



CIRCULAR 041-26

April 9, 2026

REGULATORY DIVISION ANNUAL REPORT

The Regulatory Division of Montréal Exchange Inc. is publishing its annual report for the period of January 1 to December 31, 2025. This report provides general information on the Regulatory Division's regulatory activities.

The annual report is annexed to this circular or can be viewed [here](#) on the Regulatory Division's website.

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Interim President, Regulatory Division of Montréal Exchange Inc.

BOURSE DE MONTRÉAL INC/REGULATORY DIVISION

2025 Annual Report



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MISSION

To ensure the integrity and credibility of the Canadian exchange-traded derivatives market.

VISION

The Regulatory Division contributes to maintaining fair and equitable markets by favoring innovation, transparency and collaboration with various stakeholders.

About Us

Bourse de Montréal Inc. (the "Bourse") is recognized by the *Autorité des marchés financiers* as an exchange and a self-regulatory organization pursuant to Decision No. 2012-PDG-0075 issued on May 2, 2012, as revised by Decision No. 2023-PDG-0012 issued on April 4, 2023. Under the terms of this decision, the Bourse is required to maintain an independent unit, the Regulatory Division, whose primary mission is to perform the regulatory functions and activities of the Bourse.

Mandate

Under the oversight of the Bourse Self-Regulatory Oversight Committee, we have a mandate to exercise the self-regulatory functions of the Bourse.

Governance and Structure

Our governance and structure are designed to ensure independence, given the status of the Bourse as a for-profit corporation. For example:

- Due regard is given to preserving the independence of the self-regulatory function of the Bourse through the Regulatory Division and to its obligations to investors and the general public;
- The Bourse does not take any action that would interfere with the effect of any decisions by the Bourse Self-Regulatory Oversight Committee relating to its regulatory functions (including disciplinary matters) or that would interfere with the ability of the Regulatory Division to carry out its responsibilities under the Bourse's Recognition Order; and
- If the Regulatory Division becomes aware of or has in its possession confidential information pertaining to the self-regulatory function of the Bourse, it arranges to keep this information confidential.

The structural and governance standards put in place are in compliance with the provisions of the Recognition Order and with the Rules relating to the Regulatory Division and the Bourse Self-Regulatory Oversight Committee. These structural standards include the following:

- The Regulatory Division operates as a separate and independent unit of the Bourse. Its financial budget as well as its financial results are separate from those of the Bourse. Its operations are self-funded and are carried out on a not-for-profit basis;
- The Regulatory Division is under the oversight of the Bourse Self-Regulatory Oversight Committee. This committee is nominated and appointed by the Board of Directors of the Bourse;
- The Bourse Self-Regulatory Oversight Committee must be composed of at least two-thirds of persons who are independent based on the independence criteria set out in the Recognition Order; and
- The Advisory Committee on Self-Regulation serves as a consultative body to the Regulatory Division. Its primary role is to make recommendations to the Regulatory Division on draft market integrity rules in order to achieve the Bourse's public interest mandate.

Annual Report 2025

The purpose of this report is to give the reader an overview of our regulatory activities and initiatives completed between January 1 and December 31, 2025. This report was filed with the *Autorité des marchés financiers* on March 30, 2026.

Our Guiding Principles

"**Commitment** is the impulse that guides each of our steps towards excellence."

Every day we wake up enthusiastic about the challenge that lays ahead. We are fully invested in pursuing our goals, drawing our strength from our collaboration.

"We view **integrity** as one of our core values."

We follow ethical and responsible principles by adopting an impartial, neutral and objective approach. Honesty and integrity are central to everything we do, and we avoid circumstances that could create conflicts of interest.

"**Ambition** is the dream that fuels our aspirations and pushes us to conquer new heights."

We have high expectations for our own results. Our goal is to improve every day, and we are keen to evaluate our performance and try new approaches. We challenge ourselves to go above and beyond.

Additional information about the Regulatory Division is available on our website at <https://reg.m-x.ca/en>.

Letter from the Chair of the Bourse Self-Regulatory Oversight Committee

On behalf of the Bourse Self-Regulatory Oversight Committee, I am pleased to present the 2025 Annual Report for the Regulatory Division of Bourse de Montréal Inc. Last year was a period of unprecedented trading volumes for the Canadian derivatives market, characterized by updates to technology and rule amendment proposals to ensure the integrity of our market.

In 2025, the Bourse reached new heights, with volumes exceeding 234 million contracts. As interest rate volatility remained a central theme, the surge in market participation tested the resilience of our oversight mechanisms. Throughout this growth, the Regulatory Division effectively navigated this market expansion and volatility, and remained steadfast in its mandate to ensure that our markets remain fair, transparent, and free from manipulative practices.

Strategic Regulatory Initiatives

The Bourse Self-Regulatory Oversight Committee's oversight this year was focused on three pillars: modernization, transparency, and collaboration. Key milestones included:

- **Data Integrity & Identifiers:** We successfully oversaw the final implementation phases of the Client and Order Identifiers initiative. By enhancing the granularity of our data, we have significantly strengthened the Regulatory Division's ability to detect sophisticated cross-market abuses.
- **Approved Persons Framework:** We launched an extensive consultation to revamp the regulatory framework applicable to Approved Persons. This modernization ensures that our rules keep pace with the changing roles of market professionals and the increasing integration of automated trading strategies.
- **The Remediation Process:** In December 2025, the Bourse Self-Regulatory Oversight Committee approved a proposal to introduce a remediation process that would replace the current process of fines for minor violations. This initiative reflects our evolution toward a more efficient extrajudicial alternative, allowing for consideration of the specific characteristics of Approved Participants.



