

CIRCULAR 041-20
March 11, 2020

APPROVED PARTICIPANTS BUSINESS CONTINUITY PLAN COVID-19

The Regulatory Division (the “Division”) of Bourse de Montréal inc. (the “Bourse”) reminds Approved Participants that the Rules of the Bourse (Article 3.102) require that each Approved Participant “establish and maintain a business continuity plan identifying the necessary procedures to be undertaken during an emergency or significant business disruption. Such procedures must be reasonably designed to enable the Approved Participant to stay in business in the event of a future significant business disruption in order to meet obligations to its clients and capital markets counterparts and must be derived from the Approved Participant’s assessment of its critical business functions and required levels of operation during and following a disruption.” Such business continuity plans should cover multiple scenarios, including those of a flu pandemic.

The Division wishes to address recent concerns of Approved Participants over the possible restrictions associated with invoking their business continuity plans due to Covid-19. The main concern is complying with the phone-recording requirement found in Article 6.118 of the Rules of the Bourse, especially if employees are required to work from home.

The Division expects Approved Participants to take all reasonable steps to achieve compliance with their regulatory obligations. While no exemptions will be formally granted to any Approved Participant with respect to the specific regulatory requirements, certain departure from the current standard may be tolerated due to temporary emergency measures. The Division considers that a flexible approach to regulatory requirements is appropriate to enable Approved Participants to provide the necessary liquidity and stability in times of greater volatility.

It is the Division’s expectation that the Approved Participant promptly notifies the Division (by email at info.mxr@tmx.com) if an Approved Participant triggers its business continuity plan, in whole or in part related to its activities on the Bourse, and confirms that the plan achieves compliance with the Rules of the Bourse. If not all regulatory requirements are met, the Approved Participant is also expected to identify these requirements in the notification and describe alternative measures that are being taken. For example, if not all telephone conversations related to trading in derivative Instruments listed on the Bourse are recorded, the Approved Participant is expected to provide the relevant section of the plan, identify whose telephone conversations are not recorded, the nature of their activities and detail the alternative measures that are being taken to ensure and maintain reasonable audit trails for all trades conducted on the Bourse.

If the Division deems that adjustments to the plan are required, the Division will reach out to the Approved Participant with the objective of mutually agreeing on appropriate temporary measures. The Division will consider each situation independently, on a case-by-case basis, taking into consideration the operations and structure of each Approved Participant.



The Division is closely monitoring the situation and will evaluate the next steps in due course.

Meanwhile, for more information or for any questions, contact the Regulatory Division, at 514 787 6530 or toll-free in Canada and the US at 1 800 361 5353 ext. 46530, toll-free in Great Britain or France at 00 800 36 15 35 35 ext. 46530, or by email at info.mxr@tmx.com.

Julie Rochette
Vice-President and Chief Regulatory Officer
Bourse de Montréal Inc.