



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.qc.ca

M^e Alexandre Normandeau
Legal Counsel
Bourse de Montréal Inc.
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Montréal, Québec H3B 0G7

M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640 Laurier boulevard, suite 400
Québec, Québec G1V 5C1

Dear M^e Normandeau and M^e Lebel,

Re: Bourse de Montréal Inc. – Request for Comments: Amendments to the rules of Bourse de Montréal Inc. regarding Position Limits

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 position limits as per Circular 149-19 (the "Circular") published on November 21, 2019.

The IIAC is the national association representing the position of 115 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.

Centralization of Position Limits

The IIAC and its members agree with a new format of centralizing the position limits for all products in two articles of the rulebook:

- 6.309A for Options and Share Futures Contracts;
- 6.309B for Futures Contracts.

Implementation by the Industry

Our member firms have confirmed that the changes to position limits may create a significant amount of implementation work.

Firms will need to:

- Advise staff of the new position limits;
- Advise staff of the new position limit methodology;
- Potentially advise clients of the changes in position limits;
- Potentially advise clients of the change in position limit methodology;
- Receive all required internal approvals to make changes to the systems;
- Re-write scripts in the monitoring systems once approvals have been received;
- Monitor the changes being made in the systems;
- Test the systems following the changes; and
- Review and update the policies & procedures manual (if needed).

Needed from the Bourse

IIAC members are wondering how the Bourse can help them operationally. The following would be helpful:

- Timely position limit information;
- Clear position limit information;
- Position limits in csv/excel formats (which are easily transferable);
- Monitoring by the Bourse following the transition period (see grace period requested below).

Transition and Grace Period

The additional tasks required by member firms to implement the Proposal are significant and cannot be completed quickly. The implementation will even be harder for bank-owned firms. Therefore, the transition period should be at least three months.

Following the transition period, members will request an additional grace period (3 to 6 months) where MXR could identify potential position limit issues without penalties for the members.

Conclusion

The IIAC and its members generally agree with the Proposal. However, a proper transition period should be implemented. So should a grace period.

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

Yours sincerely,



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