



**CIRCULAR 008-26**

January 20, 2026

**BOURSE DE MONTRÉAL INC.**

**DISCIPLINARY DECISION – SETTLEMENT AGREEMENT**

**UBS SECURITIES LLC**

The Regulatory Division of Bourse de Montréal Inc. (the “Bourse”) filed the following complaint against UBS Securities LLC (the “Respondent”), an Approved Participant:

1. From January 1, 2018 to August 18, 2021, the Respondent contravened Article 3.5 (Article 6366 b) prior to January 1, 2019) of the Rules of the Bourse, by failing to conduct annual assessments for sponsored access clients on 24 occasions.
2. From January 1, 2019 to August 18, 2021, the Respondent contravened Article 6.500 of the Rules of the Bourse, by failing to report 963 positions for 3,640,062 futures contracts for one of its omnibus accounts and 682 positions for 2,238,133 futures contracts for a second omnibus account.
3. From June 21, 2019 to July 30, 2024, the Respondent contravened Articles 3.4 and 3.400 of the Rules of the Bourse by providing access to no more than 50 of its employees, for various periods of time, to the electronic trading system of the Bourse without having obtained the prior approval of the Bourse.
4. From January 1, 2018 to August 18, 2021, the Respondent contravened Article 3.100 (Article 3011 prior to January 1, 2019) of the Rules of the Bourse, as it did not establish and maintain a system to supervise the activities of each of its employees and Approved Persons and agents that is reasonably designed to achieve compliance with the Rules of the Bourse.
5. From June 21, 2019 to July 30, 2024, the Respondent contravened Article 3.100 of the Rules of the Bourse by not establishing and maintaining a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules, more specifically as it did not establish policies and procedures to ensure that only Approved Persons had access to the electronic trading system of the Bourse.

Following a hearing held on November 11, 2025, a Disciplinary Committee duly constituted pursuant to the Rules of the Bourse accepted the settlement agreement negotiated between the Bourse and the Respondent, which includes a fine totalling \$220,000 as well as the payment of an additional amount of \$10,655 for the related costs.

The Disciplinary Committee’s decision is attached.

For further information, please contact the Legal Affairs of the Regulatory Division of the Bourse by email at [mxrlegal@tmx.com](mailto:mxrlegal@tmx.com).

Marie-Sylvie Poissant  
Secretary of the Disciplinary Committee

**CANADA  
PROVINCE OF QUEBEC  
FILE N° MEA-24007**

In the matter of the

**Regulatory Division of Bourse de Montréal Inc.  
the “Division”)**

and

**UBS Securities LLC (the “Respondent”)**

**Panel:** Me Michael Bantey, Chair  
Mr. Sylvain Racine, Member  
Mr. Yves Ruest, Member

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**DISCIPLINARY COMMITTEE REASONS FOR DECISION**

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**I. INTRODUCTION**

This panel was convened on November 11, 2025 for the purpose of deciding whether to accept or reject a settlement agreement dated October 3, 2025 made between the parties (the “Settlement Agreement”). As detailed further below, the Respondent acknowledged breaching the Rules of the Bourse (the “Rules”) pertaining to assessments of sponsored access clients, the reporting of accumulated positions, access to the Bourse’s electronic trading system (the “ETS”), and having the necessary systems and procedures in place in relation to the foregoing matters to ensure compliance with the applicable rules and ensure detection of any violations. At the end of the hearing, following a brief deliberation, the panel determined that it was in order to approve the Settlement Agreement, with written reasons to follow. We set out our reasons below.

**II. PROCEEDINGS**

1. The Respondent has been a foreign approved participant of Bourse de Montréal Inc. (the “Bourse”) since November 9, 2005.
2. Following an examination conducted by the Division in July 2021, discrepancies between the positions held by the Respondent and the position reported to the Bourse, as well as the fact that the Respondent had not performed the annual assessment of automated order systems (“AOS”) being operated by its sponsored access clients were uncovered.
3. On August 23, 2022, an investigation with regards to a potential breach of article 3.5 (Sponsored Access) of the Rules was opened. The period under investigation spanned from January 1, 2018 to December 31, 2021.

