



■ MONTRÉAL EXCHANGE

Regulatory Division - Annual Report 2024

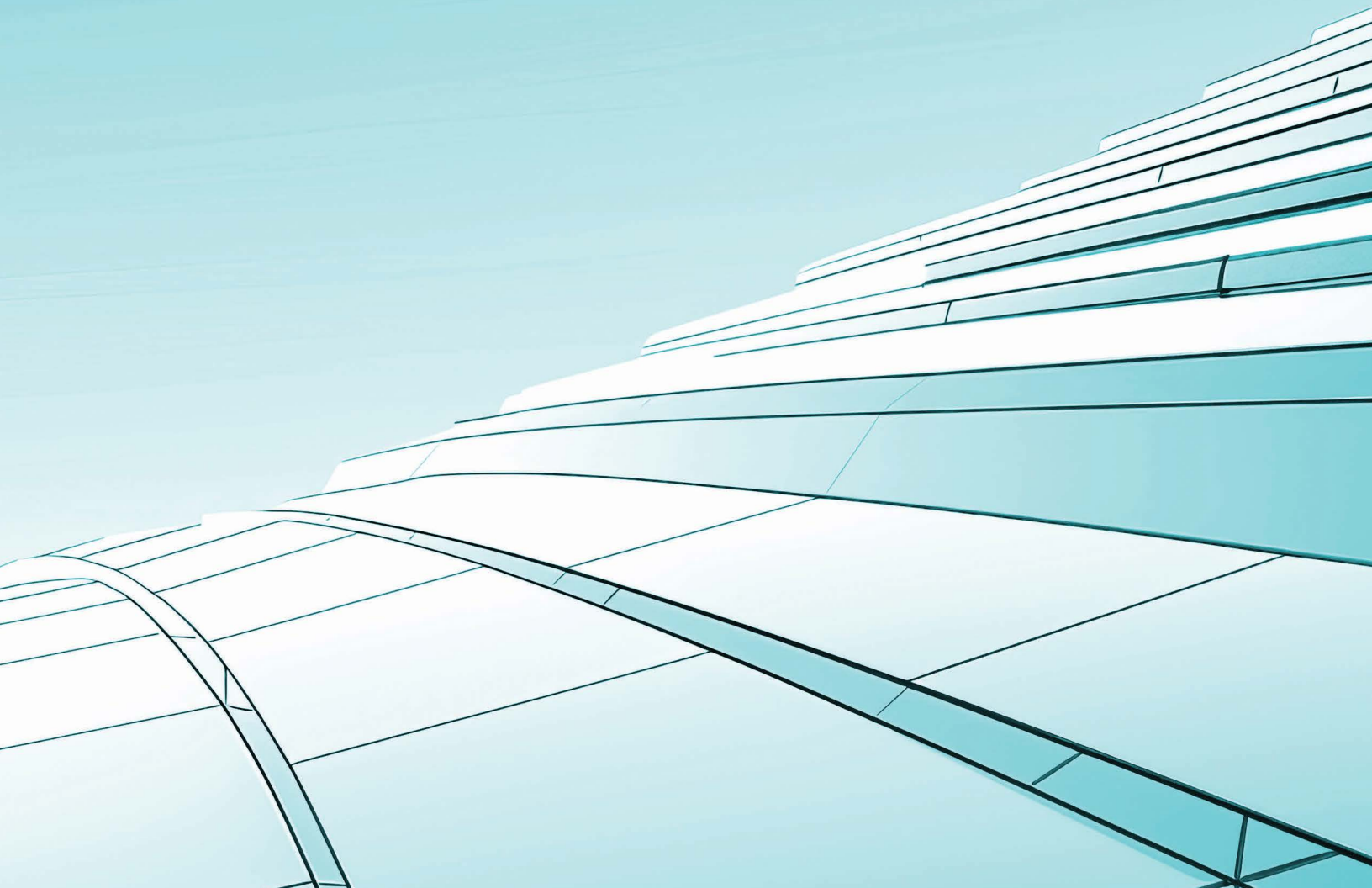


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MISSION

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

VISION

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

About Us

The Bourse de Montréal Inc. (the "Bourse") is recognized by the Autorité des marchés financiers (the "AMF") 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 (the "Recognition Order"). Under the terms of this decision, the Bourse is required to maintain an independent unit, the Regulatory Division (the "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 of the Board of Directors of the Bourse (the "SROC"), the Division is mandated with exercising the self-regulatory functions of the Bourse.