**Monique
Mercier**

Chair of the Bourse
Self-Regulatory
Oversight Committee

Investing in the Future

A highlight of 2025 was the Regulatory Division's landmark \$2 million donation to the HEC Montréal Foundation. By reinvesting funds derived from disciplinary fines into academic research and financial literacy through the Canadian Derivatives Institute, we are helping cultivate the next generation of ethical leaders in finance. This initiative underscores our belief that a healthy market is built not just on rules, but on a foundation of rigorous scientific knowledge and responsible finance.

Looking Ahead

As we enter 2026, the Bourse Self-Regulatory Oversight Committee remains committed to overseeing the Regulatory Division's operational resilience, financial independence, resource management, rule modernization, and third-party risk management.

I would like to thank the entire Regulatory Division team for their professionalism and dedication. Their work ensures that the Bourse continues to serve as a world-class, trusted venue for risk management. I would also like to extend my sincere gratitude to the members of the Advisory Committee on Self-Regulation. Their strategic insights, invaluable guidance, and dedicated counsel have been instrumental in navigating the complex challenges and opportunities of the past year, significantly contributing to the successful execution of the Regulatory Division's regulatory initiatives and the advancement of our public interest mandate.

The Bourse Self-Regulatory Oversight Committee remains committed to upholding the public interest mandate of the Bourse and fostering a fair and efficient market. We appreciate the collaborative efforts of all stakeholders.

Letter from the President of the Regulatory Division

As I reflect on the significant strides made by the Bourse's Regulatory Division throughout 2025, I am pleased by the progress of our key actions and achievements, all undertaken to uphold our mission of ensuring the integrity and credibility of the Canadian exchange-traded derivatives market. Our vision continues to be a driving force, as we contribute to fair and equitable markets, guided by our core principles of commitment, integrity, and ambition.

Global derivatives activity reached unprecedented levels in 2025, primarily driven by heightened interest rate volatility and shifting central bank policies. Accordingly, in 2025, the Bourse experienced a year of robust growth, fueled largely by the transition to CORRA-based benchmarks and a significant surge in retail and institutional participation in ETF options.

In our ongoing efforts to ensure market integrity across all products, a primary focus has been on fostering fair and ethical trading practices. We initiated improvements to the disciplinary process, drafted regulatory amendment analyses and presented proposals to revise specific chapters of the Rules to our advisory and oversight committees. Furthermore, we have made progress in strengthening effective market surveillance by upgrading our surveillance system and analyzing new functionalities.

To strengthen our role, credibility, and influence as a proactive and relevant regulator, we have concentrated on forging strategic partnerships and collaborations. We have actively maintained healthy relationships with stakeholders. Additionally, we are working to enhance our approach to recruitment, training, and staff retention by adapting workplace practices for regulatory functions. This includes establishing a policy review process, forming an internal policy committee, and improving policy documentation.

Valuing data has been another critical area of focus. We are committed to strengthening processes for data utilization, analysis, and protection. This involves reviewing existing controls and policies, specifically by analyzing requirements for personal information and initiating the necessary system developments. We are also dedicated to improving data quality and ensuring its integrity by reviewing our previously defined data strategy and objectives to refine an execution plan for all data received by the Regulatory Division.



**Karen
McMeekin**

President,
Regulatory Division,
Bourse de Montréal Inc.

Finally, in our pursuit of developing sound regulation, we have worked diligently to update our rules. This includes the continuous development of regulatory policies and the elaboration of rules, requirements, and guidelines that reflect the evolving derivatives market, technology, and participant landscape. We successfully evaluated and, with the Bourse, proposed new rules concerning position limits on certain ETFs and other equity derivatives. We are also actively revising the regulatory framework applicable to Approved Persons, having completed an internal analysis and stakeholder consultation. We are currently drafting regulatory amendments for public comment, with technical specifications and system development to follow. Furthermore, we are adopting informed regulations by focusing on the information requirements for Approved Participants, which has involved soliciting comments, establishing technical specifications for an improved participant profile page and update forms, and ultimately finalizing the proposal and the system development.

None of the progress detailed above would have been possible without the tireless efforts and expertise of the members of the Regulatory Division. Their commitment to our core principles has been the driving force behind our achievements this past year. I also wish to extend my deepest gratitude to the members of both the Advisory Committee on Self-Regulation and the Bourse Self-Regulatory Oversight Committee for their invaluable guidance, insights, and challenging perspectives. Furthermore, we deeply appreciate the continued collaboration with our partners across the financial industry, whose proactive engagement remains critical to fostering a fair and efficient Canadian derivatives market.

The progress achieved in 2025 underscores our unwavering commitment to maintaining the integrity and efficiency of the Canadian derivatives market. We look forward to continuing these vital initiatives and further strengthening our regulatory framework in the upcoming year.

Bourse Self-Regulatory Oversight Committee

The Bourse Self-Regulatory Oversight Committee, appointed and maintained by the Bourse's Board of Directors, is responsible for overseeing the Regulatory Division's functions and activities.



Monique Mercier

Corporate Director, joined May 2023

Ms. Mercier served as Executive Vice-President, Corporate Affairs, Chief Legal and Governance Officer at TELUS Corporation until her retirement in 2018. She has been a senior executive in the telecom, health, and information industries for most of her career, including two decades at TELUS and Emergis where she led a number of corporate functions, including human resources, government and media relations, regulatory affairs and sustainability.



Claude Tessier

Corporate Director, joined May 2023

Mr. Tessier was Chief Financial Officer at Alimentation Couche-Tard Inc., a position he held from 2016 until his retirement in 2023. He was previously President of the IGA Operations Business Unit at Sobeys Inc. and worked in senior leadership positions at Fly Furniture, Provigo and Costco, including in CFO and Vice President roles. Mr. Tessier has also held management positions at Mallette International and PricewaterhouseCoopers (formerly Coopers & Lybrand).



