



**TO : Approved participants  
Chief Financial Officers  
External Auditors  
Holders of the Rules and Policies Manual**

**February 18, 2003**

**SURVEILLANCE AND COMPLIANCE  
ADDITION OF ARTICLE 3011 TO RULE THREE**

The Special Committee – Regulatory Division of Bourse de Montréal Inc. (the “Bourse”) has approved the addition of article 3011 “Supervision and compliance” to Rule Three of the Bourse. This new article becomes effective immediately.

Article 3011 sets out general principles on the requirement for approved participants and their supervisors to ensure compliance with all legislation and regulations applicable to securities and derivative products.

First, paragraph a) of article 3011 requires approved participants to establish and maintain a system to supervise the activities of all partners, directors, officers, registered representatives and investment representatives, employees and agents to ensure that they act in compliance with all legislations and regulations applicable to securities and derivative products. This system of surveillance must include the following elements:

- the establishment and enforcement of written policies and procedures reasonably designed to achieve compliance with all applicable legislations and regulations;
- the implementation of procedures to ensure that all concerned persons understand their responsibilities;
- the implementation of procedures to ensure that policies and procedures are updated when applicable legislations and regulations are amended and that such amendments are communicated to the relevant personnel;

Circular no.: 017-2003  
Amendment no.: 002-2003

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- the allocation of adequate resources to ensure the enforcement of the approved participant's policies and procedures;
- the designation of qualified persons with the necessary authority to carry out the approved participant's policies and procedures and the obligation to maintain an internal record of the identity of the persons designated as having supervisory responsibility and of the dates for which such designations are or were in effect;
- periodic on-site reviews of branch offices where compliance activities are undertaken;  
and
- the implementation of records of compliance activities including issues identified and solutions retained.

Paragraph b) of article 3011 is a general provision that sets out a requirement for persons with the supervisory authority over others to exercise this authority in an efficient and complete manner while paragraph c) of the article sets the circumstances in which delegation of this supervisory authority is permitted.

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