Governance and Structure

The Division's governance and structure are designed to ensure its 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 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 SROC relating to its regulatory functions (including disciplinary matters) or that would interfere with the ability of the Division to carry out its responsibilities under the Bourse's Recognition Order; and
- If the 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 for the Division are in compliance with the provisions of the Recognition Order and with the Rules of the Bourse relating to the Division and the SROC. These structural standards include the following:

- The 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 Division is under the oversight of the SROC. This committee is nominated and appointed by the Board of Directors of the Bourse; and
- The SROC must be composed of at least two-thirds of persons who are independent based on the independence criteria set out in the Recognition Order.

Annual Report 2024

The purpose of this report is to give the reader an overview of the Division's activities and initiatives completed between January 1 and December 31, 2024. This report was filed with the AMF on March 28, 2025.

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 Division is available on the Division's website at <https://reg.m-x.ca/en>.



Letter from the Chair of the Self-Regulatory Oversight Committee

I am pleased to present the annual report of the Division for 2024. As Chair of the SROC, it is my privilege to share in this publication an overview of the Division's work, accomplishments, and areas of focus.

Over the past year, the Committee has continued to play a critical role in ensuring that the Division remains committed to the highest standards of accountability, transparency, and compliance with the established self-regulatory guidelines and requirements.

In 2024, the Division undertook various initiatives aimed at enhancing oversight processes and reinforcing regulatory functions. Namely, several enhancements were made to the surveillance system with the introduction of new alerts and the calibration of existing alerts to strengthen detection of potentially suspicious activity. Plus, a review of the minor violations framework resulted in changes to the list of fines. Fines are in turn used to support educational initiatives, and the Committee is proud to have approved scholarship requests throughout the year to educate students about the financial markets. One of these requests was for Building Brighter Futures: Bursaries, Scholarships and Awards, an Indspire program that supports and advances the academic achievement and success of Indigenous students in Canada.

While we have made significant progress, challenges remain, such as how to adapt to rapidly evolving markets and regulatory and technological landscapes. In 2024, the Division worked on adapting its systems to new products and operational functionalities introduced by the Bourse. The Division also worked on further improving communication and collaboration not only with the Bourse, but with all other stakeholders, to ensure that oversight activities are as effective as possible.

As we move into 2025, the Committee will focus on closely following upgrades to the Division's technology and the results of the Division's analysis and consultation with the industry on the framework for Approved Persons. The Committee will engage with the Division on proposed amendments to refine the disciplinary process, so that the industry has confidence in the Division's ability to maintain fair and equitable markets.

I would like to express my gratitude to the members of the SROC and the Advisory Committee on Self-Regulation for their ongoing dedication, and most importantly, I would like to thank the members of the Regulatory Division. It is their commitment to the organization, and their resolute effort to uphold and safeguard the public interest, that is the basis for the Division's success. It is essential that we maintain not only the trust of the public, but also the AMF, whose ongoing support of our initiatives is invaluable.

I am confident that, together with the Division, we will continue to serve the interests of the public, our participants, and the broader industry.

Monique Mercier

Chair of the SROC



Letter from the President of the Regulatory Division

Over the last year, the Division has embraced opportunities, achieved milestones and reflected on challenges, reinforcing our commitment to growth and long-term success. I am therefore proud to share this Annual Report for 2024. Our role remains pivotal in ensuring the integrity and efficiency of the Canadian listed derivatives markets, which continue to play a critical role in the global financial system. This report reflects our collaborative efforts and accomplishments as we continued to navigate a dynamic and evolving regulatory landscape.

It was a year of steady progress. The derivatives markets grew over the last year, marked by increases in volume, innovation and volatility. New products and trading mechanisms emerged, and our mission to safeguard market integrity and serve the public interest evolved as well. Throughout 2024, we strengthened our capacity to meet the demands of increased market activity by making improvements to our surveillance system and the Participant Portal. We further developed our outreach and communication efforts for market participants by holding information sessions on key initiatives and introducing regulatory bulletins. We established new risk assessment protocols that allow us to better identify and mitigate potential regulatory risks, and we strengthened our compliance monitoring systems, resulting in improved internal controls.

The Division has also been very active in the Intermarket Surveillance Group: a global network for information sharing and coordination of regulatory efforts among exchanges to address potential intermarket manipulation. It provides us with a forum for discussing common regulatory concerns, inspiring us in our strategy to fulfill our regulatory responsibilities. With this, we interacted more with peer organizations, which has been vital for our attempts to harmonize regulatory priorities and practices. Alongside our peers, we continue to closely monitor advancements in artificial intelligence, with a view towards understanding its implications for market integrity. We recognize the importance of exploring these innovations. By fostering an open dialogue with industry stakeholders and peer self-regulatory organizations, we are positioning ourselves to stay informed on how these technologies are being adopted.

