



## NOTICE TO MEMBERS

No. 2019 - 088

August 1<sup>st</sup>, 2019

### SELF-CERTIFICATION

#### **AMENDMENTS TO THE CANADIAN DERIVATIVES CLEARING CORPORATION TIME FRAMES FOR MONTHLY OPTIONS EXPIRY**

On May 2, 2019, the Board of Directors of the Canadian Derivatives Clearing Corporation (“CDCC”) approved amendments to the Operations Manual and to the Rules of CDCC. 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.

CDCC is proposing minor amendments to the Operations Manual and to sections A-102, B-201 and B-307 of CDCC’s Rules in order to shorten the time frames for the monthly options expiry.

You will find attached hereto the amendments set to come into force and to be incorporated into the version of the Operations Manual and the Rules of CDCC that will be made available on the CDCC website at [www.cdcc.ca](http://www.cdcc.ca) on **August 15, 2019**, after market close.

The amendments described in the present notice were published for public comment by CDCC on May 7, 2019 (see [058-19](#)). Further to the publication of this notice, no comment was received by CDCC.

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).

Jay Rajarathinam  
President

**TIME FRAMES**

**SETTLEMENT TIME FOR MONTHLY EXPIRY**

<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Reports available (FTP Download): ➤ Expiry Report (MX01) ➤ Expiry Options Daily Transaction Report (MT01) ➤ List of Options/Cash Adjustments (MT03)	7:15 p.m.	Publication
CDCC Clearing Application available for: ➤ Trade corrections ➤ Open Position changes ➤ Position Transfers ➤ Changes to Automatic Exercises ➤ Exercise Notices input ➤ Cancel / correct Friday's exercises	7:15 to <del>10</del> :15 p.m.	Operational Deadline
CDCC Clearing Application shutdown: ➤ CDCC processes expiry entries	<del>10</del> :15 p.m.	Operational Deadline
Reports available (FTP Download): ➤ List of Expiry Adjustments Report (MX02) ➤ Expiry Difference Report (MX03)	<del>10</del> :30 p.m.	Publication
CDCC Clearing Application available again for: ➤ Review of expiry entries ➤ Corrections to expiry entries	<del>10</del> :30 to <del>10</del> :45 p.m.	Operational Deadline
CDCC Clearing Application shutdown ➤ Close of Business	<del>10</del> :45 p.m.	Operational Deadline
Reports available (FTP Download): ➤ Options Exercised and Assigned Report (MT02) ➤ Other reports and files also available	<del>10</del> :30 a.m.	Publication

**TIME FRAMES**

**SETTLEMENT TIME FOR MONTHLY EXPIRY**

<b>Activity</b>	<b>Time Frames</b>	<b>Activity Type</b>
Reports available (FTP Download):	7:15 p.m.	Publication
<ul style="list-style-type: none"> <li>➤ Expiry Report (MX01)</li> <li>➤ Expiry Options Daily Transaction Report (MT01)</li> <li>➤ List of Options/Cash Adjustments (MT03)</li> </ul>		
CDCC Clearing Application available for:	7:15 to 9:15 p.m.	Operational Deadline
<ul style="list-style-type: none"> <li>➤ Trade corrections</li> <li>➤ Open Position changes</li> <li>➤ Position Transfers</li> <li>➤ Changes to Automatic Exercises</li> <li>➤ Exercise Notices input</li> <li>➤ Cancel / correct Friday's exercises</li> </ul>		
CDCC Clearing Application shutdown:	9:15 p.m.	Operational Deadline
<ul style="list-style-type: none"> <li>➤ CDCC processes expiry entries</li> </ul>		
Reports available (FTP Download):	9:30 p.m.	Publication
<ul style="list-style-type: none"> <li>➤ List of Expiry Adjustments Report (MX02)</li> <li>➤ Expiry Difference Report (MX03)</li> </ul>		
CDCC Clearing Application available again for:	9:30 to 9:45 p.m.	Operational Deadline
<ul style="list-style-type: none"> <li>➤ Review of expiry entries</li> <li>➤ Corrections to expiry entries</li> </ul>		
CDCC Clearing Application shutdown	9:45 p.m.	Operational Deadline
<ul style="list-style-type: none"> <li>➤ Close of Business</li> </ul>		
Reports available (FTP Download):	10:30 p.m.	Publication
<ul style="list-style-type: none"> <li>➤ Options Exercised and Assigned Report (MT02)</li> <li>➤ Other reports and files also available</li> </ul>		

## PART A – GENERAL

### RULE A-1 DEFINITIONS

[...]

#### Section A-102 DEFINITIONS

“**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.~~

[...]

## PART B – OPTIONS

[...]

