purposes of the eligibility and ineligibility of the Underlying Interests of Options, means the aggregate trading volume on all Canadian Exchanges and American Exchanges and all the ATS where the underlying Securities are traded.

“Primary Exchange” – as regards a specific Security on a given day, means the Canadian Exchange on which such Security is listed if it is listed on only one Canadian Exchange. Where such specific Security is listed on more than one Canadian Exchange, then it shall mean the Canadian Exchange which has the highest trading volume on such Security on a given day, as determined by the Corporation.

“Securities Option” – means an American Style Option or a European Style Option for which the Underlying Interest is a class of shares or a class of units.

“Security” – means a share or a unit.

“Share” – means an instrument of title issued by a corporation or an ETF which is an open-end investment company.

“Underlying Interest” – means Securities meeting the criteria described in this Rule.

“Unit” – means an instrument of title issued by a trust or by an ETF which is a trust.

“Unit of Trading” – means 100 shares of the Underlying Interest, unless otherwise indicated.

“Value of Available Public Float” – means the value of the available public float as calculated by the following formula: as regards a specific Security on a given day, the number of units of the Security outstanding and available for trading by the public, multiplied by the closing price of such Security on the Primary Exchange.

SECTION B-602 APPROVAL OF UNDERLYING INTEREST

- 1) The Securities underlying the Securities Options issued by the Corporation shall be approved by the Corporation based on criteria described in Section B-603 or B-605 of the Rules.
- 2) No more than one Class of Securities Options shall be approved for any one issuer, unless the Corporation considers it necessary or advisable, as a temporary measure, that there be additional Classes of Options.

SECTION B-603 CRITERIA FOR ELIGIBILITY OF SECURITIES UNDERLYING OPTIONS

- 1) To determine whether any Securities should be approved as the Underlying Interest of a Securities Option, the Corporation, in those circumstances where Section B-607 does not apply, shall ensure that prior to being approved as an Underlying Interest the Securities meet all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;
 - b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) The Corporation may approve as an Underlying Interest a Security which does not otherwise meet the eligibility criteria set forth in Subsection B-603(1), but which meets all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;
 - b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all the Canadian Exchanges on the last Business Day of the current quarter; and

- c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the Current quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all the Canadian Exchanges on the last Business Day of the current quarter.

SECTION B-604 INELIGIBILITY CRITERIA OF SECURITIES UNDERLYING OPTIONS

- 1) Except as provided in Subsection B-604(2), no new Series of a Class of Securities Options which is already listed may be opened for trading if any one of the following conditions occurs with respect to the Underlying Interest:
 - a) the Security is no longer listed on a Canadian Exchange;
 - b) the Value of the Available Public Float of the Security is below the top forty percentile (40%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is below the top forty percentile (40%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) In exceptional circumstances and in the interest of maintaining a fair and orderly market or for the protection of investors, the Corporation may agree to clear additional Series of Options with respect to any Underlying Interest which complies with the criteria described in Paragraphs B-604(1)(b) or (c), provided that the Security is listed on a Canadian Exchange.

SECTION B-605 CRITERIA FOR THE ELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

- 1) Where the eligibility criteria set forth in section B-603 are not met, to determine whether Securities issued by an ETF should be eligible as an Underlying Interest of Securities Option, the Corporation may approve the listing thereof as an Underlying Interest, where the ETF meets all the following criteria:
 - a) the Securities issued are listed on a Canadian Exchange;
 - b) the Value of Available Public Float is equal to or greater the CAN\$20 million;
 - c) the Securities issued may be created or repurchased upon request every Business Day by the ETF for an amount based on the net asset value; and
 - d) the documentation is deemed satisfactory by the Corporation.
- 2) The ETF Securities eligible as Underlying Interests of Options pursuant to Subsection (1) are not subject to the ineligibility criteria set forth in Section B-604.

SECTION B-606 CRITERIA FOR THE INELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

No new series of a Class of ETF Securities listed on an Exchange under Section B-605 shall be eligible for trading if any one of the following events occurs in respect of the Underlying Interest:

- a) the Security is no longer listed on a Canadian Exchange;
- b) the Securities cease to be created or repurchased upon request every Business Day; or
- c) the documentation is deemed unacceptable by the Corporation.

SECTION B-607 EVENT RELATING TO UNDERLYING INTERESTS OF SECURITIES OPTIONS

1) Acquisition of a Listed Entity by a Newly-Established Entity

If a newly-established entity has acquired a listed entity, the trading record and history of the acquired entity may be used to test the options eligibility of the Securities of the new entity as provided for in Section B-603.

