

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the
Continued Membership
of
BMO Capital Markets Corp.
(CRD No. 16686)

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934

SD-2372

July 19, 2024

I. Introduction

On August 9, 2023, BMO Capital Markets Corp. (“BMO” or “Firm”) submitted a Membership Continuance Application (“MC-400A” or “Application”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.¹ The Application seeks to permit the Firm, a FINRA member, to continue its membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

II. The Statutorily Disqualifying Event

The Firm is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 15(b)(4)(D) and (E), as a result of an August 8, 2023 order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that BMO willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder (“SEC Order”).²

¹ See MC-400A and related attachments compiled by CRED, with a cover memorandum dated October 10, 2023, attached as Exhibit 1.

² See SEC Order, *In re BMO Capital Markets Corp.*, Exchange Act Release No. 98080 (Aug. 8, 2023), attached as Exhibit 2.

The SEC Order also triggered disqualification under Rules 262(a)(4), 506(d)(1)(iv), and 602(c)(3) of the Securities Act of 1933 and Rule 503(a)(4)(ii) of Regulation Crowdfunding. On August 8, 2023, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11221 (Aug. 8, 2023), attached as Exhibit 3.

According to the SEC Order, from at least January 2019, BMO employees sent and received off-channel communications that related to the Firm's business, and a majority of these written communications was not maintained or preserved by the Firm.³ Further, supervisors who were responsible for preventing this misconduct among junior employees routinely communicated off-channel using their personal devices, and, in so doing, failed to comply with Firm policies by communicating using non-Firm approved methods on their personal devices about the Firm's broker-dealer business.⁴

The Firm was censured and ordered to cease and desist from committing or causing any future violations, to pay a civil money penalty of \$25 million, and to comply with certain undertakings.⁵ The Firm paid the monetary penalty on August 9, 2023.⁶

III. Remedial Measures

BMO represented that prior to the issuance of the SEC Order, it formed a Working Group consisting of representatives from Compliance, Supervision, Technology, Operations, Business Management, and Corporate Audit, which undertook various enhancements designed to review the Firm's electronic communication policies, procedures, surveillance, and technology.⁷ The Firm also decommissioned the Bring Your Own Device (BYOD) program for all Line of Business employees and transitioned those employees to Corporate Owned Business Only (COBO) devices that were restricted to only Firm-approved applications.⁸ BMO further represented that it delivered enhanced training and enhanced business communication policies, including defining what constitutes a business communication, approved channels, and ways to remediate off-channel communications.⁹

In addition to the above, the Firm represented that after the issuance of the SEC Order, it implemented a quarterly attestation in which employees are required to validate their continued use of approved channels.¹⁰ Additionally, the Firm represented that it is implementing a new vendor system to monitor electronic communications in order to reduce false positives and more effectively identify red flags and will engage a compliance consultant in order to explore further enhancements.¹¹

³ See Exhibit 2 at p. 2 para. 3.

⁴ *Id.* at p. 2 para. 4.

⁵ *Id.* at p. 9.

⁶ See Firm Correspondence to FINRA dated March 15, 2024, attached as Exhibit 4 at FINRA pp. 1, 3.

⁷ *Id.* at FINRA pp. 1-2, Response 3.

⁸ *Id.* at FINRA p. 2.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

Additionally, the Firm represented that it is in compliance with the ordered undertakings in that it retained a compliance consultant and is in the process of implementing programmatic enhancements.¹²

IV. Firm Background

The Firm has been a FINRA member since October 1985.¹³ It is headquartered in New York, New York, with 25 branches (14 of which are Offices of Supervisory Jurisdiction).¹⁴ The Firm employs approximately 1038 registered representatives (183 of which are registered principals), 48 operations professionals, and 291 non-registered fingerprint employees.¹⁵ The Firm does not employ any statutorily disqualified individuals.¹⁶

BMO is approved to engage in the following lines of business: exchange member engaged in exchange commission business other than floor activities; broker or dealer making inter-dealer markets in corporate securities over-the-counter; broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); U.S. government securities dealer; U.S. government securities broker; put and call broker or dealer or option writer; investment advisory services; broker or dealer selling tax shelters or limited partnerships in primary distributions; trading securities for own account; private placements of securities; broker or dealer selling interests in mortgages or other receivables; engages in other securities business.¹⁷

The Firm is a member of the following self-regulatory organizations (“SROs”): BOX Exchange LLC (“BOX”); Cboe Exchange, Inc. (“Cboe”); Cboe BYX Exchange, Inc. (“BYX”); Cboe BZX Exchange, Inc. (“BZX”); Cboe C2 Exchange, Inc. (“C2”); Cboe EDGA Exchange, Inc. (“EDGA”); Cboe EDGX Exchange, Inc. (“EDGX”); Investors Exchange LLC (“IEX”); Miami International Securities Exchange, LLC (“MIAX”); NYSE American LLC (“NYSE American”); NYSE Arca, Inc. (“NYSE Arca”); NYSE

¹² *Id.* at FINRA pp. 1, 4-6 (Internal Exhibit B).

