

Large Open Position Reporting - LOPR Regulatory Requirements Guide

For Approved Participants

Regulatory Division Bourse de Montréal Inc.
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1 – LOPR

The Regulatory Division of Bourse de Montréal Inc. (the “Division”), in collaboration with the Information Technology Solutions Department of the Bourse (the “ITS Department”), has an automated and secure derivative instrument¹ position reporting application known as Large Open Position Reporting (“LOPR”). This application aims to ensure confidentiality and security to the reporting process for large open positions in derivatives instruments.

Article 6.500 of the Rules of the Bourse pertaining to Reports of Accumulated Positions describes the obligations of Approved Participants (the “Participants”) for reporting large open positions in derivative instruments listed on the Bourse.

The LOPR reporting tool (the “LOPR tool”) enables Participants of the Bourse to electronically submit, on a daily basis, their clients’ and proprietary accounts’ reportable open positions and account beneficial owner profiles directly to the Division.

This guide describes the various regulatory requirements that Participants must comply with in order to satisfy the reporting requirements of the Bourse through the LOPR tool.

2 – LOPR ACCESS

The following options provide Participants with three alternatives for submitting position data to the Division:

1. The Graphical User Interface (the “GUI”) client application;
2. Direct communication using the SOLA Access Information Language (“SAIL”) protocol;
3. The LOPR Notification Portal (the “LOPR Portal”) to be used when technical difficulties are encountered.

2.1 – GRAPHICAL USER INTERFACE (THE “GUI”) CLIENT APPLICATION

Participants who choose to submit their reportable open positions and account profiles using the GUI client application are able to enter the data manually into the GUI and send it to the Bourse or, alternatively, export the data from their systems into an integrated delimited text file and send it to the Division via the GUI.

2.2 – DIRECT COMMUNICATIONS USING THE SAIL PROTOCOL

Participants who are familiar with the SAIL protocol or those who wish to implement a messaging solution to submit their large open positions and account profiles are able to communicate their position data to the Division by SAIL messaging through one of the existing Bourse’s Points of Presence.

¹ For the purpose of this document, the term “derivative instruments” means all options, futures contracts and options on futures contracts that are listed and trading on the Bourse.

2.3 – LOPR NOTIFICATION PORTAL

The LOPR Portal is strictly reserved for exceptional situations where issues prevent the accurate and timely submission of LOPR reports with the usual LOPR tool. In such circumstances, the LOPR Portal provides a user-friendly and secure alternative for LOPR report submission.

The LOPR Portal does not in any way replace the prescribed manner in which LOPR reports must be submitted to the Bourse on a daily basis. It is to be used as an alternative or, on a case by case basis, to provide supplemental information in the following circumstances:

- To provide corrections² for erroneous or incomplete LOPR reports filed within the prescribed reporting deadline;
- To provide the LOPR report when technical issues prevent its transmission in the usual prescribed manner;
- To provide the LOPR report when the prescribed deadline has been missed; or
- To provide replacement or changes of unique identifiers.

The login page to the LOPR Portal can be found at <https://lopr.m-x.ca/user/login>

For more information on the LOPR Portal and further guidance on its use, refer to the *LOPR Notification Portal User Guide* on the Division's website.

In order to facilitate access to LOPR and keep users aware of the technical and regulatory requirements associated with this tool, the Division's website contains a LOPR section where Participants and IT support staff can find relevant circulars, technical notices and technical documents. Please refer to the following page: <https://reg.m-x.ca/en/regulatory/lopr>. Participants are strongly advised to subscribe to the circulars of the Bourse at http://www.m-x.ca/profil_en.php.

Additionally, the Bourse's Technical Support Desk offers support during business hours (Montreal time - ET). Support staff may be contacted by telephone at 1-877-588-8489 or by email at MarketOps@tmx.com.

3 – LOPR REPORTING RESPONSIBILITY

3.1 – ACCOUNT TYPES

As stipulated in the LOPR CSV Record Layout document, which is available upon request by emailing MarketOps@tmx.com, one of the following account types must be accurately provided when submitting an account record:

- 1 = Client
- 2 = Firm
- 3 = Omnibus

² For the purpose of this document, corrections are restricted to erroneous or incomplete LOPR account records or position records provided for a given reporting day. This excludes any information regarding position transfers occurring after the reporting deadline (trade breaks, allocation errors, reconciliation, out trades).

