REGULATORY DIVISION - MONTRÉAL EXCHANGE INC.

Guidelines

Position Limits

Rules Articles: 6.309A, 6.309B, 6.310 and 6.311

April 30, 2026

This document includes guidelines, frequently asked questions and answers (FAQ) and other information, to complement the requirements set out in the Rules of Montréal Exchange Inc. (the "Exchange") in order to provide Approved Participants additional information and clarification, and setting out the expectations of the Regulatory Division. Capitalized terms used have the meanings specified in this document or the Rules. In the event of a conflict between the Rules and this document, the Rules shall prevail.

This document is divided into the following parts:

Questions may be directed to the Regulatory Division at:

- info.mxr@tmx.com
- 514-787-6530
- Toll-free from Canada and US at 1-800-361-5353 extension 46530
- Toll-free from the UK and France at 00 800 36 15 35 35 extension 46530

GUIDELINES

Introduction

These guidelines on the regulatory requirements for position limits are set out into six sections as follows:

1. Position limits
2. Aggregation
3. Hedge exemptions for Options on Equity Securities, exchange-traded funds and trust units, and Share Futures Contracts
4. Notification to the Regulatory Division
5. Exemption request to the Regulatory Division from a prescribed position limit
6. Written policies and procedures and recordkeeping requirements

1. Position limits

A position limit is the maximum number of contracts a Person may hold or control in a specific Listed Product. Position limits for Options and Share Futures Contracts are established pursuant to Article 6.309A of the Rules, and position limits for Futures Contracts (except for Share Futures Contracts) are established pursuant to Article 6.309B of the Rules.

Position limits applying to Listed Products are published by the Regulatory Division via circulars and are available on the Position Limits webpage on the Regulatory Division`s website.

2. Aggregation

To determine if positions held or controlled are in compliance with the position limits requirements, some positions have to be aggregated. The aggregation requirements specified in the Rules are as follows:

Positions in accounts owned by a Person or Persons[1]

The positions of all accounts directly or indirectly owned or controlled by a Person or Persons, and the positions of all accounts of a Person or Persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a Person or Persons have a proprietary or beneficial interest, must be aggregated.

Positions in Options and Share Futures Contracts on the same Underlying Interest[2]

Aggregated Options and Share Futures Contracts position is obtained by first netting Share Futures Contracts positions relating to the same Underlying Interest and subsequently adding the net Futures Contracts position (net long or net short) to

[1] Paragraph (b) of Article 6.310 of the Rules
[2] Sub-paragraph (b)(iii) of Article 6.309A of the Rules

Options positions relating to the same Underlying Interest on a per side basis (whether long or short) to determine the aggregate per side quantity held; one Option Contract being equal to one Share Futures Contract for purposes of this calculation.

Example 1

The position limit on Dollarama Inc. futures contract (FDO) and Dollarama Inc. option (DOL) is 250,000 contracts and a Person has the following long (+) and short (–) positions:

- +180,000 June 2026 FDO futures
- −50,000 September 2026 FDO futures
- +85,000 July 2026 DOL call option contracts
- −55,000 August 2026 DOL call option contracts
- −75,000 September 2026 DOL put option contracts
- +65,000 December 2026 DOL put option contracts

	Long side	Short side
Net long or short Share Futures Contracts position	+130,000	
Add Calls held to long side and Calls written to short side	+85,000	−55,000
Add Puts written to long side and Puts held to short side	+75,000	−65,000
The Person's net position, in number of contracts, on each side is:	**+290,000**	**−120,000**
This is over (under) the position limit, in number of contracts, by:	40,000	(130,000)

Example 2

The position limit on iShares S&P/TSX Capped Energy Index ETF futures contract (FEG) and iShares S&P/TSX Capped Energy Index ETF options (XEG) is 2,000,000 contracts and a Person has long (+) and short (–) positions of:

- −2,000,000 June 2026 FEG futures contracts
- +200,000 September 2026 FEG futures contracts
- −220,000 August 2026 XEG call option contracts
- −2,100,000 September 2026 XEG put option contracts

	Long side	Short side
Net long or short Share Futures Contracts position		−1,800,000
Add Calls held to long side and calls written to short side		−220,000
Add Puts written to long side and Puts held to short side	+2,100,000	
The Person's net position, in number of contracts, on each side is:	**+2,100,000**	**−2,020,000**
This is over (under) the position limit, in number of contracts, by:	100,000	20,000

Notes:

- A Person can simultaneously exceed the position limit on both the long and short sides as illustrated in Example 2 above.
- Contrary to Options on futures (see sub-section below), the moneyness of Options on Equity Securities, exchange-traded funds, and trust units is irrelevant for position limits purposes.

Positions in Options on a Futures Contract and the underlying Futures Contract[3]

For purposes of position limits, Options on Futures Contract positions are aggregated with the underlying Futures Contract position. The Futures equivalent of one In-the-money Option contract is one Futures Contract and the Futures equivalent of one at-the-money or Out-of-the-money Option Contract is half a Futures Contract.