¹³ See Central Registration Depository (“CRD”) Excerpt – Organization Registration Status, attached as Exhibit 5.

¹⁴ FINRA confirmed this through analysis of the Firm’s information contained in CRD, last performed on July 19, 2024.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ See CRD Excerpts – Types of Business and Other Business Descriptions, collectively attached as Exhibit 6.

BMO’s CRD Record reflects “other securities business” conducted by the Firm includes: “10-Year Foreign Securities (i.e., Canadian securities).” *Id.* at p. 2.

Chicago, Inc. (“NYSE Chicago”); Nasdaq BX, Inc. (“BX”); Nasdaq ISE, LLC (“ISE”); Nasdaq PHLX LLC (“PHLX”); The Nasdaq Stock Market LLC (“Nasdaq”); New York Stock Exchange LLC (“NYSE”);¹⁸ The Depository Trust Company (“DTC”); Fixed Income Clearing Corporation – Government Securities Division (“FICC-GOV”) and Mortgage-Backed Securities Division (“FICC-MBS”); and National Securities Clearing Corporation (“NSCC”).¹⁹

Recent Examinations

In the past two years, FINRA has completed one routine examination of the Firm and four non-routine examinations that resulted in Cautionary Action Letters (“CALs”).

A. FINRA Routine Examination

In January 2023, FINRA issued a CAL to the Firm based on three exceptions pertaining to the Firm’s failure to: maintain system risk management and financial risk management controls and supervisory procedures in compliance with SEA Rule 15c3-5(b) and (c)(1)(ii); include adequate documentation in its Semi-Annual Market Access Review in connection with the market access risk management controls and supervisory procedures; and disclose order routing information with certain options exchanges as required under SEC Rule 606(a)(1).²⁰ This examination also included a review of the Firm’s valuation and pricing of dealer traded and illiquid inventory, which was continued under a separate matter and resulted in the issuance of a CAL.²¹ The Firm responded in writing to the examination findings by indicating that it implemented or was in the process of implementing various enhancements to mitigate the risk of erroneous orders, including but not limited to, updating relevant written supervisory procedures (“WSPs”), requiring documentation justifying the rationale for all 15c3-5 modifications, and enhancing its Rule 606(a)(1) reporting and correcting inaccurate historical 606(a) reports.²²

B. FINRA Non-Routine Examinations

In April 2024, FINRA issued a CAL to the Firm in connection with its failure to establish, maintain and enforce written procedures to supervise its valuation services in violation of FINRA Rule 3110(b).²³ FINRA acknowledged in the CAL that the Firm updated its written

¹⁸ See Exhibit 5.

¹⁹ Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on June 25, 2024.

²⁰ See Disposition Letter for Examination No. 20220734153 dated January 19, 2023, Examination Report dated November 30, 2022, and Firm Response dated December 14, 2022, collectively attached as Exhibit 7, at FINRA pp. 1, 5-9.

²¹ *Id.* at FINRA p. 4. *See also infra* fn 24. FINRA continued its review of the Firm’s electronic communications in a separate matter, which closed with no further action.

²² *Id.* at FINRA pp. 11-14.

²³ See CAL for Examination No. 20220769194 dated April 9, 2024, attached as Exhibit 8 FINRA did not

supervisory procedures to fully explain its indicative pricing process, including the supervisory review conducted by trading desk supervisors.²⁴

In March 2024, FINRA issued a CAL to the Firm in connection with its failure to maintain an adequate supervisory system to ensure that its representatives were properly registered in the states in which they conducted securities business in violation of FINRA Rule 3110.²⁵

In April 2023, FINRA issued a CAL to the Firm in connection with its failure to report four unregistered secondary trading distribution (“USDT”) notifications to FINRA in violation of FINRA Rules 6380A and 2010, and failure to have written supervisory procedures reasonably designed to ensure compliance with trade reporting exceptions for USDs.²⁶ The Firm responded in writing indicating that it made enhancements to its trading desk distribution procedure to clearly identify the requirement to file a USDT for unregistered secondary distributions and established a new written supervisory procedure regarding USDTs.²⁷

In February 2023, FINRA issued a CAL to the Firm in connection with its inaccurate reporting of 58 transactions to TRACE in TRACE-eligible Corporate Debt Securities with the Non-Member Affiliate Principal Transaction Indicator in violation of FINRA Rule 6730(d)(4)(E).²⁸ The Firm responded in writing acknowledging the error and representing that it updated controls to mitigate reporting violations to TRACE when reporting as Agent.²⁹

Regulatory Actions

In the past two years, the Firm has not been the subject of any disciplinary actions, aside from the SEC Order that led to the Application.