Despite our successes, 2024 did have some challenges. The need to adapt to new processes and methodologies at times presented obstacles to raising standards across all areas of our operations. Admittedly, more work needs to be done to modernize existing frameworks, such as that for Approved Persons, to align with evolving needs.

Moving forward, we will focus on strengthening our strategy to prioritize transparency, accountability, sound governance, and risk mitigation in all of our activities.

I would like to take this opportunity to express my deepest gratitude to our wonderful team, our regulatory partners, the members of the SROC, and the broader market community for their ongoing collaboration in maintaining the integrity of our markets. I look forward to continuing to work together in the pursuit of excellence, ensuring market integrity remains at the core of our regulatory mission.

Karen McMeekin

President, Regulatory Division
Bourse de Montréal

Self-Regulatory Oversight Committee

The SROC, appointed and maintained by the Bourse's Board of Directors, is responsible for overseeing the 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 the 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

4

Negotiated four settlement agreements accepted by a Disciplinary Committee.

2

Held two meetings of the Regulatory User Group.

Held an annual training session on the Bourse's public interest mandate for Division employees and members of the SROC.

12.8%

Improved market surveillance efficiency with an increase of 12.8% in the average daily volume traded during the year, i.e. an average daily volume traded of 779,572 contracts, compared to 691,005 contracts for the same period in 2023.

Recommended the admission of a new Approved Participant.

Introduced regulatory bulletins to enhance the communication channel with Participants and key stakeholders by sending frequent reminders, tips and best practices to help Participants stay informed about regulatory updates and maintain compliance.

Hosted the Compliance Forum

\$50,000

Contributed \$50,000 from the Fines fund to the Salle des marchés ESG UQAM.

\$100,000

Contributed \$100,000 from the Fines fund to the Centre d'intelligence en surveillance des marchés financiers ESG UQAM.

Continued outreach and support to Approved Participants regarding the Client and Order Identifier initiative.

Published the Division's first annual report for the year ending 2023.

Launched the Client and Order Identifiers webpage and published resource materials: Guidelines, FAQs, File Specifications for reporting and Short Code Scenarios.

Made improvements to the Participant Portal and developed an improved version of the LOPR Notification application for Participants to file reports of accumulated positions (LOPR).

Completed enhancements to the surveillance system with the introduction of new alerts and reports and calibrated existing alerts to help improve reporting and accuracy in the detection of suspicious or potentially manipulative activity.

Introduced a new semi-annual publication illustrating the Division's policy initiatives with an update on the status of those currently underway and those that the Division is presently contemplating.

Launched a new application in the Participant Portal to help facilitate the submission of client information, prescribed under the Client and Order Identifiers requirements, and released a new version of the order marker corrections application to include additional fields relevant to the new requirements.

Updated the List of Fines for Minor Violations.

Our Priorities

The activities and initiatives completed during 2024 reflect the 2024-2026 strategic plan. Our strategic guidelines are as follows:

- **To ensure market integrity:** In order to deter unwanted behavior, we need to maximize the effectiveness and robustness of our surveillance tools and enforcement process in order to impose appropriate sanctions for non-compliance and manipulative or deceptive methods of trading.
- **To strengthen our role, credibility and influence / be a proactive and relevant regulator:** We strive to be a respected partner to our stakeholders by collaborating with industry peers. We aspire to better communicate regulatory requirements and expectations to market participants in an effort to encourage honest and transparent practices.
- **To value data:** Superior data management is essential to protect and leverage data. This, coupled with a strong data strategy, helps us clarify when and how to use information.
- **To promote sound regulation:** We emphasize the need for a consistent and cohesive application of the Rules of the Bourse and foster an ongoing effort to update existing Rules of the Bourse, requirements and guidelines.

Compliance Priorities

Our compliance priorities in 2024 supported these objectives and helped us carry out our mission. We invited Participants to pay particular attention to the following, and to ensure that practices comply with the Bourse's regulatory requirements for:

- Manipulative and deceptive methods of trading
- Position limits on Listed Products
- Sponsored access (direct electronic access)
- Prearranged transaction markers

Policy Priorities

In 2024, we also began publishing our Policy Priorities, illustrating policy initiatives that are underway, including initiatives that have been self-certified and are being implemented, those published for comments and those that we are contemplating.