4. On September 22, 2022, an investigation with regards to a potential breach of article 6.500 (Reports of Accumulated Positions) and 3.100 (Supervision, Surveillance and Compliance) of the Rules was opened. The period under investigation spanned from January 1, 2019, to February 28, 2023.
5. On October 8, 2024, following the aforementioned investigations, the Division served a disciplinary complaint on the Respondent.
6. In March 2024, the Division conducted a subsequent examination of the Respondent during which findings relating to additional violations to articles 3.4 (Access to Electronic Trading System) and 3.400 (Application for Approval) of the Rules were made.
7. On September 17, 2025, the Division issued an amended disciplinary complaint to consider the findings of the Bourse's examination of the Respondent conducted in March 2024.
8. The Respondent has a disciplinary record with the Division. During the period from May 29, 2007 to June 20, 2019, the Respondent provided access to the electronic trading system of the Bourse to eight employees without having obtained the prior approval of the Bourse and from May 29, 2007 to October 8, 2019, the Respondent contravened article 3011 (now 3.100) of the Rules as it did not establish and maintain a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules and Policies of the Bourse.
9. At the outset of the hearing, each member of the disciplinary committee gave the requisite confirmation that he was in a position to act in this matter. The Division was represented by Mark Likhten, Legal Counsel at the Division, and the Respondent was represented by Samuel Lavoie and Simon Seida, of Blake, Cassels & Graydon LLP. We wish to thank counsel for the preparation of the joint record and their representations at the hearing.

### **III. STATEMENT OF THE FACTS**

The facts, as agreed to by the parties in the Settlement Agreement, are as follows:

#### **Article 3.5 of the Rules - Sponsored Access**

1. The Respondent's clientele is 100% institutional and around 40% of the trading is associated with sponsored access clients.
2. Sponsored access clients represent several inherent risks and as such, Approved Participants are required to conduct annual assessments of these clients to ensure regulatory compliance, risk mitigation and market integrity.
3. The annual assessment process entails a comprehensive review of a sponsored access client's infrastructure related to controls, policies and procedures.
4. The Respondent failed to conduct the required annual assessment for two sponsored access clients in 2018, seven clients in 2019, eight clients in 2020 and seven clients in 2021.

5. The Respondent identified the root cause for assessments not being conducted as key personnel either leaving the firm or changing roles internally before its updated processes were implemented.
6. The Respondent remediated the issue by implementing updated procedures in August 2021.
7. The Division's Final Report of March 2024, which followed the latest examination of the Respondent for the period between October to December 2023, contains no finding regarding a possible breach of the Sponsored Access Rules.

**Article 6.500 of the Rules - Reports of Accumulated Positions**

8. Between January 1, 2019 and August 16, 2021, a total of 963 daily positions, representing 3,640,062 contracts, were not reported to the Bourse for omnibus account 300HLONAG.
9. Between January 1, 2019 and August 16, 2021, a total of 682 daily positions, representing 2,238,133 contracts, were not reported to the Bourse for omnibus account 300HZURAG.
10. Both accounts represent 5.15% of the total number of contracts reported by the Respondent (all accounts: 108,193,199 contracts/ 94.85% properly reported).
11. Further analysis confirms that no position limit was breached, during the period under investigation, by both accounts.
12. The issue stemmed from the Respondent's reporting system being wrongfully set to exclude house omnibus class/subclass positions from reports of accumulated positions. The Respondent remediated the issue on August 18, 2021.
13. Inaccurate reporting impairs the integrity of the market by not allowing the Division to perform an accurate monitoring of concentration of positions that may result in manipulative activities.
14. The Division's Final Report of March 2024, which followed the latest examination of the Respondent for the period between October to December 2023, contains no finding regarding a possible breach of the Rules governing the reporting of Accumulated Positions.