2) Name Changes

Corporate name changes have no effect on listed issues options eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest of such entity under the new corporate name.

3) Substitutional Listings

When a Security list change which is the result of a merger or acquisition involving the issuance or acquisition of listed Securities has occurred, the eligibility for Securities Options of all listed issues connected with the change shall be reviewed by the Corporation. No decision to change the option-eligibility status of a listed Underlying Interest will occur until after such merger or acquisition is completed. The general process which applies is as follows:

- a)
 - i) the Corporation shall ensure that each of the entities involved in such merger or acquisition is listed on a Canadian Exchange; or
 - ii) on receipt of the notice of an event relating to the Underlying Interest or following the closing date of a Securities purchase offer, the Corporation shall ensure that the Securities of at least one of the entities involved are an Underlying Interest for Options currently listed on a Canadian Exchange, and these Options are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation, nor is the Underlying Interest for these Options classified as ineligible under Section B-604 or Section B-606.
- b) The Corporation shall ensure that, prior to the merger or acquisition involving the issuance or acquisition of listed Securities, the sum of the Value of Available Public Float of the entities involved in the merger or acquisition meets the criteria set out in Paragraph B-603(1)(b) or Paragraph B-603(2)(b) or Paragraph B-605(1)(b) of the Rules.
- c) It is confirmed by the Corporation that the resultant company is listed on a Canadian Exchange.
- d) It is confirmed by the Corporation that the resultant company exceeds the criteria set out in Paragraph B-604(1)(b) of the Rules.

4) New Securities

If new Securities are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed Securities, the relationship between the old and new Securities will determine whether the new Securities will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the entity, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

[...]

CANADIAN DERIVATIVES CLEARING CORPORATION

PART C – FUTURES

RULE C-1 CLEARING OF EXCHANGE TRANSACTIONS RESPECTING FUTURES

The provisions of this Part C shall apply only to Exchange Transactions which are trades in Futures 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 Futures clearing as set out in Paragraph A-601(2)(b).

[...]

RULE C-15 SHARE FUTURES

The Sections of this Rule C-15 are applicable only for Futures settling on a future date where the Underlying Interest is an individual stock, exchange-traded fund or trust unit.

SECTION C-1501 DEFINITIONS

“Canadian Share Futures” – A Futures contract that requires the parties to this contract to make or receive delivery of a specified number of Canadian underlying interests at the expiry of the contract at a price agreed upon when the contract was entered into on the Exchange.

“Canadian Underlying Interest” – An individual stock, exchange-traded fund or trust unit issued by a Canadian reporting issuer listed on a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“Delivery” – physical delivery made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

“Final Settlement Price” – the price of the Underlying Interest as determined by the product specifications of the Bourse de Montréal Inc.

“Foreign Share Futures” – A Futures contract that requires the parties to this contract to pay or receive from the Corporation the difference between the Final Settlement Price of the Underlying Interest and the initial Trade Price multiplied by the appropriate Unit of Trading.

“Last Trading Date” – the Maturity Date.

“Maturity Date” – the Final Settlement Date as defined by the Bourse de Montréal Inc. from time to time.

“Recognized Exchange” – a recognized exchange according to the definition in Rule One of Bourse de Montréal Inc. as amended from time to time.

“Settlement Price” – the official daily closing price of a Futures, as determined in accordance with Section C-301.

“Underlying Interest” – stocks, exchange-traded funds or trust units meeting the criteria described in this Rule.

“Unit of Trading” – 100 shares of the Underlying Interest, unless otherwise designated.

SECTION C-1502 APPROVAL OF UNDERLYING INTEREST

- 1) The stocks, exchange-traded funds or trust units underlying the Futures issued by the Corporation shall be approved based on criteria described in Section C-1503 of the Rules.

SECTION C-1503 CRITERIA FOR ELIGIBILITY OF SHARE FUTURES

In considering whether any stock, exchange-traded fund or trust unit should be approved as the Underlying Interest of a Share Futures, the Corporation, in those circumstances where C-1505 does not apply, shall ensure that prior to being approved as an Underlying Interest the stock, exchange-traded fund or trust unit meets all of the following criteria:

- 1) For a Canadian Share Futures, the Canadian Underlying Interest will meet the Options eligibility criteria described in Section B-603 or B-605, as applicable.
- 2) For a Foreign Share Futures, the stock, exchange-traded fund or trust unit:
 - i) trades on a Recognized Exchange; and
 - ii) there are derivatives listed on a Recognized Exchange on that Underlying Interest.