4 = Professional
8 = Market Maker

Definitions for each account type may be found in the table below:

Account Type	Definition
Client	Refers to an account established by a Participant that is confined to securities or futures contracts transactions executed by the Participant and positions carried by the Participant on behalf of its clients.
Firm	Refers to an account established by a Participant that is confined to securities or futures contracts transactions executed by the Participant and positions carried by the Participant on its own behalf.
Omnibus	Refers to an account held in the name of an entity or person that may be utilized for recording and clearing the trades of two or more undisclosed customers of the account holder.
Professional	Refers to an order for a security or a derivative instrument for an account that a director, officer, partner, employee or agent of a Participant or of a related firm of the Participant, or a person approved by the Bourse who has a direct or indirect interest, other than an interest in a commission charged. The Bourse may designate any order as being an order for the account of a professional if, in its opinion, circumstances justify it.
Market Maker	Refers to an account established by a Participant that is confined to exchange transactions executed by and positions carried by the Participant on behalf of a market maker.

3.2 – ACCOUNT OWNER TYPES

As stipulated in the LOPR CSV Record Layout document, one of the following account owner types must be accurately provided when submitting an account record:

Account Owner Type	Definition
Canadian Bank	Schedule 'A' Bank or Credit Union
Foreign Bank	Schedule 'B' Bank or a bank based outside Canada
Canadian Broker	Broker based in Canada that is a member of IIROC
Foreign Broker	Broker based outside Canada
Fund Manager	Professional who manages various securities and assets to meet his or her clients' specified investment goals (e.g., commodity pool operator, options advisor)

Pension Fund	Plan or fund (including pension fund of government-owned corporation or State-owned enterprise), or program that provides retirement income to employees or that includes schemes that result in a deferral of income by employees
Government and State Owned Companies	Government Ministry or a legal entity created by a government to undertake commercial activities for an owner government
Retail Client	Generally refers to individuals, families and small businesses
Insurance Company	Company that provides insurance coverage to a person or entity that buys an insurance policy
Hedge Fund	Investment fund open to a limited number of investors that takes on investments that carry a higher degree of risk than the risk assumed by traditional investment funds
Mutual Funds	Professionally managed investments that pool money from investors and invest in various investment securities
Commodity Trading Advisor	Asset manager or a firm investing in the futures market
Corporate	Entity that is engaged in a commercial activity (other than portfolio management and other than financial institutions, brokers, governments and government - owned corporations) that is granted a charter recognizing it as a separate legal entity which has its own rights, privileges, and liabilities and which are distinct from those of its shareholders
Proprietary Trading Firms (Primarily Algorithmic)	Trading firm or individual trading primarily for his or her own account using algorithmic trading tools
Proprietary Trading Firms Local	Trading firm or or individual trading primarily for his or her own account without using algorithmic trading tools or using them in a limited fashion
Miscellaneous ³	Refers to all other client types not mentioned above

3.3 – POSITION SUBMISSION TIME

Participants are required to submit their reports on positions for the Bourse’s listed derivative instruments on a daily basis. Even if, for a given date, a Participant does not hold any positions or if a Participant does not hold positions that exceed the reporting thresholds of the concerned derivative

³ The “Miscellaneous” AccountOwnerType should be used only in cases where none of the above mentioned AccountOwnerTypes can be applied to the specified account.

instruments as prescribed by the Bourse, the Participant must submit a message confirming that there are no reportable positions for the date in question. The positions of the end of a given trading day or, as the case may be, any message confirming that there are no positions to report must be submitted to the Division no later than 9:00 a.m. (Eastern Time Zone - ET) the next business day.

Reports pertaining to the accumulation of positions for derivative instruments are submitted within the prescribed reporting hours below:

- Weekdays: Monday to Friday from 01:00:00 a.m. (ET) to 10:00:00 p.m. (ET)
- Weekends: Only on Sunday from 10:00:00 a.m. (ET) to 10:00:00 p.m. (ET)

Example: The position report for July 25, which must include all open positions as of the close of the trading session for that day may be submitted either on July 25 before 10:00:00 p.m. (ET) or on July 26 between 1:00:00 a.m. and the 9:00:00 a.m. (ET) reporting deadline.