**Articles 3.4 and 3.400 of the Rules - Access to Electronic Trading System and Application for Approval**

15. Between June 21, 2019, and July 30, 2024, no more than 50 employees of the Respondent had access to the Bourse's ETS without having obtained prior approval of the Bourse. Of these, four employees placed a total of 165 orders on the Bourse during the period.

**Article 3.100 of the Rules - Supervision, Surveillance and Compliance (relating to the Access to Electronic Trading System)**

16. Considering the Respondent was sanctioned by the Bourse for similar offences in recent years, the Respondent acknowledges that its prior remediation focused on certain order

management systems which are utilized by traders in the agency only futures business and account for the overwhelming majority of trading flow from the Respondent to the Bourse, but inadvertently failed to explore Onyx, which is a system used by traders that execute futures on a principal basis.

17. After the Respondent was first sanctioned by the Bourse, it enhanced its existing controls and implemented significant corrective measures such as, *inter alia*, the creation of a key procedural control to test the controls around trader and client access to the Bourse in addition to performing a full review of Bourse requirements, the implementation of a detective control report to detect changes to existing Bourse access via all futures order management systems, and the development of various preventative controls.
18. Despite these corrective measures implemented by the Respondent in the context of the previous disciplinary proceedings, it did not prevent employees from accessing the Bourse's ETS and none of the reviews put into place, including the Supervisory Control "SPC" implemented on October 8, 2019, detected the recent breach.
19. Further control and reviews have been added by the Respondent in an effort to prevent a risk of re-offence.

**Article 3.100 of the Rules - Supervision, Surveillance and Compliance (relating to Sponsored Access and Reports of Accumulated Positions)**

20. The Respondent had procedures in place providing guidance with regards to position reporting. These procedures provided the necessary steps to submit the positions to the Bourse and ensure the accuracy of the submissions. The exclusion of the two omnibus accounts was not a systemic issue.
21. However, the Respondent's "E&P Electronic Execution - Sales Trading Desk Procedures", which addresses sponsored access and AOS annual assessments requirements, did not include references to the Bourse's requirements regarding sponsored access and AOS annual assessments prior to August 2021.
22. Even though the lack of annual assessments for sponsored access clients and AOS was a finding by the Division in a 2019 inspection, the Respondent did not update its procedures to include the requirements at that time. The Respondent failed to put in place corrective measures due to the fact that key personnel working on the remediation either left the firm or changed roles internally in 2020 and early 2021. It was only following a 2021 examination of the Bourse, for which the initial report was issued on August 16, 2021, that the necessary enhancements were implemented.
23. Comprehensive and effective controls, policies and procedures are the first line of defense for the integrity of financial markets.

**Additional facts**

24. There are no gains generated or losses avoided considering the nature of the offences.
25. The Respondent cooperated with the Division thoroughly in all parallel investigations.

**IV. PROVISIONS OF THE RULES THAT THE RESPONDENT ACKNOWLEDGES HAVING BREACHED**

1. The Respondent acknowledges having breached article 3.5 - Sponsored Access (article 6366 b) prior to January 1, 2019) of the Rules by failing to conduct annual assessments of sponsored access clients on 24 occasions, between January 1, 2018, and August 18, 2021.
2. The Respondent acknowledges having breached article 6.500 - Reports of Accumulated positions of the Rules by failing to report 963 positions for 3,640,062 futures contracts for one of its omnibus accounts and 682 positions for 2,238,133 futures contracts for a second omnibus account, between January 1, 2019, and August 18, 2021.
3. The Respondent acknowledges having breached article 3.4 - Access to Electronic Trading System and article 3.400 - Application for Approval of the Rules by providing access to no more than 50 of its employees – with a total of four employees having placed orders on the Bourse, for various periods between June 21, 2019, and July 30, 2024, to the ETS of the Bourse without having obtained the prior approval of the Bourse.
4. The Respondent acknowledges having breached article 3.100 - Supervision, Surveillance and Compliance (article 3011 prior to January 1, 2019) of the Rules by not establishing and maintaining a system to supervise the activities of each of its employees and Approved Persons and agents that is reasonably designed to achieve compliance with the Rules, from January 1, 2018, to August 18, 2021.
5. The Respondent acknowledges having breached article 3.100 - Supervision, Surveillance and Compliance of the Rules by not establishing and maintaining a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules, more specifically as it did not establish policies and procedures to ensure that only Approved Persons had access to the ETS of the Bourse from June 21, 2019 to July 30, 2024.