Example 3

The CGB futures contract all-month position limit is 200,000 and a Person has long (+) and short (−) positions of:

- +225,000 June 2026 CGB (CGBM26) futures
- −50,000 September 2026 CGB (CGBU26) futures
- +2,000 In-the-money call options on the CGBM26 futures contract
- +1,000 at/Out-of-the-money call options on the CGBM26 futures contract
- −7,000 In-the-money call options on the CGBM26 futures contract
- +9,000 at/Out-of-the-money put options on the CGBU26 futures contract
- −5,000 In-the-money put options on the CGBU26 futures contract

Long positions on CGB futures	+225,000
Less short positions on CGB futures	−50,000
Net position on CGB futures	**+175,000**
Add In-the-money and half of at/Out-of-the-money calls held on the CGB futures contract	+2,500
Less In-the-money and half of at/Out-of-the-money calls written on the CGB futures contract	−7,000
Less In-the-money and half of at/Out-of-the-money puts held on the CGB futures contract	−4,500
Add In-the-money and half of at/Out-of-the-money puts written on the CGB futures contract	+5,000
Net position on options on the CGB futures contract	**−4,000**
The Person's net position, in number of contracts, is:	**+171,000**
This is over (under) the all-month position limit, in number of contracts, by:	(29,000)

3. Hedge exemptions for Options on Equity Securities, exchange-traded funds and trust units, and Share Futures Contracts[4]

In addition to the applicable position limits, provided that a notice is sent to the Regulatory Division, the following hedging transactions and positions are allowed.

For certain hedge exemptions (Reverse Conversion, Conversion, Collar and Reverse Collar), one component of the Option strategy can be an OTC Option Contract[5].

Underlying Security [refer to sub-paragraph (d)(i)(1) of Article 6.309A of the Rules]

When each Option Contract is hedged by 100 shares of the underlying Security or by Securities convertible into 100 shares of the underlying Security, or, in the case of an

[3] Subparagraph (a)(iv) of Article 6.309A
[4] Paragraph (d) of Article 6.309A of the Rules
[5] For this purpose, an OTC Option Contract is defined as an OTC Option Contract cleared by CDCC or where the counterparty is an Acceptable Institution as defined by the Canadian Investment Regulatory Organization.

adjusted Option Contract, the same number of shares represented by the adjusted contract.

<u>Example 4</u>

Based on Example 1 above, the Person wants to use the hedge exemption under sub-paragraph (d)(i)(1) of Article 6.309A of the Rules: the Person has a short position of 7,500,000 listed shares of Dollarama Inc. (DOL) used to hedge its short position of 75,000 September 2026 DOL put option contracts. This would modify the example as follows.

If the position limit on Dollarama Inc. futures contract (FDO) and Dollarama Inc. option (DOL) is 250,000 contracts and a Person has the following long (+) and short (–) positions:

- +180,000 June 2026 FDO futures
- −50,000 September 2026 FDO futures
- +85,000 July 2026 DOL call option contracts
- −55,000 August 2026 DOL call option contracts
- −75,000 September 2026 DOL put option contracts*
- +65,000 December 2026 DOL put option contracts
- -7,500,000 shares of DOL

∗Note: The short position of 75,000 September 2026 DOL put option contracts, being hedged by the short position of 7,500,000 shares of DOL, is excluded from the calculations below.

	Long side	**Short side**
Net long or short Share Futures Contracts position	+130,000	
Add Calls held to long side and Calls written to short side	+85,000	−55,000
Add Puts written to long side and Puts held to short side		−65,000
The Person's net position, in number of contracts, on each side is:	**+215,000**	**−120,000**
This is over (under) the position limit, in number of contracts, by:	(35,000)	(130,000)

Reverse Conversion [refer to sub-paragraph (d)(i)(2) of Article 6.309A of the Rules]

A Long Position on a Call accompanied by a Short Position on a Put, where both positions have the same expiry and Exercise Price, and where either of the positions is hedged with a short position on 100 shares (or an adjusted number of shares) of the underlying Security or Securities convertible into such underlying Security.

<u>Example 5</u>

If the position limit on Dollarama Inc. option (DOL) is 250,000 contracts and a Person has the following long (+) and short (–) positions:

- 150,000 June 2026 DOL 170 call option contracts
- - 150,000 June 2026 DOL 170 put option contracts
- 100,000 September 2026 DOL 175 call option contracts

	Long side	Short side
Add Calls held to long side and Calls written to short side	+250,000	
Add Puts written to long side and Puts held to short side	+150,000	
The Person's net position, in number of contracts, on each side is:	**+400,000**	**0**
This is over (under) the position limit, in number of contracts, by:	150,000	(250,000)

Without relying on a hedge exemption, the positions held on the long side are in excess of the applicable position limit. However, if the Person holds a 15,000,000 DOL share short position to hedge its long option positions, and uses the Reverse Conversion hedge exemption for the combined 150,000 June 2026 DOL 170 long call and short put option contracts, these specific positions become exempt from the applicable position limits. Consequently, only the remaining positions are subject to the established position limit.

	Long side	Short side
Add Calls held to long side and calls written to short side	+100,000	
Add Puts written to long side and Puts held to short side		
The Person's net position, in number of contracts, on each side is:	**+100,000**	**0**
This is over (under) the position limit, in number of contracts, by:	(150,000)	(250,000)

Conversion [refer to sub-paragraph (d)(i)(3) of Article 6.309A of the Rules]

A Short Position on a Call accompanied by a Long Position on a Put, where both positions have the same expiry and Exercise Price, and where either of the positions is hedged with a long position on 100 shares (or an adjusted number of shares) of the underlying Security or Securities convertible into such underlying Security.

Collar [refer to sub-paragraph (d)(i)(4) of Article 6.309A of the Rules]

A Short Position on a Call accompanied by a Long Position on a Put, where both positions have the same expiry and the Exercise Price of the Short Position on a Call equals or exceeds the Long Position on a Put, and where either of the positions is hedged with a long position on 100 shares (or other adjusted number of shares) of the underlying Security. Neither of the Short Position on a Call and Long Position on a Put can be In-the-money at the time the position is established.

Reverse Collar [refer to sub-paragraph (d)(i)(5) of Article 6.309A of the Rules]

A Long Position on a Call accompanied by a Short Position on a Put, where both positions have the same expiry and the Exercise Price of the Long Position on a Call equals or exceeds the Short Position on a Put, and where either of the positions is hedged with a short position of 100 shares (or other adjusted number of shares) of the underlying Security. Neither of the Long Position on a Call and Short Position on a Put can be In-the-money at the time the position is established.

