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CIRCULAR
October 1, 2012

REQUEST FOR COMMENTS
RULES REGARDING THE
SPECIAL COMMITTEE - REGULATORY DIVISION
AMENDMENTS TO ARTICLE 3 —
COMPOSITION OF THE SPECIAL COMMITTEE

The Special Committee – Regulatory Division of Bourse de Montréal Inc. (the Bourse) has approved amendments to article 3 of the Rules Regarding the Special Committee – Regulatory Division of the Bourse, which deal with the composition of the Special Committee. The purpose of these amendments is to ensure that article 3 complies with new requirements that shall be imposed by the Autorité des marchés financiers (AMF) relative to the composition of the Special Committee — Regulatory Division of the Bourse.

Comments on the proposed amendments to article 3 of the Rules Regarding the Special Committee – Regulatory Division of the Bourse must be submitted within 30 days following the date of publication of the present notice, at the latest on November 1, 2012. Please submit your comments to:

Me Pauline Ascoli
Vice-President, Legal Affairs (Derivatives)
Bourse de Montréal Inc.
Tour de la Bourse
P.O. Box 61, 800 Victoria Square
Montréal, Quebec H4Z 1A9
E-mail: legal@m-x.ca

A copy of these comments shall also be forwarded to the Autorité to:

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800 Victoria Square, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal (Quebec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Circular no.: 126-2012

Appendices

For your information, you will find in appendices an analysis document of the proposed rule amendments as well as the proposed regulatory text. The implementation date of the proposed amendments will be determined by the Bourse, in accordance with the self certification process as established in the Derivatives Act (2008, c.24).

Process for Changes to the Rules

Bourse de Montréal Inc. is authorized to carry on business as an exchange and is recognized as a self-regulatory organization (SRO) by the Autorité des marchés financiers (the Autorité). The Board of Directors of the Bourse has delegated to the Rules and Policies Committee of the Bourse its powers to approve and amend its Rules. The Rules of the Bourse are submitted to the Autorité in accordance to the self-certification process as established in the Derivatives Act (2008, c.24).

In its SRO capacity, the Bourse assumes market regulation and supervision responsibilities of its approved participants. The responsibility for regulating the market and the approved participants of the Bourse comes under the Regulatory Division of the Bourse (the Division). The Division carries on its activities as a distinct business unit separate from the other activities of the Bourse.

The Division is under the authority of a Special Committee appointed by the Board of Directors of the Bourse. The Special Committee is empowered to recommend to the Board of Directors the approval or amendment of some aspects of the Rules of the Bourse governing approved participants. The Board of Directors has delegated to the Rules and Policies Committee of the Bourse its powers to approve or amend these Rules upon recommendation from the Special Committee.



RULES REGARDING THE SPECIAL COMMITTEE - REGULATORY DIVISION

— AMENDMENTS TO ARTICLE 3 — COMPOSITION OF THE SPECIAL COMMITTEE

I SUMMARY

As part of the proposed acquisition of TMX Group by Maple Group Acquisition Corporation (Maple), the Autorité des Marchés Financiers (AMF) issued on May 2, 2012, a decision in which, among other things, it recognized Bourse de Montréal Inc. (the Bourse) as a self-regulatory organization¹.

In its decision, the AMF sets forth requirements regarding the composition of the Special Committee — Regulatory Division which differ from those listed in its previous decision² and in the *Rules Regarding the Special Committee - Regulatory Division*. In order to comply with these new requirements, the Bourse proposes to amend its rules pertaining to the Special Committee - Regulatory Division.

II ANALYSIS

A) The Context

Decision No. 2012-PDG-0075 issued by the AMF on May 2, 2012 states, among other things, that it replaces decision No. 2008-PDG-

¹ Decision No. 2012-PDG-0075 issued by the AMF on May 2, 2012 and published in its weekly bulletin on May 3, 2012 (Vol. 09, no. 18). Available in French only.

² Decision No. 2008-PDG-0102 issued by the AMF on April 10, 2008 and published in its weekly bulletin on April 11, 2008 (Vol. 05, no. 14). Available in French only.

