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CIRCULAR
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ADVERTISING, SALES LITERATURE AND CORRESPONDENCE

AMENDMENTS TO ARTICLES 8001 AND 8002 AND ADDITION OF ARTICLES 8003, 8004 AND 8005 OF RULE EIGHT

The Special Committee – Regulatory Division of Bourse de Montréal Inc. (the Bourse) has approved amendments to articles 8001 and 8002 and the addition of articles 8003, 8004 and 8005 to Rule Eight. The amended articles as well as the added ones set the requirements of the Bourse that must be complied with by approved participants for what regards advertising, sales literature and correspondence. These changes are effective immediately.

Nature of the amendments to the Rules of the Bourse

The amendments made to Rule Eight of the Bourse allow to extend to the correspondence the requirements currently applicable to advertising and to integrate into the existing Rules specific references to electronic media. Their purpose is also to allow approved participants to implement approval and review procedures that may vary, but still be adequate, according to various types of advertising or sales literature. They also specify retention requirements for advertising, sales literature and correspondence. Finally, a new provision has been added to article 8002 in order to specify that approved participants must comply not only with the requirements of the Bourse, but also with those of any regulatory authority having jurisdiction on them.

The new Rules expand the definition of the term “advertising” to include the material that is made available by electronic means such as websites. They also define what “correspondence” is and specify what are the applicable prohibitions for what regards its content. Finally, the definition of “sales literature” has been expanded to include material related to a trading strategy recommendation. For greater clarity, a definition of the term « trading strategy” has also been added to article 8001.

Circular no.: 141-2008
Amendment no.: 006-2008

The amendments that are implemented should allow approved participants to have all the necessary flexibility to develop and put in place policies and procedures better adapted to their business structure and to the nature of the material they are distributing. This should therefore allow them to serve their customers in a more efficient manner while preserving the integrity and fairness of the market.

The new article 8003 maintains the requirement to have in place a review and approval process for what regards advertising and communications, but it eliminates the requirement that a prior review of all the material be made before its use since such a prior review is not practical. However, in order to facilitate the interpretation and the application of these new rules, article 8003 specifies, by enumerating them, what are the types of advertising and communication that must necessarily be subjected to a prior approval. Furthermore, a requirement has been incorporated into article 8003 providing that when a prior approval is not required, approved participants must include in their policies and procedures provisions for the education and training of approved persons regarding such policies and procedures, as well as follow-ups allowing to ensure that these are complied with. The new Rules have also been drafted so that approved participants have all the flexibility necessary to develop policies and procedures that are as well adapted as possible to the type of material that is distributed.

For what regards articles 8004 and 8005 of the Rule, although these are new articles, it is worth mentioning that the provisions that are contained therein already existed in the prior version of articles 8001 and 8002 and that the Bourse only moved them to new articles in order to facilitate the understanding and interpretation of the various provisions of Rule Eight regarding advertising, business literature and correspondence.

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**RULE EIGHT
ADVERTISING AND COMMUNICATIONS**

**Section 8001 - 8050
Advertising
(05.11.80, 01.04.82, 03.09.08)**

8001 Definitions
(05.11.80, 27.04.82, 29.05.02, 03.09.08)

For the purposes of the present Rule:

"**advertisement(s) or advertising**" includes television or radio commercials or commentaries, newspaper and magazine advertisements or commentaries, and any published material including materials disseminated or made available electronically promoting the business of an approved participant or an approved person.

"**sales literature**" includes any written or electronic communication, other than advertisements and correspondence, distributed to or made generally available to a client or potential client including a recommendation with respect to a security or trading strategy. Sales literature includes but is not limited to records, videotapes and similar material, market letters, research reports, circulars, promotional seminar text, telemarketing scripts and reprints or excerpts of any other sales literature or published material, but does not include preliminary or final prospectuses.

"**correspondence**" means any written or electronic business related communication prepared for delivery to a single current or prospective client, and not for dissemination to multiple clients or to the general public.

"**trading strategy**" means a broad general approach to investments including matters such as the use of specific products, leverage, frequency of trading or a method of selecting particular investments but does not include specific trade or sectorial weighting recommendations.

8002 Guidelines
(01.03.82, 29.05.02, 03.09.08)

An approved participant or approved person must not issue or send to the public, participate in or knowingly allow its name to be used in respect of any advertisement, sales literature or correspondence in connection with its or his or her business which:

- a) contains any untrue statement or omission of a material fact or is otherwise false or misleading;
- b) contains an unjustified promise of specific results;
- c) uses unrepresentative statistics to suggest unwarranted or exaggerated conclusions, or fails to identify the material assumptions made in arriving at these conclusions;
- d) contains any opinion or forecast of future events, which is not clearly labeled as such;
- e) fails to fairly present the potential risks to the client;

- f) is detrimental to the interests of the public, the Bourse or its approved participants; or
- g) does not comply with any applicable legislation or the guidelines, policies or directives of any regulatory authority having jurisdiction.

8003 Policies and Procedures
(03.09.08)

Each approved participant must develop written policies and procedures that are appropriate for the approved participant's size, structure, business and clients for the review and supervision of advertisements, sales literature and correspondence relating to its business. All such policies and procedures must be approved by the self-regulatory organization having jurisdiction over the approved participant.

The policies and procedures referred to in the preceding paragraph may provide that the review and supervision of advertisements, sales literature and correspondence will be done by pre-use approval, post use review or post use sampling, as appropriate to the type of material. However, the following types of advertisements, sales literature or correspondence must be approved prior to publication or use by a partner, director, officer or branch manager of the approved participant who is designated to approve such material:

- a) research reports;
- b) market letters;
- c) telemarketing scripts;
- d) promotional seminar texts (not including educational seminar texts);
- e) original advertisements;
- f) original template advertisements; and
- g) any material used to solicit clients that contains performance reports or summaries.

Where the policies and procedures of the approved participant do not require the approval of advertisements, sales literature or correspondence prior to being issued, the approved participant must include provisions for the education and training of registered and approved persons as to the approved participant's policies and procedures governing such materials as well as follow-ups to ensure that such policies and procedures are implemented and adhered to.

Copies of all advertisements, sales literature and correspondence and all records of supervision under the policies and procedures required by the present article must be retained and be readily available for examination by the Bourse. All advertisements, sales literature and related documents must be retained for a period of two (2) years from their date of creation and all correspondence and related documents must be retained for a period of five (5) years from their date of creation.

8004 Designation of Securities
(03.09.08)

When an approved participant issues written recommendations on the purchase of any exchange listed non-voting shares, subordinate voting shares or restricted voting shares, he must designate these shares as such therein, and these shares must not be described as "common".

8005 Failure to Comply
(03.09.08)

The Bourse, an approved participant or an approved person may, in accordance with the procedure provided in the Rules and, more particularly in articles 4101 and following, file a complaint against an approved participant or approved person, charging them with having contravened the above-mentioned guidelines.