



CIRCULAR 175-20
October 13, 2020

SELF-CERTIFICATION

AMENDMENTS TO THE RULES OF BOURSE DE MONTRÉAL INC.: DESIGNATED REPRESENTATIVE

The Rules and Policies Committee of Bourse de Montréal Inc. (the “**Bourse**”) and the Special Committee of the Regulatory Division of the Bourse approved amendments to the Rules of the Bourse in order to modify the appointment process of the Designated Representative and provide clarity on the role of the Designated Representative in light of the activities of the Bourse and of the Regulatory Division. These amendments were self-certified in accordance with the self-certification process as established in the *Derivatives Act* (CQLR, Chapter I-14.01).

These amendments attached herewith will become effective on **October 14, 2020**, after market close. Please note that the revised articles will also be available on the Bourse’s website (www.m-x.ca).

Moreover, the Bourse would like to clarify certain points regarding the regulatory analysis submitted for comments (English and French versions) and the approved amendments (French version only). The clarifications for the English version of the documents are attached to this circular as Appendix 1.

The amendments described in the present circular were published for public comment by the Bourse on November 19, 2019 (see circular [147-19](#)). Further to the publication of this circular, the Bourse received comments. A summary of the comments received as well as responses from the Bourse to these comments is attached hereto as Appendix 2.

For additional information, please contact Martin Jannelle, Senior Legal Counsel, at 514-787-6578 or by email at martin.jannelle@tmx.com.

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APPENDIX 1 – CLARIFICATION

In light of the comments received, the Bourse wishes to further clarify the information in its regulatory analysis.

- **Regulatory Analysis, page 4, third paragraph.** The first sentence of the paragraph should read as follows:

« The Designated Representative will also be able to ~~authorize~~identify individuals to whom he or she wishes ~~to delegate various responsibilities~~ give the authority to act in his or her name, such as signatories for the application for an Approved Person. »

A revised version of the regulatory analysis published for comment and the approved amendments, including the clarifications indicated above, are annexed to this circular.



**DESIGNATED REPRESENTATIVE
AMENDMENTS TO ARTICLES 1.01, 2.204, 3.0, 3.101, 3.103, 3.104 AND 4.0 OF THE RULES OF
BOURSE DE MONTREAL INC.**

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DESCRIPTION

The Regulatory Division (the “Division”) of Bourse de Montréal Inc. (the “Bourse”) wishes to update and modernize the Rules of the Bourse (the “Rules”) applicable to the “Designated Representative”. The main purpose of the proposed amendments is to modify the appointment process of the Designated Representative and provide clarity on the role of the Designated Representative in light of the activities of the Bourse and that of the Division today.

I. PROPOSED AMENDMENTS

Please refer the proposed amendments described in the attached Annex 1.

II. ANALYSIS

a. Background

Historically, exchanges were membership-owned mutual companies or cooperatives, bringing buyers and sellers of securities in one place with enforceable and practical rules.

The notion of “Designated Representative” appeared in the Rules in the early years of the existence of the Bourse when it was constituted in the form of a mutual company (or a membership organization). The “Designated Representative”, which was then referenced as “membership representative”, was the official representative of a member for all dealings with the exchange with full authority to speak for, act for or bind the member. The “membership representative” would also act as a proxy of the member for all meetings of the members. The “membership representative” could also get elected as part of the “governing committee”, the committee that would manage the operations of the Bourse and appoint the relevant officers for the day-to-day operations. The governing committee was also responsible for the approval of all the membership representative of each member.

As part of a demutualization trend of securities and derivatives exchanges to become shareholder-owned exchanges, the demutualization of the Bourse took place in 2000. Among other consequences, some articles of the Rules relating to membership have been repealed from the Rules of the Bourse including the concept of “governing committee”. For purposes of approving applications from firms interested in joining the Bourse as Approved Participants, the governing committee was replaced by the Special Committee of the Division. Currently, the Special Committee is also responsible for the approval of the appointment of the Designated Representative of an Approved Participant.

b. Objectives

The main objective of the proposed amendments is to modify the appointment process of the Designated Representative and provide clarity on the role of the Designated Representative, in light of the activities of the Bourse and that of the Division today.

The current Rules require the Special Committee to approve the appointment of the Designated Representative and identifies the Designated Representative as “...*the representative of the*”

Approved Participant for all dealings with the Bourse with full authority to act for and bind the Approved Participant”.