SECTION C-1504 INELIGIBILITY CRITERIA FOR SHARE FUTURES

No new series of Canadian Share Futures which is already listed may be opened for trading if any one of the conditions described in Section B-604 or B-606, as applicable, with applicable adaptations, occurs with respect to the Underlying Interest

SECTION C-1505 PROCEDURE FOR ASSESSING THE EFFECT OF STOCK LIST CHANGES ON SHARE FUTURES ELIGIBILITY

- 1) Acquisition of a Listed Company by a Newly-Established Company

If a newly-established entity has acquired a listed company, the trading record and history of the predecessor entity may be used to test the Share Futures eligibility of the stock of the new entity as provided for in Section C-1503.

- 2) Name Changes

Corporate name changes have no effect on listed issues Share Futures eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest under the new corporate name.

3) Substitutional Listings

When a Stock list change which is the result of a merger or acquisition involving the issuance or acquisition of listed shares has occurred, all listed issues connected with the change are reviewed by the Corporation. No decision to change the Share Futures status of a listed issue will occur until after the offer or transaction is completed. The general process which applies is as follows:

a)

- i) it is confirmed by the Corporation that each of the predecessor companies is listed on a Recognized Exchange; or
- ii) on receipt of the notice of corporate change or following the closing date of a share purchase offer, it is confirmed by the Corporation that at least one predecessor company has Share Futures currently listed on the Bourse de Montréal Inc., and these Share Futures are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation.

- b) It is confirmed by the Corporation that the resultant company is listed on a Recognized Exchange.

(4) New Shares

If new shares are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed shares, the relationship between the old and new shares will determine if the new shares will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the company, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

SECTION C-1506 WITHDRAWAL OF APPROVAL OF UNDERLYING INTEREST

Whenever the Corporation determines that an Underlying Interest, for any reason, should no longer be approved, the Corporation shall advise the Exchange that the Corporation will no longer accept trades in such Class of Futures (other than closing transactions) or in any additional Series of Futures of the Class of Futures covering that Underlying Interest.

SECTION C-1507 UNAVAILABILITY OR INACCURACY OF CURRENT VALUE

- 1) If the Corporation shall determine that the Final Settlement Price for any series of Share 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) 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 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-1508 through Section C-1511 inclusive apply to Canadian Share Futures:

SECTION C-1508 GOOD DELIVERABLE FORM OF STOCKS, EXCHANGE-TRADED FUND OR TRUST UNITS

A stock, exchange-traded fund or trust unit held at CDS shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of such stock, exchange-traded fund or trust unit would constitute good delivery under the regulations, rules and policies of the Exchange.

SECTION C-1509 DELIVERY THROUGH THE CENTRAL SECURITIES DEPOSITORY

- 1) Day of Delivery – Physical delivery of the Underlying Interest as required by this Rule shall be made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

SECTION C-1510 ASSIGNMENT OF SHARE FUTURES CONTRACTS

All long Share Futures contract positions will receive delivery in accordance with the Corporation's procedures from accounts with open Short Positions in the Series of Futures involved. The Corporation shall treat the accounts of all Clearing Members equally.

Section C-1511 through C-1513 inclusive apply to Foreign Share Futures:

SECTION C-1511 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 business day before the last trading day, multiplied by the Unit of Trading using the current foreign currency rate as specified in the product specifications, 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 Unit of Trading using the current foreign currency rate as specified in the product specifications.

SECTION C-1512 TENDER NOTICES

Rule C-5 shall not apply to Foreign Share Futures as they are cash-settled.

SECTION C-1513 PAYMENT AND RECEIPT OF PAYMENT OF THE TRADE PRICE

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

SECTION C-1514 ACCELERATION OF EXPIRATION DATE

When a Share Futures contract, where the Underlying Interest is an equity stock, exchange-traded fund or trust unit, is adjusted pursuant to Rule A-9 – Adjustment In Contract Terms, to require the delivery upon settlement of a fixed amount of Cash, the Maturity Date of the Share Futures contract will ordinarily be accelerated to fall on or shortly after the date on which the conversion of the Underlying Interest to a right to receive Cash occurs.

The Maturity Date of the closest month of the Share Futures contract will remain unchanged. All Share Futures contracts set to expire after this date will have their Maturity Date accelerated to the nearest practical date following the adjustment.

The fixed amount of Cash will be delivered according to CDCC's payment process.

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