It is important to note that the report date which appears by default on the GUI is that of the current day. Therefore, users must take particular care in order to ensure that this “report date” accurately reflects the end of the trading day’s date for which the position reports have been compiled.

3.4 – FAILURE TO SUBMIT OR ERRONEOUS SUBMISSIONS PENALTIES

Failure by a Participant to submit position reports in a timely manner may lead to the imposition of late filing fees. Additionally, erroneous submissions or the recurrence of late filings may result in disciplinary sanctions. It is therefore very important that Participants ensure that their position reports are submitted on time, complete and accurate.

In the event a Participant fails to meet the prescribed deadline to submit its daily LOPR report, the Participant must file it using the LOPR Portal. Additionally, the Division asks that the Participant send an email to info.mxr@tmx.com to inform the Division of the reason for the failure.

3.5 – LOPR SUPERVISION REQUIREMENTS

Pursuant to Article 3.100 of the Rules of the Bourse, each Participant “must establish and maintain a system [...] that is reasonably designed to achieve compliance” with Article 6.500 of the Rules of the Bourse, and must ensure that the information contained in its LOPR reports is complete and accurate, which includes both position and account information being reported to the Bourse.

The supervision and compliance obligations are principles-based. No single approach applies to all Participants. It is up to Participants to design and implement a supervision system that is tailored to their business model, structure and risks. The Division acknowledges that it must be flexible and allow Participants the latitude to determine what is appropriate based on their needs, and adjust their systems accordingly. The Division has published a [circular](#) to help Participants understand the requirements and determine whether the Participant’s supervision system is reasonable for LOPR reports. The circular provides Participants with further guidance on how to design their supervision system and determine the most adequate and suitable approach based on their specific business model and needs.

3.6 – LOPR EXEMPTIONS AND DELEGATIONS

According to the Rules of the Bourse, the responsibility of reporting open positions rests with each Participant. Positions must be reported on a fully disclosed basis. Exemptions may be granted under specific conditions. It is also permitted, after approval from the Division, to delegate the reporting task to a third party such as, for example, a carrying or clearing broker or a service provider.

- A) A LOPR exemption may be granted if a Participant has not traded in the last calendar year and does not intend or plan to trade derivative instruments listed on the Bourse in the near future.

Such an exemption relieves the inactive Participant from the obligation of submitting a “no reportable positions” report on a daily basis. The exemption request must be in writing and must confirm that the Participant has been inactive on the Bourse’s market during the last calendar year and that it does not have any intention of trading.

Exemption requests must be sent to info.mxr@tmx.com to be processed by the Division.

- B) Should a Participant wish to delegate the LOPR requirement to a third party, a formal request must be submitted to the Division (e.g.: carrying or clearing broker, another approved Participant or Independent Software Vendor (ISV)). The delegation request must be in writing, and must confirm that reportable accounts will be fully disclosed (no undisclosed customer omnibus accounts in the name of the Participant will be accepted). The third party being delegated the task must be identified and a written confirmation from that party agreeing to the undertaking on behalf of the applicant must be submitted. Such a delegation may be granted only if the delegated party is able to report accounts on a fully disclosed basis. Delegation requests must be sent to info.mxr@tmx.com and will be processed by the Division.

The third party delegate needs to establish connectivity on behalf of the Participant. Upon connection, the delegate must request a UserID and password that belong to the delegating Participant. Any positions reported by the delegate on behalf of the delegating Participant shall be reported using that UserID and password. Note: UserIDs and passwords will not be provided to Participants that are delegating the task to a third party but to the delegate. Also, Participants who delegate reporting will not have access to the LOPR production environment, however they may request view only access for the purpose of supervision. The LOPR supervision functionality is detailed in the following section.