Delta-based hedge [refer to sub-paragraph (d)(i)(6) of Article 6.309A of the Rules]

The delta-based model that must be used involves the calculation of a net delta value (NDV) following the steps described hereafter. There are three possible stages in calculating the NDV. The third stage is only applicable where the Underlying Interest is an exchange-traded fund (ETF).

To be relied upon, the resulting NDV must be lower than or equal to the position limit threshold applicable for contracts on a specific Underlying Interest.

For purposes of the calculation of the NDV, the delta value at market close, available on the Delta Mid scenario on the Bloomberg Terminal on the day on which the limit has been exceeded, is assigned to positions for each Series of Options.

<u>Stage One: Positions in Options and Share Futures Contracts</u>

The first stage is the calculation of the NDV taking into consideration the net long and net short positions of each Series of Options and the net position in Share Futures Contracts held by a Person for a specific Underlying Interest.

The NDV is calculated by combining the delta generated from the net long side to the delta generated from the net short side, as follows:

i. Add all long side delta positions (positive values) of each Series of Options and the net Share Futures Contracts positions if positive = net long side delta;
ii. Add all short side delta positions (negative value) of each Series of Options and the net Share Futures Contracts positions if negative = net short side delta;
iii. Combine net long side delta to net short side delta = net Options and Share Futures Contracts delta (positive or negative value).

If the resulting NDV, notwithstanding being a positive or negative value, is lower than or equal to the position limit threshold applicable, then the Delta-based hedge exemption can be relied upon. Otherwise, the next stages are considered as applicable.

Refer to Scenarios 1 and 2.

<u>Stage Two: Positions in Underlying Interest</u>

This stage can be applied where the Person holds positions in the Underlying Interest and they are used to hedge the positions in Options and Share Futures Contracts which were considered in the NDV calculation under Stage One.

The revised NDV is calculated by combining the net adjusted position of the Underlying Interest to the NDV from Stage One, as follows:

i. Divide the value of the positions in the Underlying Interest by 100 to adjust the position value to the equivalent in number of contracts;
ii. Combine the total long side position with the total short side position using the adjusted value, to generate the net adjusted position of the Underlying Interest;
iii. The revised NDV is calculated using one of the following combination[6] as applicable:
    a. the positive value of the NDV from Stage One with the negative value of the net adjusted position of the Underlying Interest; or
    b. the negative value of the NDV from Stage One with the positive value of the net adjusted position of the Underlying Interest.

If the resulting revised NDV, notwithstanding being a positive or negative value, is lower than or equal to the position limit threshold applicable, then the Delta-based hedge exemption can be relied upon. Otherwise, the next stage can be considered as applicable.

[6] Any other combination will result in a higher net value and the Delta-based hedge exemption cannot be relied on, unless Stage Three can be considered.

Refer to Scenarios 3 and 4.

<u>Stage Three: Positions in Equity Securities and trust units composing an ETF</u>

This stage can only be used if the Underlying Interest is an ETF and if positions are held in Equity Securities and trust units composing this ETF to hedge the positions in Options and Share Futures Contracts which were considered in the NDV calculation under Stage One (the "ETF Components").

Stage Three can be used to reduce the NDV calculated under Stage Two, but if no positions are held in the Underlying Interest as per the conditions of Stage Two, this stage can be used to reduce the NDV calculated under Stage One.

To proceed under Stage Three, the following criteria (the "75/90 Criteria") must at all times be satisfied:

i. The positions in the ETF Components must represent at least 75% of the constituents of the ETF;
ii. The total weighting of the ETF Components[7] must represent at least 90% of the ETF composition.

To reduce the NDV calculated under Stage Two or Stage One, whichever is applicable:

i. Calculate the net short position or net long position (the "Net Position") of each ETF Component;
    a. If the NDV is a positive value, only the short Net Positions of the ETF Components should be considered; or
    b. If the NDV is a negative value, only the long Net Positions of the ETF Components should be considered.
ii. To proceed, confirm the 75/90 Criteria are satisfied with the ETF Components for which the Net Positions were considered (the "Eligible ETF Components"). If not, Stage Three cannot be completed and the delta hedge exemption cannot be relied on.
iii. Determine the additional units of the ETF required by subtracting the position limit threshold applicable from the NDV (notwithstanding the NDV being a positive or negative value) and multiply the resulting value by 100, to adjust the position value to the equivalent in number of units of the ETF.
iv. Determine the number of units needed in each Eligible ETF Component to equate to the additional units of the ETF required:
    a. Calculate the dollar ($) value of the additional units of the ETF required by multiplying to the ETF unit price (at market close);
    b. Calculate the dollar ($) value of each Eligible ETF Component by applying the weighting for each ETF Component[8] to the dollar ($) value obtained above;
    c. Divide the dollar ($) value of each Eligible ETF Component by its unit price (at market close) to determine the number of units needed for each Eligible ETF Component.
v. Confirm the 75/90 Criteria are satisfied for those Eligible ETF Components with Net Positions that are equal to or higher than the number of units needed for each Eligible ETF Components:
    a. If the 75/90 Criteria are met, then the delta hedge exemption can be relied upon;

[7] Based on the publicly available information published by the issuer of the ETF at market close
[8] Based on the publicly available information published by the issuer of the ETF at market close

b. If the 75/90 Criteria are not met, then the delta hedge exemption cannot be relied on.

Refer to Scenarios 5 and 6.

Box spread [refer to sub-paragraph (d)(i)(7) of Article 6.309A of the Rules]

A Long Position on a Call accompanied by a Short Position on a Put with the same Exercise Price and a Short Position on a Call accompanied by a Long Position on a Put with a different Exercise Price.

