



CIRCULAR 043-19
March 4, 2019

SELF-CERTIFICATION

HOUSEKEEPING AMENDMENTS TO THE RULES OF BOURSE DE MONTRÉAL INC.

On February 13, 2019, the Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) approved amendments to some definitions and to articles 3.5, 3.100, 4.205 and 4.255 of the Rules of the Bourse in order to make the French version identical to the English and to correct certain drafting errors. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amended rules, as attached, will become effective on March 8, 2019, after market close. Please note that the revised rules will also be available on the Bourse’s website (www.m-x.ca).

For additional information, please contact Martin Jannelle, Legal Counsel, at 514-787-6578 or by email at martin.jannelle@tmx.com.

Martin Jannelle
Legal Counsel
Bourse de Montréal Inc.



HOUSEKEEPING AMENDMENTS TO THE RULES OF BOURSE DE MONTREAL INC.

TABLE OF CONTENTS

I.	SUMMARY.....	2
II.	ANALYSIS.....	2
	a. Background.....	2
	b. Description and Analysis of Market Impacts.....	2
	c. Comparative Analysis	2
	d. Proposed Amendments.....	2
III.	AMENDMENT PROCESS	3
IV.	IMPACTS ON TECHNOLOGICAL SYSTEMS	3
V.	OBJECTIVES OF THE PROPOSED ADMENDMENTS.....	3
VI.	PUBLIC INTEREST	3
VII.	EFFICIENCY.....	3
VIII.	PROCESS.....	3
IX.	ATTACHED DOCUMENTS	4

I. SUMMARY

Following the coming into force of its reorganized Rules on January 1st, 2019, Bourse de Montréal Inc. (the “Bourse”) has decided to conduct periodic reviews of its Rules in order to make sure they constantly reflect the current trading environment of the Bourse, both in the French language and in the English language.

The Bourse hereby takes this opportunity to amend some articles of its Rules: (i) by the addition of a missing definition in the French version of the Rules; and (ii) by the correction of some terms.

II. ANALYSIS

Background

The proposed amendments are further to an internal review of the Rules of the Bourse.

Description and Analysis of Market Impacts

The proposed amendments are housekeeping changes that do not have an impact on the market.

Comparative Analysis

No comparative analysis is required for these changes.

Proposed Amendments

i) Definition of *Taux de Marge Flottant* (“Floating Margin Rate”)

The Bourse proposes to add the following definition at the end of the French version of the definition “Floating Margin Rate” (“*Taux de Marge Flottant*”) to make it identical to the English version:

“« violation » désigne la situation où la fluctuation en pourcentage maximale sur un (1) jour ou deux (2) des cours de clôture quotidiens dépasse le taux de Marge.”

ii) Definition of *Dirigeant* (“Officer”)

In the French version of this definition, the Bourse proposes to put a lower-case “d” to the word “Dirigeant” in the sentence “(...) comme Dirigeant d’un Participant Agréé (...)”. We should not refer to the defined term “Dirigeant” in the definition of same term.

iii) Articles 3.5 (b) (iv) “Sponsored Access” and 3.100 (b) (i) “Supervision, Surveillance and Compliance”

In the French version of the above-mentioned articles, the Bourse proposes to replace the term “Règles sur la négociation électronique” with “Règles sur la Négociation Électronique”, since the term “Règles sur la Négociation Électronique” is defined in the Rules.

iv) Articles 4.205 (a) (iii) “Penalties” and 4.255 (d) “Hearing Procedure”

In the French version of the above-mentioned articles, the Bourse proposes to replace the term « Comité » with « Comité de Discipline » (in the English version, the term « Committee » with « Disciplinary Committee »), in order to adequately use the defined term.

III. AMENDMENT PROCESS

Following the coming into force of the reorganized Rules, the Bourse’s employees will conduct reviews of the Rules on a regular basis with a critical eye in order to identify any required improvement.

IV. IMPACTS ON TECHNOLOGICAL SYSTEMS

None of the proposed amendments has an impact on the technological systems of the Bourse, its approved participants, CDCC or the independent software providers.

V. OBJECTIVES OF THE PROPOSED ADMENDMENTS

The proposed amendments seek to make the French version of the Rules in compliance with the English version and to correct some terms that are misused.

VI. PUBLIC INTEREST

It is in the public interest for the Rules of the Bourse to properly describe the products and transactions available to market participants.

VII. EFFICIENCY

The proposed amendments will have no impact on market efficiency.

VIII. PROCESS

The proposed amendments, including this analysis, must be approved by the Bourse’s Rules and Policies Committee and submitted to the Autorité des marchés financiers, in accordance with the self-certification process, and to the Ontario Securities Commission for information purposes.