A delegate who reports on behalf of one or many Participants shall do so on a per Participant basis. A third party delegate must therefore obtain separate and different UserIDs and passwords for each Participant on whose behalf it reports positions. Additionally, as per Article 6.500 (l)(v), the delegation of the LOPR reporting task does not relieve the Participant from its responsibility to ensure that position reports filed on its behalf are filed in a timely manner and that they are accurate and complete. Participants who choose to delegate should therefore put in place a process and procedures to ensure that they receive copies of the reports that are filed on their behalf and to ensure that the information contained in these reports is complete and accurate.

All LOPR exemptions and delegations discussed in sections A) and B) remain valid as long as all the conditions are complied with that relate to such exemptions or permissions.

C) LOPR Supervision related to third-party delegations and Supervision IDs:

As per section 3.5 above, this obligation applies to each Participant, whether its own back-office, or a third-party to which this function has been delegated, submits the daily LOPR information to the Bourse (Article [6.500](#) (l) (v) of the Rules of the Bourse). In the case of LOPR delegations, the supervision of LOPR remains the Participant's responsibility and should consist of a review of the LOPR data submitted on the Participant's behalf to ensure completeness and accuracy.

The Participant may contact the Bourse's Technical Support Desk to request a Supervision ID which will permit them to have view-only access to the LOPR information being submitted by their delegate. In August 2017, the Bourse published a technical notice regarding the new [LOPR enhancement](#). The enhancements introduced a new concept of "Supervisors" to help Participants monitor the account and position information submitted. Participants who have delegated their daily LOPR duties to a third-party are encouraged to use this feature to assess whether it could be helpful in performing their LOPR supervision, or whether another in-house solution may be more suitable for their business structure.

4 – ACCOUNT OWNER IDENTIFICATION REQUIREMENTS

The following section addresses the regulatory requirements associated with the identification of account owners and ownership aggregation.

4.1 – ACCOUNT BENEFICIAL OWNER

For the purposes of LOPR, the account beneficial ownership must be determined by applying the following subsequent steps:

- A) Person or entity with more than 50% ownership interest in the account;
- B) Name of the account (e.g. Mr. and Mrs. Smith, ABC Investment club).

It is the Participants' responsibility to determine account ownership based on the information that has been or can be provided by the account owner(s).

Please note that the LOPR Account Owner "Name" field can accommodate up to 25 characters. If the full account beneficial owner name exceeds 25 characters, use abbreviations which best describe the entity.

Participants should not hesitate to communicate with the Division for more guidance.

4.2 – ACCOUNT OWNER ID

The Account Owner ID field helps the Division to determine the account beneficial owner in order to aggregate positions through different account numbers across all Participants.

The following guidelines are to be used when populating the Account Owner ID field:

A) For an account in the name of an individual or of a registered or corporate entity owned exclusively by this individual:

- 1) Internal identifier used by the Participant to link accounts belonging to the same account beneficial owner within the firm;

If, and only if, the above identifier is unavailable, Participants will be allowed to use the following identifier:

- 2) Account owner's last name.

Participants can establish an identifier format that represents a practical and adequate solution. It is important that the identifier, used for each account beneficial owner, be unique so that different account beneficial owners do not have the same identifier.

Example 1: John Doe has the following accounts with a Participant:

John Doe Account Types	Account #	Internal unique identifier used by a Participant to link accounts belonging to the same individual
RRSP	123456	ABC123
CDN Margin	789101	ABC123
TFSA	121314	ABC123
JD Corp* (Personal Holding Corporation)	875149	ABC123

*If the client has a beneficial ownership interest greater than 50% in the account, refer to the following section.

Each Participant is responsible for providing this “unique internal identifier” that links accounts belonging to the same individual within the firm. This “unique internal identifier” must remain permanent for the lifetime of all of the related accounts.

B) For an account belonging to multiple individuals (partnerships, joint accounts, investment clubs, registered entities other than corporations, etc.):

- 1) If one of the account owners holds an ownership interest of more than 50% in the account, then use the identifiers discussed in section A) above related to this account owner.
- 2) For all other circumstances, populate the field with the account name (e.g. Mr. & Mrs. Smith, ABC Investment club etc.). Please note that the Account Owner ID field can accommodate up to 25 characters. Should the full account name exceed 25 characters, create an acronym from the entity's legal name.

