



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

**August 21, 2002**

**PROFICIENCY REQUIREMENTS  
AMENDMENTS TO RULES ONE, THREE, SEVEN, ELEVEN, FOURTEEN  
AND TO POLICY C-2 AND ADDITION OF POLICY F-2**

The Special Committee – Regulatory Division of Bourse de Montréal Inc. (the “Bourse”) has approved amendments to Rules One, Three, Seven, Eleven and Fourteen and to Policy C-2 as well as the addition of Policy F-2 “Proficiency Requirements” to the Rules and Policies Manual of the Bourse. These amendments and the new Policy become effective immediately.

Considering that the implementation of proficiency requirements is a fundamental element of regulation in the securities industry, the amendments made and the new Policy F-2 aim on one hand to consolidate into one document all proficiency requirements and, on the other hand, to actualize these requirements in order to comply with current industry practices.

Revision of a substantive nature following this actualization particularly affects the following categories of approval.

- **Branch Managers and Sales Managers**

Previously, to be approved as a sales manager, a candidate was required to:

- have two years of relevant experience employed by a broker with an unrestricted practice;
- be approved as a registered representative;
- have successfully completed the Branch Managers Course; and
- have completed the Effective Management Seminar within 18 months following his/her approval.

However, these requirements were not codified in the Bourse’s Rules and Policies.

Regarding branch managers, the candidate was required to:

- have an experience acceptable to the Bourse (article 7352 of the Bourse’s Rules);

Circular no.: 111-2002  
Amendment no.: 015-2002

**Tour de la Bourse**  
C. P. 61, 800, square Victoria, Montréal (Québec) H4Z 1A9  
Téléphone : (514) 871-2424  
Sans frais au Canada et aux États-Unis : 1 800 361 -5353  
Site Internet : [www.m-x.ca](http://www.m-x.ca)

**Tour de la Bourse**  
P.O. Box 61, 800 Victoria Square, Montréal, 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](http://www.m-x.ca)

- be approved as a registered representative and have successfully completed the Branch Managers Course (section 50 of *Policy Statement Q-9* of the Commission des valeurs mobilières du Québec (CVMQ));
- have completed the Effective Management Seminar offered by the Canadian Securities Institute (Circular 287-93 issued on December 30, 1993).

From now on, Policy F2 requires that a candidate wishing to be approved in any of these two categories must have cumulated two years of experience as a registered representative or as an employee of a broker or such equivalent experience as may be acceptable to the Bourse. The candidate must be approved as a registered representative, have successfully completed the Branch Managers Course and have completed the Effective Management Seminar within 18 months following his/her approval.

Finally, a new requirement was introduced, consisting of the obligation for the candidate to successfully complete the Options Supervisors Course administered by the Canadian Securities Institute (CSI) when the approved participant trades options on its clients' behalf.

- **Partners, Directors and Officers**

Until now, articles 3302 and 3402 of the Bourse's Rules gave to the Bourse significant discretion in setting proficiency requirements for these categories of approval, and this could sometimes result in a lack of uniformity in the proficiency requirements needed from one case to another. The Bourse's new Policy F2 allows to correct this deficiency since it establishes specific requirements that candidates must satisfy. In addition to clarifying the proficiency requirements by consolidating them in one location, Policy F-2 innovates since, from now on, foreign candidates approved or licensed with a recognized foreign self-regulatory organization can be approved as officers, subject to the successful completion of the Partners, Directors and Senior Officers Course.

- **Investment Advisors and Investment Representatives**

Until now, the proficiency requirements for registered representatives and investment representatives were found in article 7404 of the Bourse's Rules, as well as in circulars 287-93 and 209-94, issued by the Bourse on December 30, 1993, and on October 17, 1994 respectively.

These requirements can now be found in Policy F-2 and are not very different from previous requirements. The modifications made only reflect the new realities of the industry, such as addition of new courses and new proficiency requirements.

- **Group Saving Representatives**

The new Policy F2 recaptures, in a clearer way, the proficiency requirements that candidates seeking approval as Group Saving Representatives must comply with and that can be found in Section 45 of the Policy Statement Q-9 of the Commission des valeurs mobilières du Québec and in article 7406 of the Bourse's Rules.

- **Traders**

Until now, the Bourse's Rules were vague and imprecise regarding the proficiency requirements that candidates seeking approval as traders had to comply with. From now on, Policy F2 provides that a candidate seeking approval as a trader will have to successfully complete the applicable training that may be required by a recognized exchange.

- **Portfolio Managers**

Until now, the proficiency requirements applicable to a portfolio manager or an associate portfolio manager were found in articles 7480 and 14167 of the Bourse's Rules and in circular 287-93 issued by the Bourse on December 30, 1993.

While consolidating these requirements, the Bourse's new Policy F2 also proposes updated requirements to reflect the evolution of the securities industry. Thus, the new proficiency requirements applicable to portfolio managers and associate portfolio managers reflect the implementation of the new Portfolio Management Technique Course offered by the CSI. In addition, the experience requirements applicable to candidates are clearer.

- **Futures Contracts, Options on Futures Contracts and Options**

Articles 11002, 11008 and 14053 (applicable to options, options on futures contracts and futures contracts principals) as well as articles 11005, 11012 and 14057 (applicable to options, options on futures contracts and futures contracts representatives) of the Bourse's Rules granted a large discretion to the Bourse to set proficiency requirements since it was simply mentioned that candidates must complete the course or courses required by the Bourse. The Bourse's new Policy F-2 lists and consolidates the Bourse's proficiency requirements when individuals want to trade options, options on futures contracts and futures contracts. In addition, the requirements found in this Policy have been actualized to reflect amendments in the courses offered by the CSI.

For further information, please contact Chantal Villeneuve, Legal Counsel, Regulatory Division at (514) 871-4949, extension 360 or via e-mail at [cvilleneuve@m-x.ca](mailto:cvilleneuve@m-x.ca).

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

Encl.