

APPENDIX B

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION*

1. *National Instrument 21-101 Marketplace Operation is amended by this Instrument.*

2. *Part 1 is amended by:*

(a) *adding the following definitions in alphabetical order in section 1.1:*

““accounting principles” means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“private enterprise” means a private enterprise as defined in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“publicly accountable enterprise” means a publicly accountable enterprise as defined in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.”;

(b) *adding “or municipal body” after “municipal corporation” in paragraph (b) of the definition of “government debt security”;*

(c) *replacing paragraph (c) of the definition of “government debt security” in section 1.1 with the following:*

“(c) a debt security issued or guaranteed by a crown corporation or public body,”;

(d) *adding the following after section 1.4:*

“1.5 Interpretation – NI 23-101 – Terms defined or interpreted in NI 23-101 and used in this Instrument have the respective meanings ascribed to them in NI 23-101.”.

3. *Part 3 is replaced with the following:*

“PART 3 MARKETPLACE INFORMATION

3.1 Initial Filing of Information

- (1) A person or company must file as part of its application for recognition as an exchange or a quotation and trade reporting system Form 21-101F1.
- (2) A person or company must not carry on business as an ATS unless it has filed Form 21-101F2 at least 45 days before the ATS begins to carry on business as an ATS.

3.2 Change in Information

- (1) Subject to subsection (2), a marketplace must not implement a significant change to a matter set out in Form 21-101F1 or in Form 21-101F2 unless the marketplace has filed an amendment to the information provided in Form 21-101F1 or in Form 21-101F2 in the manner set out in the Form at least 45 days before implementing the change.
- (2) A marketplace must file an amendment to the information provided in Exhibit L – Fees of Form 21-101F1 or Exhibit L – Fees of Form 21-101F2, as applicable, at least seven business days before implementing a change to the information provided in Exhibit L – Fees.
- (3) Immediately before implementing a change to a matter set out in Form 21-101 F1 or Form 21-101F2 other than a change referred to in subsection (1) or (2), a marketplace must file an amendment to the information provided in the Form.

3.3 Reporting Requirements

A marketplace must file Form 21-101F3 within 30 days after the end of each calendar quarter during any part of which the marketplace has carried on business.

3.4 Ceasing to Carry on Business as an ATS

- (1) An ATS that intends to cease carrying on business as an ATS must file a report on Form 21-101F4 at least 30 days before ceasing to carry on that business.
- (2) An ATS that involuntarily ceases to carry on business as an ATS must file a report on Form 21-101F4 as soon as practicable after it ceases to carry on that business.

3.5 Forms Filed in Electronic Form

A person or company that is required to file a form or exhibit under this Instrument must file that form or exhibit in electronic form.”.

4. *Part 4 is replaced with the following:*

“PART 4 MARKETPLACE FILING OF AUDITED FINANCIAL STATEMENTS

4.1 Filing of Initial Audited Financial Statements

- (1) A person or company must file as part of its application for recognition as an exchange or a quotation and trade reporting system, together with Form 21-101F1, audited financial statements for its latest financial year that
 - (a) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises or IFRS,
 - (b) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and
 - (c) are audited in accordance with Canadian GAAS or International Standards on Auditing and are accompanied by an auditor’s report.
- (2) A person or company must not carry on business as an ATS unless it has filed, together with Form 21-101F2, audited financial statements for its latest financial year.

4.2 Filing of Annual Audited Financial Statements

- (1) A recognized exchange and a recognized quotation and trade reporting system must file annual audited financial statements within 90 days after the end of its financial year in accordance with the requirements outlined in subsection 4.1(1).
- (2) An ATS must file annual audited financial statements.”.

