

**13.1.6 Notice of Publication of Materials Relating to Bourse de Montréal Inc. - Exemption from Recognition as a Stock Exchange, Exemption from Registration as a Commodity Futures Exchange and Exemption from Part 4 of OSC Rule 91-502 Trades in Recognized Options**

**NOTICE OF PUBLICATION OF MATERIALS RELATING TO BOURSE DE MONTRÉAL INC. EXEMPTION FROM RECOGNITION AS A STOCK EXCHANGE, EXEMPTION FROM REGISTRATION AS A COMMODITY FUTURES EXCHANGE AND EXEMPTION FROM PART 4 OF OSC RULE 91-502 TRADES IN RECOGNIZED OPTIONS**

**I. Introduction**

The Commission is publishing the following documents for comment:

- (a) the application of the Bourse de Montréal Inc. (the Bourse) for an exemption from the requirement to be recognized as a stock exchange under the *Securities Act* (Ontario) (the Act), from the requirement to be registered as a commodity futures exchange under the *Commodity Futures Act* (Ontario) (the CFA), and from Part 4 of OSC Rule 91-502 *Trades in Recognized Options* (OSC Rule 91-502), and
- (b) a draft exemption order.

**II. Background**

As part of the Memorandum of Agreement between the Canadian exchanges announced in March 1999, the Bourse became a derivatives exchange that trades options, commodity futures contracts and commodity futures options. Some equity securities were maintained, but have since been migrated to the TSX Venture Exchange.

In response to the restructuring of the exchanges, the CSA developed a lead regulator model of exchange regulation, which is outlined in an MOU published on September 13, 2002.<sup>1</sup> The lead regulator model provides that each exchange has a lead regulator and the other jurisdictions within which the exchange carries on business rely on that regulator to conduct front-line oversight of that exchange. Each lead regulator is obligated to report back to the other regulators on its oversight activities on a quarterly basis as well as annually to the CSA Chairs.

**III. Bourse de Montréal**

The Bourse is recognized as a self-regulatory organization by the Commission des valeurs mobilières du Québec (CVMQ) pursuant to a recognition order dated November 24, 2000 (the Recognition Order), which is attached to the draft exemption order as "Schedule A". The Recognition

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<sup>1</sup> (2002), 25 OSCB 6019.

Order is currently being reviewed by the CVMQ in accordance with the terms of that order.

On September 26, 2000<sup>2</sup> the Commission granted the Bourse a temporary order exempting it from the requirement to be recognized as a stock exchange and registered as a commodity futures exchange. An amended, temporary order was issued on October 3, 2000<sup>3</sup> to reflect the demutualization of the Bourse on October 1, 2000. The order expires on January 31, 2003.<sup>4</sup>

The Bourse has applied to the Commission for a permanent exemption from:

- (a) the requirement to be recognized as a stock exchange in section 21 of the Act,
- (b) the requirement to be registered as a commodity futures exchange in section 15 of the CFA, and
- (c) Part 4 of OSC Rule 91-502.

**IV. Comments and Questions**

You are invited to comment on the application of the Bourse and the draft exemption order. Please submit your comments in writing on or before January 13, 2003.

Please send to the address below two copies of your comments, addressed as follows:

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 800, Box 55  
Toronto, Ontario M5H 3S8  
jstevenson@osc.gov.on.ca

If you are not sending your comments by email, please send a diskette containing the submissions (in Word).

Questions may be referred to:

Cindy Petlock  
Manager, Market Regulation  
(416) 593-2351  
cpetlock@osc.gov.on.ca

Tracey Stern  
Legal Counsel, Market Regulation  
(416) 593-8167  
tstern@osc.gov.on.ca

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<sup>2</sup> (2000), 23 OSCB 6652.

<sup>3</sup> (2000), 23 OSCB 6862.

<sup>4</sup> (2002), 25 OSCB 4023.