However, in practice there are only a few recurrent occurrences where an individual, in the capacity as Designated Representative, interacts with the Bourse, or more specifically with the Division. These circumstances are notably (i) at the time of application of the firm to become Approved Participant of the Bourse, (ii) at the time of resignation of the firm as an Approved Participant and (iii) as signatory for applications of individuals as Approved Persons.

For examinations, investigations and disciplinary matters, the Division usually deals with the Chief Compliance Officer of the Approved Participants or his/her designated proxy.

In light of the above, the Division has given consideration to the need of maintaining the current status of “Designated Representative” and analyzed the related articles in the Rules. Given that the nature of its interactions with the Approved Participants relates to regulatory matters, the Division finds it necessary for Approved Participants to have, at all times, an individual officially appointed for the purpose of dealing and communicating with the Division. Therefore, the Division is proposing to keep the notion of “Designated Representative” but to make changes to the Rules to align the notion with the current regulatory context of the Bourse and that of the Division, and clarify the responsibilities associated with the role.

The Division proposes that the Designated Representative be an individual appointed by the Approved Participant for purposes of dealings with the Division regarding regulatory matters. As such, the appointed Designated Representative will act as the primary contact at the Approved Participant for the purpose of the Division’s related activities and will also be able to communicate with the Market Operations Department as provided by article 6.9 of the Rules.

Furthermore the Division proposes to broaden the list of individuals who can be appointed as a Designated Representative for an Approved Participant.

Lastly, in order to streamline the appointment process, the Division proposes amendments to the Rules to remove the requirement for “approval by the Special Committee”. Instead, the appointment process of a Designated Representative is changed to filing a notification of appointment with the Division in the form prescribed by the Bourse. The Division will add a feature to the Participant Portal¹ to facilitate the notification as well any subsequent change.

The List of Fees of the Bourse will also be modified to reflect the amendments proposed, notably the fee of \$150 currently payable for the approval of a Designated Representative by the Special Committee will no longer be applicable.

The proposed amendments to the Rules can further be described as follows:

¹ [Circular 056-19](#): Launch of the Regulatory Division’s participant portal

Amendments to current Articles 1.101, 2.204, 3.0, 3.101 and 4.0

The approval authority of the Special Committee on the appointment of a Designated Representative is being replaced with a notification of appointment to the Division in the form prescribed by the Bourse.

The Participant Portal will have a new feature allowing an employee of a Participant with an authorized access to submit a notification in relation to the appointment of a Designated Representative. This employee may be the Administrator of the Portal or a delegate. In line with the objective to streamline this process for the Division and the Participant as well, the Division will not request for additional documents in support of the appointment submitted. Therefore, a corporate resolution from the Participant will not be required when notifying the Division of the nomination of a Designated Representative. The Participant remains responsible to ensure that an individual appointed in this capacity meets the qualification requirements prescribed in the Rules. Furthermore, as a measure of validation, an email notification will be sent to the appointed individual.

The Designated Representative will also be able to identify individuals to whom he or she wishes to give the authority to act in his or her name, such as signatories for the application for an Approved Person. Going forward in such cases, the Division will not be requesting additional documentation (ex. a corporate resolution) and will consider any delegate as duly authorized to act on the behalf of the Designated Representative in the delegated functions.

Amendments to current Article 3.103

The provision is being amended to add the notification of any change in the status of the Designated Representative.

Therefore, the Division should be notified under the following circumstances: (i) the appointment of a Designated Representative at the time of the Approved Participant's admission on the Bourse, in accordance with article 3.104; (ii) a termination of employment of a Designated Representative and without undue delay, the nomination of a new Designated Representative; or (iii) where there is a change in the employment status which impacts the individual's qualification as appointed Designated Representative or capacity to continue representing the Approved Participant as primary contact person to the Division. A termination and cessation notice will have to be filed with the Division no later than 10 business days from the termination or cessation date. The List of fees of the Bourse will be amended accordingly.

In the course of the reorganization of the Rules that led to the introduction of the new Rulebook of the Bourse that came into force on January 1st, 2019 (the "Rulebook"), former article 3304 relating to Partnership Approved Participants was integrated into the Rules in article 3.103. It appears, however, that the equivalent provisions of former article 3404 relating to Corporate Approved Participants were not included in article 3.103. Hence, the Bourse now takes this opportunity to make the necessary amendments to include Corporate Approved Participants under this article.