1. Client and order identifiers

RULES	DETAILS	STATUS	TARGET PERIOD
6.115	Amendments to the Rules of the Bourse to introduce Client and Order Identifiers	Self-certification: December 7, 2023 Effective date: June 28, 2024 Circular 144-23	Q1 2025 ¹

2. Approved Participants' ongoing information requirements

RULES	DETAILS	STATUS	TARGET PERIOD
N/A	Review of Participants' ongoing information disclosure obligations	The Division plans on publishing its analysis and a request for comments	Q2 2025 ²

3. Improving the disciplinary process

RULES	DETAILS	STATUS	TARGET PERIOD
N/A	Review of the disciplinary process and identification of improvement opportunities	The Division is currently conducting an internal analysis	N/A

4. Revamp of the regulatory framework applicable to Approved Persons

RULES	DETAILS	STATUS	TARGET PERIOD
3.400	Review of the regulatory framework on Approved Persons	The Division plans to hold consultations with stakeholders	Q2-Q3 2025

¹ The target period is the final date to comply with the requirements.

² Changed from Q1 2025 (July 26, 2024)

Regulatory Activities

Our Activities

1. Approved Participants

As of January 1, 2024, 58 Approved Participants, i.e., 28 Canadian Approved Participants (48%) and 30 foreign Approved Participants (52%), had access to the Bourse. During 2024, one admission and five resignations were approved by the SROC. Consequently, as at December 31, 2024, 54 Approved Participants, i.e., 27 Canadian Approved Participants (50%), and 27 foreign Approved Participants (50%), had access to the Bourse.

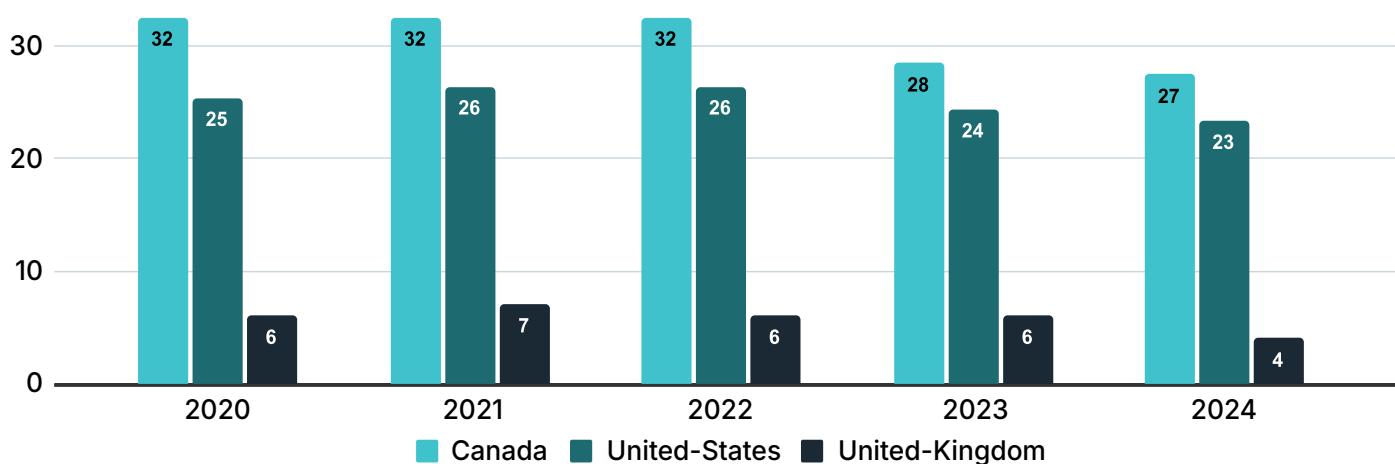
FIGURE 1

Admissions and Resignations of Participants in 2024

	PARTICIPANT	ADMISSION DATE	RESIGNATION DATE	STATUT (AP/FAP)	JURISDICTION
Q1	TradeLink Worldwide Ltd.	-	January 31, 2024	FAP	United Kingdom
Q1	R.J. O'Brien Limited	-	January 31, 2024	FAP	United Kingdom
Q1	HSBC Securities (Canada) Inc.	-	March 28, 2024	AP	Canada
Q2	StoneX Financial (Canada) Inc.	May 1, 2024	-	AP	Canada
Q2	Haywood Securities Inc.	-	May 1, 2024	AP	Canada
Q3	Credit Suisse Securities (USA) LLC	-	July 31, 2024	FAP	United States

FIGURE 2

Geographical distribution of Approved Participants of the Bourse since 2020



2. Approved Persons

In 2024, we processed 124 new applications and 80³ notices of termination.

³ In addition, the resignation of three Approved Participants has resulted in the cessation of 22 Approved Persons.