Example 6

If the position limit on Dollarama Inc. Option (DOL) is 250,000 contracts and a Person has the following long (+) and short (–) positions:

- 150,000 June 2026 DOL 170 call option contracts
- \- 180,000 June 2026 DOL 170 put option contracts
- \- 140,000 June 2026 DOL 175 call option contracts
- 170,000 June 2026 DOL 175 put options contracts

	Long side	**Short side**
Add Calls held to long side and calls written to short side	+150,000	−140,000
Add Puts written to long side and Puts held to short side	+180,000	-170,000
The Person’s net position, in number of contracts, on each side is:	**+330,000**	**−310,000**
This is over (under) the position limit, in number of contracts, by:	80,000	60,000

Without relying on a hedge exemption, the positions held are in excess of the applicable position limit both on the long and the short sides. However, if the Person relies on the Box spread hedge exemption for 140,000 contracts on each of the four legs, these specific positions become exempt from the applicable position limits. Consequently, only the remaining positions are subject to the established position limit.

	Long side	**Short side**
Add Calls held to long side and calls written to short side	+10,000	
Add Puts written to long side and Puts held to short side	+40,000	-30,000
The Person’s net position, in number of contracts, on each side is:	**+50,000**	**−30,000**
This is over (under) the position limit, in number of contracts, by:	(200,000)	(220,000)

Share Futures Contract

When each Share Futures Contract is hedged or covered by 100 shares of the underlying Security or by Securities convertible into 100 shares of the underlying Security or, in the case of an adjusted Share Futures Contract, the same number of shares represented by the adjusted contract: (a) Long Position on a Share Futures Contract and a Short Position on the underlying Security; or (b) Short Position on a Share Futures Contract and a Long Position on the underlying Security.

<u>Example 7</u>

If the position limit on Canadian Natural Resources Limited futures contract (FCQ) is 500,000 contracts and a Person has the following long (+) and short (−) positions:

- +600,000 June 2026 FCQ futures
- −50,000 September 2026 FCQ futures

	Long side	**Short side**
The Person's net position, in number of contracts, on each side is:	**+550,000**	**0**
This is over (under) the position limit, in number of contracts, by:	50,000	(500,000)

Without relying on a hedge exemption, the positions held are in excess of the applicable position limit. However, if the Person holds a short position of 7,500,000 shares of CNQ and relies on the Share Futures Contract hedge exemption, 75,000 contracts of the long position held in futures contracts (which consists of 600,000 June 2026 FCQ futures contracts) are exempt from the applicable position limit. Consequently, only the net position, which is calculated based on the remaining long position of 525,000 contracts and the short position of 50,000 contracts, is subject to the established position limit.

	Long side	**Short side**
The Person's net position, in number of contracts, on each side is:	**+475,000**	**0**
This is over (under) the position limit, in number of contracts, by:	(25,000)	(500,000)

4. Notification to the Regulatory Division[9]

A Participant must notify the Regulatory Division when the Participant or any of its clients intends to rely on any of the hedge exemptions described in the Rules, and in any event, not later than 10:30 a.m. (ET) on the first business day following the day on which an established position limit has been exceeded, by email at info.mxr@tmx.com.

The email subject must indicate "Hedge Exemption Notification" and contain the following:

i. Information on the relevant hedge Transactions and positions, such as
    a. the specific hedge exemption being relied on;
    b. a detailed statement
        i. of all the Open Positions in the Listed Product for which the exemption has been relied on;
        ii. in all positions in any relevant financial instruments used for the hedge;

ii. A detailed statement demonstrating the compliance with the applicable exemption, including relevant information and calculations.

The Participant remains responsible for ensuring compliance with the applicable hedge exemption on a continuous basis and must send a new notice, with all required information, if the positions fall below the applicable limit but subsequent transactions cause it to exceed the limit again in reliance on an hedging exemption.

[9] Paragraph (e) of Article 6.309A of the Rules

5. Exemption request to the Regulatory Division from a prescribed position limit[10]

To request a position limit exemption on Listed Products on behalf of a bona fide hedger (as defined in Articles 6.318 and 6.319 of the Rules) or for risk management purposes (as defined in Article 6.317 of the Rules), a Participant or a client must apply by completing the standardized form. The form may be submitted to info.mxr@tmx.com.

An exemption request from a position limit pursuant to Article 6.311 of the Rules shall be filed the moment the position limit for a specific Listed Product is reached or the moment the Participant or client realizes that the limit will be breached as a result of an anticipated Transaction. Where an exemption request cannot be filed immediately, it shall be filed not later than 10:30 a.m. (ET) on the first business day following the day on which the limit is reached and shall provide justification for the late filing of the request.

A Participant or a client wishing to renew such an exemption from a position limit must file a request for exemption with the Regulatory Division. The exemption renewal request shall be filed not later than ten business days before the expiration date of the exemption.

The aforementioned exemption is available for all Listed Products subject to position limits, unless hedging transactions and positions are allowed under paragraph (d) of Article 6.309A of the Rules.

6. Written policies and procedures and recordkeeping requirements

Pursuant to the Rules, the Participant's written policies and procedures should be reasonably designed to address all applicable requirements, including those related to position limits, and have adequate supervisory controls in place to ensure compliance. Participants have the flexibility to adapt their policies, procedures and controls, in a way acceptable to the Regulatory Division, to match their type of business, clients and operations. Such policies must include adequate recordkeeping and, where applicable, a Participant should be able to demonstrate how such records achieve compliance with the Rules. The Participant must be able to promptly produce such records upon request from the Regulatory Division.

For example, if a Participant or one of its clients utilizes a hedge exemption, the Participant must keep full and complete records, including all documentary evidence, of the required information for each day the exemption is relied upon. These records must be produced promptly when requested by the Regulatory Division.