Martine Irman

Corporate Director, joined May 2023

Ms. Irman served as the Senior Vice President, TD Bank Group and Vice Chair, Head of Global Enterprise Banking, TD Securities until her retirement in 2019. Ms. Irman is a senior financial executive with over 25 years of treasury and securities experience.

Year at a Glance

Compliance & Oversight

4

Disciplinary hearings, including two settlement agreements and the first conviction for violations of Article 7.6 (Front Running Prohibited) of the Rules.

2

New Approved Participants admitted.

The Compliance Forum held in conjunction with the Canadian Annual Derivatives Conference.

Annual training session held on the Bourse's public interest mandate for Regulatory Division employees and members of the Bourse Self-Regulatory Oversight Committee.

Regulatory User Group members announced for a two-year term (2025-2026).

Market Growth

Market surveillance efficiency with a 19.8% increase in the average daily volume traded, reaching 938,042 contracts (up from 783,043 contracts in 2024).

Community Investment

\$2M

Contribution from the Fines Fund to Fondation HEC Montréal.

By funding graduate scholarships and research via the Canadian Derivatives Institute, this partnership strengthens the competitiveness of Canada's financial sector through a non-profit collaboration between HEC Montréal, McGill, Concordia, Université Laval, and UQAM.

\$50K

Contribution from the Fines Fund to the Salle des marchés ESG UQAM. ESG UQAM has established an important program of activities and earned a solid place in graduate programs in finance. Building on this success, the Salle des marchés aims to integrate this specialized infrastructure into the undergraduate finance program.

\$50K

Contribution from the Fines Fund to the Indspire's Building Brighter Futures: Bursaries and Scholarships program. Indspire is a national, Indigenous registered charity that invests in the education of First Nations, Inuit, and Métis people.

Regulatory Developments

Consultation Paper published and Workshop held on the regulatory framework applicable to Approved Persons.

Request for Comments published on Approved Participant requirements, Introduction of a Remediation Process, and Position Limits for Options and Share Futures Contracts.

FAQ published for regulatory requirements on the Notice of Non-Compliance; and updated FAQ and Guidelines on Reports of Accumulated Positions.

Increased regulatory outreach efforts to assist Participants in achieving full compliance with client and order identification requirements by March 31, 2025.

Technology & Efficiency

Enhanced Participant Portal interface and features for greater user autonomy.

New Reports of Accumulated Positions application and enhanced Notice of Non-Compliance application introduced on the Participant Portal.

Market Oversight and Regulatory Activities



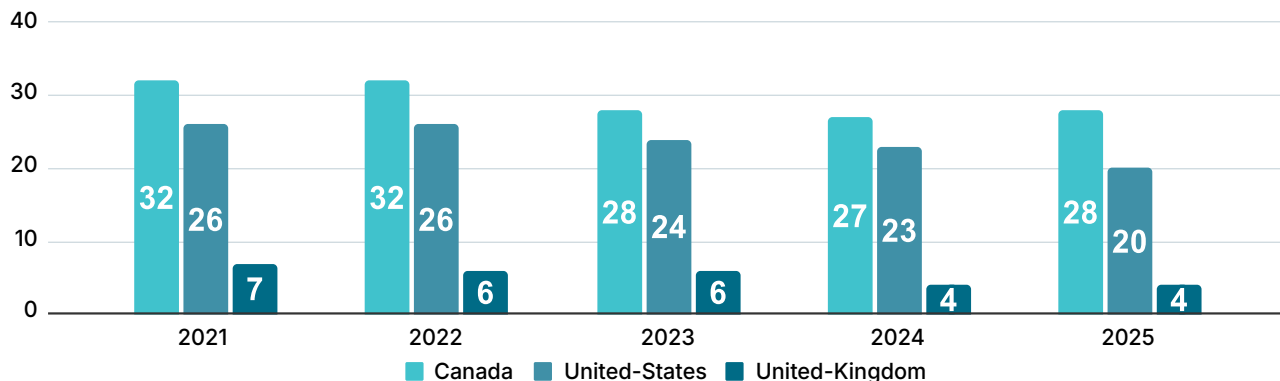
Approved Participants

As of January 1, 2025, the Bourse had 54 Approved Participants, including 27 (50%) Foreign Approved Participants. During 2025, two admissions and four resignations were approved by the Bourse Self-Regulatory Oversight Committee. Consequently, on December 31, 2025, the Bourse had 52 Approved Participants, including 24 (46%) Foreign Approved Participants.

FIGURE 1
Admissions and Resignations of Participants in 2025

PARTICIPANT	ADMISSION DATE	RESIGNATION DATE	JURISDICTION
Q2 RBC Capital Markets LLC	May 14, 2025	-	United States
Q2 HRT Financial LP	-	May 14, 2025	United States
Q2 TradeLink LLC	-	May 14, 2025	United States
Q2 Citigroup Global Markets Inc.	-	May 30, 2025	United States
Q3 Independent Trading Group (ITG) Inc.	July 31, 2025	-	Canada
Q3 Wedbush Securities Inc.	-	July 31, 2025	United States

FIGURE 2
Geographic breakdown of Approved Persons since 2021



Approved Persons

In 2025, we processed 107 new applications for approval and 89¹ notices of termination.

