



Thursday, April 20, 2017

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Ms. Julie Rochette  
Vice President and Chief Regulatory Officer  
Regulatory Division  
Bourse de Montréal Inc.  
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P.O. Box 61, 800 Victoria Square  
Montréal, Québec H4Z 1A9

Dear Julie,

**Re: Reminder - Request for Large Open Position Reporting Warning/Alert System**

The Investment Industry Association of Canada (the "IIAC") would like to take this opportunity to reiterate its request for a Large Open Position Reporting ("LOPR") warning or alert system, similar to the one implemented by the Chicago Mercantile Exchange ("CME").

Please note that this letter is drafted in English as per the Bourse's request dated October 15, 2015.

**The IIAC and its Mandate**

The IIAC is the national association representing the position of 130 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.

### System Requested

On multiple occasions, the Canadian investment industry, through the IIAC, has requested that the Bourse implement a LOPR warning or alert system similar to the one implemented by the CME.

A member not submitting its LOPR file to the CME within the prescribed CME deadline will receive a notification from the CME. The notification will be received shortly after missing the LOPR deadline, generally within 5 to 10 minutes. The CME will give the member extra grace period of two hours to submit the overdue LOPR file. If the member's file is submitted within this additional two-hour period, no fine for late reporting will be issued by the CME.

This notification is an effective way for the CME to proactively ensure that the outstanding LOPR files are submitted to the exchange rapidly. Members do feel a sense of urgency to submit their LOPR file following a CME notification.

Our members truly appreciate the CME system and as such urge the Bourse to implement a similar notification system for its Approved Participants.

### Previous Requests

Please note that the industry's first request for such a system was made on August 22, 2016. We were told at that time that our request would be analyzed.

At the CADC user group meeting held on November 30, 2016, we were told by the Regulatory Division that this project was not a priority for the Bourse. Our members, at that very meeting, reiterated that the LOPR warning was a priority for the Canadian Approved Participants of the Bourse. The Vice President and Chief Regulatory Officer, Brian Gelfand, then instructed his staff to review our request.

On March 17, 2017, we were informed that the Regulatory Division was still analyzing our request.

### Follow-up discussion - April 18, 2017

During a conversation with you earlier this week, I was told that our request for a LOPR warning or alert system was not a priority for the Regulatory Division of the Bourse.

I wish to reiterate once again, on behalf of our Canadian members, that the Canadian industry considers the requested LOPR warning or alert system a priority.

We are hoping you will reconsider your priorities list to include this item as we believe it is aligned with the Regulatory Division's priorities as per Circular 023-17 issued by the Bourse on February 17, 2017:

*"The Division's mission is to promote the integrity of exchange-traded derivatives markets at the Bourse or in Canada through the development and consistent application of clear, fair rules and policies that are **effectively adapted to market needs**.*

*As part of its strategic planning for the year 2017, the Division has identified the following compliance priorities:*

- *Participants' compliance and supervision obligations, including those regarding activities of clients with direct electronic access*
- *Manipulative or deceptive methods of trading*
- ***The accuracy of information that participants provide to the Division (for example, the content of reports pertaining to the accumulation of positions for derivative instruments)***

*These priorities will guide the Division's initiatives in the development of its regulatory policy and its examination, analysis, investigation and enforcement activities".*

Implementing the requested LOPR warning or alert system will ensure that the Bourse is receiving the accurate and timely information on LOPR. Furthermore, such a system is also adapted to our Canadian market needs. As previously stated, this request is of great importance for our members.

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

Yours sincerely,



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