5. *Part 5 is amended by:*

- (a) *replacing the portion before section 5.2 with the following:*

“ PART 5 MARKETPLACE REQUIREMENTS

5.1 Access Requirements

- (1) A marketplace must not unreasonably prohibit, condition or limit access by a person or company to services offered by it.
- (2) A marketplace must

- (a) establish written standards for granting access to each of its services; and
 - (b) keep records of
 - (i) each grant of access including the reasons for granting access to an applicant, and
 - (ii) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.
- (3) A marketplace must not
- (a) permit unreasonable discrimination among clients, issuers and marketplace participants; or
 - (b) impose any burden on competition that is not reasonably necessary and appropriate.”;
- (b) replacing “recognized exchange or recognized quotation and trade reporting system” in section 5.2 with “marketplace”;*
- (c) replacing “member or user” in section 5.2 with “marketplace participant”;*
- (d) repealing subsection 5.3(2);*
- (e) repealing section 5.6;*
- (f) adding the following after section 5.6:*

“ 5.7 Fair and Orderly Markets

A marketplace must not engage in any activity that interferes with fair and orderly markets.

5.8 Discriminatory Terms

A marketplace must not impose terms that have the effect of discriminating between orders that are routed to the marketplace and orders that are entered on that marketplace for execution.

5.9 Risk Disclosure for Trades in Foreign Exchange-Traded Securities

- (1) When opening an account for a marketplace participant, a marketplace that is trading foreign exchange-traded securities must provide that

marketplace participant with disclosure in substantially the following words:

“The securities traded by or through the marketplace are not listed on an exchange in Canada and may not be securities of a reporting issuer in Canada. As a result, there is no assurance that information concerning the issuer is available or, if the information is available, that it meets Canadian disclosure requirements.”

- (2) Before the first order for a foreign exchange-traded security is entered onto the marketplace by a marketplace participant, the marketplace must obtain an acknowledgement from the marketplace participant that the marketplace participant has received the disclosure required in subsection (1).

5.10 Confidential Treatment of Trading Information

- (1) A marketplace must not release a marketplace participant’s order or trade information to a person or company other than the marketplace participant, a securities regulatory authority or a regulation services provider unless
 - (a) the marketplace participant has consented in writing to the release of the information;
 - (b) the release of the information is required by this Instrument or under applicable law; or
 - (c) the information has been publicly disclosed by another person or company, and the disclosure was lawful.
- (2) A marketplace must not carry on business unless it has implemented reasonable safeguards and procedures to protect a marketplace participant’s order or trade information, including
 - (a) limiting access to order or trade information of marketplace participants to
 - (i) employees of the marketplace, or
 - (ii) persons or companies retained by the marketplace to operate the system or to be responsible for compliance by the marketplace with securities legislation; and
 - (b) implementing standards controlling trading by employees of the marketplace for their own accounts.

- (3) A marketplace must not carry on business as a marketplace unless it has implemented adequate oversight procedures to ensure that the safeguards and procedures established under subsection (2) are followed.

5.11 Management of Conflicts of Interest

A marketplace must establish, maintain and ensure compliance with policies and procedures that identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides.

5.12 Outsourcing

If a marketplace outsources any of its key services or systems to a service provider, which includes affiliates or associates of the marketplace, the marketplace must:

- (a) establish and maintain policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements,
- (b) identify any conflicts of interest between the marketplace and the service provider to which key services and systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest,
- (c) enter into a contract with the service provider to which key services and systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures,
- (d) maintain access to the books and records of the service providers relating to the outsourced activities,
- (e) ensure that the securities regulatory authorities have access to all data, information and systems maintained by the service provider on behalf of the marketplace, for the purposes of determining the marketplace's compliance with securities legislation,
- (f) take appropriate measures to determine that service providers to which key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan,
- (g) take appropriate measures to ensure that the service providers protect the marketplace participants' proprietary, order, trade or any other confidential information, and

- (h) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement.”

7. Part 6 is amended by:

- (a) *repealing sections 6.4 to 6.6;*
- (b) *replacing section 6.7 with the following:*

“ 6.7 Notification of Threshold

- (1) An ATS must notify the securities regulatory authority in writing if,
 - (a) during at least two of the preceding three months of operation, the total dollar value of the trading volume on the ATS for a month in any type of security is equal to or greater than 10 percent of the total dollar value of the trading volume for the month in that type of security on all marketplaces in Canada;
 - (b) during at least two of the preceding three months of operation, the total trading volume on the ATS for a month in any type of security is equal to or greater than 10 percent of the total trading volume for the month in that type of security on all marketplaces in Canada; or
 - (c) during at least two of the preceding three months of operation, the number of trades on the ATS for a month in any type of security is equal to or greater than 10 percent of the number of trades for the month in that type of security on all marketplaces in Canada.
- (2) An ATS must provide the notice referred to in subsection (1) within 30 days after the threshold referred to in subsection (1) is met or exceeded.”;
- (c) *repealing sections 6.8, 6.10, 6.12, and 6.13.*

