



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

CIRCULAR
June 17, 2005

**AMENDMENTS TO ARTICLES 1102, 3303 AND 3403 OF THE RULES AND TO
POLICIES F-2 AND F-3 OF BOURSE DE MONTRÉAL INC.**

**REQUIREMENT TO APPOINT A CHIEF FINANCIAL OFFICER AND
INTRODUCTION OF A CHIEF FINANCIAL OFFICERS QUALIFYING
EXAMINATION**

The Special Committee – Regulatory Division (the Committee) of Bourse de Montréal Inc. (the Bourse) approved amendments to articles 3303 and 3403 of the Rules of the Bourse requiring each approved participant to appoint a chief financial officer. The chief financial officer must be a partner, an officer or a director of the approved participant. The definition of “officer” in article 1102 of the Rules has also been amended in order to add to the various designations mentioned in this definition the designation of chief financial officer.

The Committee also approved amendments to Policies F-2 and F-3 of the Bourse which respectively set the proficiency requirements for approved persons and the required conditions for granting an exemption to a course or an examination of the securities industry. The amendments to Policy F-2 require that all chief financial officers successfully complete a qualifying examination while the amendments to Policy F-3 establish the conditions that must satisfy a person seeking approval as chief financial officer in order to be exempted from rewriting the Chief Financial Officer Qualifying Examination. This examination is administered by the Canadian Securities Institute.

All the above-mentioned amendments are effective immediately.

It is important to mention that the main purpose of the implementation of these regulatory amendments by the Bourse is to harmonize its regulations with those of the Investment Dealers Association of Canada (IDA). The IDA being entirely responsible for approving persons wishing to be appointed as chief financial officer for Canadian approved participants, the Bourse will not handle nor approve any application to this effect and will not handle any request for

Circular no.: 089-2005
Amendment no.: 006-2005

exemption in regards to rewriting an examination related to this category of approval. Articles 3303 and 3403 of the Rules contain a provision exempting officers of an approved participant from seeking the approval of the Bourse when such approval is sought from and granted by the self-regulatory organization responsible for supervision of such an approved participant.

For further information, please contact Mr. Jacques Tanguay, Vice-President, Regulatory Division, at (514) 871-3518, or by e-mail at jtanguay@m-x.ca.

Joëlle Saint-Arnault
Vice-President, Legal Affairs and Secretary

Encl.

1102 Definitions

(07.09.99, 31.01.01, 08.07.02, 02.09.03, 17.06.05)

Throughout the Regulation of the Bourse, unless the subject matter or context otherwise requires:

Officer means any person exercising the functions of a president, vice-president, chief executive officer, chief financial officer, chief operating officer, secretary, any other person designated an officer of an approved participant by law or similar authority, or any person acting in a similar capacity on behalf of an approved participant.

III. Partnership Approved Participants

3303 Officers of Partnership Approved Participants

(15.03.05, 17.06.05)

- a) Each officer of a partnership approved participant at the time he first becomes an officer and throughout his term of office must comply with article 3302 as required by the context and must comply with the requirements of subparagraphs ii) and iii) in the definition of "industry member" as provided in Rule One.
- b) One officer must be appointed as chief financial officer and this one must, in addition to the requirements provided for in paragraph a) above, comply with the proficiency requirements provided for in section 2A of Policy F-2 of the Bourse.
- c) Notwithstanding the preceding paragraph, if the chief financial officer of a partnership approved participant terminates his employment and if the approved participant is unable to immediately appoint another qualified person as chief financial officer, the approved participant may, with the approval of the Bourse, appoint another officer as acting chief financial officer provided that, within 90 days of the termination of the previous chief financial officer,
 - i) The acting chief financial officer successfully completes the proficiency requirements provided for in section 2A of Policy F-2 and is approved by the Bourse as chief financial officer; or
 - ii) Another person satisfying the proficiency requirements provided for is appointed as chief financial officer by the approved participant and approved by the Bourse.

Exemption: Notwithstanding the foregoing provisions of the present article, an officer is exempted from seeking the approval of the Bourse provided such approval is sought from and granted by the self-regulatory organization responsible for supervision of the concerned approved participant, pursuant to the agreement establishing the Canadian Investor Protection Fund.