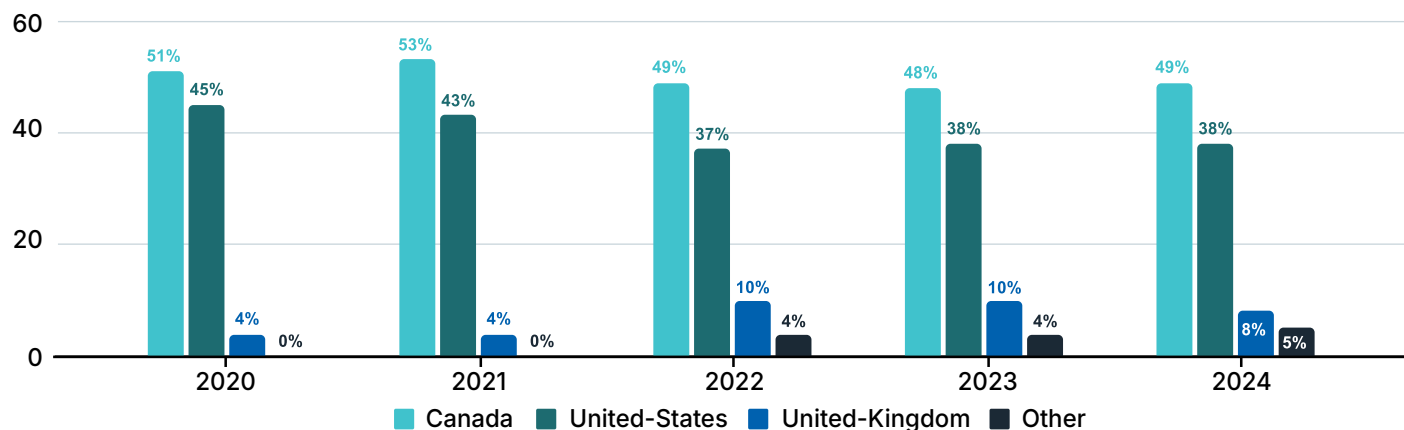
FIGURE 3

Approval of Approved Persons in 2024

NUMBER OF APPROVAL APPLICATIONS IN 2024	TARGETED DEADLINE MET	TARGETED DEADLINE NOT MET
124	95%	5%

FIGURE 4

Geographic breakdown of Approved Persons since 2020



3. Examinations

The Examinations service conducts desk reviews of Approved Participants of the Bourse. The purpose of these reviews is to verify the compliance of the Approved Participants' trading practices with the Rules of the Bourse.

From January 1 to December 31, 2024, the examiners performed 23 examinations, 18 of which led to findings. There were 56 findings reported, 25 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 of the Bourse);
- Failing to complete an **Application for Approval** (Article 3.400 of the Rules of the Bourse);
- Non-compliance with the **Block Trades** (Article 6.206 of the Rules of the Bourse);
- Non-compliance with **Reports of Accumulated Positions** requirements (Article 6.500 of the Rules of the Bourse);
- Non-compliance with the requirements for **Sponsored Access Clients** (Article 3.5 of the Rules of the Bourse);
- Non-compliance with **Exchange of Futures for Related Products** transactions requirements (Article 6.208 of the Rules of the Bourse);
- Unauthorized **Access to Electronic Trading System** (Article 3.4 of the Rules of the Bourse);
- Inadequate **Order Identification** (Article 6.115 of the Rules of the Bourse);
- Inadequate policies and procedures on the **Allocation of Exercise Notices** (Article 6.403 of the Rules of the Bourse).

4. Market Analysis

Market analysts perform market surveillance to detect potential breaches of the Bourse rules, monitor insider trading activities on the Bourse's options market, and analyze any complaints received. The service also reviews transactions to determine whether rules and principles are being complied with and fairly maintained, and whether such transactions involve abusive or manipulative trading practices. The market analysts are also responsible for reviewing and analyzing the various reports that Approved Participants are required to file on a regular basis with the Division, as well as ensuring compliance with position limits and the evaluation of any exemption requests.

Two complaints were received from Participants and analyzed in the period from January 1 to December 31, 2024.

For the year 2024, an average daily volume of 779,572 contracts was observed compared to 691,005 contracts for 2023, an increase of 12.8%. In 2024, the market analysts monitored 28.8 million trades executed on the Bourse.

5. Investigations

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

From January 1 to December 31, 2024, the investigations service opened investigations related to Block Trades (Article 6.206), Access to the Electronic Trading System (Article 3.4), Exchange of Futures for Related Products (Article 6.208), Supervision, Surveillance and Compliance (Article 3.100), and Position Limits for Derivatives Products (Article 6.310).