Amendments to current Article 3.104

The revised provisions clarify the role of the Designated Representative as the individual appointed by the Approved Participant to deal with the Division and act as primary contact of the Division regarding regulatory matters.

Changes are also being made to expand the qualifications of the Designated Representative to include individuals registered as chief compliance officer of the Approved Participant. Under the Rules those individuals designated as “ultimate designated person” as per Regulation 31-103 also qualify to be appointed as Designated Representative. Furthermore individuals registered in similar roles,, as the case may be, in the jurisdiction where the Approved Participant is located will qualify as well. For example, in the United States, it can be an individual who is registered as a ‘Principal’²; in the United Kingdom, it may be an individual registered with the FCA as ‘Appointed representative and principal’³.

Furthermore, the revised provisions allow an Approved Participant to opt for the appointment of more than one Designated Representative depending on their business model. For example, an Approved Participant may have two separate business units trading on the Bourse and wishes to keep the line of responsibility segregated by appointing a Designated Representative for each business unit. The Division understands that a firm may choose to manage the functions internally in this manner and will not object if a rationale is provided for this choice. However, when an Approved Participant opts to appoint more than one Designated Representative, communication between the Division and any one of the Designated Representative will be binding on the Approved Participant regardless of the Approved Participants internal organization.

Any vacancy should be filled in accordance with the provisions contained in Part 3, Chapter B of the Rules. The Division expects to have a primary contact at the Approved Participant level at all times and thus appointment of a Designated Representative in replacement of the former must be completed without undue delay. The Division recognizes that there may be circumstances where the appointment of a new Designated Representative cannot be done within a reasonable time (10 business days from the date the vacancy starts). It is therefore important for the Approved Participant to contact the Division in a timely manner to identify an alternate contact in the interim for the appointment to be completed.

c. Comparative Analysis

² CFTC Regulation 3.1(a) Principal. Principal means, with respect to an entity that is an applicant for registration, a registrant or a person required to be registered under the Act or the regulations in this part:

(1) If the entity is organized as a sole proprietorship, the proprietor and chief compliance officer; if a partnership, any general partner and chief compliance officer; if a corporation, any director, the president, chief executive officer, chief operating officer, chief financial officer, chief compliance officer, and any person in charge of a principal business unit, division or function subject to regulation by the Commission; if a limited liability company or limited liability partnership, any director, the president, chief executive officer, chief operating officer, chief financial officer, chief compliance officer, the manager, managing member or those members vested with the management authority for the entity, and any person in charge of a principal business unit, division or function subject to regulation by the Commission; and, in addition, any person occupying a similar status or performing similar functions, having the power, directly or indirectly, through agreement or otherwise, to exercise a controlling influence over the entity's activities that are subject to regulation by the Commission;

³ FCA: An appointed representative (AR) is a firm or person who runs regulated activities and acts as an agent for a firm we directly authorise. This firm is known as the ARs 'principal'.

Given the nature of the proposed amendments to the Rules, the Division of the Bourse is of the view that no comparative analysis is required. The proposed amendments simply provide clarity with regard to the qualifications, appointment and role of the Designated Representative, in light of the activities of the Bourse and the Division today.

d. Analysis of Impacts

i. Impacts on Market

The proposed amendments will have no impact on the derivatives market.

ii. Impacts on Technology

The proposed amendments will have no impact on the technological systems of the Bourse, its approved participants or CDCC. The Division will be enhancing the Participant Portal so that the notification of appointment and subsequent changes are made through the portal.

iii. Impacts on regulatory functions

The proposed amendments are initiated by the Division in order to provide clarity and simplify the process with regard to the qualifications, appointment and responsibilities of the Designated Representative, in light of the activities of the Bourse and the Division today.

iv. Impacts on clearing functions

The proposed amendments will have no impact on the clearing functions.

v. Public Interest

The Bourse is of the view that the proposed amendments are not contrary to the public interest. In fact, the public and market participants generally request clear rules that are consistent with the best practices of other international derivatives exchanges and, when applicable, other self-regulatory organizations.

III. PROCESS

The proposed amendments are subject to the Special Committee and the Rules and Policies Committee of the Bourse for approval purposes. They will also be submitted to the Autorité des marchés financiers in accordance with the self-certification procedure and to the Ontario Securities Commission for information.

IV. ATTACHED DOCUMENTS

Proposed Amendments.