IX. ATTACHED DOCUMENTS

Proposed amendments

Article 4.205 Penalties

- (a) In finding any Approved Participant or Approved Person guilty pursuant to a complaint therein made, or of some lesser and included offence, the Disciplinary Committee or the Special Committee may, with respect to each offence, impose any one or more of the following penalties or Rulings:
 - (i) a reprimand;
 - (ii) a fine not exceeding \$ 1,000,000;
 - (iii) suspension or revocation of the rights as an Approved Participant or Approved Person for such period and upon such conditions, including conditions of reinstatement, as the Disciplinary Committee may determine;
 - (iv) a prohibition to obtain an approval for the time and upon such conditions determined by the Disciplinary Committee, including the conditions for the release of such a prohibition.
 - (v) expulsion of the Approved Participant;
 - (vi) making restitution to any Person who has suffered a loss as a result of the acts or omissions of a Person under the jurisdiction of the Bourse;
 - (vii) an obligation to take one or more courses given by the CSI Global Education Inc. or any other course deemed appropriate; or
 - (viii) reimbursement in whole or in part of the costs and expenses (including professional fees) paid or incurred by the Bourse in connection with the complaint and the matters out of which it arose including all investigations, hearings, appeals and other proceedings before or after the complaint.
- (b) These penalties and Rulings shall be in addition to such other action as the Bourse may take pursuant to any other provision of the Regulations of the Bourse.

Article 4.255 Hearing Procedure

- (c) Any Person on whom an originating notice was served and that Person's representatives is entitled to attend the hearing, in Person or, if necessary, by way of videoconference, for the purpose of hearing the evidence, cross-examining the witnesses presented by the Regulatory Division, presenting

their own witnesses subject to the last paragraph of Article 4.252, and making representations to the Disciplinary Committee hearing the matter;

- (d) Such Person may be assisted by a lawyer at the hearing;
- (e) If a written report in respect of the matter has been prepared by the Regulatory Division and if the latter proposes to table such report at the hearing, a copy of such report must be given to the parties beforehand;
- (f) The Disciplinary Committee may admit as evidence any documentary proof without a witness if the Disciplinary Committee is of the opinion that the rights of cross-examination would not be affected; and
- (g) In the event of a guilty verdict in disciplinary matters, the parties are entitled to be heard on the penalty to be imposed, unless the Disciplinary Committee has previously ruled that representations on the penalty shall be made prior to its deliberations on the merits.

Article 4.205 Penalties

- (a) In finding any Approved Participant or Approved Person guilty pursuant to a complaint therein made, or of some lesser and included offence, the Disciplinary Committee or the Special Committee may, with respect to each offence, impose any one or more of the following penalties or Rulings:
 - (i) a reprimand;
 - (ii) a fine not exceeding \$ 1,000,000;
 - (iii) suspension or revocation of the rights as an Approved Participant or Approved Person for such period and upon such conditions, including conditions of reinstatement, as the Disciplinary Committee may determine;
 - (iv) a prohibition to obtain an approval for the time and upon such conditions determined by the Disciplinary Committee, including the conditions for the release of such a prohibition;
 - (v) expulsion of the Approved Participant;
 - (vi) making restitution to any Person who has suffered a loss as a result of the acts or omissions of a Person under the jurisdiction of the Bourse;
 - (vii) an obligation to take one or more courses given by the CSI Global Education Inc. or any other course deemed appropriate; or
 - (viii) reimbursement in whole or in part of the costs and expenses (including professional fees) paid or incurred by the Bourse in connection with the complaint and the matters out of which it arose including all investigations, hearings, appeals and other proceedings before or after the complaint.
- (b) These penalties and Rulings shall be in addition to such other action as the Bourse may take pursuant to any other provision of the Regulations of the Bourse.

Article 4.255 Hearing Procedure

- (c) Any Person on whom an originating notice was served and that Person's representatives is entitled to attend the hearing, in Person or, if necessary, by way of videoconference, for the purpose of hearing the evidence, cross-examining the witnesses presented by the Regulatory Division, presenting

their own witnesses subject to the last paragraph of Article 4.252, and making representations to the Disciplinary Committee hearing the matter;

- (d) Such Person may be assisted by a lawyer at the hearing;
- (e) If a written report in respect of the matter has been prepared by the Regulatory Division and if the latter proposes to table such report at the hearing, a copy of such report must be given to the parties beforehand;
- (f) The Disciplinary Committee may admit as evidence any documentary proof without a witness if the Disciplinary Committee is of the opinion that the rights of cross-examination would not be affected; and
- (g) In the event of a guilty verdict in disciplinary matters, the parties are entitled to be heard on the penalty to be imposed, unless the Disciplinary Committee has previously ruled that representations on the penalty shall be made prior to its deliberations on the merits.