6. Enforcement

Disciplinary Proceedings

Four settlement agreements were accepted by disciplinary committees with respect to the following disciplinary complaints:

Desjardins Securities Inc. and Mr. Antoine Morrissette-Boileau [Circular 029-24](#)

Following a hearing held on February 29, 2024, a settlement agreement negotiated between the staff of the Division, Desjardins Securities Inc. and Mr. Morrissette-Boileau was accepted, which included the imposition of a suspension of Mr. Morrissette-Boileau's rights and privileges as an Approved Person of the Bourse for one month and a fine totaling \$500,000 as well as the payment of an additional amount of \$38,100 for related costs.

Desjardins Securities Inc. and Mr. Morrissette-Boileau acknowledged contravening the Rules of the Bourse by:

- Engaging in 213 instances of trading certain CGB and CGF futures traded at the Bourse in violation of article 6306 of the Rules of the Bourse;
- Not establishing and maintaining a system to supervise the activities of each of its employees and Approved Persons that was reasonably designed to achieve compliance with the Rules of the Bourse, more specifically as it did not have a fully functional surveillance system in place reasonably designed to prevent or detect manipulative or deceptive methods of trading on CGB and CGF futures negotiated at the Bourse.

Citigroup Global Markets Inc. [Circular 082-24](#)

Following a hearing held on May 31, 2024, a settlement agreement negotiated between the staff of the Division and Citigroup Global Markets Inc. was accepted, which included a fine totalling \$138,000 as well as the payment of an additional amount of \$10,600 for related costs.

Citigroup Global Markets Inc. acknowledged contravening the Rules of the Bourse by:

- Systematically failing to report the positions in options on futures contracts that exceeded the prescribed reporting threshold;
- Failing to report, in at least six instances, SXF, BAX or CGB positions in futures contracts that exceeded the prescribed reporting threshold, and by reporting, in at least one instance, an inaccurate number of SXF positions in futures contracts;
- Reporting, for one account, an identifier that was not the unique legal entity identifier associated with this account;
- An excessive usage of the LOPR Notification Portal on approximately 199 instances out of 458 reportable days, representing a usage of 43% during this period, in replacement of the prescribed LOPR tool due to an alleged ongoing technical issue not corrected in a timely manner;
- Filing an inaccurate report in five instances for the positions as of the close of trading on June 20, June 25, September 5, December 30 and December 31, 2019;
- Failing to establish and maintain a system to supervise the activities of each employee that is reasonably designed to achieve compliance.

National Bank Financial Inc. [Circular 151-24](#)

Following a hearing held on November 21, 2024, a settlement agreement negotiated between the staff of the Division and National Bank Financial Inc. was accepted, which included a fine totalling \$250,000 as well as the payment of an additional amount of \$26,750 for related costs.

National Bank Financial Inc. acknowledged contravening the Rules of the Bourse by failing to enforce its surveillance policies adequately as to Trader X and thus breaching article 3.100 of the Rules of the Bourse, which requires establishing and maintaining a system to supervise the activities of each employee, Approved Person and agent of the Approved Participant that is reasonably designed to achieve compliance with the regulations of the Bourse.

Marex Capital Markets Inc. [Circular 005-25](#)

Following a hearing held on November 25, 2024, a settlement agreement negotiated between the staff of the Division and Marex Capital Markets Inc. was accepted, which included a fine totalling \$113,000 as well as the payment of an additional amount of \$8,070 for related costs.

Marex Capital Markets Inc. acknowledged contravening the Rules of the Bourse by:

- Providing access to nine of its employees, for various periods varying from 75 days to 975 days, to the electronic trading system of the Bourse without having obtained the prior approval of the Bourse;
- Having become aware of the unauthorized access to the system of the Bourse by some of its employees, and failing to notify the Division within the prescribed 10 business days;
- Not establishing and maintaining a system to supervise the activities of each employee that is reasonably designed to achieve compliance with the Rules of the Bourse, more specifically as it did not establish policies and procedures to ensure that only Approved Persons had access to the electronic trading system of the Bourse.

Minor Violations

During 2024, one reminder letter was issued in accordance with article 4.703 - Notice of Fine for Minor Violation of the Rules of the Bourse and with the List of Fines for Minor Violations (effective May 1, 2019) for exceeding position limits in violation of article 6.310 - Position Limits for Derivatives Instruments of the Rules of the Bourse.

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 collected by the Division 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.