V. Other Statutory Disqualification Matters

BMO is also disqualified as a result of an SEC order dated September 16, 2019, finding

request a written response to the CAL.

²⁴ *Id.* at p. 1.

²⁵ See Disposition Letter for Examination No. 20220765549 dated March 20, 2024, attached as Exhibit 9 at p. 1. FINRA did not request a written response to the CAL.

²⁶ See CAL for Examination No. 20210712537 dated April 18, 2023 and Firm Response dated April 28, 2023, collectively attached as Exhibit 10 at FINRA p. 1.

²⁷ *Id.* at FINRA p. 3 at para 2.

²⁸ See CAL for Examination No. 20220738477 dated February 2, 2023 and Firm Response dated February 15, 2023, collectively attached as Exhibit 11 at FINRA p. 1.

²⁹ *Id.* at FINRA p. 3.

that the Firm willfully violated the recordkeeping and reporting requirements of Section 17(a)(1) of the Exchange Act and Rules 17a-4(j) and 17a-25 thereunder when, between January 2014 and August 2018, it submitted inaccurate or incomplete trading data in response to SEC staff electronic blue sheets (“EBS”) requests.³⁰ The Firm was censured and ordered to cease and desist from committing or causing any future violations of Section 17(a)(1) of the Exchange Act and to pay a civil money penalty of \$1.95 million.³¹

BMO is also disqualified as a result of an SEC order dated August 16, 2019, finding that the Firm violated Section 17(a)(3) of the Exchange Act by failing reasonably to supervise its securities lending desk personnel who improperly obtained “pre-released” American Depository Receipts (“ADRs”) indirectly and directly from other broker-dealers.³² The Firm was censured and ordered to pay \$2,218,363.04 in disgorgement, \$546,340.40 in prejudgment interest and a civil money penalty of \$1.2 million.³³

VI. Prior SEA Rule 19h-1 Notices

The Firm has not been subject to prior SEA Rule 19h-1 or 19d-1 Notices.

VII. The Firm’s Proposed Continued Membership with FINRA and Plan of Heightened Supervision

The Firm seeks to continue its membership with FINRA notwithstanding its status as a disqualified member. The Firm has agreed to the following Plan of Heightened Supervision (“Supervision Plan” or “Plan”) as a condition of its continued membership with FINRA.³⁴

BMO Capital Markets Corp. (the “Firm”) is subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission (“SEC” or “Commission”) dated August 8, 2023, which found

³⁰ See *In re BMO Capital Markets Corp.*, Exchange Act Release No. 86976 (Sept. 16, 2019), attached as Exhibit 12. This order subjects the Firm to statutory disqualification, as defined by Exchange Act Section 3(a)(39)(F), which incorporates by reference Section 15(b)(4)(D).

³¹ *Id.* at p. 5. FINRA staff confirmed that the Firm paid the penalty, and the sanctions are no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. *See also* [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

³² See *In re BMO Capital Markets Corp.*, Exchange Act Release No. 86693 (Aug. 16, 2019), attached as Exhibit 13. This order subjects the Firm to statutory disqualification, as defined by Exchange Act Section 3(a)(39)(F), which incorporates by reference Section 15(b)(4)(E).

³³ *Id.* at pp. 7-8. FINRA staff confirmed that the Firm paid the penalty, and the sanctions are no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. *See also* [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

³⁴ See Executed Consent to Plan of Heightened Supervision dated May 17, 2024, attached as Exhibit 14.

that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder (“SEC Order”). The SEC Order also found that the Firm failed reasonably to supervise its employees within the meaning of Section 15(b)(4)(E).

For the purpose of this Supervision Plan, the term “Digital Communication Channels” means all written electronic methods of communication used to conduct Firm business, including but not limited to, text messaging platforms, whether via SMS messaging, iMessage, or other messaging services such as WhatsApp; direct messaging platforms including X f/k/a “Twitter,” Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm domain email accounts; and any other written electronic business-related correspondence. “Digital Communication Channels” encompass platforms used to exchange messages with internal or external stakeholders using either a personal or Firm-provided device.

