



CIRCULAR 048-25  
May 6, 2025

**HEARING BEFORE A DISCIPLINARY  
COMMITTEE OF BOURSE DE MONTRÉAL INC.**

**BMO NESBITT BURNS INC. AND  
FRANCO CARELLI**

There will be a Disciplinary Committee hearing on **June 2, 2025 at 9:30 a.m.** by videoconference, in order to determine whether BMO Nesbitt Burns Inc. and Mr. Franco Carelli violated the Rules of Bourse de Montréal Inc. (the “**Rules**”), as alleged in disciplinary complaints filed by the Regulatory Division of Bourse de Montréal Inc. against them.

The disciplinary complaint against BMO Nesbitt Burns Inc. concerns allegations that:

1. On March 19, 2019 and on May 31, 2019, BMO Nesbitt Burns Inc. contravened article 7.6 - “Front Running Prohibited” - of the Rules, 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 19, 2019 and on May 31, 2019, BMO Nesbitt Burns Inc. contravened article 7.3 - “Best Execution Required” - of the Rules, as it 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 19, 2019 and on May 31, 2019, BMO Nesbitt Burns Inc. contravened article 6.202 - “Trading Against Customer Orders (Cross-Trades)”, subparagraphs 6.205 (b) ii) and iii) - “Prearranged Transactions”, and article 6.114 - “Order Priorities” of the Rules, as, while knowingly taking the opposite side of a customer order of Futures for its own account, it 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;
4. On March 19, 2019 and on May 31, 2019, BMO Nesbitt Burns Inc. contravened article 6.115 - “Order Identification” - of the Rules, as it did not ensure the 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 19, 2019 and October 10, 2019, BMO Nesbitt Burns Inc. contravened article 3.100 - “Supervision, Surveillance and Compliance” of the Rules, as it 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, 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 19, 2019 and on May 31, 2019, BMO Nesbitt Burns Inc. contravened article 3.100 - "Supervision, Surveillance and Compliance" - of the Rules, as it 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, 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;
7. On March 19, 2019 and on May 31, 2019, BMO Nesbitt Burns Inc. contravened article 3.101 - "Approved Participant's Supervisory Responsibility" - of the Rules, as BMO Nesbitt Burns Inc. did not ensure that one of its employees and Approved Persons complied with the Article 7.6 of the Rules (Front Running Prohibited).

The disciplinary complaint against Mr. Carelli concerns allegations that on March 19, 2019 and on May 31, 2019, he contravened article 7.6 - "Front Running Prohibited" - of the Rules, 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.

In accordance with article 4.302 of the Rules, 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.ca](mailto:mariesylvie.poissant@tmx.ca).

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

Marie-Sylvie Poissant  
Secretary of the Disciplinary Committee