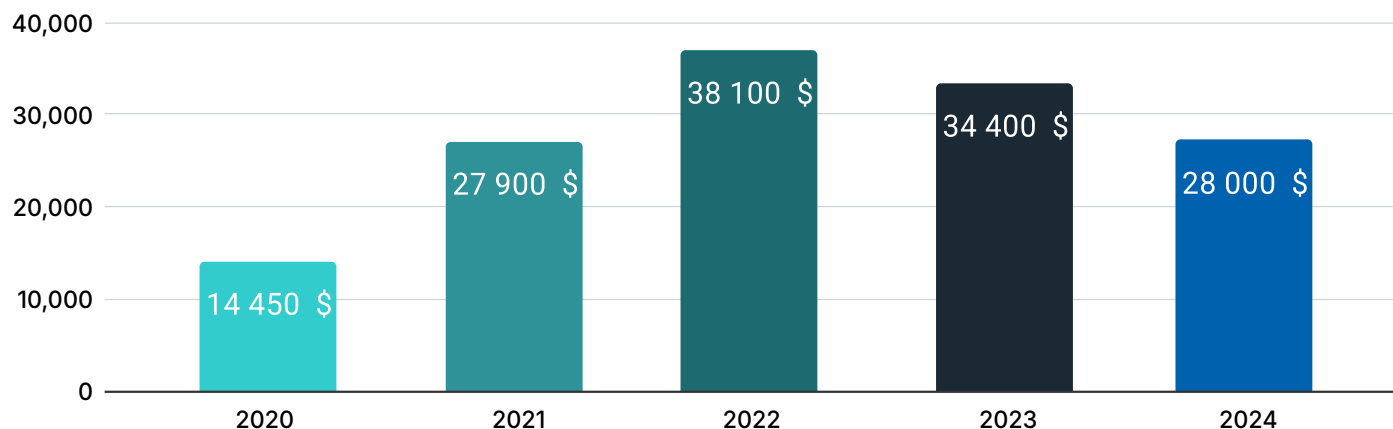
In 2024, this fund financed projects related to the Research Scholarship in Derivatives Instruments, the Centre d'intelligence en surveillance des marchés financiers ESG UQAM, and the Salle des marchés ESG UQAM.

7. Imposed Late Filing Fees

The following table contains details on late filing fees related to the production of documents. In 2024, those fees totaled \$28,000. All amounts imposed as late fees are paid into the Division's Fines fund.

FIGURE 5

Late filing fees related to the production of documents since 2020



8. Regulatory Amendments

Proposed Regulatory Amendments initiated by the Division

1	Implementation efforts ⁴ (e.g. publication of guidelines or FAQs, and coordinating operational and technological integration)	3	Internal review and analysis ⁵
0	Request for comments publication ⁶	2	Self-certification publication

The following table contains details of our proposed regulatory amendments and publication dates in 2024. The analysis of each regulatory amendment file contains a description of the impact on the public interest.⁷

SUBJECT	DESCRIPTION	RPC ⁸ APPROVAL DATE	SROC APPROVAL DATE	REQUEST FOR COMMENTS DATE	SELF- CERTIFICATION DATE	EFFECTIVE DATE
Amendments to the Rules of the Bourse regarding client and order identifiers	The Bourse proposes to introduce a unique client identifier as well as identifying orders for sponsored access and orders that are generated algorithmically to better align the Division's requirements with those of other regulators, more effectively manage the risks of electronic trading, enhance market integrity and investor protection, and ensure consistency of information across Canadian marketplaces. Circular 044-23 (Request for Comments) Circular 144-23 (Self-certification)	Mar. 13, 2023	Mar. 7, 2023 ⁹	Mar. 27, 2023	Dec. 7, 2023	Jun. 28, 2024 ¹⁰

4 Client and Order Identifiers.

5 Projects: Approved Participants' ongoing information requirements; Revamp of the regulatory framework applicable to Approved Persons; Review of Position limits and exemptions criteria for options on ETFs.

6 A notice was published to withdraw the proposed amendments to Article 6.309B published in 2023.

7 The requirement to describe the impact on the public interest became effective as of May 2, 2023. Regulatory amendment files published prior to May 2, 2023 may not contain this description.

8 Rules and Policies Committee

9 Approved by the Special Committee which has since been replaced by the SROC on May 2, 2023.

10 [Circular 074-24](#): Extension of the mandatory compliance date from October 1, 2024 to March 31, 2025.

Amendments to the Rules of the Bourse regarding position limits on cash settled interest rate listed products	The Bourse proposes to amend paragraph (a) of Article 6.309B (Position Limits for Futures Contracts) of the Rules of the Bourse to remove position limits on Cash Settled Interest Rate Listed Products. Circular 147-23 (Request for Comments) Circular 084-24 (Self-certification)	N/A	Dec. 1, 2023	Dec. 14, 2023	Jul. 24, 2024	Jul. 31, 2024
Amendments to the Rules of the Bourse regarding Position Limits on Government of Canada Bond Listed Products	The Bourse proposes to amend subparagraph (b)(ii) of Article 6.309B (Position Limits for Futures Contracts) of the Rules of the Bourse to modify the Spot Month Position Limit on Government of Canada Bond Listed Products. Circular 148-23 (Request for Comments) Circular 152-24 (Notice of Withdrawal)	N/A	Dec. 1, 2023	Dec. 14, 2023	N/A	N/A

8 Rules and Policies Committee

9 Approved by the Special Committee which has since been replaced by the SROC on May 2, 2023.

10 [Circular 074-24](#): Extension of the mandatory compliance date from October 1, 2024 to March 31, 2025.

