

REGULATORY DIVISION, MONTRÉAL EXCHANGE

Compliance Priorities and Regulatory Division Initiatives

2024



Bourse de Montréal Inc. (the “Bourse”) is recognized by the Autorité des marchés financiers as an exchange and a self-regulatory organization. The Regulatory Division (the “Division”) is responsible for the regulatory functions and carries on its activities as an independent unit, separately from the other activities of the Bourse.

The purpose of this circular is to look back at highlights from 2023 and share the 2024 compliance priorities of the Division, as well as ongoing initiatives.

2023 Highlights

- 1 Implemented changes to the governance structure of the Division, including nominations of members to the Advisory Committee on Self-Regulation and appointment of members to the Bourse’s Self-Regulatory Oversight Committee;
- 2 Publication of the Client and Order identifiers requirements for comments (see [Circular 044-23](#) for more information);
- 3 Publication of the technical specifications for the Client and Order identifiers requirements (see [Technical Notice 23-004](#) for more information);
- 4 Approval of the new Client and Order identifiers requirements (see [Circular 144-23](#) for more information);
- 5 Introduction of a module to manage late filing fees, a new salesforce community and a new model to sync MX-ID related data between the Division and Market Operations Department;
- 6 Improvements to the Participant Portal, namely: visibility and interface improvements; security enhancements; optimization of data management to generate regulatory reports;
- 7 Changes to the Market Regulation assessment fees.

2024 Compliance Priorities

While conducting its regulatory activities last year, namely examinations, market analyses, investigations, and disciplinary matters, as well as in light of questions, comments and complaints received, the Division has identified certain compliance issues that will be prioritized throughout 2024. The Division has also noted that certain regulatory matters identified in the past, remain a challenge for several Approved Participants (“Participants”). The Division therefore invites Participants to pay particular attention to the following items (presented in no particular order) and to ensure that their practices comply with the regulatory requirements set out in the Rules of the Bourse (“Rules”):

- 1 Manipulative and deceptive methods of trading** include but are not limited to layering, spoofing, and marking the close ([Article 7.5](#) of the Rules). The Division reminds Participants that such practices are prohibited and that they must notify the Division when an employee, Approved Person, or sponsored access client has engaged in any act, conduct, practice or proceeding possibly in violation of the Rules ([subparagraph 3.105\(b\)\(ii\)](#) of the Rules).
- 2 Position limits on Listed Products** is the maximum number of contracts a Person¹ may hold or control unless that Person has been granted a position limit exemption. The Division reminds Participants that the limits must be monitored, adjusted when applicable and respected. The Division invites Participants to review the [Position Limits FAQ](#) for more information.
- 3 Sponsored access (Direct electronic access)** allows clients of a Participant to transmit orders electronically to the Bourse through the system of the Participant ([Article 3.5](#) of the Rules). The Division reminds Participants of the conditions which must be met and controls which must be in place. The Division invites Participants to review the related FAQs² for further information.
- 4 Prearranged transactions marker** is a requirement which was introduced in December 2022 and applies to all privately negotiated orders, except for committed orders, entered into the central limit order book ([paragraph 6.115\(b\)](#) of the Rules). The Division will evaluate whether Participants are complying with this obligation, and escalate for further analysis when applicable. The Division invites Participants to review the [Order identification FAQ](#) for further information.

The Division personnel, through its Regulatory Outreach Program, remain available to answer any questions related to these items or to discuss any regulatory concerns or issues. Furthermore, if additional information or clarification is required, do not hesitate to contact the Division (coordinates may be found at the end of this circular).

¹ Article 1.101 of the Rules of the Bourse: Person (Personne) means an individual, a Partnership, a corporation, a government or any department or agency thereof, a court, a trustee, any unincorporated organization and the heirs, executors, administrators or other legal representatives of an individual.

² [Circular 150-20](#) and [Circular 042-21](#)

2024 Division Initiatives

The Division favours a culture of transparency and openness with its various stakeholders. Below are some initiatives that the Division intends to pursue during the course of 2024:

- 1 Publish new or update existing FAQs and guidelines aimed at promoting a better understanding of the Rules, expectation of the Division and/or obligations of Participants;
- 2 Introduce a Regulatory Bulletin to enhance the communication channel with Participants by sending frequent reminders, tips and best practices;
- 3 Launch a solution in the Participant Portal to facilitate submission of information prescribed under the Client and Order identifiers requirements which will become effective in 2024;
- 4 Enhance the surveillance system to generate new reports and calibrate existing alerts;
- 5 Introduce a module in the Participant Portal to enable filing large open position reports (LOPR);
- 6 Continue strengthening procedures and processes regarding the treatment of personal information;
- 7 Encourage resource efficiency by providing employee training, improving tools available to perform regulatory activities and enhancing synergies between the services of the Division;
- 8 Analyze the Approved Person regime and consult stakeholders for opportunities to improve the framework.

These initiatives will be subject to a collaborative approach with the various stakeholders, particularly through exchanges, discussions during the Division's User Group meetings and potential working groups for specific initiatives.



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For more information

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