0102 issued on April 10, 2008. Moreover, this decision took effect upon take-up of the common shares of TMX Group by Maple, which took place on August 10, 2012.

Subparagraph j) iii) of section VII of AMF decision No. 2008-PDG-0102 provided that the Special Committee - Regulatory Division had to be “made up of a majority of persons who are residents of Quebec at the time of their appointment and for the duration of their terms of office, and persons who satisfy the independence criteria applicable to the Directors of the Bourse”³. Article 3 of the *Rules Regarding the Special Committee - Regulatory Division*, entitled « Composition of the Special Committee » duplicates integrally the requirements set out in the AMF 2008 decision.

Subparagraph j) iii) of section VIII, Part III of AMF decision No. 2012-PDG-0075 now provides that the Special Committee - Regulatory Division must be composed of:

- “1) no less than 50 percent (50%) of persons who are residents of Québec at the time of their appointment and for the duration of their terms of office;
- 2) no less than 50 percent (50%) of persons who satisfy the independence criteria applicable to the directors of the Bourse; and
- 3) no less than 50 percent (50%) of persons who have expertise in derivatives”⁴.

B) Proposed Amendments

Given the above, it is proposed to amend article 3 of the *Rules Regarding the Special Committee - Regulatory Division* in order to include the same requirements regarding the composition of the Special Committee - Regulatory Division as those listed in decision No. 2012-PDG-0075 of the AMF.

³ Unofficial translation.

⁴ Unofficial translation.

C) Public Interest

Since the regulatory amendments proposed in this analysis aim to comply with the requirements set by the AMF on the composition of the Special Committee — Regulatory Division, the Bourse considers that the amendments are of public interest.

D) Impact of the Proposed Amendments on Systems

The Bourse considers that the regulatory amendments proposed in this analysis will not impact the systems for what regards approved participants, approved persons, their clients or the public.

E) Interest of Financial Markets

For the reasons mentioned above, the Bourse considers that the proposed regulatory amendments will not negatively affect the interests of financial markets.

F) Considered Alternatives

No other alternative was considered by the Bourse.

III COMMENTS

A) Efficiency

As mentioned above, the main objective of the proposed changes to the *Rules Regarding the Special Committee — Regulatory Division* discussed in this analysis is to comply with the AMF new requirements pertaining to the composition of the Special Committee — Regulatory Division, under its decision No. 2012-PDG-0075 issued on May 2, 2012.

B) Process

The first step for the approval of the regulatory amendments that are proposed in this analysis consists in having them approved by the Special Committee – Regulatory Division of the Bourse.

The proposed amendments are then submitted to the approval of the Rules and Policies Committee of the Bourse.

Once approved by the Special Committee — Regulatory Division and the Rules and Policies Committee of the Bourse, the proposed amendments, including this analysis, are simultaneously published by the Bourse for a 30-day comment period and submitted to the Autorité des marchés financiers (AMF) for self-certification purposes. The AMF also publishes the proposed amendments and the 30-day request for comments in its weekly bulletin.

Finally, a copy of the amendments proposal is transmitted to the Ontario Securities Commission for information.

IV REFERENCES

- Rules of Bourse de Montréal Inc. regarding the Special Committee - Regulatory Division.
- Decision No. 2008-PDG-0102 issued by the Autorité des marchés financiers on April 10, 2008 and published in its weekly bulletin on April 11, 2008 (Vol. 05, no. 14).
- Decision No 2012-PDG-0075 issued by the Autorité des marchés financiers on May 2, 2012 and published in its weekly bulletin on May 3, 2012 (Vol. 09, no. 18).

**RULES REGARDING THE
SPECIAL COMMITTEE - REGULATORY DIVISION**

3. Composition of the Special Committee
(24.11.00, 20.10.04, 25.09.09, 00.00.00)

The Special Committee shall consist of:

- a) at least majority 50% of persons who are Quebec residents, at the time of their appointment and for the duration of their term;
- b) and at least 50% of persons who satisfy the independence conditions that are applicable to the Directors of the Bourse, and;
- c) at least 50% of persons having expertise in derivative instruments.