Risk Management

We must comply with applicable laws, the Recognition Order and the Rules of the Bourse, which define the governance structure of the 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 of 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:

- Reduce the vulnerabilities to which we might be exposed;
- Allow us to strategically manage and allocate resources; and
- Ensure compliance with the governance standards established in applicable laws, the Recognition Order and the Rules of the Bourse.

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

In 2024, we created the Risk Evaluation Committee. The Risk Evaluation Committee convened on several occasions to verify our responsibilities matrix and control framework. The control framework is split into two broad categories: compliance risk (i.e. Recognition Order requirements) and operational risk (i.e. regulatory activities and information security best practices).

Compliance Risk and Operational Risk

We retained the services of an external firm to obtain an independent opinion following implementation of the governance structure set out in the Recognition Order, and the associated Rules of the Bourse as well as to develop the appropriate processes and controls to comply with and satisfy the conditions specified therein. We received the final compliance report at the end of the first quarter of 2024 which concluded that we were generally in compliance with the requirements set forth by the Recognition Order.

During the rest of the year, a number of actions were taken to improve our governance and significant work was carried out and completed to optimize the automation of a sign-off and attestation process for the Division's compliance and financial operational risk controls. We also began implementing additional controls and revising our access monitoring procedures to further secure our cloud account with regards to storing sensitive data.

Lastly, the action plan milestones from the 2023 AMF inspection findings were completed, and all deadlines indicated in the Recognition Order regarding the communication of information were 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

Financial Statements

Schedule of operating income of

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Years ended December 31, 2024 and 2023



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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, 2024 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, 2024 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.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 21, 2025

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Schedule of operating income

	For the year ended December 31	
	2024	2023
Revenue:		
Variable assessment	13,968,670	11,096,101
Other revenues	1,269,125	1,161,570
Total revenue	15,237,795	12,257,671
Expenses:		
Compensation and Benefits		
Salaries & Other Compensation	3,948,691	3,344,835
Government Benefits	385,872	355,436
Corporate Benefits	529,858	551,586
Performance Incentives	683,051	564,852
Other Employee Costs	20,849	224,351
	5,568,321	5,041,060
Information and Trading Systems		
IT Professional Services	938,386	762,657
Info, Feeds & Content	124,346	181,878
IT Material	9,617	49,064
Telecomm	10,401	12,991
IT Other	1,036,431	1,055,475
	2,119,181	2,062,065
Selling, general and administration		
External fees	444,656	224,313
Marketing & Sponsorships	74,589	60,531
Occupancy	304,322	304,246
Travel & Entertainment	58,405	31,510
Other G&A	4,065	6,655
MX chargeback	2,461,364	2,336,355
	3,347,401	2,963,610
Depreciation and Amortization		
Depreciation - Technology and computer equipment	52,690	40,708
Amortization of the surveillance system	66,968	66,785
	119,658	107,493
Total operating expenses	11,154,561	10,174,228
Interest income	186,840	33,500
Operating surplus of revenues & interest income over expenses	4,270,074	2,116,943

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Notes to the the Schedule of operating income

Years ended December 31, 2024 and 2023

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, 2024 (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 21, 2025.

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.

REGULATORY DIVISION OF BOURSE DE MONTREAL INC.

Notes to the the Schedule of operating income

Years ended December 31, 2024 and 2023

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

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, and depreciation and amortization 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.
- MX chargeback: Fixed fees for the Regulatory Division's use of MX's SOLA trading platform ("SOLA license"), and fixed and variable fees for IT infrastructure and efforts. This also includes administrative fees representing 15% of the Regulatory Division's costs (with the exception of the SOLA license fee and expenses related to First Derivatives PLC).



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, 2024 to December 31, 2024 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.

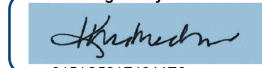
d. or such other purposes as was approved by the AMF.

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, 2024 that were not disbursed, (B) means all fines collected during the year ended December 31, 2024, and (C) means any amounts disbursed in accordance with item 3 above during the year ended December 31, 2024.

DATED March 21, 2025

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.