



Friday, January 23, 2026

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Re: Request for Comments – Introduction of a Remediation Process and Update to the Rules Regarding the Conduct of Regulatory Functions – Circular 165-25, issued on December 11, 2025

The **Canadian Independent Finance and Innovation Counsel (CIFIC)** appreciates the opportunity to provide comments to the Regulatory Division (the **Division**) of the Bourse de Montréal Inc. (the **Bourse**) regarding the proposed introduction of a remediation process and update to the rules regarding the conduct of regulatory functions (the **Proposal**).

The Canadian Independent Finance and Innovation Counsel represents national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

Replacing Fines for Minor Violations

The Proposal introduces a remediation process that will replace the imposition of fines for minor violations. The historical minor violation process under the rules of the Bourse was not widely used by market participants, and its limited adoption in the industry highlights the need for a remediation system which is both practical and well understood by participants.

We encourage continued engagement with stakeholders as the details of this new process are finalized.

Support for Increasing Administrative Thresholds and Enhancing Regulatory Balance

The Investment Dealers we represent generally support the Division's efforts to modernize and recalibrate its regulatory framework, including the proposed shift toward a remediation-based process for certain violations.

The increase in the threshold for fines that may be imposed by the president of the Division (from the previous cap of \$5,000 for minor violations to a more substantial \$25,000) is a sensible adjustment that aligns regulatory authority with the scale and complexity of contemporary markets. This change reflects an understanding that modest administrative sanctions are often insufficient to address current compliance challenges, while higher thresholds can provide a more effective deterrent and resolution mechanism.

Positive View on Reduced Centralized Disciplinary Powers

The Investment Dealers we represent also welcome the fact that the Proposal seems to recalibrate the direct disciplinary powers of the president of the Division.

A less centralized enforcement authority, when paired with appropriate procedural safeguards and oversight, promotes fairness, enhances confidence in regulatory outcomes, and avoids the risks previously seen when similar powers were concentrated without sufficient checks. This was an issue in the past where outcomes varied significantly with the incumbent. The Investment Dealers we represent believe the current proposal strikes a better balance between effective oversight and procedural fairness.

Concerns about Conflicts of Interest and Procedural Clarity

While supportive of the Proposal in principle, we encourage the regulators to consider potential conflicts of interest that may arise under the revised framework. Clear and robust mechanisms should be established to ensure that remediation decisions are insulated from implicit or explicit conflicts, including any situations where the Division may have competing interests between enforcement objectives and broader exchange governance priorities (generating profits). Transparent conflict-management protocols will be essential to maintaining industry trust and perceived impartiality.

General Support with Industry-Specific Considerations

Overall, the Investment Dealers we represent are generally supportive of the objectives underlying the Proposal and recognize the value in updating the regulatory rulebook to reflect current market realities.

At the same time, we identify potential operational and interpretive challenges for Dealers that merit further clarification. Clear guidance on these points will help ensure that the new regime functions effectively without unintended consequences for Investment Dealers and for the Bourse.

Thank you for considering our comments on this important consultation.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact me at annie@cific.co with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

A. Sinigagliese

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