



CFTC recognizes Montréal Exchange and Ice Futures Canada as Foreign Boards of Trade

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On August 28, **Montréal Exchange Inc.** (MX), the leading Canadian derivatives exchange, and **ICE Futures Canada, Inc.** (ICEFC), Canada's largest agricultural derivatives platform, received Orders of Registration from the **U.S. Commodity Futures Trading Commission** (CFTC) as Foreign Boards of Trade (FBOTs). The FBOT approvals permit MX and ICEFC to provide their identified members or other participants located in the U.S. with direct access to their electronic order entry and trade matching systems.

MX and ICEFC previously provided direct access on the basis of no-action letters issued by CFTC staff. The no-action letters were automatically withdrawn upon the issuance by the CFTC of the FBOT orders. MX will offer direct access for futures contracts on interest rates and certain broad-based security indices, as well as options on futures contracts based on the Canadian overnight repo rate average (CORRA) and ten-year Government of Canada bonds. ICEFC will offer direct access for futures and options contracts on milling wheat, canola, durum wheat, and barley.

The CFTC issued the FBOT orders in accordance with Part 48 of its regulations, which requires that, in reviewing an application for registration, CFTC staff examine, among other things, whether the foreign board of trade and its clearing organization are subject to comprehensive supervision and regulation by the appropriate governmental authorities in their home country or countries that is comparable to the comprehensive supervision and regulation to which designated contract markets and derivatives clearing organizations are respectively subject under the U.S. Commodity Exchange Act, CFTC regulations, and other applicable U.S. laws and regulations.

Because MX is regulated under Quebec derivatives legislation and ICEFC is regulated under Manitoba securities laws, this development is significant in establishing that Québec's **Autorité des marchés financiers** (which oversees the MX) and the **Manitoba Securities Commission** (which oversees ICEFC) each provide comprehensive supervision and regulation that the CFTC views as comparable to the supervision and regulation exercised by the CFTC over these types of markets in the United States.

Conversely, this decision should also be helpful in supporting recognition and registration applications in Quebec, Manitoba and other Canadian jurisdictions for derivatives market infrastructure and market participants that are subject to CFTC regulation and oversight in the United States.

For further information, please consult the announcements by the **CFTC** and **MX**.

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