**V. SANCTIONS**

1. Under the Settlement Agreement that is subject to our approval, the Respondent agrees to the following sanctions and costs:
  - a fine totaling \$30,000 CAD for contravening article 3.5 – Sponsored Access;
  - a fine totaling \$30,000 CAD for contravening article 6.500 - Reports of Accumulated positions;
  - a fine totaling \$60,000 CAD for contravening article 3.4 - Access to Electronic Trading System and article 3.400 - Application for Approval;
  - a fine totaling \$80,000 CAD for contravening article 3.100 - Supervision, Surveillance and Compliance (Access to Electronic Trading System);
  - a fine totaling \$20,000 CAD for contravening article 3.100 - Supervision, Surveillance and Compliance (Sponsored Access and Reports of Accumulated Positions); and
  - an additional amount of \$10,655 CAD as reimbursement of the related costs of this matter.
2. The parties have agreed that the sanctions above are in accordance with the Guidelines of the Division on sanctions effective February 21, 2022 (the “Guidelines”) establishing the

principles and factors that should be considered in order to arrive at fair and appropriate sanctions in response to disciplinary complaints.

## VI. ANALYSIS

1. Counsel to the Division articulated the question to be determined by us as follows: are the sanctions that have been agreed to reasonable in the context? This panel agrees that such formulation succinctly expresses the essence of the inquiry at hand, with the usual qualifier that we are not to determine de novo what we think is the most appropriate sanction but whether the sanction agreed to falls within a range of appropriateness, having regard to the all of the circumstances, and considering the Guidelines and the relevant caselaw.
2. In referring to the Guidelines, counsel suggested that the first four of the five principles enumerated therein have application. Those four principles we summarize as follows: (i) the sanction must have a deterrent effect; (ii) sanctions must be tailored to the specific facts and circumstances of the matter under review; (iii) sanctions shall be more severe for a repeat offender; and (iv) separate sanctions are favored for each offence.
3. Counsel in turn reviewed the factors to be considered under the Guidelines. Perhaps among the most important in this instance is the disciplinary record of the Respondent. In a decision dated April 25, 2022 approving a settlement agreement,<sup>1</sup> the Respondent acknowledged having contravened articles 3.4, 3.400 and 3.100 of the Rules and, given this, the sanction for the violation of article 3.4 - Access to Electronic Trading System and article 3.400 - Application for Approval in this matter has been doubled, from \$30,000 to \$60,000, and the sanction for the violation of article 3.100 - Supervision, Surveillance and Compliance (Access to Electronic Trading System) in this matter has been increased, from \$60,000 to \$80,000.
4. Counsel also noted that the Respondent admitted responsibility for the violations, which were inadvertent and not intentional, did not attempt to conceal the violations and indeed exhibited exemplary cooperation with the Division throughout the various investigations, was instrumental in arriving at a settlement agreement and further has implemented corrective measures for all violations. Even so, counsel admitted that it is difficult to evaluate the risk of re-offence. As well, as noted earlier, there are no gains generated or losses avoided, and there is no aggrieved person.
5. The Guidelines also invite us to consider the number of orders or transactions and the trading volume, as well as the number of employees having access to the ETS and the number of employees actually executing trades. In this instance, no more than 50 employees of the Respondent had access to the Bourse's ETS without having obtained prior approval of the Bourse, with four employees placing a total of 165 orders on the Bourse during the period. With respect to the failure to report accumulated positions, while the volume was large, it only involved a small portion of the business. And with respect to the failure to conduct sponsored access assessments, it similarly involved a small number of clients.
6. As far as a pattern of behavior existing, counsel noted that the length of time during which the violations occurred varied from two and a half years with respect to reporting of

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<sup>1</sup> *Re UBS Securities LLC*, EN DC-21007 (April 25, 2022)

accumulated positions and supervision in relation thereto, three and a half years with respect to assessments of sponsored access clients and supervision in relation thereto, and five years when it comes to access to ETS and supervision in relation thereto.