[10] Article 6.311 of the Rules

FAQ

Q1: What is the difference between a position limit and a reporting threshold?

A1: - Position limit means the maximum number of contracts a Person may hold or control in a specific Listed Product.

- Reporting threshold means the level at which a Participant is required to report gross positions held. Participants must file daily with the Exchange, in the prescribed manner, a report detailing all gross positions held for its own account or for an account or group of accounts which are all owned by the same beneficial owner in Listed Products when these gross positions exceed the reporting thresholds prescribed by the Exchange for each of these Listed Products or a report confirming that there are no positions to be reported when none of the reporting thresholds prescribed by the Exchange have been exceeded for each of these Listed Products (paragraph (a) of Article 6.500 of the Rules). Such reports are referred to as reports of accumulated positions. Reporting thresholds are established pursuant to paragraph (i) of Article 6.500 of the Rules.

Position limits and reporting thresholds are accessible via the Regulatory Division's website.

Q2: Which Listed Products are subject to position limits?

A2: The following Listed Products with shaded areas are subject to position limits:

Product type	Listed Products	Position limits
Interest Rates	CORRA Futures and Options on Futures	
	FTSE Canada Bank Credit Index Future	
	Government of Canada Bond Futures (e.g., CGB) and Options on Futures[11]	
Equity	Options on Equity Securities, exchange-traded funds and trust units	
	Shared Futures Contracts	
Index	Broad-based index Futures	
	Narrow-based index Futures	
	Broad-based index Options	
	Narrow-based index Options	
Currency	Options on the US Dollar	

[11] These Listed Products are subject to distinct all-month and spot month position limits (refer to Q/A3 of the FAQ).

Q3: What is the difference between an all-month and a spot month position limit for Government of Canada Bond Listed Products?

A3: An all-month position limit is effective at all times and applies to the sum of all contract months of a particular Listed Product. For example, if the Ten-Year Government of Canada Bond Futures (CGB) all-month position limit is 200,000 contracts and a Person has long positions of 120,000 September contracts and 100,000 December contracts, then the Person has a net long position of 220,000 contracts and is therefore over the all-month position limit by 20,000 contracts.

A spot month (referring to the first Delivery Month) position limit goes into effect as a particular contract month becomes the closest contract month to expiration. For example, the June 2026 CGB spot month position limit is effective at the close of June 1st, 2026 and remains in effect until the contract expires.

Q4: When are position limits published and how are position limit publications accessed?

A4: Position limits are published periodically via circulars under the following publication schedule:

Listed Product	Schedule
Government of Canada Bond Listed Products (spot month position limits)	February, May, August and November before the first business day of the Delivery Month and no earlier than the third business day prior to the first business day of the Delivery Month
Government of Canada Bond Listed Product (all-month position limits)	March, June, September and December: at least ten business days prior to the effective date
Equity Listed Products	January, April, July and October at least ten business days prior to the effective date

Notwithstanding the schedule above, the Regulatory Division may from time to time establish and publish position limits or remove position limits as it deems appropriate for any Listed Product.

Position limits circulars are published on the Position Limits webpage. To receive position limits publications, please subscribe to the Exchange's circulars. Note that the position limits files are annexed to the position limits circulars and are retrievable directly from the Regulatory Division's website.

Q5: Can positions held by a Person in Options and Share Futures Contracts on the same Underlying Interest be netted for position limit purposes?

A5: After application of the aggregation requirements[12], net positions held on the long side and net positions held on the short side are subject separately to the position limit threshold applicable.

Q6: What are the consequences if a Participant fails to notify the Regulatory Division of the reliance on a hedge exemption?

A6: Failure to notify the Regulatory Division of the reliance on a hedge exemption with required information and documents by the prescribed deadline may incur late fees, regulatory actions and, potentially, disciplinary proceedings.

Q7: I am a Participant and a client has an omnibus account. How must the omnibus account be monitored for position limit breaches?

A7: For omnibus accounts, the Regulatory Division acknowledges that monitoring them for position limit purposes can add an additional challenge for Participants. However, Participants remain responsible for all account types and should evaluate which additional controls should be implemented, if any, for omnibus accounts.

[12] Refer to sub-paragraph (b)(iii) of Article 6.309A of the Rules.

Q8: What happens if a Person exceeds or attempts to exceed a position limit?

A8: A Participant must report immediately to the Regulatory Division any situation in which the Participant has reason to believe that itself or a client, acting alone or in concert with others, has exceeded or is attempting to exceed one or more position limits established by the Exchange.

Whenever the Regulatory Division finds that a Person or group of Persons acting in concert holds, controls, or is obligated in respect of an aggregate position, long or short, in excess of the applicable position limit for a Listed Product, the Regulatory Division may order all Participants carrying a position in such Listed Product for such Person or group of Persons acting in concert, to liquidate such position within the time set by the Regulatory Division consistent with the maintenance of a fair and orderly market.[13]

[13] Refer to Article 6.315 of the Rules.

SCENARIOS

(Delta-Based Hedge Exemption)

Stage One: Positions in Options and Share Futures Contracts (No positions in Underlying Interest)

Scenario 1 - Delta hedge exemption cannot be relied upon.