8. Part 7 is amended by:

- (a) *replacing “displayed on” with “displayed by” in subsection 7.1(1);*
- (b) *replacing “of the marketplace” with “of the marketplace and if the orders posted on the marketplace meet the size threshold set by a regulation services provider” in subsection 7.1(2);*
- (c) *replacing “displayed on” with “displayed by” in subsection 7.3(1);*

- (d) *replacing* “of the marketplace” *with* “of the marketplace and if the orders posted on the marketplace meet the size threshold set by a regulation services provider” *in subsection 7.3(2)*;
- (e) *replacing* “A marketplace” *with* “A marketplace that is subject to this Part” *in section 7.6*.

9. *Part 8 is amended by:*

- (a) *replacing* “displayed on” *with* “displayed by” *in subsection 8.1(1)*;
- (b) *replacing* “displayed on” with “displayed by” *in subsection 8.2(1)*;
- (c) *repealing subsection 8.5*;
- (d) *replacing* “2012” *with* “2015” *in section 8.6*.

10. *Part 10 is amended by:*

- (a) *replacing the portion before section 10.2 with the following:*

“PART 10 TRANSPARENCY OF MARKETPLACE OPERATIONS

10.1 Disclosure by Marketplaces

A marketplace must publicly disclose on its website information reasonably necessary to enable a person or company to understand the marketplace’s operations or services it provides, including but not limited to information related to:

- (a) all fees, including any listing fees, trading fees, data fees, and routing fees charged by the marketplace, an affiliate or by a third party to which services have been outsourced;
- (b) how orders are entered, interact and execute;
- (c) all order types;
- (d) access requirements;
- (e) the policies and procedures that identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides;
- (f) any referral arrangements between the marketplace and service providers;

- (g) where routing is offered, how routing decisions are made; and
- (h) when indications of interest are disseminated, the information disseminated and the types of recipients of such indications of interest.”;

(b) *repealing section 10.3.*

11. *Part 11 is amended by the following:*

(a) *replacing subparagraph 11.2(1)(c) with the following:*

- “ (c) a record of each order which must include
- (i) the order identifier assigned to the order by the marketplace,
 - (ii) the marketplace participant identifier assigned to the marketplace participant transmitting the order,
 - (iii) the identifier assigned to the marketplace where the order is received or originated,
 - (iv) each unique client identifier assigned to a client accessing the marketplace using direct electronic access,
 - (v) the type, issuer, class, series and symbol of the security,
 - (vi) the number of securities to which the order applies,
 - (vii) the strike date and strike price, if applicable,
 - (viii) whether the order is a buy or sell order,
 - (ix) whether the order is a short sale order, if applicable,
 - (x) whether the order is a market order, limit order or other type of order, and if the order is not a market order, the price at which the order is to trade,
 - (xi) the date and time the order is first originated or received by the marketplace,
 - (xii) whether the account is a retail, wholesale, employee, proprietary or any other type of account,

- (xiii) the date and time the order expires,
- (xiv) whether the order is an intentional cross,
- (xv) whether the order is a jitney and if so, the identifier of the underlying broker,
- (xvi) the currency of the order,
- (xvii) whether the order is routed to another marketplace for execution, and the date, time and name of the marketplace to which the order was routed,
- (xviii) whether the order is a directed-action order, and
- (xix) whether the marketplace or a marketplace participant has marked the order as a directed-action order, and”;

(b) replacing “transaction” with “trading” in subparagraph 11.2(1)(d)(ix);

(c) replacing “.” with “, and” at the end of subparagraph 11.2(1)(d)(ix);

(d) adding “(x) each unique client identifier assigned to a client accessing the marketplace using direct electronic access.” after subparagraph 11.2(1)(d)(ix);

(e) deleting “or 6.13” in subparagraph 11.3(1)(b);

(f) adding “and 12.4” after “12.1” in subparagraph 11.3(1)(c);

(g) replacing “6.10(2)” with “5.9(2)” in subparagraph 11.3(1)(e);

(h) replacing subparagraphs 11.3(2)(b), 11.3(2)(c) and 11.3(2)(d) with the following:

“(b) copies of all forms filed under Part 3; and

(c) in the case of an ATS, copies of all notices given under section 6.7.”