7. Counsel considers that there are essentially three aggravating factors in this case: the circumstance of repeated offences; the type of violations involving failures in supervision and reporting obligations – which as often noted are the first line of defence for ensuring the integrity of the markets; and the duration of the violations, spanning a period of 2 ½ to 5 years.
8. Turning to the caselaw to consider in this case, counsel suggested that there are two aspects to consider: caselaw dealing with unauthorized access to ETS and related violations in relation to supervisory systems, and caselaw dealing more broadly with supervisory gaps leading to violations, such as here in relation to assessments of sponsored access clients and reporting of accumulated positions.
9. With respect to unauthorized access to ETS, counsel referred us to *Marex*<sup>2</sup> and suggested that the Respondent's breach falls in the lowest bracket, considering that while the offence occurred over a period of five years, only four employees actually executed unauthorized trades for a relatively small number of orders totalling 165. Counsel also noted that the case of *Citigroup*<sup>3</sup> presented similar metrics (the offence occurring over a period of five years, but with a greater number of employees having access and a much greater number of orders being placed) and further noted that such participant was likewise a repeat offender. In that case, the sanction was \$55,000 for unauthorized access, and \$60,000 for lack of supervision. We tend to agree with that analysis.
10. Counsel also referred us to the recent case of *Mizuho*<sup>4</sup> involving contraventions with respect to unauthorized access to the Bourse's ETS (fine of \$20,000), sponsored access (fine of \$20,000) and supervision in relation to ETS (fine of \$40,000). We note that, having regard to the specific facts of this case, the fines agreed to by the Respondent are appropriately harsher.
11. Turning to caselaw dealing with supervisory issues, counsel drew our attention to the *Wedbush* decision<sup>5</sup>, indicating that the violations in relation to assessments and supervision of sponsored access clients, reports of accumulated positions and systems relating thereto were similar to those in this matter. In particular, counsel noted that (i) the sanction for failing to conduct assessments of sponsored access clients in that case was \$30,000 (the same sanction agreed to by the Respondent), (ii) the sanction was \$40,000 for the failure to report accumulated positions, whereas in this matter it is proposed to be \$30,000 because the impugned conduct of the Respondent was more limited in nature, involving only two omnibus accounts; and (iii) the sanction for failing to have the appropriate systems in place in relation to sponsored access clients and the reporting of accumulated positions in *Wedbush* was identical to that proposed in the matter before us, namely \$20,000.

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<sup>2</sup> *Re Marex Capital Markets Inc.*, EN-DC-23004 (December 19, 2024)

<sup>3</sup> *Re Citigroup Global Markets Inc.*, EN-DC-22001 (January 12, 2023)

<sup>4</sup> *Re Mizuho Securities USA LLC*, MEA-24002 (August 14, 2025)

<sup>5</sup> *Re Wedbush Securities Inc.*, EN-DC-21001 (August 25, 2023)