C) For all other corporate structures the following is to be observed:

- 1) If the corporation is more than 50% owned by an individual, use the identifiers found in B) above related to this account owner;
- 2) If the corporation is more than 50% owned by another corporation, use the following criteria to determine the account owner Id:
 - i) The legal entity identifier (the "LEI") belonging to the controlling corporation. The LEI can be obtained or created by accessing the following web portal at <https://www.gmeiutility.org/>; or
 - ii) The incorporation number of the controlling corporation.
- 3) For other cases, use the following steps to determine the Account Owner ID:
 - i) The LEI for the corporation in whose name the account is opened. The LEI can be obtained or created by accessing the web portal at <https://www.gmeiutility.org/>;
 - ii) The incorporation number of the corporation in whose name the account is opened.

If, and only if, the above identifiers are not available, Participants will be allowed to use one of the following identifiers:

- 1) Internal identifier used by the Participant to link accounts belonging to the same account beneficial owner within the firm; or
- 2) Account owner corporate legal name (please note that the Account Owner ID field can accommodate up to 25 characters. If the full account owner corporate legal name exceeds 25 characters, create an acronym from the legal name.

D) For any account not covered in sections A), B) or C)

- 1) Registration number (e.g.: charitable organization);
- 2) Internal identifier used by the Participant to link accounts belonging to the same account beneficial owner within the firm;
- 3) Account owner legal name. Please note that the Account Owner ID field can accommodate up to 25 characters. If the full account owner's legal name exceeds 25 characters, create an acronym from the legal name.

5 – REPORTING REQUIREMENTS

5.1 – POSITION CALCULATION

To determine if an account holds a number of open positions in derivative instruments listed on the Bourse that is equal to or greater than the prescribed reporting threshold, Participants must take into consideration the gross open positions held in each class of derivative instrument by this account beneficial owner, not the net positions.

This means that if an account beneficial owner simultaneously holds long and short positions in a particular derivatives instrument, these positions must not be netted together to determine if the reporting threshold has been reached or exceeded but rather be added together.

In addition, for the purpose of such a determination, all expiries of a given derivatives instrument must be combined. For options on futures contracts as well as other options, all options having a different strike price must also be combined. It is also important to mention that if an account simultaneously holds positions in futures contracts and positions in options on such futures contracts, all open positions in both types of derivatives instruments must be combined. Additionally, should an account simultaneously hold positions in equity options and positions in share futures, all open positions in both types of derivatives instruments, with the same underlying, must be combined.

If it appears, following such a determination, that the reporting threshold has been reached or exceeded, Participants must then transmit to the Division, in the manner prescribed by the Division, the detail of all gross open positions, i.e. the information provided must allow the Division to know about all long and short open positions for each expiry and, in the case of options on futures contracts and other options, for each strike price.

No netting of long (short) positions against short (long) positions must be made for the purposes of the report that must be transmitted to the Division.

The following is an example of combined gross open positions that should be declared to the Division:

Account holder “A” positions		
Instrument	Long	Short
BAX Jun 20	50 ctr.	
BAX Sep 20	50 ctr.	100 ctr.
OBX Jun 9550 Put	100 ctr.	
OBX Sep 9525 Call		100 ctr.

The total gross open positions for BAX futures contract and options on BAX (OBX) for account holder “A” is 400 contracts.

Since the total gross open position exceeds the reporting level for these derivative instruments (300 contracts), all long and short positions held in this account for this group of instruments must be reported to the Division.

The following is an example of combined gross open positions for equity options and share futures that must be reported to the Division:

Account holder "B" positions		
Instrument	Long	Short
FTD Mar 20	450 ctr.	
FTD June 20	100 ctr.	50 ctr.
TD April 80 Call		100 ctr.
TD July 7525 Put	250 ctr.	

The total gross open positions for TD options and futures contract on this option for account holder "B" is 950 contracts.

Since the total gross open positions exceeds the reporting level for the derivative instruments (250 contracts), all long and short positions held by this account in this group of derivative instruments must be reported to the Division.

5.2 – POSITION CALCULATION – MULTIPLE ACCOUNTS

If an account owner holds or controls more than one account as a beneficial owner, the determination of the reporting threshold must be made by taking into consideration all open positions held in all the accounts of the same beneficial owner. For example, a client is the beneficial owner of an account opened in their name and also has ownership interest exceeding 50% in other accounts opened with other individuals or moral persons, the determination of whether or not the reporting threshold has been reached or exceeded must be made by taking into consideration all gross open positions held by all of the related accounts as a whole.