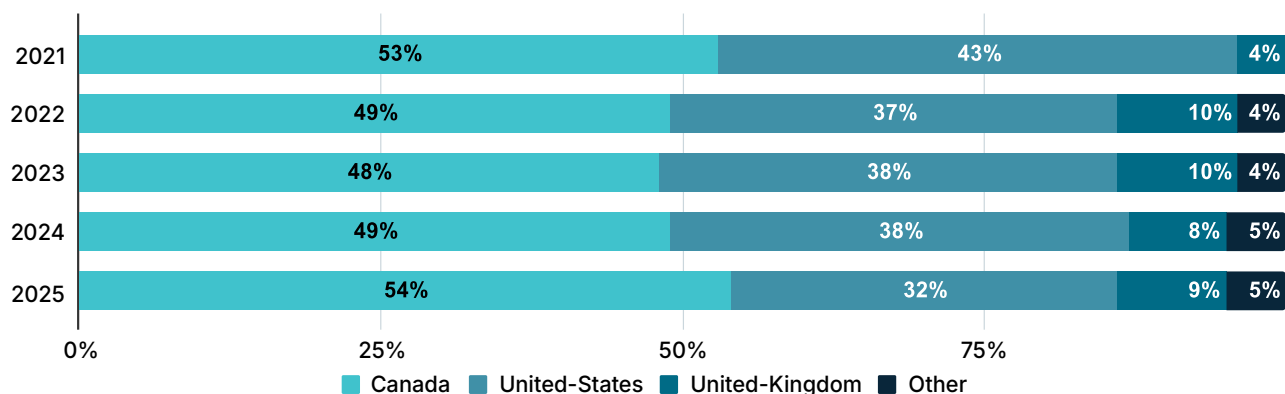
FIGURE 3
Approval of Approved Persons in 2025

NUMBER OF APPROVAL APPLICATIONS IN 2025	TARGETED DEADLINE MET	TARGETED DEADLINE NOT MET
107	99%	1%

¹ In addition, the resignations of four Approved Participants have, by default, resulted in the cessation of an additional 91 Approved Persons.

FIGURE 4

Geographic breakdown of Approved Persons since 2021



Examinations

The Examinations service conducts trade desk reviews to ensure Approved Participants' trading practices comply with the Rules.

From January 1 to December 31, 2025, the examiners performed 18 examinations, 16 of which led to findings. There were 42 findings reported, 15 of which were categorized as high priority. Findings were related to:

- Inadequate **Supervision, Surveillance and Compliance** and/or incomplete policies and procedures (Article 3.100 of the Rules);
- Missing or incomplete **Business Continuity Plan** (Article 3.102 of the Rules);
- Failure to have written provisions regarding the 10-day **Notice** requirement (Article 3.103 of the Rules);
- Failing to complete an **Application for Approval** (Article 3.400 of the Rules);
- Non-compliance with the requirements for **Sponsored Access** (Article 3.5 of the Rules);
- Failure to provide **Notice of a cybersecurity incident** in a timely manner (Article 3.113 of the Rules);
- Inadequate **Order Identification** (Article 6.115 of the Rules);
- Non-compliance with **Recordkeeping Requirements Regarding Orders** (Article 6.118 of the Rules);
- Non-compliance with the execution of **Block Trades** (Article 6.206 of the Rules);
- Non-compliance with the **Exchange of Futures for Related Products** transaction requirements (Article 6.208 of the Rules);
- Failure to comply with **Position Limits for Options and Share Futures Contracts** (Article 6.309A of the Rules);
- Non-compliance with **Reports of Accumulated Positions** requirements (Article 6.500 of the Rules).

Market Analysis

Market analysts conduct market surveillance to detect breaches of the Rules and assess any complaints received. Transactions are reviewed to identify abusive or manipulative trading practices. Analysts are also responsible for reviewing Approved Participant reports, and monitoring position limits, including evaluating any exemption requests.

Five complaints were received and analyzed in the period from January 1 to December 31, 2025.

In 2025, the average daily volume traded increased by 19.8% to 938,042 contracts (up from 783,043 in 2024). Market analysts monitored a total of 27.6 million trades on the Bourse.

Investigations

An investigation may be initiated following the detection of a potential violation of the Rules as part of an examination or analysis (including the review of a complaint).

From January 1 to December 31, 2025, the investigations service opened investigations related to:

- Inadequate **Supervision, Surveillance and Compliance** and/or incomplete policies and procedures (Article 3.100 of the Rules);
- Unauthorized **Access to Electronic Trading System** (Article 3.4 of the Rules);
- Failing to complete an **Application for Approval** (Article 3.400 of the Rules);
- Non-compliance with the **Exchange of Futures for Related Products** transaction requirements (Article 6.208 of the Rules);
- Failure to comply with **Position Limits for Derivatives Instruments** (Article 6.310 of the Rules);
- Non-compliance with **Reports of Accumulated Positions** requirements (Article 6.500 of the Rules);
- **Manipulative or Deceptive Methods of Trading Prohibited** (Article 7.5 of the Rules).

Enforcement

Disciplinary Proceedings

A contested case was successfully prosecuted in front of a Disciplinary Committee, a disciplinary hearing was held to decide on sanctions, and two settlement agreements were accepted by disciplinary committees with respect to the following disciplinary complaints filed by the Regulatory Division:

BMO Nesbitt Burns Inc. and Franco Carelli [Circular 136-25](#)

Following a hearing held on June 2, 3, 4, 5 and 6, 2025, a Disciplinary Committee duly constituted pursuant to the Rules found Mr. Franco Carelli guilty of taking advantage of a customer's order by trading ahead of it and engaging in transactions based in whole or in part on non-public information concerning pending transactions likely to affect the market prices, and BMO Nesbitt Burns Inc. guilty of the following counts:

- Taking advantage of a customer's order by trading ahead of it and engaging in transactions based in whole or in part on non-public information concerning pending transactions likely to affect market prices;
- Failing to 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 conditions at the time of the trade;
- While knowingly taking the opposite side of a customer's futures order for its own account, failing to enter the customer's order first on the electronic trading system, failing to give it priority, and failing to expose the customer's orders to the market for the minimum prescribed time;
- Not establishing and maintaining a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules;
- Failing to ensure that one of its employees and Approved Persons complied with the Rules.