APPENDIX 1
AMENDED VERSION

Article 1.101 Definitions

Designated Representative (Représentant Attitré) means a physical Person appointed ~~to represent an~~ by the Approved Participant in accordance with Article 3.104 of the Rules.

Article 2.204 Powers of the Special Committee

The Special Committee shall have the following powers:

- (a) make recommendations to the Board of Directors regarding the separate budget of the Regulatory Division;
- (b) supervise and control the activities of the Regulatory Division, subject to the final authority of the Board of Directors and the Autorité des marchés financiers;
- (c) adopt or amend the Regulations of the Bourse relating to:
 - (i) applications for admission as Approved Participant;
 - (ii) the operations and standards of practice and business conduct applicable to Approved Participants;
 - (iii) investigations and disciplinary matters; and
 - (iv) dispute resolution.
- (d) recommend to the Board of Directors the adoption or amendment of the Regulations of the Bourse relating to:
 - (i) Margin requirements;
 - (ii) capital requirements applicable to Approved Participants; and
 - (iii) market surveillance;
- (e) approve the applications for Approved Participant ~~or Designated Representative~~ status, as well as the suspension and revocation of such approvals pursuant to Part 3 of the Rules;
- (f) approve the resignations of Approved Participants pursuant to Article 3.300 to Article 3.303 of the Rules;
- (g) approve corporate changes affecting Approved Participants, such as changes of control, acquisitions of Major Positions and reorganizations;
- (h) order that a special examination or investigation be made pursuant to Article 4.3 of the Rules;

- (i) order a suspension for failure to provide information pursuant to Article 4.5 of the Rules;
- (j) proceed summarily in the situations mentioned in Article 4.4 and Article 4.401 as the circumstances warrant, and following of the Rules;
- (k) proceed to the hearing of appeals from decisions rendered by the Disciplinary Committee in regard to complaints, pursuant to Article 4.201 and following of the Rules or from decisions rendered by any other committee or staff of the Bourse;
- (l) report to the Board of Directors regarding the execution by the Regulatory Division of its regulatory duties; and
- (m) periodically review and approve the fees relating to the Regulatory Division.

Article 3.0 Admission

- (a) Each Approved Participant must be approved as such by the Special Committee at the time of admission, and must thereafter comply with the conditions required to remain an Approved Participant as set forth in the Regulations of the Bourse. Approved Participants may be Partnerships (referred to as “Partnership Approved Participants”) or corporations (referred to as “Corporate Approved Participants”);
- (b) The Bourse shall give its approval where in its opinion, the Approved Participant or Approved Person, has the necessary competence and integrity. In the case of an Approved Participant, the Bourse must be satisfied that it has available adequate financial resources;
- (c) Anyone seeking and obtaining Bourse Approval thereby undertakes to be bound by and to comply with the Regulations of the Bourse and must comply on a continuing basis with the criteria set forth in the Regulations of the Bourse to remain an Approved Participant.
- (d) ~~For the purpose of this Part, the term “Approved Person” also includes the Designated Representatives duly approved pursuant to Article 3.104.~~

Article 3.101 Approved Participant’s Supervisory Responsibility

Each Approved Participant must ensure that all its employees, Approved Persons and Designated Representatives ~~who are duly approved pursuant to Article 3.104~~ comply with the provisions of the Regulations of the Bourse.

Article 3.103 Notice

Each ~~Partnership~~-Approved Participant must notify the Bourse in writing within ten (10) Business Days:

- (a) of the termination of employment of an Approved Person or a Designated Representative~~approved by the Bourse~~. The ten (10) Business Days delay starts on the first Business Day following the date of such termination of employment and the written notice must be made, as the case may be, in the form prescribed by the Bourse;
- ~~(b)~~ of the cessation in the appointment of a Designated Representative, other than a termination of employment. The ten (10) Business Days delay starts on the first Business Day following the date the cessation of appointment becomes effective and the written notice must be made, as the case may be, in the form prescribed by the Bourse;
- ~~(b)(c)~~ of any non-compliance with any of the provisions of Article 3.2(c) or (d) as applicable, except for matters where a specific prior notification obligation is provided for;
- ~~(d)~~ of any proposed change in or amendment to any document:
 - ~~(i)~~ relating to the Partnership agreement or constitution of the Partnership Approved Participant or its partners which has been filed with the Bourse or which the Bourse requires to be filed with it; or
 - ~~(i)(ii)~~ relating to the constitution, capital or shares of the Corporate Approved Participant or the rights of its shareholders which has been filed with the Bourse or which the Bourse requires to be filed with it;
- ~~(e)~~ (e) of all positions taken in a Person or entity that is not an Approved Participant.

