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

CIRCULAR
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UPDATING OF RULES THREE, FOUR AND FIVE

Bourse de Montréal Inc. (the Bourse) has updated Rule Three (Approved Participants), Rule Four (Investigations, Discipline and Appeals) and Rule Five (Miscellaneous Rules) of its Rules and Policies Manual. The purpose of these amendments is to update and standardize the terminology used in these Rules in consideration of the demutualization of the Bourse. The Bourse also took this opportunity to withdraw from the Rules some provisions which had become obsolete and to modify some other ones which, in the opinion of the Bourse, needed corrections. Approved participants will find hereunder a summary of the most important amendments that were made to the concerned Rules. All the amendments made are effective immediately.

SUMMARY OF THE MOST IMPORTANT AMENDMENTS

Rule Three – Approved Participants

- Articles 3201 to 3204 which formerly related to individual members (i.e. physical persons who could become members of the Bourse) have been entirely abrogated since it is no longer possible for individuals to become approved participants of the Bourse. Only moral persons can now obtain such a status.
- Articles 3901 to 3948 which formerly related to special categories of members have been entirely abrogated since there are no more special categories of approved participants.

Rule Four – Investigations, Discipline and Appeals

- Paragraph b) of article 4101 was limiting the delay within which the Bourse could deposit a complaint against an approved participant or an approved person to twelve (12) months from the date on which a person had ceased to be an approved participant

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or an approved person. This delay was much too short since in many cases the Bourse was informed late of the existence of complaints from clients and, in other cases, the complexity of the investigation files was not permitting their completion in time to provide for the deposit of the complaint within the prescribed delay. The relevant paragraph has therefore been amended to increase the delay for the deposit of a complaint by the Bourse to thirty-six (36) months from the date of termination of an approved participant or of an approved person.

- Up until now, only current or retired directors or partners of approved participants could sit on a disciplinary committee of the Bourse. Not only this restriction was significantly limiting the number of persons eligible to sit on such a committee but it also had the effect of depriving the Bourse from the expertise of many approved participants officers who are not directors. Paragraph a) of article 4103 has therefore been amended in order to allow current and retired officers of approved participants to sit on a disciplinary committee.
- Article 4152 previously contained a provision to the effect that if a person failed to expressly deny the facts alleged against that person in an introductory notice, then this person was deemed to have admitted such facts. This provision has been abrogated.

Rule Five – Miscellaneous Rules

- Section 5126 – 5200 of Rule Five that related to the Brokers' Clearing Fund has been entirely abrogated since this fund no longer exists.

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Encl.