MFA Template:

Bourse de Montréal

Client Electronic Trading Services Representation

On February 27, 2014, the Regulatory Division of Bourse de Montréal Inc. (the “Bourse”) issued approved amendments to article 6366 of the Rules of the Bourse on access to electronic trading (“Bourse article 6366”).

The Bourse’s amended article 6366 was prompted by the Canadian Securities Administrators’ amendments to Regulation 23-103 Electronic Trading.

Bourse article 6366 requires a Bourse approved participant to establish minimum client requirements with respect to their electronic trading access services.

To assist investment manager members who use electronic trading access services with streamlining the representations they will need to make to approved Bourse participants pursuant to Bourse article 6366, MFA has developed the below template for members’ consideration.

Based on [Firm’s] (“the Company”) interpretation of the Bourse de Montréal’s amendments to its regulation on access to electronic trading (“Bourse article 6366”), which is effective March 1, 2014, the Company is a “client,” as defined under paragraph B) subsection 1 a) of Bourse article 6366.

The Company understands it is necessary for [Intermediary] to conduct due diligence on its clients before providing electronic trading access services to them because an approved participant that provides electronic trading access to the Bourse, pursuant to paragraph B) of article 6366, remains responsible for compliance with all applicable Bourse and regulatory requirements with respect to the entry and execution of orders from its clients. With respect to the establishment of minimum client requirements for [Intermediary’s] electronic trading access services and assessment of whether each client meets the requirements, the Company can attest to the following:

(1) The Company meets, and will continue to meet, the standards established by [Intermediary] that are reasonably designed to manage, in accordance with prudent business practices, [Intermediary’s] risks associated with providing electronic trading access to the Company, including:
   (a) the Company has sufficient resources to meet any financial obligations that may result from the use of electronic trading access by the Company;
   (b) the Company has reasonable arrangements in place to ensure that all individuals using the electronic trading access, on behalf of the Company, have reasonable

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2 In Quebec, chapter V-1.1, r.7.1.
knowledge of and proficiency in the use of the order entry system that facilitates the electronic trading access;

(c) the Company has reasonable knowledge of and the ability to comply with all applicable Bourse and regulatory requirements; and

(d) the Company has reasonable arrangements in place to monitor the entry of orders through the electronic trading access.

(2) The Company has reasonable knowledge of the applicable requirements of the Bourse, and of the standards established by [Intermediary] under paragraph B) subsections 2.1-2.3 of article 6366.

(3) If the Company is a client as defined under paragraph B) subsection 1 a) (i) of article 6366 that is trading for the account of another person, the Company is:

(a) registered or exempted from registration as an adviser under securities legislation; or

(b) a person that

(i) carries on business in a foreign jurisdiction;

(ii) under the laws of the foreign jurisdiction, may trade for the account of another person, using such an electronic trading access; and

(iii) is regulated in the foreign jurisdiction by a signatory to the International Organization of Securities Commissions’ Multilateral Memorandum of Understanding.

(4) If the Company is a client referred to in paragraph (3) above that is using the electronic trading access to the Bourse to trade for the account of another person, the Company shall ensure that the orders of the other person are initially transmitted through the Company’s systems.

(5) When the Company is trading for the account of another person, using an electronic trading access to the Bourse pursuant to paragraph B) of article 6366, the orders of the other person are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the Company.

In addition, the Company agrees that:

(a) the Company’s trading activity shall comply with all applicable Bourse and regulatory requirements;

(b) the Company’s trading activity shall comply with the product limits and credit or other financial limits specified by [Intermediary];

(c) the Company shall take all reasonable steps to prevent unauthorized access to the technology that facilitates the electronic trading access;

(d) the Company shall not permit any person to use the electronic trading access provided by [Intermediary], other than those authorized by a client as defined in paragraph B) subsection 1 a) (ii) of article 6366 or, in the case of a client as defined in paragraph B) subsection 1 a) (i) of article 6366, other than those authorized and named by the Company under the provision of the agreement referred to in subparagraph (h) below;

(e) the Company shall fully cooperate with [Intermediary] in connection with any investigation or proceeding by the Bourse with respect to trading conducted pursuant to the electronic trading access, including upon request by [Intermediary], providing access
to the Bourse to information that is necessary for the purposes of the investigation or proceeding;

(f) the Company shall immediately inform [Intermediary] if it fails or expects not to meet the standards set by [Intermediary];

(g) when trading for the accounts of another person, under paragraph B) subsection 2.11 of article 6366, the Company shall ensure that the orders of the other person are transmitted through the Company’s systems and shall be subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the Company;

(h) [the Company is a client as defined under paragraph B) subsection 1 a) (i) of article 6366 and provides that the following personnel have been authorized by the Company to enter orders on its behalf using the electronic trading access to the Bourse:

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The Company will immediately provide to [Intermediary], in writing, any changes thereof; and]

(i) [Intermediary], in order to comply with a requirement of the Bourse, may, without prior notice, reject, vary, correct, or cancel any order entered on the Bourse, and even discontinue accepting orders from the Company.

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[Signature and date]