IV. Corporate Approved Participants

3403 Officers of Corporate Approved Participants

(15.03.05, 17.06.05)

- a) Each officer of a corporate approved participant at the time he or she first becomes an officer and throughout his or her term of office must comply, mutatis mutandis, with the provisions of article 3402 and must satisfy the requirements of sub-paragraphs ii) and iii) of the definition of "industry member" provided in Rule One.
- b) One officer must be appointed as chief financial officer and this one must, in addition to the requirements provided for in paragraph a) above, comply with the proficiency requirements provided for in section 2A of Policy F-2 of the Bourse.
- c) Notwithstanding the preceding paragraph, if the chief financial officer of a corporate approved participant terminates his employment and if the approved participant is unable to immediately appoint another qualified person as chief financial officer, the approved participant may, with the approval of the Bourse, appoint another officer as acting chief financial officer provided that, within 90 days of the termination of the previous chief financial officer,
 - i) the acting chief financial officer successfully completes the proficiency requirements provided for in section 2A of Policy F-2 and is approved by the Bourse as chief financial officer; or
 - ii) another person satisfying the proficiency requirements provided for is appointed as chief financial officer by the approved participant and approved by the Bourse.

Exemption: Notwithstanding the foregoing provisions of the present article, an officer is exempted from seeking the approval of the Bourse provided such approval is sought from and granted by the self-regulatory organization responsible for the supervision of the concerned approved participant, pursuant to the agreement establishing the Canadian Investor Protection Fund.

**POLICY F-2
(21.08.02, 17.06.05)**

PROFICIENCY REQUIREMENTS

INTRODUCTION

This policy outlines the proficiency requirements for approved persons. These proficiency requirements consist of both entrance criteria and on-going requirements.

DEFINITIONS

For the purpose of this policy:

“IFIC” means the Investment Funds Institute of Canada;

“Recognized foreign self-regulatory organization” means a foreign self-regulatory organization which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Bourse.

The Canadian Security Institute, unless otherwise specified, administers all courses and examinations.

PROFICIENCY REQUIREMENTS FOR APPROVED PERSONS

1) Branch managers and sales managers

The proficiency requirements for a sales manager, branch manager, assistant or co-branch manager are the following:

- a) have two years of experience as a registered representative or working in the office of a broker or dealer in securities in various positions or such equivalent experience as may be acceptable;
- b) be approved as a registered representative;
- c) have successfully completed:
 - i) the Branch Managers Course;
 - ii) the Options Supervisors Course if the approved participant trades options with the public;
 - iii) the Effective Management Seminar within 18 months of approval;
- d) failure to satisfy the requirements of subparagraph iii) of paragraph c) above will result in the automatic suspension of approval. Approval will be reinstated only at such time as the person has completed the concerned seminar.

2) Partners, Directors and Officers

The proficiency requirements for a partner, director or officer are the following:

- a) successful completion of the Partners, Directors and Senior Officers course;
- b) for those partners, directors and officers who trade in securities, successful completion of:
 - i) either the Canadian Securities Course;
 - ii) or the New Entrants Course, where the person was approved or licensed with a recognized foreign self-regulatory organization prior to application with the Bourse;
- c) have the experience required under the legislation and regulation applicable to securities and derivatives products.

3) Chief Financial Officers

The proficiency requirements for a chief financial officer designated pursuant to articles 3303 or 3403 are the following:

- a) a financial accounting designation, university degree or diploma, or equivalent work experience; and
- b) successful completion of the Partners, Directors and Senior Officers Course and of the Chief Financial Officers Qualifying Examination.

4) Registered Representatives and Investment Representatives

The proficiency requirements for a registered representative and an investment representative are the following:

- a) have successfully completed:
 - i) the Canadian Securities Course prior to commencing the professional training programme implemented by the approved participant;
 - ii) the Conduct and Practices Handbook Course;
 - iii) either:
 - A. for a registered representative, except for registered representatives dealing exclusively with institutional clients, a 90-day training programme during which he must be employed by an approved participant on a full time basis;
 - B. for an investment representative, a 30-day training programme during which he must be employed by an approved participant on a full time basis;

- b) successful completion of the New Entrants Course, where the person was approved or licensed with a recognized foreign self-regulatory organization prior to application with the Bourse;
- c) be licensed or registered under the securities laws applicable;
- d) successful completion, where the person is a registered representative, other than a group savings plan representative or a registered representative for institutional clients, within 30 months of approval as a registered representative of:
 - i) either the Professional Financial Planning Course;
 - ii) or the Investment Management Techniques course.