Article 3.104 Appointment of a Designated Representative

~~Each Partnership Approved Participant must appoint one of its partners or Officer as its Designated Representative. Each Corporate Approved Participant must appoint one of its directors, one of the directors of its Parent Company or an Officer, where applicable, as its Designated Representative. The appointment of a Designated Representative must be filed in writing with the Bourse on the form prescribed by the Bourse and must constitute each Designated Representative as the representative of the Approved Participant for all dealings with the Bourse with full authority to act for and bind the Approved Participant.~~

~~Each Designated Representative at the time of his or her appointment and so long as he or she is a Designated Representative must be approved as such by the Special Committee. Such approval may be revoked at any time by the Special Committee without any formality whatsoever and shall terminate automatically if the Designated Representative ceases to be a partner, a director, as the case may be, of the Approved~~

~~Participant or its Parent Company or an Officer. Any vacancy in such appointment must be filled promptly.~~

(a) The Approved Participant must at all times have a Designated Representative appointed to act as the representative of the Approved Participant with full authority to act for and bind the Approved Participant in all communications and dealings with the Regulatory Division and with the Market Operations Department pursuant to Article 6.9.

(b) The Designated Representative shall be:

- (i) a director sitting on the board of directors of a Corporate Approved Participant; or
- (ii) a director sitting on the board of directors of the Corporate Approved Participant's Parent Company; or
- (iii) an Officer of the Corporate Approved Participant; or
- (iv) a partner of a Partnership Approved Participant; or
- (v) an individual employed by the Approved Participant and registered as chief compliance officer or in a similar capacity, as applicable, in the jurisdiction the Approved Participant is located.

(c) An Approved Participant may appoint more than one Designated Representative if it deems fit based on its model of operation. The Approved Participant shall include in its notification to the Regulatory Division the rationale for having more than one Designated Representative. Notwithstanding the appointment of more than one Designated Representative under this article, any communication between the Regulatory Division, in any form whatsoever, and any one Designated Representative shall be deemed to be a binding communication with the Approved Participant;

(d) The appointment of a Designated Representative must forthwith be filed with the Regulatory Division in the form prescribed by the Bourse;

(e) Any vacancy in such appointment must be filled promptly.

Article 4.0 Service of Documents to Regulatory Division/Definition

For the purposes of Part 4:

- (a) any document required to be served on the Bourse must be addressed to the attention of the Vice-President, Legal Affairs (Derivatives), and delivered by messenger or by registered mail, in either case, with proof of receipt signed by a representative of the Bourse;
- (b) any document required to be served on any Person other than the Bourse must be served by delivering it directly to the Person, by messenger or by sending it by

- registered mail addressed to the Person to their latest residence or business address shown in the records of the Bourse;
- (c) any document required to be served on an Approved Person who is located outside of Canada may be served on the Approved Participant or, as the case may be, on a person who is a resident of Québec and appointed as agent for the service of process.
 - (i) If it is not possible to serve a document in accordance with the requirements of paragraph (b), the Bourse may use any other manner of service that is likely to bring the document to the attention of the Person.
 - (ii) An affidavit signed by an employee or representative of the Bourse attesting that the service requirements of paragraph (b) have been complied with is sufficient proof of service.
 - (d) The term “Approved Person” also includes:
 - (i) The Designated Representatives ~~appointed who are duly approved~~ pursuant to Article 3.104; and
 - (ii) Partners and shareholders, directors and Officers of Approved Participants and Related Firms.

CLEAN VERSION

Article 1.101 Definitions

Designated Representative (Représentant Attitré) means a physical Person appointed by the Approved Participant in accordance with Article 3.104 of the Rules.