For the purpose of this Supervision Plan, the term “Off-Channel Communications” means all business-related written electronic messages sent on Digital Communication Channels that are not captured by Firm surveillance and record-keeping systems.

In consenting to this Supervision Plan, the Firm agrees to the following:

1. The Firm shall comply with all of the undertakings outlined in the SEC Order.
2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified in the SEC Order. The Firm shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
5. Within six months of the SEC’s Letter of Acknowledgement (“LOA”) in this matter, to the extent that it has not already done so within the past six months, and on at least an annual basis thereafter, for a term of six years from the date of the LOA, the Firm shall conduct training for all associated persons regarding the Digital Communication Channels that the Firm has approved for business communication, along with the Firm’s current policies regarding retention of business-related electronic communications. The Firm shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.

6. The Firm shall conduct the training described in Paragraph 5 above for all new hires, within 65 days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firm shall retain a record of all new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
7. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, establish and maintain a written list(s) of all Digital Communication Channels that its associated persons are permitted to use to communicate about Firm business. The list(s) shall be circulated to all of the Firm's associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firm shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about Firm business that are not already on the approved list(s) maintained by the Firm. The Firm shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firm's decision. The Firm shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.
8. The Firm shall require all associated persons to disclose on at least a semi-annual basis, for a term of six years from the date of the LOA, any unapproved Digital Communication Channels he/she is using to communicate about Firm business. The Firm shall maintain records of such disclosures in a readily accessible place for ease of review by FINRA staff.
9. Subject to Paragraph 7 above, the Firm shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop a process whereby, in the event that an associated person sends or receives an Off-Channel Communication, the Off-Channel Communication is submitted to the Firm and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firm shall maintain a record of all such Off-Channel Communications, including a record of the Firm's receipt of the communication, in a readily accessible place for ease of review by FINRA staff.
11. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop and maintain written supervisory policies and procedures detailing the Firm's processes for disciplining associated persons who use Off-Channel Communications to communicate about Firm business. When the Firm uses the disciplinary process, the Firm shall document each instance. The Firm shall retain records of such written supervisory policies and procedures and records of the disciplinary processes and each outcome.
12. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.

13. The Firm shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.

VIII. Discussion

After carefully reviewing the entire record in this matter, FINRA approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating BMO's Application, FINRA assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See FINRA By-Laws, Art. III, Sec. 3(d); cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily-disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm's regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that the Firm's continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firm was not expelled or suspended, nor were any limitations placed on BMO's securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933 ("Securities Act"), specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firm a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding. Moreover, the full amount of the civil monetary penalty was promptly paid. Additionally, the Firm represented that it is in compliance with the ordered undertakings.³⁵ Specifically, the Firm hired an independent compliance consultant and is in the process of implementing various compliance enhancements.³⁶

Member Supervision also acknowledges that within the SEC Order the Commission considered the Firm's prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement.³⁷ FINRA also considered the organizational and operational changes incorporated by the Firm in order to enhance internal controls and strengthen compliance. The Firm also provided company-issued devices to Line of

³⁵ See Exhibit 4 at FINRA pp. 1-2.

³⁶ *Id.*

³⁷ See Exhibit 2 at p. 5, para. 26.

Business employees that operated exclusively with Firm approved applications; and strengthened its business communication policies, along with enhancing training on existing business communication policies.³⁸

It is well settled that a firm's regulatory history bears upon the assessment of its ability to comply with securities law and regulations. *See In the Matter of the Continued Association of Craig Scott Taddonio with Meyers Associate, L.P.*, SD-2117, slip op. at 24-25 (FINRA NAC Mar. 8, 2017). However, the corrective measures taken by firms to address deficiencies are weighed in determining whether to approve applications. *See In the Matter of the Association of X with the Sponsoring Firm*, SD11007 (FINRA NAC Jan. 1, 2011) (where a firm's corrective actions negated Member Regulation's assertion that the firm failed to appreciate or respect securities rules and regulations). FINRA has also previously approved applications for continued membership where the firms had extensive regulatory history, including disqualifying events. *See In the Matter of the Continued Membership of Deutsche Bank Securities, Inc.*, SD-2190 (FINRA Jan. 14, 2020) and *In the Matter of the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082 (FINRA May 2, 2017) (approving continued membership where the firms had extensive regulatory history, including recent disqualifying events).

