



<input checked="" type="checkbox"/> Trading – Interest Rate Derivatives	<input checked="" type="checkbox"/> Back-office – Options
<input checked="" type="checkbox"/> Trading – Equity and Index Derivatives	<input checked="" type="checkbox"/> Technology
<input checked="" type="checkbox"/> Back-office – Options	<input checked="" type="checkbox"/> Regulation

CIRCULAR 027-18

February 15, 2018

MISSION, VISION, COMPLIANCE PRIORITIES AND 2018 REGULATORY DIVISION INITIATIVES

The Bourse is recognized by the Autorité des marchés financiers (the "Autorité") as an exchange and a self-regulatory organization. The Regulatory Division (the "Division") is a separate business unit of the Bourse responsible for carrying out the Bourse's regulatory functions and operations.

Mission and vision

As part of its strategic planning, the Regulatory Division of the Bourse de Montréal Inc. (the "Bourse") initiated discussions concerning its mission and vision, with the objective of ensuring that the mission and vision remain current and reflect the preferred approaches of the Division as it carries out its regulatory functions and operations.

This exercise led the Division to a redefined mission and vision that we are now pleased to unveil.

Our mission: To protect the integrity of the derivatives market and foster a compliance culture in collaboration with the various stakeholders.

Our vision: To carry out our regulatory activities in an efficient and transparent manner by focusing on innovation and considering market challenges.

In 2018, the Division wants to continue working with the various stakeholders in order to foster a compliance culture and protect the integrity of the derivatives markets. It is also important for the Division to carry out its activities in an efficient and transparent manner, particularly by developing and applying rules and policies that take market challenges into account.

Compliance priorities for 2018

In light of the Division's observations during its regulatory operations last year – examinations, market analyses and investigations – as well as the questions, comments and complaints it received, the following compliance priorities have been identified:

1. Participants' compliance and supervision obligations, in particular those regarding the obligation to report the accumulation of positions for derivative instruments (LOPR reports);
2. The information that participants provide to the Division (for example, order identification); and
3. Manipulative or deceptive methods of trading.

Tour de la Bourse

P.O. Box 61, 800 Victoria Square, Montreal, Quebec H4Z 1A9

Telephone: 514 871-2424

Toll free within Canada and the U.S.A.: 1 800 361-5353

Website: www.m-x.ca

These priorities will guide the Division's initiatives in its examination, analysis, investigation, and enforcement activities.

Regulatory initiatives of the Division

The Division fosters a culture of transparency and openness with its various stakeholders. Also, in 2018, the Division wants to share more information and guidelines concerning the following regulatory matters:

- Article 6306 of the Rules of the Bourse regarding manipulative or deceptive methods of trading;
- Article 6816 regarding off-exchange transfers of existing futures contracts;
- Criteria for obtaining approved person status respecting the Rules of the Bourse.

Furthermore, the Division will propose new amendments to article 4002.

These initiatives will involve adopting a collaborative approach with the various stakeholders, including exchanges and discussions at meetings of the Division's User Group.

Lastly, the Division intends to publish a semi-annual newsletter to share observed best practices, its most recent observations and general information on its regulatory operations, including fines for minor violations imposed during the period.

If you would like more information or have any questions, contact the Regulatory Division at 514-787-6530, toll-free in Canada and the U.S. at 1-800-361-5353 ext. 46530, toll-free in Great Britain and France at 00 800 36 15 35 35 ext. 46530, or by email at info.mxr@tmx.com.

Julie Rochette
Vice President and Chief Regulatory Officer