Date	Underlying Interest (UI)	Symbol	Side	Put / Call	Quantity		Delta value	Delta position	
					Long	Short		Long	Short
Options / Share Futures Contracts									
12/30/25	XEG.TO	XEG02/20/26C20	Short	C		-9,000,000 (s_1)	0.327886 (d_1)		-2,950,974 $(s_1 * d_1 = S_1)$
12/30/25	XEG.TO	XEG02/20/26P20	Long	P	-400,000 (l_1)		-0.664928 (d_2)	265,971 $(l_1 * d_2 = L_1)$	
12/30/25	XEG.TO	XEG03/20/26P10	Short	P		970,000 (s_2)	-0.012486 (d_3)		-12,111 $(s_2 * d_3 = S_2)$
12/30/25	XEG.TO	XEG03/20/26P12	Short	P		3,000,000 (s_3)	-0.012364 (d_4)		-37,092 $(s_3 * d_4 = S_3)$
Total w/o UI					400,000 $(\sum l_x)$	12,970,000 $(\sum s_x)$		265,971 $(\sum L_x)$	-3,000,177 $(\sum S_x)$
Net total w/o UI					**400,000**	**12,970,000**		**-2,734,206** $(\sum L_x + \sum S_x = NDV_1)$	
Under / Over PL w/o UI					-1,600,000 $(\sum l_x - PL)$	+10,970,000 $(\sum s_x - PL)$		+734,206 $(NDV_1 - PL)$	

XEG Position Limit = 2,000,000 contracts (PL)

<u>Stage One:</u> <u>Positions in Options and Share Futures Contracts (No positions in Underlying Interest)</u>

Scenario 2 - Delta hedge exemption can be relied upon.

.

Date	Underlying Interest (UI)	Symbol	Side	Put / Call	Quantity		Delta value	Delta position	
					Long	Short		Long	Short
Options / Share Futures Contracts									
12/30/25	XEG.TO	XEG02/20/26C20	Short	C		-9,000,000 (s_1)	0.327886 (d_1)		-2,950,974 ($s_1 * d_1 = S_1$)
12/30/25	XEG.TO	XEG02/20/26P20	Long	P	-2,000,000 (l_1)		-0.664928 (d_2)	1,329,856 ($l_1 * d_2 = L_1$)	
12/30/25	XEG.TO	XEG03/20/26P10	Short	P		970,000 (s_2)	-0.012486 (d_3)		-12,111 ($s_2 * d_3 = S_2$)
12/30/25	XEG.TO	XEG03/20/26P12	Short	P		3,000,000 (s_3)	-0.012364 (d_4)		-37,092 ($s_3 * d_4 = S_3$)
Total w/o UI					-2,000,000 ($\sum l_x$)	12,970,000 ($\sum s_x$)		1,329,856 ($\sum L_x$)	-3,000,177 ($\sum S_x$)
Net total w/o UI					**-2,000,000**	**12,970,000**		**-1,670,321** ($\sum L_x + \sum S_x = NDV_1$)	
Under / Over PL w/o UI					0 ($\sum l_x$ - PL)	+10,970,000 ($\sum s_x$ - PL)		+329,679 (NDV_1 - PL)	

XEG Position Limit = 2,000,000 contracts (PL)

Stage Two: Positions in Underlying Interest

Scenario 3 - Delta hedge exemption cannot be relied upon.

Date	Underlying Interest (UI)	Symbol	Side	Put / Call	Quantity		Delta value	Delta position	
					Long	Short		Long	Short
Underlying Interest (UI)									
12/30/25	XEG.TO	XEG.TO	Long	ETF	70,000,000 (ui)			700,000 (ui / 100 = UI)	
Options / Share Futures Contracts									
12/30/25	XEG.TO	XEG02/20/26C20	Short	C		-9,000,000 (s_1)	0.327886 (d_1)		-2,950,974 ($s_1 * d_1 = S_1$)
12/30/25	XEG.TO	XEG02/20/26P20	Long	P	-100,000 (l_1)		-0.664928 (d_2)	66,493 ($l_1 * d_2 = L_1$)	
12/30/25	XEG.TO	XEG03/20/26P10	Short	P		970,000 (s_2)	-0.012486 (d_3)		-12,111 ($s_2 * d_3 = S_2$)
12/30/25	XEG.TO	XEG03/20/26P12	Short	P		3,000,000 (s_3)	-0.012364 (d_4)		-37,092 ($s_3 * d_4 = S_3$)
12/30/25	XEG.TO	FEGH26	Long		200,000 (l_2)		1 (d_5)	200,000 ($l_2 * d_5 = L_2$)	
Total w/o UI					300,000 ($\sum l_x$)	12,970,000 ($\sum s_x$)		266,493 ($\sum L_x$)	-3,000,177 ($\sum S_x$)
Net total w/o UI					**300,000**	**12,970,000**		**-2,733,684** ($\sum L_x + \sum S_x = NDV_1$)	
Under / Over PL) w/o UI					-1,700,000 ($\sum l_x$ - PL)	+10,970,000 ($\sum s_x$ - PL)		+733,684 (NDV_1 - PL)	
NDV with UI								**-2,033,684** (NDV_1 - UI = NDV_2)	
Under / Over PL with UI								+33,684 (NDV_2 - PL)	

XEG Position Limit = 2,000,000 contracts (PL)

Step 1 - Calculate the aggregated Options and SFC position per side and compare it to the PL: Long position is under the PL by 1,700,000 contracts; Short position is over the PL by 10,970,000 contracts.

Step 2 - Calculate the NDV without the UI and compare it to the PL: NDV without the UI is over the PL by 733,684 contracts.

Step 3 - Calculate the NDV with the UI and compare it to the PL: NDV with the UI is over the PL by 33,684 contracts.

Conclusion: The Delta hedge exemption cannot be relied upon.

Stage Two: Positions in Underlying Interest

Scenario 4 - Delta hedge exemption can be relied upon.