(i) repealing section 11.4.

12. Part 12 is amended as follows:

(a) replacing the title with “PART 12 MARKETPLACE SYSTEMS AND BUSINESS CONTINUITY PLANNING”;

(b) replacing subsection 12.1(a) with the following:

“(a) develop and maintain

- (i) an adequate system of internal control over those systems; and
- (ii) adequate information technology general controls, including without limitation, controls relating to information systems operations, information security, change management, problem management, network support and system software support;”;

(c) *replacing subsection 12.1(b) with the following:*

“(b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually,

- (i) make reasonable current and future capacity estimates;
- (ii) conduct capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner; and”;

(d) *replacing “paragraph 12.1(a)” with “paragraph 12.1(a) and section 12.4” in subsection 12.2(1);*

(e) *adding the following after section 12.3:*

“12.4 Business Continuity Planning

- (1) A marketplace must develop and maintain reasonable business continuity plans, including disaster recovery plans.
- (2) A marketplace must test its business continuity plans, including disaster recovery plans, on a reasonably frequent basis and, in any event, at least annually.”.

13. Part 13 is amended by:

(a) *replacing the title with “PART 13 MARKETPLACE CLEARING AND SETTLEMENT”;*

(b) *replacing “through an ATS” with “on a marketplace” in subsection 13.1(1);*

(c) *replacing “reported” with “reported to” in subsection 13.1(1).*

14. Part 14 is amended by:

(a) repealing subsection 14.1(2);

(b) replacing “interdealer” with “inter-dealer” in subsection 14.4(1);

(c) adding the following after subsection 14.4(5):

“(6) An information processor must file annual audited financial statements within 90 days after the end of its financial year that

(a) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, Canadian GAAP applicable to private enterprises or IFRS,

(b) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and

(c) are audited in accordance with Canadian GAAS or International Standards on Auditing and are accompanied by an auditor’s report.

(7) An information processor must file its financial budget within 30 days after the start of a financial year.

(8) An information processor must file, within 30 days after the end of each calendar quarter, the process and criteria for the selection of government debt securities, as applicable, and designated corporate debt securities and the list of government debt securities, as applicable, and designated corporate debt securities.

(9) An information processor must file, within 30 days after the end of each calendar year, the process to communicate the designated securities to the marketplaces, inter-dealer bond brokers and dealers providing the information required by the Instrument, including where the list of designated securities can be found.”;

(d) replacing subsection 14.5(a) with the following:

“(a) develop and maintain

(i) an adequate system of internal controls over its critical systems; and

(ii) adequate information technology general controls, including, without limitation, controls relating to information systems

operations, information security, change management, problem management, network support, and system software support;”;

- (e) *replacing “;” with “; and” at the end of subparagraph 14.5(b)(i);*
- (f) *replacing “; and” with “;” at the end of subparagraph 14.5(b)(ii);*
- (g) *deleting paragraph 14.5.(b)(iii);*
- (h) *adding “and section 14.6” after “paragraph (a)” in subsection 14.5(c);*
- (i) *adding the following after section 14.5:*

“14.6 Business Continuity Planning

- (1) An information processor must develop and maintain reasonable business continuity plans, including disaster recovery plans.
- (2) An information processor must test its business continuity plans, including disaster recovery plans, on a reasonably frequent basis and, in any event, at least annually.

14.7 Confidential Treatment of Trading Information

An information processor must not release order and trade information to a person or company other than the marketplace, inter-dealer bond broker or dealer that provided this information in accordance with this Instrument, or other than a securities regulatory authority, unless:

- (a) the release of that information is required by this Instrument or under applicable law; or
- (b) the information processor received prior approval from the securities regulatory authority.