RBC Dominion Securities Inc. [Circular 131-25](#)

The Regulatory Division filed a disciplinary complaint against RBC Dominion Securities Inc. concerning the following allegations:

- Failing to maintain full and complete records and documentary evidence relating to exchange of futures for related products transactions or alternatively to provide such records to the Bourse upon its request;
- Failing to report exchange of futures for related products transactions within the prescribed delays;
- Contravening to the prohibition to prearrange or execute noncompetitively any transaction on or through the electronic trading system of the Bourse;
- Not establishing and maintaining a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules.

A hearing to decide on the sanctions to be imposed on RBC Dominion Securities Inc. was held on October 21, 2025 and is continuing in 2026.

Mizuho Securities USA LLC [Circular 102-25](#)

Following a hearing held on July 9, 2025, a Disciplinary Committee duly constituted pursuant to the Rules accepted the settlement agreement negotiated between the Bourse and Mizuho Securities USA LLC, which included a fine totalling \$80,000 as well as the payment of an additional amount of \$10,000 for the related costs.

Mizuho Securities USA LLC acknowledged contravening the Rules by:

- Providing access to the electronic trading system to two of its employees without having obtained the prior approval of the Bourse;
- Authorizing its client Mizuho Capital Markets LLC to transmit orders electronically through its systems without assigning it a client identifier in the form and manner required by the Bourse;
- Not establishing and maintaining a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules.

UBS Securities LLC [Circular 008-26](#)

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

UBS Securities LLC acknowledged contravening the Rules by:

- Failing to conduct annual assessments for sponsored access clients;
- Failing to report multiple positions for various futures contracts for two of its omnibus accounts;
- Providing access to the electronic trading system to no more than 50 of its employees without having obtained the prior approval of the Bourse;
- Not establishing and maintaining a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules.

Minor Violations

During 2025, three notices of fines were issued in accordance with Article 4.703 — Notice of Fine for Minor Violation of the Rules and the [List of Fines for Minor Violations](#). These administrative sanctions were imposed for the following:

- Failing to file complete and accurate reports pertaining to the accumulation of positions;
- Failing to respect conditions to prearrange a transaction on the electronic trading system of the Bourse and, more specifically, failing to respect the prescribed time delay between submitted orders;
- Executing prearranged transactions using the hidden volume functionality.

Fines Fund

The Fines Fund aims to support projects that educate market participants and the general public and contribute to financial research. This is funded through the fines and other sums we collect from settlements and disciplinary proceedings. Uses of these funds are specified in the Recognition Order and include:

- Training and informational programs for market participants and the public;
- Research into financial markets and regulations;
- Support for non-profit, tax-exempt organizations focused on investor protection; and
- Innovative educational projects approved by the Autorité des marchés financiers.

In 2025, this fund financed projects related to:

- **Fondation HEC Montréal**

The HEC Montréal Foundation engages donors and raises funds to support the School's strategic initiatives, directly contributing to the development of a world-class generation of business professionals. These future leaders play an active role in fostering social and economic prosperity in Quebec while strengthening the province's reputation worldwide.

- **Indspire's Building Brighter Futures: Bursaries, Scholarships and Awards**

Indspire is a national, Indigenous registered charity that invests in the education of Indigenous people, enabling their success through financial awards and resources. Through the Indspire's Building Brighter Futures program, the Regulatory Division provides financial support primarily to finance students in Quebec, as part of a mission to empower Indigenous youth and foster diverse, thriving Canadian communities.

- **Research Scholarship in Derivative Instruments**

The Bourse provides university students, through its Research Scholarship program, a forum to gain in-depth understanding and knowledge of the derivatives markets as well as funding for students' graduate studies at the doctorate level. The Regulatory Division has supported the Research Scholarship in Derivative Instruments initiative since the first edition in 2012-2013 by subsidizing the grant from the Fines Fund.

- **Salle des marchés ESG UQAM**

UQAM through the Salle des marchés has established an important program of activities. In the coming years, the Salle des marchés will continue its development through a rich training program that follows recent developments in portfolio management and market microstructure.

Progress on Priorities

The activities and initiatives completed during 2025 reflect our 2024-2026 strategic plan which is built on the following strategic guidelines:

1. To ensure market integrity:

We are committed to continuously advancing our surveillance tools and techniques to promote fair and efficient derivatives markets.

We aim to boost our credibility and reputation by advancing efforts in investigation and enforcement actions focused on manipulative or deceptive trading practices. A successful enforcement program is essential for ensuring market integrity.

Our observations: High-quality regulatory data is essential for advancing market surveillance efforts. By providing a comprehensive and accurate picture of market activities, this data is critical in order to more effectively monitor market activity for potential risks, not only in examinations, but across all core regulatory functions. Precise data on trade execution, including timestamps, prices, and quantities, helps identify patterns indicative of potential market misconduct.

2. To strengthen our role, credibility and influence / be a proactive and relevant regulator:

We aim to embrace partnerships with relevant stakeholders to facilitate the exchange of information. We also encourage firms and traders to have robust surveillance systems and to report suspicious activity.

Our observations: Ensuring a well-organized and accessible digital platform, such as the Participant Portal, makes it easier for Approved Participants to engage with us, while the website serves as a public, central hub for all regulatory information, including rules, guidelines, and circulars.

3. To value data:

Valuing regulatory data is crucial for us because it transforms raw information into a strategic asset. Treating data as a valuable asset minimizes wasted resources and improves overall productivity.

By standardizing data collection and sharing it across different regulatory functions (e.g., examinations, market analysis, and investigations), the redundant effort of collecting and preparing the same information multiple times can be avoided. This frees up resources to focus on higher-value tasks, like complex analysis and enforcement.

Our observations: Data quality must be reinforced by paramount security protocols, including robust cybersecurity measures, strict access controls, and regular audits to protect sensitive regulatory information. By leveraging this secure, high-quality data through advanced analytics, targeted investigations and the creation of a robust data trail can provide the compelling evidence necessary to support disciplinary actions and serve as a powerful deterrent against market misconduct. The Regulatory Division is committed to strengthening processes for data utilization, analysis, and protection by reviewing existing controls and policies and initiating necessary system developments to improve data quality and integrity.