If it appears that on a combined basis the total number of gross positions held by all of the related accounts equals or is greater than the reporting threshold, all positions held by each of the related accounts must be reported and this regardless of the fact that one or many of them hold an open position that is lesser than the reporting threshold.

5.3 – PARTICIPANT ACCOUNTS (FIRM ACCOUNTS)

Participants holding open positions for their own account in any derivative instrument listed on the Bourse must report these positions to the Division by applying the same principles as those explained above.

5.4 – REPORTING THRESHOLDS

As a reminder, here are the reporting thresholds for the futures contracts and options on futures contracts that are currently listed for trading on the Bourse. Please note that this list may not be inclusive of new products listed since the publication of this document or if reporting thresholds have since been modified. We invite Participants to consult our [website](#) for the latest circulars regarding reporting thresholds.

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS	REPORTING THRESHOLDS
BAX/OBX ⁴ - Three-month Canadian Bankers' Acceptance	300 ctr.
LGB - Thirty-year Government of Canada Bonds	250 ctr.
CGB/OGB - Ten-year Government of Canada Bonds (and options on the bond futures)	250 ctr.
CGF – Five-year Government of Canada Bonds	250 ctr.
CGZ - Two-year Government of Canada Bonds	250 ctr.
SXF - S&P/TSX 60 Index Standard Futures	1,000 ctr.
SCF – S&P/TSX Composite Index Mini Futures	1,000 ctr.
SXM - S&P/TSX 60 Mini Future Index	1,000 ctr.
SXA - S&P/TSX Global Gold Index Futures	500 ctr.
SXB - S&P/TSX Global Capped Financial Index Futures	500 ctr.
SXH - S&P/TSX Capped Information Technology Index Futures	500 ctr.
SXY - S&P/TSX Capped Energy Index Futures	500 ctr.
SXK - S&P/TSX Composite Index Banks (Industry Groups)	500 ctr.
SXU - S&P/TSX Capped Utilities Index Futures	500 ctr.
SMJ - S&P/MX International Cannabis Index	500 ctr.

⁴ To determine if the reporting limit has been reached, positions in options on futures contracts must be aggregated with the underlying futures contract positions. For aggregation purposes, one option contract is equivalent to one futures contract.

SHARE FUTURES, EQUITY, EXCHANGE-TRADED FUNDS, INDEX AND CURRENCY OPTIONS	REPORTING THRESHOLDS
Share Futures	250 ctr.
Equity Options	250 ctr.
Exchange Traded Funds Options	500 ctr.
Index Options	1,000 ctr.
Currency Options	500 ctr.

5.5 – POSITION AGGREGATION

In order to determine if the reporting threshold is attained, Participants must aggregate positions belonging to the same account beneficial owner as previously defined in sections 5.1 and 5.2.

The following guidelines are to be used when aggregating by account beneficial owner for LOPR:

- A) Aggregate positions for all accounts in the name of an individual and for all registered or corporate entities owned exclusively by that single individual;
- B) For accounts belonging to multiple individuals (partnerships, joint accounts, investment clubs, registered entities other than corporations, etc), aggregate positions to the account owner who holds an ownership interest of more than 50% in the account;
- C) For accounts belonging to a corporation, other than 100% owned by one individual, or any other entity, aggregation of positions shall be done by beneficial ownership of the account.

In all cases, aggregation of positions shall be done by account beneficial account owner as determined by the approved Participant and/or its clients and/or its account owners directly; this includes discretionary and managed trading accounts under the same beneficial account ownership.

Once it has been determined that the reporting threshold has been attained for an account beneficial owner after aggregating all positions held in his accounts, each of these accounts containing positions must be reported separately in LOPR.

Example: Same account owner (Mr. X) may have multiple accounts:

RRSP: Long 50 CALL BMO @ 50 JUN 20

TFSA: Long 200 PUT BMO @ 52 SEP 20

Margin CDN: Long 50 CALL BMO @ 60 JAN 21

Although the accounts taken individually do not meet the reporting threshold, once aggregated by account beneficial owner (Mr. X) the cumulative open position exceeds the reporting threshold (300 total open contracts on the same underlying). Therefore, each of the three accounts above must be reported.