Article 2.204 Powers of the Special Committee

The Special Committee shall have the following powers:

- (a) make recommendations to the Board of Directors regarding the separate budget of the Regulatory Division;
- (b) supervise and control the activities of the Regulatory Division, subject to the final authority of the Board of Directors and the Autorité des marchés financiers;
- (c) adopt or amend the Regulations of the Bourse relating to:
 - (i) applications for admission as Approved Participant;
 - (ii) the operations and standards of practice and business conduct applicable to Approved Participants;
 - (iii) investigations and disciplinary matters; and
 - (iv) dispute resolution.
- (d) recommend to the Board of Directors the adoption or amendment of the Regulations of the Bourse relating to:
 - (i) Margin requirements;
 - (ii) capital requirements applicable to Approved Participants; and
 - (iii) market surveillance;
- (e) approve the application for Approved Participant status, as well as the suspension and revocation of such approval pursuant to Part 3 of the Rules;
- (f) approve the resignations of Approved Participants pursuant to Article 3.300 to Article 3.303 of the Rules;
- (g) approve corporate changes affecting Approved Participants, such as changes of control, acquisitions of Major Positions and reorganizations;
- (h) order that a special examination or investigation be made pursuant to Article 4.3 of the Rules;

- (i) order a suspension for failure to provide information pursuant to Article 4.5 of the Rules;
- (j) proceed summarily in the situations mentioned in Article 4.4 and Article 4.401 as the circumstances warrant, and following of the Rules;
- (k) proceed to the hearing of appeals from decisions rendered by the Disciplinary Committee in regard to complaints, pursuant to Article 4.201 and following of the Rules or from decisions rendered by any other committee or staff of the Bourse;
- (l) report to the Board of Directors regarding the execution by the Regulatory Division of its regulatory duties; and
- (m) periodically review and approve the fees relating to the Regulatory Division.

Article 3.0 Admission

- (a) Each Approved Participant must be approved as such by the Special Committee at the time of admission, and must thereafter comply with the conditions required to remain an Approved Participant as set forth in the Regulations of the Bourse. Approved Participants may be Partnerships (referred to as “Partnership Approved Participants”) or corporations (referred to as “Corporate Approved Participants”);
- (b) The Bourse shall give its approval where in its opinion, the Approved Participant or Approved Person, has the necessary competence and integrity. In the case of an Approved Participant, the Bourse must be satisfied that it has available adequate financial resources;
- (c) Anyone seeking and obtaining Bourse Approval thereby undertakes to be bound by and to comply with the Regulations of the Bourse and must comply on a continuing basis with the criteria set forth in the Regulations of the Bourse to remain an Approved Participant.

Article 3.101 Approved Participant’s Supervisory Responsibility

Each Approved Participant must ensure that all its employees, Approved Persons and Designated Representative comply with the provisions of the Regulations of the Bourse.

Article 3.103 Notice

Each Approved Participant must notify the Bourse in writing within ten (10) Business Days:

- (a) of the termination of employment of an Approved Person or a Designated Representative. The ten (10) Business Days delay starts on the first Business Day following the date of such termination of employment and the written notice must be made, as the case may be, in the form prescribed by the Bourse;

- (b) of the cessation in the appointment of a Designated Representative, other than a termination of employment. The ten (10) Business Days delay starts on the first Business Day following the date the cessation of appointment becomes effective and the written notice must be made, as the case may be, in the form prescribed by the Bourse;
- (c) of any non-compliance with any of the provisions of Article 3.2(c) or (d) as applicable, except for matters where a specific prior notification obligation is provided for;
- (d) of any proposed change in or amendment to any document:
 - (i) relating to the Partnership agreement or constitution of the Partnership Approved Participant or its partners which has been filed with the Bourse or which the Bourse requires to be filed with it; or
 - (ii) relating to the constitution, capital or shares of the Corporate Approved Participant or the rights of its shareholders which has been filed with the Bourse or which the Bourse requires to be filed with it;
- (e) of all positions taken in a Person or entity that is not an Approved Participant.

Article 3.104 Appointment of a Designated Representative

- (a) The Approved Participant must at all times have a Designated Representative appointed to act as the representative of the Approved Participant with full authority to act for and bind the Approved Participant in all communications and dealings with the Regulatory Division and with the Market Operations Department pursuant to Article 6.9.
- (b) The Designated Representative shall be:
 - (i) a director sitting on the board of directors of a Corporate Approved Participant; or
 - (ii) a director sitting on the board of directors of the Corporate Approved Participant's Parent Company; or
 - (iii) an Officer of the Corporate Approved Participant; or
 - (iv) a partner of a Partnership Approved Participant; or
 - (v) an individual employed by the Approved Participant and registered as chief compliance officer or in a similar capacity, as applicable in the jurisdiction the Approved Participant is located.
- (c) An Approved Participant may appoint more than one Designated Representative if it deems fit based on its model of operation. The Approved Participant shall include in its notification to the Regulatory Division the rationale for having more than one Designated Representative. Notwithstanding the appointment of more than one Designated Representative under this article, any communication between the Regulatory Division, in any form whatsoever, and any one Designated Representative shall be deemed to be a binding communication with the Approved Participant;

- (d) The appointment of a Designated Representative must forthwith be filed with the Regulatory Division in the form prescribed by the Bourse;
- (e) Any vacancy in such appointment must be filled promptly.