4. To promote sound regulation:

We are engaged in the ongoing movement of updating existing rules, requirements, and guidelines to reflect evolving derivatives market activity, technology, and participant composition. Work with the Intermarket Surveillance Group to harmonize regulatory standards helps promote common standards and practices.

Our observations: A commitment to ensure a consistent and cohesive application of the Rules and regulations is paramount, but it requires significant effort and resources. This dedication is rooted in the Bourse's public interest mandate, which necessitates a robust regulatory framework. To achieve this, resources are allocated to analysis and roundtable discussions, ensuring that we have the expertise to navigate the complexities of the listed derivatives market.

Compliance Priorities

Aligned with our mission and strategic objectives, the 2025 Compliance Priorities focused on the following regulatory requirements, which Participants were invited to address:

1. Manipulative and deceptive methods of trading;
2. Supervision, surveillance and compliance;
3. Notification of non-compliance;
4. Position limits on Listed Products;
5. Sponsored access (direct electronic access);
6. Prearranged transactions marker.

Policy Priorities

The following table illustrates our 2025 policy initiatives currently underway, detailing their status as implemented, published for comments, or under contemplation.

1. Client and Order Identifier

RULES	DETAILS	STATUS
6.115	Introducing Client and Order Identifiers	Implemented and full compliance as at March 31, 2025

2. Notice of Non-Compliance - FAQ

RULES	DETAILS	STATUS
3.105	Provide guidance regarding Participants' obligation to conduct internal reviews and the notification requirement for possible violations of the Rules	FAQ published on December 22, 2025 (Circular 170-25)

3. Approved Participants' ongoing information requirements

RULES	DETAILS	STATUS
3.103	Review requirement for Approved Participants to disclose changes to certain information	Request for Comments published on August 8, 2025 (Circular 097-25) Comment period: ended on October 7, 2025

4. Remediation Process and update to the Rules regarding the conduct of regulatory functions

RULES	DETAILS	STATUS
Part 4	Introduce a remediation process to replace the imposition of fines for minor violations and update other rules regarding the conduct of regulatory functions in the disciplinary process and the identification of improvement opportunities	Request for Comments published on December 11, 2025 (Circular 165-25) Comment period: ended on January 26, 2026

5. Revamp of the regulatory framework applicable to Approved Persons

RULES	DETAILS	STATUS
3.400	Review of the regulatory framework on Approved Persons	Consultation <ul style="list-style-type: none">• Consultation paper published on May 29, 2025 (Circular 068-25) Comment period: ended on July 31, 2025 <ul style="list-style-type: none">• Workshop, held on July 14, 2025 (Circular 075-25)

Risk Management

We must comply with the applicable laws, the Recognition Order and the Rules, which define the governance structure of the Regulatory Division. In order for us to conduct our activities independently as a unit separate from the Bourse, the latter being a for-profit business entity, standards regarding structure and governance have been established and are reflected in the processes and activities of all of our services.

Besides complying with the policies and procedures of TMX Group Limited, we adopted our own risk assessment procedure in December 2023 that describes how we assess the risks inherent in our processes and activities to identify and manage these risks arising from the exercise of our functions and the management of our affairs. The main objectives of the procedure are as follows:

- To reduce the vulnerabilities to which we might be exposed;
- To allow us to strategically manage and allocate resources; and
- To ensure compliance with the governance standards established in the applicable laws, the Recognition Order and the Rules.

We also developed a control framework that includes the standards identified in order to comply with the applicable legislation and regulations, control activities and internal control components, and that outlines the compliance obligations and procedures established by the Recognition Order.

Quarterly Reviews and Risk Assessment

Throughout 2025, we convened our Risk Evaluation Committee on a quarterly basis to ensure rigorous and continuous oversight of our activities. These meetings allowed for periodic review of the Responsibility Matrix and the Control Framework, while ensuring diligent follow-up on action items arising from the Regulatory Division's compliance report.

Compliance and Operational Risk

Efforts were focused on strengthening our risk management framework, specifically through the development of a risk self-assessment questionnaire and by planning a threat risk assessment exercise. As part of a specific mandate, an external firm conducted an evaluation of our self-assessment questionnaire as well as our risk management framework. This intervention led to the issuance of strategic recommendations on how to strengthen our processes and resulted in the development of a tailored three-year audit plan.

Furthermore, throughout 2025, rigorous compliance was maintained by carrying out all applicable controls for each period. All deadlines indicated in the Recognition Order regarding the communication of information were also met.

For more information

Please contact the Regulatory Division if you have any questions or require further clarification.

General Information

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Appendix

Schedule of Operating Income



Schedule of operating income of

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Years ended December 31, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

To the Bourse de Montréal Self-Regulatory Oversight Committee

Opinion

We have audited the Schedule of Operating Income of the Regulatory Division of Bourse de Montréal Inc. (the Entity) for the year ended December 31, 2025 and notes to the Schedule, including a summary of material accounting policies (Hereinafter referred to as the "Schedule").

In our opinion, the accompanying Schedule for the year ended December 31, 2025 of the Entity is prepared, in all material respects, in accordance with the financial reporting framework described in Note 2 to the Schedule.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Schedule***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the Schedule in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2 in the Schedule, which describes the applicable financial reporting framework and the purpose of the Schedule.

As a result, the Schedule may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the financial reporting framework described in Note 2 to the Schedule; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the Schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a Schedule that is free from material misstatement, whether due to fraud or error.



Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Schedule.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 20, 2026

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Schedule of operating income

	For the year ended December 31	
	2025	2024
Revenue:		
Variable assessment	16,493,895	13,968,670
Other revenues	1,188,250	1,269,125
Total revenue	17,682,145	15,237,795
Expenses:		
Compensation and Benefits		
Salaries & Other Compensation	4,532,397	3,948,691
Government Benefits	435,399	385,872
Corporate Benefits	561,310	529,858
Performance Incentives	827,526	683,051
Other Employee Costs	117,439	20,849
	6,474,071	5,568,321
Information and Trading Systems		
IT Professional Services	917,454	938,386
Info, Feeds & Content	157,392	124,346
IT Material	4,321	9,617
Telecoms	10,280	10,401
IT Other	1,052,441	1,036,431
	2,141,888	2,119,181
Selling, general and administration		
External fees	267,756	444,656
Marketing & Sponsorships	49,218	74,589
Occupancy	313,365	304,322
Travel & Entertainment	63,866	58,405
Other G&A	8,338	4,065
	702,543	886,037
Depreciation and Amortization		
Depreciation - Technology and computer equipment	52,690	52,690
Amortization of the surveillance system	58,002	66,968
	110,692	119,658
Shared Services	4,760,440	2,461,364
Total operating expenses	14,189,634	11,154,561
Interest income	228,350	186,840
Operating surplus of revenues & interest income over expenses	3,720,861	4,270,074

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Notes to the the Schedule of operating income

Years ended December 31, 2025 and 2024

1. General information

Bourse de Montréal, Inc. (the “Bourse”, the “Montréal Exchange”, or “MX”) is a self-regulated electronic derivatives exchange domiciled in Canada. The Regulatory Division of Bourse de Montréal, Inc. (“the Regulatory Division” or “MX-R”), a business unit within MX, has the mission of maintaining the transparency, credibility and integrity of Canadian exchange-traded derivatives market, under the Autorité des marchés financiers (“AMF”) oversight.

In accordance with Article 2.100 of Chapter B of the Rules of the Montréal Exchange: *“The Regulatory Division is created by the Board of Directors with the aim of ensuring that the regulatory functions of the Bourse are carried out efficiently and fairly. To this end, the supervision of the regulatory functions and operations of the Bourse are entrusted to the Regulatory Division, which shall operate as a distinct business unit separate from the other activities of the Bourse. The Regulatory Division shall be not-for-profit and financially self-sufficient.”*

2. Basis of preparation

The Schedule of Operating Income is a special purpose report that includes the profit or loss of the operations of the Regulatory Division for the year ended December 31, 2025 (the “Schedule”). The purpose of the Schedule is for the Regulatory Division to meet its obligation to the AMF under the Recognition Order 2023-PDG-0012.

The Schedule is prepared using the recognition and measurement principles of IFRS Accounting Standards (IFRS). For further clarity, the Schedule is not part of a complete set of financial statements under IFRS as it excludes a statement of financial position as at the end of the period, a statement of changes in equity for the period, and a statement of cash flows for the period. The Schedule excludes activities of the fines fund.

The Regulatory Division has applied judgment in presenting its material accounting policies together with related information in the notes to the Schedule.

The Schedule is presented in Canadian dollars, which is the Regulatory Division’s functional currency.

The Schedule was approved by the Regulatory Division’s Self-Regulatory Oversight Committee on March 20, 2026.

The Schedule is prepared on a historical cost basis.

3. Summary of material accounting policies

a) Revenue recognition

Revenue is recognized when performance obligations have been satisfied. The identification of performance obligations and the determination of the timing of when performance obligations are satisfied, either at a point in time or over time, require judgment.

Substantially all of the Regulatory Division’s revenues are considered to be revenues from contracts with MX’s customers.

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Notes to the the Schedule of operating income

Years ended December 31, 2025 and 2024

The Regulatory Division earns revenue from assessments and other related revenues, comprising application fees, fixed annual assessment of approved participants, foreign approved participants, and approved persons, as well as variable assessment, per contract per side, with fee caps for pre-arranged transactions.

Variable assessments contain one performance obligation related to the trade execution, which mostly occurs instantaneously. Revenue for application fees and fixed annual assessment are recognized on a straight-line basis over the remainder of the year. Revenue for variable assessments is recognized in the month in which the trades are executed.

Other revenues such as course fee and corporate amendments are recognized when the related services are provided.

b) Expense recognition

The Regulatory Division's expenses include compensation and benefits, information and trading systems, selling, general and administration, depreciation and amortization, and shared services costs incurred during the period.

4. Related Party Transactions

Certain general and administrative services, along with accounting, finance, human resources, and information technology are performed by MX. This results in the allocation of certain expenses, including the following, as separately presented in the Schedule:

- **Long Term Incentive Plan:** Long term incentive plan expenses, allocated at budget, to eligible employees of the Regulatory Division.
- **Corporate Benefits:** Pension, employee health benefit and share purchase plan expenses, allocated based on a budgeted percentage against salaries.
- **Occupancy:** Premises cost of the Regulatory Division's use of MX's offices in Montréal, allocated on a budgeted percentage of square footage occupied.
- **Shared Services:** Effective January 1, 2025, the Regulatory Division transitioned from the MX chargeback model to the TMX shared services allocation model, which more accurately aligns costs with the actual consumption of corporate services. Under this framework, costs are categorized into three tiers: Direct Attribution (specific IT projects), Shared Services (pooled resources such as HR, Finance, and Legal allocated via Full-Time Equivalent (FTE) or utilization drivers), and Corporate Expenses (general overhead allocated via a pro-rata revenue driver). This model replaces the previous fee consisting of 15% administrative and specific IT costs with a data-driven approach where cost pool drivers are reviewed annually and allocations are updated periodically based on actual results. Primary cost pools for the Division are information technology, human resources and finance, allocated using various drivers such as resource time, utilization, headcount proportions and revenue proportion. This change in methodology resulted in a presentation change from 'Selling, general and administration' to a dedicated 'Shared Services' line in the schedule of operating income.