5.6 – POTENTIAL DOUBLE REPORTING

1. Participant of the Bourse having its positions cleared by another Participant of the Bourse who is a CDCC member:

This scenario involves a situation where a Participant executes transactions and subsequently has the trades cleared by another Participant that is a CDCC member. This particular setup, which involves a Participant (executing Participant) detaining an account with another Participant who is a CDCC member may cause the latter to report the executing Participant's positions with those of its other clients when completing its daily LOPR submission. As indicated in previous circulars issued by the Bourse⁵ and following the implementation of the compulsory use of the LOPR tool and of the related regulatory amendments on April 1, 2013, the Bourse does not accept that undisclosed customer omnibus accounts be reported by Participants acting as clearing brokers when such accounts are maintained in the name of another Participant. However, these clearing Participants are still required to report positions held in undisclosed omnibus accounts that are maintained for entities that are not Participants of the Bourse.

The requirements of the Bourse provide that all Participants that are using a clearing broker to clear their transactions must report themselves positions held for their clients or for their own account. Furthermore, delegation of the reporting task is not permitted if the delegatee is unable to report positions on a fully disclosed basis (i.e. being able to identify each and every client holding positions and reporting each of these clients individually when they hold positions in excess of the prescribed reporting thresholds).

- a. **What must executing Participants consider:** Participants must ensure that their positions held with other Participants are not being double reported. For example, if a Participant records positions in their books while being held by another Participant in its capacity as a clearing broker or carrying broker, and the Participant reports the positions that are recorded in their books, they must make sure that the other Participant who acts as their clearing/carrying broker does not also report these same positions, otherwise this will result in the same positions being reported twice.
- b. **What must clearing Participants consider:** Participants that undertake to clear and carry positions for other Participants must ensure that if they are reporting the positions of other Participants, those Participants should not be reporting these same positions, otherwise this will result in the same positions being reported twice.

To determine if an entity is a Participant of the Bourse, please refer to the list of all Participants of the Bourse available on the website of the Bourse at the following address:

http://www.m-x.ca/connect_participants_en.php.

It is important that all Participants adopt effective communication and coordination procedures when they are using the services of another Participant to clear and/or carry positions on their behalf in order to ensure that there is no double reporting of a given position.

⁵ See circulars 20-2011 issued on January 20, 2011 (http://www.m-x.ca/f_circulaires_en/020-11_en.pdf) and 74-2011 issued on May 5, 2011 (http://www.m-x.ca/f_circulaires_en/074-11_en.pdf)

2. Participants of the Bourse routing orders through a broker who is not a Participant of the Bourse and having its transactions cleared by another Participant of the Bourse who is a CDCC Member:

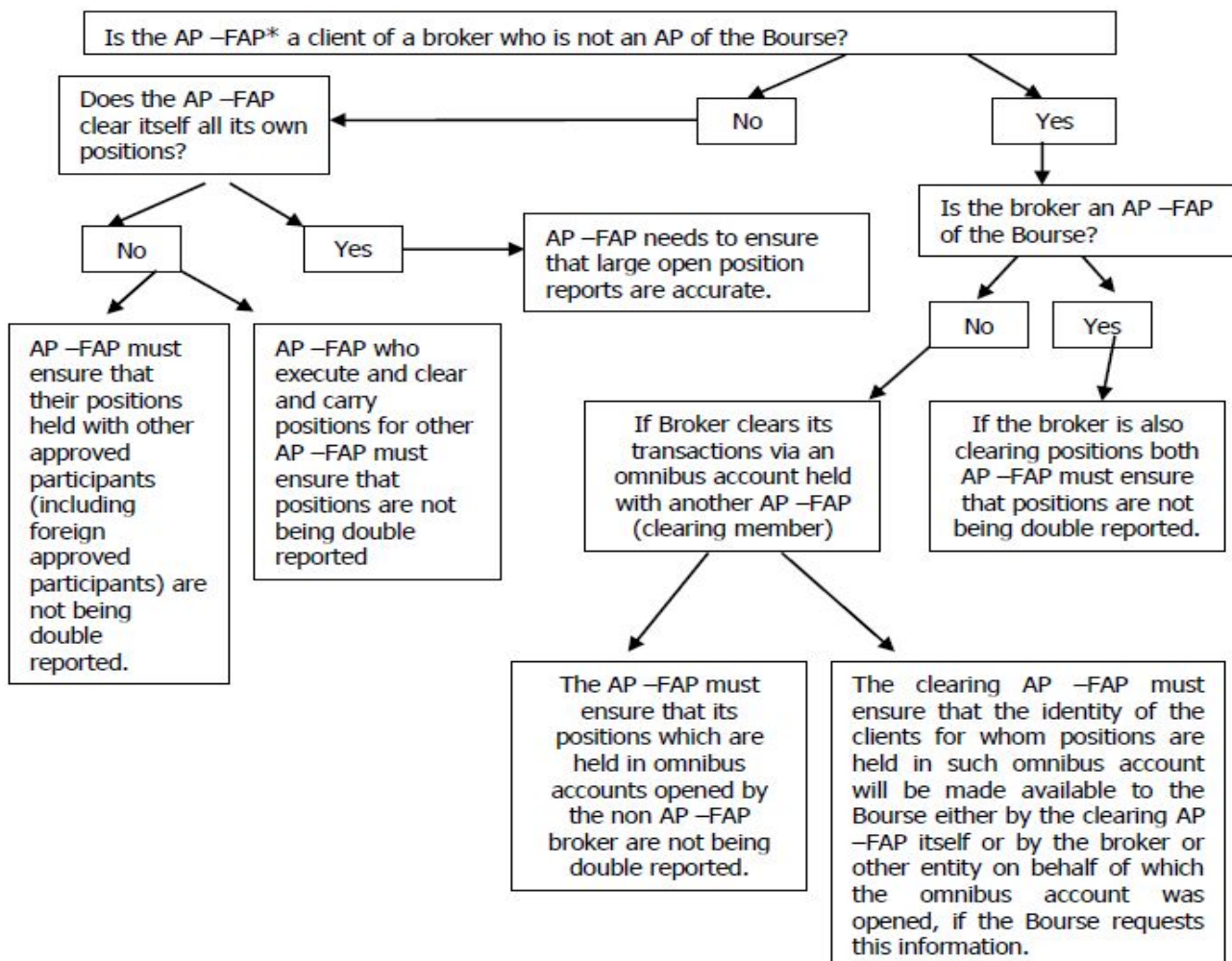
This scenario involves a situation where a Participant is a client of a broker who is not a Participant, whereby the latter is executing the Participant's transactions and having them cleared through an omnibus account held with another Participant who is a CDCC member. In this situation, the first Participant runs the risk of having its positions reported twice as the clearing Participant does not have the details regarding the beneficial owners of the positions held in the broker's (who is not a Participant of the Bourse) undisclosed omnibus accounts. Therefore, the clearing Participant must ensure that the identity of the clients for whom positions are held in such omnibus account will be provided to the Bourse either by the clearing Participant itself or by the broker or other entity on behalf of whom the omnibus account was opened, if the Bourse requests this information.

a. What must Participants consider:

The Participant must ensure that their positions, which are held in omnibus accounts opened by non-Participants are not being double reported.

b. What must clearing Participants consider:

Although clearing Participants are still required to report positions held in omnibus accounts, that are maintained for entities that are not Participants of the Bourse, they must ensure that these omnibus accounts do not include positions of Participants.



* AP –FAP: Approved Participant including Foreign Approved Participant

It is imperative that Participants, other brokers that are not Participants of the Bourse and Participants acting as clearing/carrying brokers communicate with one another in order to ensure that positions are not being double reported and that they are reported in their entirety.

6 – LOPR CONTACTS

For support, questions and issues of a technical nature, Participants are invited to contact the Bourse's Technical Support Desk by email at MarketOps@tmx.com or by phone at 1-877-588-8489 .

For questions and issues of a regulatory nature, Participants must contact the Bourse's Regulatory Division at info.mxr@tmx.com.