Article 4.0 Service of Documents to Regulatory Division/Definition

For the purposes of Part 4:

- (a) any document required to be served on the Bourse must be addressed to the attention of the Vice-President, Legal Affairs (Derivatives), and delivered by messenger or by registered mail, in either case, with proof of receipt signed by a representative of the Bourse;
- (b) any document required to be served on any Person other than the Bourse must be served by delivering it directly to the Person, by messenger or by sending it by registered mail addressed to the Person to their latest residence or business address shown in the records of the Bourse;
- (c) any document required to be served on an Approved Person who is located outside of Canada may be served on the Approved Participant or, as the case may be, on a person who is a resident of Québec and appointed as agent for the service of process.
 - (i) If it is not possible to serve a document in accordance with the requirements of paragraph (b), the Bourse may use any other manner of service that is likely to bring the document to the attention of the Person.
 - (ii) An affidavit signed by an employee or representative of the Bourse attesting that the service requirements of paragraph (b) have been complied with is sufficient proof of service.
- (d) The term "Approved Person" also includes:
 - (i) The Designated Representatives appointed pursuant to Article 3.104; and
 - (ii) Partners and shareholders, directors and Officers of Approved Participants and Related Firms.

APPENDIX 2

Circular 147-19: Amendments to the Rules of Bourse de Montréal Inc.: Designated Representative Summarized comments received on December 13, 2019 and responses from the Bourse

No.	Participant Category	Summary of comments	Summary of responses
	NA	NA	<p><u>General comment:</u></p> <p>Given the comments received on the notion of delegation and the responsibilities of a Designated Representative, the Regulatory Division (the “Division”) wishes to clarify as follows:</p> <p>As provided under Article 3.104(a) of the Rules of the Bourse, the role of the Designated Representative is limited, from a corporate perspective, to represent the Approved Participant in all communications and dealings with the Division.</p> <p>In this role, the individual identified will be recognized by the Division as having the necessary authority to submit requests, such as requests for exemptions, signing applications for Approved Persons, applying for the resignation of the Approved Participant, etc.</p> <p>The Division proposes to offer the Approved Participant more flexibility in managing such requests and the communications with the Division, by allowing the Designated Representative to identify individuals authorized to act in his or her name for specific requests or communications with the Division.</p>

			<p>The following sentence in the Analysis document will be modified as such:</p> <p><u>In English -</u></p> <p>« <i>The Designated Representative will also be able to authorize <u>identify</u> individuals to whom he or she wishes to delegate various responsibilities <u>give the authority to act in his or her name</u>, such as signatories for the application for an Approved Person. »</i></p> <p><u>In French -</u></p> <p>« <i>Le représentant attiré sera également en mesure d'autoriser <u>de nommer</u> des individus qu'il ou elle souhaite déléguer diverses responsabilités <u>autoriser à agir en son nom</u>, telles que les signataires approuvant les demandes de personnes approuvées. »</i></p> <p>Since the role of a Designated Representative is not tied to regulatory functions, as compared to roles such as an Ultimate Designated Person under Regulation 31-103, the Division wishes to clarify that there will be no delegation of responsibilities in this context.</p> <p>When publishing the Circular on Self Certification, the above clarification will be provided by way of an Appendix.</p>
1.	IIAC	<p>Designated Representative – Amendments to the Appointment Process:</p> <p>The IIAC and its members generally agree with the Proposal. We believe that the Proposal simplifies the appointment</p>	<p>The Bourse acknowledges the comment.</p>