12. Finally, counsel referred us to the decisions of Citigroup<sup>6</sup> and Kyte<sup>7</sup> for further comparables in relation to the contravention of article 6.500 (reporting of accumulated positions). In the case of Citigroup, the fine was \$88,000, but that case involved five distinct violations of such provision. Kyte was considered to be more on par with the instant case, although it is to be noted that in Kyte, in which the sanction was \$17,000 (\$22,000 in today's dollars), the firm failed to report believing that its clearing firm was doing so, which is different than in this case. In any event, the Respondent's failures in relation to the reporting of accumulated positions involved only two accounts, representing a relatively small portion of the business.
13. Overall, counsel suggested that for violations involving assessments of sponsored access clients, the reporting of accumulated positions and supervision in relation to each of the foregoing, the sanctions were very similar to those determined in the caselaw highlighted herein, and that for violations involving access to the ETS and supervision in relation thereto, considering that these are repeated offences, the fines have been doubled or augmented. Counsel concluded that the settlement process is fundamental to an efficient and effective regulatory framework, that the Respondent demonstrated a strong commitment to resolving this matter in good faith to reach a settlement that is appropriate in the circumstances, and that all relevant and applicable principles have been considered in this case to aid in the determination of consistent, fair and appropriate sanctions, which also consider the deterrent effect for both the Respondent and other participants. As such, the sanctions that have been agreed to between the parties are within a range of reasonableness.
14. Counsel to the Respondent specifically drew our attention to the fact that while there are repeat offences involved in relation to access to the ETS and supervision with respect to such access, which are reflected by increased fine amounts, the conduct of the Respondent in this case is not the same as in the previous disciplinary matter, and involve different systems. That may be true, however if we take a step back, we see that the general problem reoccurred, even if the specifics are different. There are different trees within the same forest.
15. Also, it was noted by counsel to the Respondent that the Respondent cooperated with the Division to resolve this matter in a single proceeding, leading to a more streamlined process. Counsel to the Respondent also referred the panel to a decision of the Supreme Court of Canada which bears on the standard that adjudicators must apply in relation to joint submissions. As such Supreme Court decision does not form part of the joint record, the panel has not specifically considered it.
16. We have some pause over whether the sanctions agreed to will have a deterrent effect, as the principles of the Guidelines invite us to consider, in the sense that while the fines have been increased for the repeat offences involving unauthorized access to the Bourse's ETS and the failure to have adequate supervision in relation thereto, we note nonetheless that, subsequent to the Respondent's first disciplinary hearing in 2022, the Division's further investigations uncovered (in addition to the repeat offences) other kinds of violations. These other violations, as a reminder, involve the failure to conduct annual assessments for sponsored access clients, the failure to report accumulated positions and related failures in procedures and systems. Put in other words, the sanctions in the first

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<sup>6</sup> *Re Citigroup Global Markets Inc.*, EN-DC-23002 (June 28, 2024)

<sup>7</sup> *The Kyte Group Limited* (October 17, 2014)

disciplinary hearing did not have the desired deterrent effect, which can make us naturally wonder whether the sanctions in this instance will. Furthermore, counsel to the Division noted that it was difficult to assess the risk of re-offence, which admittedly is not an easy task. On the positive side, the other kinds of violations are nonetheless more limited in scope, date back to 2021, have since been remediated and no findings of further breaches were made following the latest examination of the Division. As well, as to the repeat offences involving unauthorized access to the Bourse's ETS and related inadequate supervision, we again note that few employees actually traded and for a small number of orders, with the fines having been augmented. As we have mentioned, it is not for this panel to come to a fresh determination as to the sanction but rather to give serious consideration to what has been agreed to and assess whether it comes within a range of reasonableness. We have done so and find in the affirmative.

**FOR THESE REASONS, THE DISCIPLINARY COMMITTEE:**

**APPROVES** the Settlement Agreement;

**ORDERS** UBS Securities LLC. to pay a fine of \$30,000 CAD for contravening article 3.5 - Sponsored Access, a fine of \$30,000 CAD for contravening article 6.500 - Reports of Accumulated positions, a fine of \$60,000 CAD for contravening article 3.4 - Access to Electronic Trading System and article 3.400 - Application for Approval, a fine of \$80,000 CAD for contravening article 3.100 - Supervision, Surveillance and Compliance (Access to Electronic Trading System), and a fine of \$20,000 CAD for contravening article 3.100 - Supervision, Surveillance and Compliance (Sponsored Access and Reports of Accumulated Positions) for a total fine of \$220,000, plus costs of \$10,655, the whole within a delay of 30 days following service of the present decision.

Montréal, January 15, 2026

Signed by:

*Michael Bantey*

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Michael Bantey, Chair

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*Sylvain Racine*

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Yves Ruest, Member