5) Group savings plan representatives

The proficiency requirements for a group savings plan representative are the following:

- a) have successfully completed one of the following courses:
 - i) the Canadian Investment Funds Course administered by the Investment Funds Institute of Canada;
 - ii) the Investment Funds in Canada Course administered by the Institute of Canadian Bankers;
 - iii) the Principles of Mutual Funds Investment Course administered by the Trust Company Institute;
 - iv) any other course approved by the Bourse and offered by a recognized educational establishment;
 - v) the Canadian Securities Course;
- b) be employed by an approved participant for the sole purpose of soliciting orders for mutual fund securities;
- c) be registered under the securities laws of the jurisdiction in which he deals with the public as a mutual fund salesman.

6) Traders

The proficiency requirements for a trader are the following:

- a) successful completion of such exchange trading examinations as may be required by a recognized exchange;
- b) be licensed or registered under the securities laws applicable.

7) Portfolio Managers

1) Portfolio Manager

The proficiency requirements for a portfolio manager are the following:

- a) have successfully completed:
 - i) either the Portfolio Management Techniques course as well as one of the following courses:
 - A. the Professional Financial Planning Course;
 - B. the Investment Management Techniques course;
 - ii) or the Chartered Financial Analyst designation administered by the Association for Investment Management and Research;
- b) have one of the following experiences:
 - i) three years as an associate portfolio manager;
 - ii) three years as a registered representative and two years as an associate portfolio manager;
 - iii) three years as an analyst for an approved participant and two years as an associate portfolio manager;
 - iv) five years, managing a portfolio of \$5,000,000 or more, on a discretionary basis, while employed by a regulated institution;
- c) at the time of application, and for a period of not less than one year prior to the application, has had assets having an aggregate value of not less than \$5,000,000 under his direct administration on a discretionary basis;
- d) be a partner, officer, director or employee of an approved participant;
- e) be licensed, registered or otherwise designated or approved to trade or advise in securities under the securities legislation of a province of Canada.

2) Futures contracts portfolio manager

The proficiency requirements for a futures contracts portfolio manager are the following:

- a) have an experience:
 - i) either of at least three years as an associate portfolio manager for futures contract;

- ii) or of at least two years as an associate portfolio manager and at least three years as a representative for futures contracts;
- b) be a partner, officer, director or employee of an approved participant;
- c) at the time of application, and for a period of not less than one year prior to the application, has had assets having an aggregate value of not less than \$5,000,000 under his direct administration on a discretionary basis and including futures contracts;
- d) be licensed, registered or otherwise designated or approved to trade futures contracts.

3) Associate Portfolio Manager

The proficiency requirements for an associate portfolio manager are the following:

- a) have successfully completed:
 - i) either the Portfolio Management Techniques course as well as one of the following courses:
 - A. the Professional Financial Planning Course;
 - B. the Investment Management Techniques Course;
 - ii) or the Chartered Financial Analyst designation administered by the Association for Investment Management and Research;
- b) have an experience:
 - i) either of at least two years as an approved and practising registered representative;
 - ii) or of at least two years as an analyst for an approved participant;
- c) be a partner, officer, director or employee of an approved participant;
- d) be licensed, registered or otherwise designated or approved to trade or advise in securities under the securities legislation of a province of Canada.

4) Associate Portfolio Manager for futures contracts

The proficiency requirements for an associate portfolio manager for futures contracts are the following:

- a) have an experience:
 - i) either of at least two years as an approved and practising representative for futures contracts;

- ii) or of at least two years as an analyst specializing in futures contracts for an approved participant;
- b) be a partner, officer, director or employee of an approved participant;
- c) be licensed, registered or otherwise designated or approved to trade futures contracts.

8) Futures Contracts and Options on Futures Contracts

The proficiency requirements for a futures contract and options on futures contracts principal or alternate or for an approved representative for futures contract and options on futures contracts are the following:

- a) have successfully completed:
 - i) either the Derivatives Fundamentals Course and the Futures Licensing Course;
 - ii) or the Futures Licensing Course and the National Commodity Futures Examination administered by the National Association of Securities Dealers (U.S.A.);
- b) successful completion of the Canadian Commodity Supervisors Examination, in the case of an applicant as a futures contract and options on futures contracts principal or alternate or as a branch manager authorized to supervise accounts trading in futures contracts or options on futures contracts;
- c) be a partner, officer, or director of an approved participant in the case of an applicant as a futures contract and futures contract options principal or alternate.