In its evaluation of the Firm's Application, FINRA acknowledges the Firm's recent regulatory history and additional statutory disqualifying events. Member Supervision also notes that none of these matters would prevent the continuance of the Firm as a FINRA member. With respect to the Firm's recent examination exceptions, the Firm addressed the exceptions by implementing various enhancements to mitigate the risk of erroneous orders and updated relevant WSPs in order to address FINRA's findings, amongst other measures taken by the Firm. Member Supervision further notes that, as of the date of this Notice, the Firm has paid the fines and complied with all undertakings ordered by the SEC in the two additional disqualifying orders. As such, the existence of the prior statutory disqualifying events would not prevent the continuance of the Firm as a FINRA member. Following the approval of the Firm's continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firm's continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

FINRA is further reassured by the controls set in place by the Firm's Supervision Plan which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. In accordance with the Plan, the Firm agreed to conduct annual training for all associated persons, including new hires, regarding the Firm's approved digital communication methods and record retention policies for electronic communications. Further, the Plan calls for the Firm to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to its associated persons semi-annually. The Plan requires the Firm's associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must

³⁸ See Exhibit 4 at FINRA pp. 1-2.

also forward any off-channel communications that may have taken place to the Firm for retention purposes. These provisions will help to ensure that the Firm is aware of the communication methods being used by associated persons so that it can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firm develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate all certifications, reports, and supporting documentation submitted to the SEC regarding compliance with the undertakings, for ease of review by FINRA staff to ensure ongoing compliance.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's representations made pursuant to the Supervision Plan, that the Firm's continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves BMO's Application to continue its membership with FINRA.

FINRA certifies that the Firm meets all qualification requirements and represents that the Firm is registered with several other SROs including BOX; Cboe; BYX; BZX; C2; EDGA; EDGX; MIAX; NYSE American; NYSE Arca; NYSE Chicago; BX; ISE; PHLX; Nasdaq; NYSE; DTC; FICC-GOV; FICC-MBS; and NSCC. The SROs have been provided with the terms and conditions of BMO's proposed continued membership and concur with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



Marcia E. Asquith
Executive Vice President & Corporate Secretary

EXHIBITS
SD-2372

1. MC-400A and related attachments compiled by CRED, with a cover memorandum dated October 10, 2023.
2. SEC Order, *In re BMO Capital Markets Corp.*, Exchange Act Release No. 98080 (Aug. 8, 2023)
3. *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11221 (Aug. 8, 2023).
4. Firm correspondence to FINRA dated March 15, 2024.
5. CRD Excerpt – Organization Registration Status.
6. CRD Excerpts – Types of Business and Other Business Descriptions.
7. Disposition Letter for Examination No. 20220734153 dated January 19, 2023, Examination Report dated November 30, 2022, and Firm Response dated December 14, 2022.
8. CAL for Examination No. 20220769194 dated April 9, 2024.
9. Disposition Letter for Examination No. 20220765549 dated March 20 2024.
10. CAL for Examination No. 20210712537 dated April 18 2023 and Firm Response dated April 28, 2023.
11. CAL for Examination No. 202220738477 dated February 2, 2023 and Firm response dated February 15, 2023.
12. *In re BMO Capital Markets Corp.*, Exchange Act Release No. 86976 (Sept. 16, 2019).
13. *In re BMO Capital Markets Corp.*, Exchange Act Release No. 86693 (Aug. 16, 2019).
14. Executed Consent to Plan of Heightened Supervision dated May 17, 2024.

Exhibit A

Plan of Heightened Supervision

BMO Capital Markets Corp. (the “Firm”) is subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission (“SEC” or “Commission”) dated August 8, 2023, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder (“SEC Order”). The SEC Order also found that the Firm failed reasonably to supervise its employees within the meaning of Section 15(b)(4)(E).

In consenting to this Supervision Plan¹ (“Supervision Plan”), the Firm agrees to the following:

1. The Firm shall comply with all the undertakings outlined in the SEC Order.
2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified under paragraph 34 of the SEC Order.
5. This Supervision Plan shall take effect on the date the Firm executes its consent to this Supervision Plan. The Supervision Plan shall be in effect until FINRA’s receipt of the Firm’s final certifications required by the SEC Order, after which time the Supervision Plan and its provisions thereto will expire.
6. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA’s Statutory Disqualification Group at SDMailbox@FINRA.org.
7. The Firm shall obtain written approval from FINRA’s Statutory Disqualification Group prior to changing any provision of the Supervision Plan.

¹ This Supervision Plan supersedes the Firm’s previous Supervision Plan executed on May 17, 2024.

8. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.