### RULE B-2 TRADE REPORTING

#### Section B-201 TRADE REPORTING OF OPTIONS TRANSACTIONS

- (1) Prior to the Settlement Time on each Business Day, the Corporation shall issue to each Clearing Member a Consolidated Activity Report for each account maintained by the Clearing Member with the Corporation. The Consolidated Activity Report shall list, among other things, all Exchange Transactions of the Clearing Member in such account effected on the previous Business Day.
- (2) On each Expiration Date the Corporation shall issue to each Clearing Member a report (“**Daily Transaction Report**”) which shall list all Exchange Transactions of the Clearing Member in such account effected on the last day of trading in Options which are expiring on such Expiration Date.
- (3) On every Business Day and Expiration Date the Corporation shall issue a transaction report to each Clearing Member of each Exchange.
- (4) Every Consolidated Activity Report shall show for each Exchange Transaction in Options listed thereon:
  - (a) the identity of the purchasing Clearing Member and the writing Clearing Member;
  - (b) the Class and Series of Option;

- (c) the premium per Unit of Trading;
  - (d) the number of contracts;
  - (e) in the case of a transaction in a Client Account whether it is an opening or closing transaction; and
  - (f) such other information as may be required by the Corporation.
- (5) It shall be the responsibility of each Clearing Member to ensure that any report issued to it pursuant to Subsections (1) or (2) is correct. If an error is thought to exist it shall be the further responsibility of each Clearing Member, where possible, to reconcile such error with the Clearing Member on the opposite side of the Exchange Transaction and such Clearing Members shall jointly report the corrected information to the Corporation. If the difference cannot be reconciled, the trade must be jointly reported to the Corporation as a rejected trade by both Clearing Members participating in it.
- (6) Each Clearing Member shall have until ~~10~~9:45 p.m. on the Expiration Date for expiring Series of Options (or such other time as may be specified) and until 1.5 hours prior to the Close of Business on the Business Day following the day on which the Exchange Transaction took place for non-expiring Series of Options to notify the Corporation, in the form prescribed, of any error. Unless such notification is received by the established deadline, and unless the correction of such error is rejected by the Corporation which is entitled to do so if it deems appropriate, the Exchange Transactions accepted by the Corporation as contained in the report shall be final and binding upon the Clearing Members reported as parties to such transaction.
- (7) Each Clearing Member shall be responsible to the Corporation in respect of each Exchange Transaction reported to the Corporation by an Exchange in which such Clearing Member is identified as a purchasing Clearing Member, writing Clearing Member or the Associate Clearing House responsible for such Exchange Transaction whether or not such Exchange report was correct, unless the Corporation is notified of any errors in compliance with this Rule.

[...]

### **SECTION B-307** **EXPIRATION DATE EXERCISE PROCEDURE**

The following rules shall apply to the exercise of an Option on its Expiration Date:

- (a) At or before 7:15 p.m. on each Expiration Date, the Corporation shall make available to each Clearing Member an Expiry Response Screen listing, by account, each expiring Option in each of the Clearing Member's accounts with the Corporation. The Expiry Response Screen shall reflect the closing price (as herein defined) of the Underlying Interest for each Series of Options listed therein and shall include such further information as the Corporation may deem appropriate.

- (b)
- (i) Each Clearing Member shall be required to access the Expiry Response Screen by electronic means. Each Clearing Member may notify the Corporation of the number of Options of each series, if any, to be exercised for each account. If no Options of a particular series are to be exercised for a particular account, the Clearing Member must notify the Corporation to this effect.
  - (ii) Each Clearing Member shall make a Confirmation Transmission in the form prescribed within the time frames provided by the Corporation in the Operations Manual ~~no later than 10:45 p.m. on the Expiration Date~~. Instructions to exercise Options transmitted to the Corporation shall be irrevocable and may not thereafter be modified.

## PART A – GENERAL

### RULE A-1 DEFINITIONS

[...]

### SECTION A-102 DEFINITIONS

“**Expiration Time**” – means the time on the Expiration Date, as fixed by the Corporation, at which the Option expires.

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## PART B – OPTIONS

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#### Section B-201 TRADE REPORTING OF OPTIONS TRANSACTIONS

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- (3) On every Business Day and Expiration Date the Corporation shall issue a transaction report to each Clearing Member of each Exchange.
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  - (c) the premium per Unit of Trading;

- (d) the number of contracts;
  - (e) in the case of a transaction in a Client Account whether it is an opening or closing transaction; and
  - (f) such other information as may be required by the Corporation.
- (5) It shall be the responsibility of each Clearing Member to ensure that any report issued to it pursuant to Subsections (1) or (2) is correct. If an error is thought to exist it shall be the further responsibility of each Clearing Member, where possible, to reconcile such error with the Clearing Member on the opposite side of the Exchange Transaction and such Clearing Members shall jointly report the corrected information to the Corporation. If the difference cannot be reconciled, the trade must be jointly reported to the Corporation as a rejected trade by both Clearing Members participating in it.
- (6) Each Clearing Member shall have until 9:45 p.m. on the Expiration Date for expiring Series of Options (or such other time as may be specified) and until 1.5 hours prior to the Close of Business on the Business Day following the day on which the Exchange Transaction took place for non-expiring Series of Options to notify the Corporation, in the form prescribed, of any error. Unless such notification is received by the established deadline, and unless the correction of such error is rejected by the Corporation which is entitled to do so if it deems appropriate, the Exchange Transactions accepted by the Corporation as contained in the report shall be final and binding upon the Clearing Members reported as parties to such transaction.
- (7) Each Clearing Member shall be responsible to the Corporation in respect of each Exchange Transaction reported to the Corporation by an Exchange in which such Clearing Member is identified as a purchasing Clearing Member, writing Clearing Member or the Associate Clearing House responsible for such Exchange Transaction whether or not such Exchange report was correct, unless the Corporation is notified of any errors in compliance with this Rule.

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