		<p>process of a Designated Representative and decreases the cost of such an appointment for our members.</p> <p>However, we believe the Proposal as outlined may create confusion and should be amended.</p>	
2.	IIAC	<p>Delegating Tasks vs. Responsibilities</p> <p>As stated above, the IIAC believes that the Proposal may create confusion. The Circular mentions the following: <i>“The Designated Representative will also be able to authorize individuals to whom he or she wishes to delegate various responsibilities...”</i></p> <p>We believe that the Proposal could create confusion as the IIROC rulebook clearly states that <i>tasks</i>, not responsibilities, can be delegated. The IIROC rulebook also mentions that <i>functions</i> or <i>procedures</i> can be delegated. We believe that delegating <i>responsibilities</i> could significantly weaken the monitoring structure of our member firms.</p> <p>Furthermore, we could not locate this concept of delegation in the clean version of the rules included in the Circular.</p> <p>To avoid any confusion and to add greater transparency, the Proposal should be amended.</p>	<p>The Bourse and the Division take note of the confusion caused by the reference to the notion of “delegation” and “responsibilities”.</p> <p>Please refer to the General Comment above.</p>
3.	IIAC	<p>Notifying the Bourse through the Participant Portal</p> <p>We believe that notification regarding Designated Representatives through the Participant Portal (the “Portal”) greatly simplifies the process for our member</p>	<p>The Bourse acknowledges the comment. Please refer to the response in the next section.</p>

		<p>firms. Furthermore, it allows the Chief Compliance Officer to be made aware of all activity from authorized persons on the Portal.</p> <p>However, we do believe that additional email notifications should be sent by the Bourse to ensure proper monitoring by our members. This will be discussed in the next section.</p>	
4.	IIAC	<p>Email Notifications – Monitoring Portal Activity</p> <p>The Proposal mentions that an email will be sent by the Bourse to the Designated Representative, when appointed. We believe the Chief Compliance Officer (CCO) and Ultimate Designated Person (UDP) should be copied on this email.</p> <p>Furthermore, since the Portal allows a Designated Representative to delegate responsibilities (or <i>tasks</i>) to another person, we believe this should also trigger email notifications to the CCO, UDP and to the newly-appointed individual.</p> <p>These notification emails should not be encrypted as they should not contain personal information. The emails should simply state that changes have been made in the Portal. Our members could, when receiving these notices, log on to the Portal and review all activity.</p> <p>We believe additional email notifications will ensure better monitoring by our members.</p>	<p>The Division proposes to send notifications to the Designated Representative, as the primary contact, for activities conducted on the Portal, such as the nomination or termination of a Designated Representative, adding a signatory or changes to requests a person is authorized to sign, etc.</p> <p>In light of this comment and the one in the previous section, the Division will enhance the Portal to allow Participants to add the contact details of their UDP, CCO or any other officer who can also receive notifications of activities on the Portal. Adding the contact details of these officers will not be mandatory. Each Participant will be responsible to ensure that these contact details are up-to-date.</p> <p>The email notifications sent from the Portal will not contain any personal information. It will simply be an invitation for the recipient to log on the Portal to look at the information.</p>
5.	IIAC	<p>No Corporate Resolutions</p>	<p>The Bourse acknowledges this comment.</p>

		<p>Circular 147-19 states: <i>“...In line with the objective to streamline this process for the Division and the Participant as well, the Division will not request for additional documents in support of the appointment submitted. Therefore, a corporate resolution from the Participant will not be required when notifying the Division of the nomination of a Designated Representative...”</i>, and <i>“The Designated Representative will also be able to authorize individuals to whom he or she wishes to delegate various responsibilities...Going forward in such cases, the Division will not be requesting additional documentation (ex. a corporate resolution) and will consider any delegate as duly authorized to act on behalf of the Designated Representative in the delegated functions.”</i></p> <p>The IIAC and its members fully agree that no corporate resolutions should be required to appoint a Designated Representative, nor a delegate. The previous corporate resolution requirement created an administrative burden for our members, without adding to the concept of good governance.</p>	
6.	IIAC	<p>Approval by the Special Committee</p> <p>The IIAC and its members agree with the proposed removal of the requirement for “approval by the Special Committee”.</p> <p>The industry also agrees with the removal of the \$150 fee which was linked to such approval.</p>	The Bourse acknowledges this comment.

7.	IIAC	Conclusion The IIAC and its members generally agree with the Proposal. However, we firmly believe that any delegation should be done on a <i>task</i> level, not on a responsibility level. For greater clarity and transparency, we would expect such delegation to be included in the rules of the Bourse. We also believe that extra tools, such as additional email notifications, should be added in order to help our member firms with Portal activity monitoring.	The Bourse acknowledges this comment and please refer to the response in the General Comments above.
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