Date	Underlying Interest (UI)	Symbol	Side	Put / Call	Quantity		Delta value	Delta position	
					Long	Short		Long	Short
Underlying Interest (UI)									
12/30/25	XEG.TO	XEG.TO	Long	ETF	80,000,000 (ui)			800,000 (ui / 100 = UI)	
Options / Share Futures Contracts									
12/30/25	XEG.TO	XEG02/20/26C20	Short	C		-9,000,000 (s_1)	0.327886 (d_1)		-2,950,974 ($s_1 * d_1 = S_1$)
12/30/25	XEG.TO	XEG02/20/26P20	Long	P	-400,000 (l_1)		-0.664928 (d_2)	265,971 ($l_1 * d_2 = L_1$)	
12/30/25	XEG.TO	XEG03/20/26P10	Short	P		970,000 (s_2)	-0.012486 (d_3)		-12,111 ($s_2 * d_3 = S_2$)
12/30/25	XEG.TO	XEG03/20/26P12	Short	P		3,000,000 (s_3)	-0.012364 (d_4)		-37,092 ($s_3 * d_4 = S_3$)
12/30/25	XEG.TO	FEGH26	Long		200,000 (l_2)		1 (d_5)	200,000 ($l_2 * d_5 = L_2$)	
Total w/o UI					600,000 ($\sum l_x$)	12,970,000 ($\sum s_x$)		465,971 ($\sum L_x$)	-3,000,177 ($\sum S_x$)
Net total w/o UI					**600,000**	**12,970,000**		**-2,534,206** ($\sum L_x + \sum S_x = NDV_1$)	
Under / Over PL) w/o UI					-1,400,000 ($\sum l_x$ - PL)	+10,970,000 ($\sum s_x$ - PL)		+534,206 (NDV_1 - PL)	
NDV with UI								**-1,734,206** (NDV_1 - UI = NDV_2)	
Under / Over PL with UI								-265,794 (NDV_2 - PL)	

XEG Position Limit = 2,000,000 contracts (PL)

Step 1 - Calculate the aggregated Options and SFC position per side and compare it to the PL: Long position is under the PL by 1,400,000 contracts; Short position is over the PL by 10,970,000 contracts.

Step 2 - Calculate the NDV without the UI and compare it to the PL: NDV without the UI is over the PL by 534,206 contracts.

Step 3 - Calculate the NDV with the UI and compare it to the PL: NDV with the UI is under the PL by 265,794 contracts.

Conclusion: The Delta hedge exemption can be relied upon.

<u>Stage Three:</u> <u>Positions in Equity Securities and trust units composing an ETF</u>

Scenario 5 - Delta hedge exemption cannot be relied upon.

Date	Underlying Interest (UI)	Symbol	Side	Put / Call	Quantity		Delta value	Delta position	
					Long	Short		Long	Short
Underlying Interest (UI)									
2/24/26	XUT.TO	XUT.TO	N/A	ETF	0 (ui)			0 (ui / 100 = UI)	
Options / Share Futures Contracts									
2/24/26	XUT.TO	XUT 03/20/26 C35	Short	C		-1,500,000 (s_1)	0.32 (d_1)		-480,000 ($s_1 * d_1 = S_1$)
2/24/26	XUT.TO	XUT 03/20/26 P35	Long	P	-400,000 (l_1)		-0.64 (d_2)	256,000 ($l_1 * d_2 = L_1$)	
2/24/26	XUT.TO	XUT 04/17/26 P31	Short	P		970,000 (s_2)	-0.07 (d_3)		-67,900 ($s_2 * d_3 = S_2$)
2/24/26	XUT.TO	XUT 04/17/26 P30.75	Short	P		1,000,000 (s_3)	-0.07 (d_4)		-70,000 ($s_3 * d_4 = S_3$)
Total w/o UI					400,000 ($\sum l_x$)	3,470,000 ($\sum s_x$)		256,000 ($\sum L_x$)	-617,900 ($\sum S_x$)
Net total w/o UI					**400,000**	**3,470,000**		**-361,900** ($\sum L_x + \sum S_x = NDV_1$)	
Under / Over PL) w/o UI					250,000 ($\sum l_x$ - PL)	3,320,000 ($\sum s_x$ - PL)		+211,900 (NDV_1 - PL)	

XUT Position Limit = 150,000 contracts (PL)

- Prior to considering the UI and the ETF Components, NDV is over the PL by 211,900 contracts.
- This figure is equivalent to 21,190,000 units of XUT whose value amounts to $734,657,300 based on the XUT closing price.
- There are no positions held in the UI.
- The UI, XUT.TO, comprised 14 ETF Components.
- As the NDV is over the PL on the short side by 211,900 contracts, sufficient ETF Components will be required on the long side to hedge the Options positions.
- Table 1 highlights the amount of long units needed in each ETF Constituent for the delta hedge exemption to be relied on.
- There are long positions in 12 ETF Constituents (12/14 = 85.7%) with a combined weighting 90.53%. Both of these meet the 75-90 Criteria before taking into consideration the number of shares held in each ETF Constituent.
- However, there are insufficient long positions held (2nd column **“Net Position”**) to satisfy the necessary number of units needed for each ETF Constituent (4th column **“# of shares needed for hedge”**). This is due to BEP.un and AQN positions being below the required number of units needed (highlighted in red). As only 10 ETF Constituents can be considered (10/14 = 71.4%), the 75-90 Criteria are not met.

Conclusion: The Delta hedge exemption cannot be relied upon.

