



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

www.iiac.ca

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Delivered Via Email: legal@tmx.com; consultation-en-cours@lautorite.gc.ca

M^e Martin Jannelle
Senior Legal Counsel
Bourse de Montréal Inc.
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M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
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Québec, Québec G1V 5C1

Dear M^e Jannelle and M^e Lebel,

Re: Bourse de Montréal Inc. – Request for Comments: Amendments to the rules of Bourse de Montréal Inc.: Designated Representative

The Investment Industry Association of Canada (the "IIAC") and its members would like to take this opportunity to express their views on the proposed amendments ("the Proposal") to the rules of Bourse de Montréal Inc. (the "Bourse") regarding the modifications to the appointment process of the Designated Representative and the clarifications as to this role as per Circular 147-19 (the "Circular") issued on November 19, 2019.

The IIAC is the national association representing the position of 119 IIROC-regulated dealer member firms on securities regulation, public policy and industry issues. We work to foster a vibrant, prosperous investment industry driven by strong and efficient capital markets.

We remind Bourse de Montréal Inc. that this comment letter, in its entirety, can be published on the Bourse's website.

Designated Representative – Amendments to the Appointment Process

The IIAC and its members generally agree with the Proposal. We believe that the Proposal simplifies the appointment process of a Designated Representative and decreases the cost of such an appointment for our members.

However, we believe the Proposal as outlined may create confusion and should be amended.

Delegating Tasks vs. Responsibilities

As stated above, the IIAC believes that the Proposal may create confusion. The Circular mentions the following:

“The Designated Representative will also be able to authorize individuals to whom he or she wishes to delegate various responsibilities...”

We believe that the Proposal could create confusion as the IIROC rulebook clearly states that *tasks*, not responsibilities, can be delegated. The IIROC rulebook also mentions that *functions* or *procedures* can be delegated. We believe that delegating *responsibilities* could significantly weaken the monitoring structure of our member firms.

Furthermore, we could not locate this concept of delegation in the clean version of the rules included in the Circular.

To avoid any confusion and to add greater transparency, the Proposal should be amended.

Notifying the Bourse through the Participant Portal

We believe that notification regarding Designated Representatives through the Participant Portal (the “Portal”) greatly simplifies the process for our member firms. Furthermore, it allows the Chief Compliance Officer to be made aware of all activity from authorized persons on the Portal.

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.

Email Notifications – Monitoring Portal Activity

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.

Furthermore, since the Portal allows a Designated Representative to delegate responsibilities (or tasks) to another person, we believe this should also trigger email notifications to the CCO, UDP and to the newly-appointed individual.

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.

We believe additional email notifications will ensure better monitoring by our members.

No Corporate Resolutions

Circular 147-19 states:

“...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...”, and

“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.”

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.

Approval by the Special Committee

The IIAC and its members agree with the proposed removal of the requirement for “approval by the Special Committee”. The industry also agrees with the removal of the \$150 fee which was linked to such approval.

Conclusion

The IIAC and its members generally agree with the Proposal.

However, we firmly believe that any delegation should be done on a *task* 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.

Please note that the IIAC and its members, as always, remain available for further consultations.

Yours sincerely,



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