



CIRCULAR 003-26

January 9, 2026

BOURSE DE MONTRÉAL INC.

HEARING BEFORE A DISCIPLINARY COMMITTEE

BMO NESBITT BURNS INC. AND FRANCO CARELLI

There will be a Disciplinary Committee hearing on **January 16, 2026 at 9:00 a.m.** by videoconference, in order to decide on the sanctions to be imposed on BMO Nesbitt Burns Inc. and Mr. Franco Carelli (the “Respondents”), following the decision rendered on October 29, 2025 by a Disciplinary Committee whereby the Respondents were found guilty of alleged offences stated in disciplinary complaints filed by the Regulatory Division of Bourse de Montréal Inc. (the “Bourse”) against them (see Circular [136-25](#)).

The disciplinary complaint against BMO Nesbitt Burns Inc. stated that:

1. On March 19th, 2019 and on May 31st, 2019, BMO Nesbitt Burns Inc. contravened Article 7.6 - “Front Running Prohibited” - of the Rules of the Bourse, as it took advantage of a customer’s order by trading ahead of it, and engaged in Transactions based in whole or in part on non-public information concerning pending transactions in Securities, Options or future contracts, which are likely to affect the market prices of any other Securities, Options or future contracts;
2. On March 19th, 2019 and on May 31st, 2019, BMO Nesbitt Burns Inc. contravened Article 7.3 - “Best Execution Required” - of the Rules of the Bourse, as BMO Nesbitt Burns Inc. did not diligently pursue the execution of a client order on the most advantageous execution terms reasonably available under all of the circumstances relating to the Trade or Trading Strategy and the then current market conditions at the time of the Trade;
3. On March 19th, 2019 and on May 31st, 2019, BMO Nesbitt Burns Inc. contravened Article 6.202 - “Trading Against Customer Orders (Cross-Trades)”, subparagraphs 6.205 (b) ii) and iii) – “Preearranged Transactions”, and article 6.114 – “Order Priorities” of the Rules of the Bourse, as BMO Nesbitt Burns Inc., while knowingly taking the opposite side of a customer order of Futures for its own account, did not enter the customer order first on the Electronic Trading System, did not give priority to a customer order and did not expose the customer order to the market for the minimum prescribed time period established under the Rules of the Bourse;
4. On March 19th, 2019, and on May 31st, 2019, BMO Nesbitt Burns Inc. contravened Article 6.115 - “Order Identification” - of the Rules of the Bourse, as BMO Nesbitt Burns Inc. did not ensure the

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proper identification of orders when entering them into the trading system (order for the account of a customer and order for the account of the firm);

5. Between March 19th, 2019 and October 10th, 2019, BMO Nesbitt Burns Inc. contravened Article 3.100 - "Supervision, Surveillance and Compliance" of the Rules of the Bourse, as BMO Nesbitt Burns Inc. did not establish and maintain a system to supervise the activities of each of its employees and Approved Persons that is reasonably designed to achieve Compliance with the Rules of the Bourse, more specifically as it did not have a surveillance system in place reasonably designed to prevent or detect the trading practice of "front running" by its Approved Persons and employees;
6. On March 19th, 2019 and on May 31st, 2019, BMO Nesbitt Burns Inc. contravened Article 3.100 - "Supervision, Surveillance and Compliance" - of the Rules of the Bourse, as BMO Nesbitt Burns Inc. did not establish and maintain a system to supervise the activities of each of its employees and Approved Persons that is reasonably designed to achieve Compliance with the Rules of the Bourse, more specifically as it did not have a surveillance system in place reasonably designed to prevent or detect violations of Articles 6.114 - "Order Priorities", 6.115 - "Order Identification", 6.202 – "Trading Against Customer Orders (Cross-Trades)", 6.205 – "Prearranged Transactions", and 7.3 – "Best Execution" of the Rules of the Bourse;
7. On March 19th, 2019, and on May 31st, 2019, BMO Nesbitt Burns Inc. contravened Article 3.101 - "Approved Participant's Supervisory Responsibility" - of the Rules of the Bourse, as BMO Nesbitt Burns Inc. did not ensure that one of its employees and Approved Persons complied with Article 7.6 of the Rules of the Bourse (Front Running Prohibited).

The disciplinary complaint against Mr. Franco Carelli stated that on March 19, 2019 and on May 31, 2019, he contravened Article 7.6 - "Front Running Prohibited" of the Rules of the Bourse, as he took advantage of a customer's order by trading ahead of it, and engaged in Transactions based in whole or in part on non-public information concerning pending transactions in Securities, Options or future contracts, which were likely to affect the market prices of any other Securities, Options or future contracts.

On October 29, 2025, following a hearing held on June 2, 3, 4, 5 and 6, 2025, a Disciplinary Committee duly constituted pursuant to the Rules of the Bourse found Mr. Franco Carelli guilty of the alleged offence, found BMO Nesbitt Burns Inc. guilty of the alleged offences under counts 1, 2, 3, 5, 6 and 7, and acquitted BMO Nesbitt Burns Inc. of the alleged offence under count 4.

In accordance with article 4.302 of the Rules of the Bourse, this hearing will be open to the public.

Members of the public and the media can attend the hearing by making a request to the Secretary of the Disciplinary Committee at the following email address: mariesylvie.poissant@tmx.com.

This request must be sent no later than three (3) business days before the hearing date and contain the following information:

- The matter the person wishes to attend
- Date of the hearing
- The person's name
- The person's email address
- The person's phone number

For further information, please contact the legal affairs of the Regulatory Division of the Bourse by e-mail at mxrlegal@tmx.com.

Marie-Sylvie Poissant
Secretary of the Disciplinary Committee