Table 1 - ETF Constituents

XUT	Net Position	Underlying Interest (UI) / Constituent	# of shares needed for hedge (vwt / p)	Share value close 2026-02-24 (p)	ETF Weighting	Value of weighting (XUT value[14] * weighting) (vwt)
XUT	0	Underlying ETF	N/A	$34.67	N/A	N/A
FTS	**5,196,190**	ETF Constituent	2,194,063	$77.85	0.2325	$170,807,822
BIP.un	**2,190,180**	ETF Constituent	2,002,239	$53.57	0.146	$107,259,966
EMA	**2,332,740**	ETF Constituent	1,305,239	$69.85	0.1241	$91,170,971
H	**3,778,501**	ETF Constituent	1,379,543	$57.94	0.1088	$79,930,714
ALA	**-448,910**	ETF Constituent	1,349,929	$45.66	0.0839	$61,637,747
BEP.un	**763,964**	ETF Constituent	995,806	$43.97	0.0596	$43,785,575
CPX	**903,139**	ETF Constituent	675,903	$64.02	0.0589	$43,271,315
AQN	**500,000**	ETF Constituent	3,038,057	$9.31	0.0385	$28,284,306
CU	**4,102,597**	ETF Constituent	562,033	$47.58	0.0364	$26,741,526
NPI	**1,200,000**	ETF Constituent	1,135,313	$20.06	0.031	$22,774,376
TA	**1,200,000**	ETF Constituent	1,147,645	$17.86	0.0279	$20,496,939
ACO.X	**500,000**	ETF Constituent	311,776	$64.8	0.0275	$20,203,076
BLX	**400,000**	ETF Constituent	380,274	$27.24	0.0141	$10,358,668
SPB	**-39,000**	ETF Constituent	967,882	$6.3	0.0083	$6,097,656

[14] $734,657,300

Stage Three: Positions in Equity Securities and trust units composing an ETF

Scenario 6 - Delta hedge exemption can be relied upon.

Date	Underlying Interest (UI)	Symbol	Side	Put / Call	Quantity		Delta value	Delta position	
					Long	Short		Long	Short
Underlying Interest (UI)									
2/24/26	XUT.TO	XUT.TO	N/A	ETF	0 (ui)			0 (ui / 100 = UI)	
Options / Share Futures Contracts									
2/24/26	XUT.TO	XUT 03/20/26 C35	Short	C		-1,500,000 (s_1)	0.32 (d_1)		-480,000 ($s_1 * d_1 = S_1$)
2/24/26	XUT.TO	XUT 03/20/26 P35	Long	P	-400,000 (l_1)		-0.64 (d_2)	256,000 ($l_1 * d_2 = L_1$)	
2/24/26	XUT.TO	XUT 04/17/26 P31	Short	P		970,000 (s_2)	-0.07 (d_3)		-67,900 ($s_2 * d_3 = S_2$)
2/24/26	XUT.TO	XUT 04/17/26 P30.75	Short	P		1,000,000 (s_3)	-0.07 (d_4)		-70,000 ($s_3 * d_4 = S_3$)
Total w/o UI					400,000 ($\sum l_x$)	3,470,000 ($\sum s_x$)		256,000 ($\sum L_x$)	-617,900 ($\sum S_x$)
Net total w/o UI					**400,000**	**3,470,000**		**-361,900** ($\sum L_x + \sum S_x = NDV_1$)	
Under / Over PL) w/o UI					250,000 ($\sum l_x$ - PL)	3,320,000 ($\sum s_x$ - PL)		+211,900 (NDV_1 - PL)	

XUT Position Limit = 150,000 contracts (PL)

- Prior to considering the UI and the ETF Components, NDV is over the PL by 211,900 contracts.
- This figure is equivalent to 21,190,000 units of XUT whose value amounts to $734,657,300 based on the XUT closing price.
- There are no positions held in the UI.
- The UI, XUT.TO, comprised 14 ETF Components.
- As the NDV is over the PL on the short side by 211,900 contracts, sufficient ETF Components will be required on the long side to hedge the Options positions.
- Table 2 highlights the amount of long units needed in each ETF Constituent for the delta hedge exemption to be relied on.
- There are long positions in 12 ETF Constituents (12/14 = 85.7%) with a combined weighting 90.53%. Both of these meet the 75/90 Criteria before taking into consideration the number of shares held in each ETF Constituent.
- There are sufficient long positions held (2nd column **"Net Position"**) to satisfy the necessary number of units needed for each ETF Constituent (4th column **"# of shares needed for hedge"**).

Conclusion: The Delta hedge exemption can be relied upon.

Table 2 - ETF Constituents

XUT	Net Position	Underlying Interest (UI) / Constituent	# of shares needed for hedge (vwt / p)	Share value close 2026-02-24 (p)	ETF Weighting	Value of weighting (XUT value[15] * weighting) (vwt)
XUT	0	Underlying ETF	N/A	$34.67	N/A	N/A
FTS	5,196,190	ETF Constituent	2,194,063	$77.85	0.2325	$170,807,822
BIP.un	2,190,180	ETF Constituent	2,002,239	$53.57	0.146	$107,259,966
EMA	2,332,740	ETF Constituent	1,305,239	$69.85	0.1241	$91,170,971
H	3,778,501	ETF Constituent	1,379,543	$57.94	0.1088	$79,930,714
ALA	-448,910	ETF Constituent	1,349,929	$45.66	0.0839	$61,637,747
BEP.un	3,763,964	ETF Constituent	995,806	$43.97	0.0596	$43,785,575
CPX	903,139	ETF Constituent	675,903	$64.02	0.0589	$43,271,315
AQN	3,500,000	ETF Constituent	3,038,057	$9.31	0.0385	$28,284,306
CU	4,102,597	ETF Constituent	562,033	$47.58	0.0364	$26,741,526
NPI	1,200,000	ETF Constituent	1,135,313	$20.06	0.031	$22,774,376
TA	1,200,000	ETF Constituent	1,147,645	$17.86	0.0279	$20,496,939
ACO.X	500,000	ETF Constituent	311,776	$64.8	0.0275	$20,203,076
BLX	400,000	ETF Constituent	380,274	$27.24	0.0141	$10,358,668
SPB	-39,000	ETF Constituent	967,882	$6.3	0.0083	$6,097,656

[15] $734,657,300