

September 1, 2023

VIA EMAIL

Canadian Investment Regulatory Organization
2000-121 King Street West
Toronto, ON M5H 3T9
Attn: Sherry Tabesh-Ndreka, Acting Senior Director, Registration
email: stabesh@iiroc.ca

Dear Sirs/Mesdames:

Re: CIRO Notice 23-0094 (the “Notice”) – Proposed Proficiency Model- Approved Persons under the Investment Dealer and Partially Consolidated Rules

The Montreal Exchange (“**MX**” or “**we**”) welcomes the opportunity to respond to the invitation by the Canadian Investment Regulatory Organization (“**CIRO**”) to comment on its proposed proficiency model for Approved Persons (the “**Proposal**”). Capitalized terms used in this letter and not otherwise defined have the meaning given to them in the Proposal.

MX, a subsidiary of TMX Group Limited, operates a market of listed derivatives, including equities and fixed-income derivatives, and provides clearing facilities for such listed derivatives through its affiliate, the Canadian Derivatives Clearing Corporation (“**CDCC**”). It is vital to MX’s participants and CDCC’s clearing members, and to all institutional and retail investors, that the derivatives market in Canada remains fair, efficient and competitive. Our businesses rely on the participants’ and the clearing members’ trust and confidence in the Canadian derivatives market, including the qualifications of Approved Persons who are eligible to engage in derivatives trading and the standards to which they are held.

Given MX’s role in the Canadian derivatives ecosystem, we have a longstanding, active interest in the RR and IR licensing regime, specifically the requirements for trading in and advising on derivatives products. We therefore wish to bring specific attention to the impact of the Proposal on derivatives trading (and, in this regard, would refer you to our previous letters on the subject, including the most recent one dated November 16, 2020).

We fully agree with CIRO on the importance of the benefits that the Proposal is intended to deliver, including that it should “lower the cost of licensing and entry barriers for end-users.” To that end, we welcome the reform in the Proposal that would consolidate the exam for RRs and IRs who trade derivatives products, which would simplify the current approach of separate exams in futures and in options.

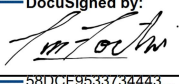
We further welcome the shift described in the Proposal away from mandatory courses, which is in line with a recommendation in our November 2020 letter to move from an exclusive accredited educator-examiner model and to follow the example of other regulatory authorities by allowing multiple accredited educators. As stated in that earlier letter, we are of the view that such a change will encourage new entrants in the educational space and thereby result in a more affordable licensing process. Furthermore, it should accelerate the licensing process by

enabling individuals with sufficient knowledge to write their examinations directly, without being required to enroll in specific courses.

We do, however, regret that under the Proposal, Derivatives licensing would remain a distinct category, separate from Securities-Retail. The decision to exclude derivatives products from the core securities licensing category is, in our view, a missed opportunity to bring Canada in line with its international peers while significantly broadening access to derivatives products - specifically, options - to retail investors. As mentioned in our November 2020 letter, only a small proportion of RRs are licensed to use options and, of those, only a fraction actively offer them, in part because the course materials offered are not sufficiently in-depth for RRs to be confident in trading in and advising on such products.

In light of the foregoing, we are of the view that the derivatives licensing requirements should be folded into the core exams, thereby ensuring that a successful candidate has sufficient knowledge of, and comfort with, derivatives products to ensure that they will be both authorized and properly equipped to trade in and advise clients on such products. Similarly, the mandatory continuing education program described in the Proposal should include a suitable amount of derivatives-related material so as to enable RRs to remain current in the field.

We thank CIRO for providing us with the opportunity to make this submission and would be pleased to discuss with you both these comments and those we made previously.

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Luc Fortin

President and CEO, Montreal Exchange and Global Head of Trading, TMX Group