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INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Bourse de Montréal Self-Regulatory Oversight Committee

We have undertaken a reasonable assurance engagement of the accompanying statement of the Regulatory Division of Bourse de Montréal Inc. ("the Entity") compliance, during the period January 1, 2025 to December 31, 2025, with Section (II)(VIII)(u)(iv) of the English translation of Decision 2023-PDG-0012 of the Autorité des marchés financiers dated April 4, 2023 (collectively, the "specified requirements established in the Recognition Order").

Management's Responsibility

Management is responsible for measuring and evaluating the Entity's compliance with the specified requirements established in the Recognition Order and for preparing the Entity's statement of compliance. Management is also responsible for such internal control as management determines necessary to enable the Entity's compliance with the specified requirements established in the Recognition Order.

Practitioner's Responsibility

Our responsibility is to express a reasonable assurance opinion on management's statement based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3530, *Attestation Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether management's statement is fairly stated, in all material respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material instance of non-compliance with specified requirements established in the Recognition Order when it exists. Instances of non-compliance can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about management's statement of the entity's compliance with specified requirements established in the Recognition Order. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material



misstatement of management's statement, whether due to fraud or error, and involves obtaining evidence about management's statement.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion. Information relevant to the Entity's compliance with the specified requirements set out in the Recognition Order is set out in management's statement of compliance.

Practitioner's Independence and Quality Management

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, management's statement that the Entity complied with the specified requirements established in the Recognition Order during the period January 1, 2025 to December 31, 2025, is fairly stated, in all material respects.

We do not provide a legal opinion on the Entity's compliance with the specified requirements established in the Recognition Order.

Specific Purpose of Management's Statement of Compliance

The purpose of management's statement of compliance is for the Entity to meet its obligation to the Autorité des marchés financiers on the Entity's compliance with the specified requirements established in the Recognition Order. As a result, management's statement of compliance may not be suitable for another purpose.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 20, 2026



Management Statement of Compliance

On behalf of the Regulatory Division (“MXR”) of Montreal Exchange Inc. (“MX”), the undersigned hereby confirms, in her capacity as President of MXR (and not in her personal capacity), that during the period January 1, 2025 to December 31, 2025 and in accordance with Section (II)(VIII)(u)(iv) of the English translation of Decision 2023-PDG-0012 (the “**Recognition Order**”) of the *Autorité des marchés financiers* (the “**AMF**”) attached at Schedule A:

1. Management’s controls operated effectively to ensure that Fines were not redistributed to MX’s participants. Fines means sums received by MXR pursuant to out-of-court settlements with MXR or disciplinary proceedings.
2. Separate accounting was kept to account for revenues and expenses associated with disciplinary files by maintaining a separate cost center (CC8551) within the Workday general ledger system for inflows and outflows to and from MX’s bank account.
3. Management’s controls operated effectively to ensure that amounts received as fines were used to compensate for Reasonable Costs. Reasonable Costs incurred in connection with the administration of hearings includes, without limitation, any expenses incurred to pursue disciplinary proceedings from the time the file is opened by MXR until its closure, including:
 - a. witness fees;
 - b. costs related to the orderly conduct and holding of the hearing (stenography, technology, room rental if applicable, etc.);
 - c. legal fees of any lawyer retained to act on behalf of MXR in connection with a disciplinary matter, whether for pleading, formulating a legal opinion required for the file, etc.;
 - d. fees of any expert retained to provide an opinion or advice in connection with the file;
 - e. secretarial and registrar fees;
 - f. fees of the members of the disciplinary committee; and
 - g. travel costs (if applicable), as well as fees incurred for training of, and performing background checks on, members of the disciplinary committee.
4. Management’s controls operated effectively to ensure that disbursements of the Net Excess were used, with the approval of the Self-Regulatory Oversight Committee of MX’s board of directors and only for the following purposes:
 - a. training and information of participants in the derivatives markets and for members of the public or for research costs in this area;
 - b. payments made to a not-for-profit tax-exempt body whose purpose is, *inter alia*, to protect investors or carry on the activities referred to in subparagraph (a) above;
 - c. Education projects, which includes, without limitation, any projects relating to: disseminating, enhancing, or furthering knowledge or understanding of financial markets, regulatory oversight, or any related matter; or developing partnerships or

supporting projects, initiatives, institutions, organizations or individuals to address issues of interest or relevance to MXR.

d. or such other purposes as was approved by the AMF.

Net excess means the result of the following calculation: $A + B - C$, where (A) means all fines collected prior to the year ended December 31, 2025 that were not disbursed, (B) means all fines collected during the year ended December 31, 2025, and (C) means any amounts disbursed in accordance with item 3 above during the year ended December 31, 2025.

DATED March 20, 2026

REGULATORY DIVISION OF MONTREAL EXCHANGE INC.

DocuSigned by:



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Karen McMeekin

President, Regulatory Division

Schedule A

English Translation of Section (II)(VIII)(u)(iv) **of the Recognition Order**

iv) fines and other sums received by the Division pursuant to out-of-court settlements with the Division or disciplinary proceedings shall be treated as follows:

1. no amount shall be redistributed to the participants of the Bourse;
2. separate accounting shall be kept to account for revenues and expenses associated with disciplinary files;
3. amounts received shall be used first to compensate for reasonable costs incurred in connection with the administration of hearings and the Self-Regulatory Advisory Committee; and
4. any net excess shall be used, with the approval of the Self-Regulatory Oversight Committee, for any of the following purposes:
 - A. for training and information of participants in the derivatives markets and for members of the public or for research costs in this area;
 - B. for payments made to a not-for-profit tax-exempt body whose purpose is, inter alia, to protect investors or carry on the activities mentioned in subparagraph A of subparagraph 4 of subparagraph iv of paragraph u of this section;
 - C. for education projects;
 - D. for such other purposes as may be approved by the Autorité.