9) Options

The proficiency requirements for an options principal or alternate or for an options approved representative are the following:

- a) have successfully completed:
 - i) the Derivatives Fundamentals Course and the Options Licensing Course;
 - ii) the Options Supervisors Course, in the case of an options principal or alternate;
- b) have satisfied the requirements outlined in section 3 of this policy in the case of an applicant wishing to trade options;
- c) be a partner, officer, or director of an approved participant in the case of an applicant as options principal or alternate.

10) General Exemption

Notwithstanding this policy, the Bourse may from time to time exempt any person or class of persons from the proficiency requirements on such terms and conditions, if any, as the Bourse may see fit.

POLICY F-3

REQUIRED CONDITIONS FOR GRANTING AN EXEMPTION TO A COURSE OR AN EXAMINATION OF THE INDUSTRY (11.06.03, 17.06.05)

Introduction

This policy outlines the exemptions that exist from the course and examination requirements for persons seeking to be approved in certain categories of registration. It exempts applicants from the requirement to retake courses or examinations that they have successfully completed if they are re-entering the securities industry, re-registering in a category of registration or seeking initial registration within certain time periods. This policy also provides exemptions to applicants from the requirements to initially take a course or write an examination if the applicant satisfies one of the specifically enumerated exemptions based on grandfathering provisions or the successful completion of other courses and examinations. Finally, this policy sets out the basis upon which the Bourse may grant a discretionary exemption.

Definitions

For the purposes of the present policy:

«IFIC» means the Investment Funds Institute of Canada;

«recognized foreign self-regulatory organization» means a foreign self-regulatory organization recognized by a concerned securities authority and that has similar requirements as the Bourse in terms of efficiency and approval and which offers a reciprocal treatment to Canadian applicants and which has been approved as such by the Bourse;

«approved person» means an applicant that is approved by and registered with a self-regulatory organization in a category of registration;

«approved person as investment representative» means a non-retail representative, a discount broker representative and a sales assistant;

The Canadian Securities Institute, unless otherwise specified, administers all courses and examinations.

A. Exemptions to retake courses

1. The Canadian Securities Course

An applicant will be exempted from retaking the Canadian Securities Course if he satisfies one of the following requirements:

- a) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;
- b) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;

- c) he is currently seeking approval within three years of successfully completing the Canadian Securities Course.

An applicant will be exempted from retaking a course listed below if he satisfies one of the following requirements:

- d) he was an approved person, currently seeking to re-enter the securities industry within the same category of registration within three years of his registration lapsing;
- e) he is an approved person, currently seeking re-registration within the same category of registration within three years of that category of registration lapsing;
- f) he is currently seeking approval within two years of successfully completing the course for which he wants to be exempted from retaking.

The Conduct and Practices Handbook Course (formerly the Registered Representative Manual Examination);

The Partners, Directors and Senior Officers Course (formerly the Partners, Directors and Senior Officers Qualifying Examination);

The Derivatives Fundamentals Course;

The Options Licensing Course (formerly the Canadian Options Course);

The Options Supervisors Course (formerly the Registered Options Principals Qualifying Examination);

The Futures Licensing Course (formerly the Canadian Futures Examination, Parts I and II, formerly the National Commodity Futures Examination and the Canadian Commodity Futures Examination);

The Canadian Commodity Supervisors Examination;

The Branch Managers Course (formerly the Canadian Branch Managers Qualifying Examination);

The Professional Financial Planning Course;

The Investment Management Techniques Course;

The Canadian Investment Funds Course administered by the Investment Funds Institute of Canada;

The Investment Funds in Canada Course administered by the Institute of Canadian Bankers;

The Principles of Mutual Funds Investment Course administered by the Company Trust Institute.

2. The Chief Financial Officers Qualifying Examination

An applicant will be exempted from rewriting the Chief Financial Officers Qualifying Examination if the applicant:

- a) is currently approved in any category other than chief financial officer and, since completing the Chief Financial Officers Qualifying Examination, has been working closely with and providing assistance to the chief financial officer;
- b) was approved as chief financial officer with an approved participant and is currently seeking re-approval as such within three years of the end of the last approval date;
- c) is currently seeking approval as chief financial officer within two years of successfully completing the Chief Financial Officers Qualifying Examination.

/.....