14.8 Transparency of Operations of an Information Processor

An information processor must publicly disclose on its website information reasonably necessary to enable a person or company to understand the information processor’s operations or services it provides including, but not limited to:

- (a) all fees charged by the information processor for the consolidated data;

- (b) a description of the process and criteria for the selection of government debt securities, as applicable, and designated corporate debt securities and the list of government debt securities, as applicable, and designated corporate debt securities;
- (c) access requirements; and
- (d) the policies and procedures to manage conflicts of interest that may arise in the operation of the information processor.”

15. *This Instrument comes into force on* •

PROPOSED AMENDMENTS TO FORM 21-101F1 – INFORMATION STATEMENT EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM

1. Form 21-101F1 – Information Statement Exchange or Quotation and Trade Reporting system is replaced with the following:

**“FORM 21-101F1
INFORMATION STATEMENT
EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM**

Filer: **EXCHANGE** **QUOTATION AND TRADE
REPORTING SYSTEM**

Type of Filing: **INITIAL** **AMENDMENT**

1. Full name of exchange or quotation and trade reporting system:
2. Name(s) under which business is conducted, or name of market or facility, if different from item 1:
3. If this filing makes a name change on behalf of the exchange or quotation and trade reporting system in respect of the name set out in item 1 or item 2, enter the previous name and the new name:

Previous name:

New name:

4. Head office

Address:

Telephone:

Facsimile:

5. Mailing address (if different):

6. Other offices

Address:

Telephone:

Facsimile:

7. Website address:

8. Contact employee

Name and title:

Telephone number:

Facsimile:

E-mail address:

9. Counsel:

Firm name:

Contact name:

Telephone number:

Facsimile:

E-mail address:

10. Market Regulation is being conducted by:

- the exchange
- the quotation and trade reporting system
- regulation services provider other than the filer (see Exhibit M)

EXHIBITS

File all Exhibits with the Filing. For each Exhibit, include the name of the exchange or quotation and trade reporting system, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the filer, recognized exchange or recognized quotation and trade reporting system files an amendment to the information provided in its Filing and the information relates to an Exhibit filed with the Filing or a subsequent amendment, the filer, recognized exchange or recognized quotation and trade reporting system, must, in order to comply with subsections 2.2(1), 2.2(2) or 2.2(3) of National Instrument 21-101, provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The filer should provide a clean and a blacklined version showing changes from the previous filing.

Exhibit A – Corporate Governance

1. Legal status:
 - Corporation
 - Partnership
 - Sole Proprietorship
 - Other (specify):

2. Except where the exchange or quotation and trade reporting system is a sole proprietorship, indicate the following:
 1. Date (DD/MM/YYYY) of formation
 2. Place of formation
 3. Statute under which exchange or quotation and trade reporting system was organized.

3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.

4. Provide the policies and procedures to address potential conflicts of interest arising from the operation of the marketplace or the services it provides, including those related to the commercial interest of the marketplace, the interests of its owners and its operators, the responsibilities and sound functioning of the marketplace, and those between the operations of the marketplace and its regulatory responsibilities.

Exhibit B – Ownership

A list of the registered or beneficial holders of securities of, partnership interests in, or other ownership interests in, the exchange or recognized quotation and trade reporting system. For each of the persons listed in the Exhibit, please provide the following:

1. Name
2. Principal business or occupation and title
3. Ownership interest

4. Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest
5. Whether the person has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*)

In the case of an exchange or quotation and trade reporting system that is publicly traded, if the exchange or quotation and trade reporting system is a corporation, please only provide a list of each shareholder that directly owns five percent or more of a class of a voting security of the exchange or quotation and trade reporting system.

Exhibit C - Organization

1. A list of partners, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
 1. Name
 2. Principal business or occupation and title
 3. Dates of commencement and expiry of present term of office or position and length of time position held
 4. Type of business in which each is primarily engaged (e.g. sales, trading, market making, etc.) and current employer
 5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4
 6. Whether the person is considered to be an independent director
2. A list of the committees of the board, including their mandate.

Exhibit D - Affiliates

1. For each affiliated entity of the exchange or quotation and trade reporting system provide the name, head office address and describe the principal business of the affiliate.
2. Provide the information below for each affiliated entity of the exchange or quotation and trade reporting system to which the exchange or quotation and trade reporting system has outsourced any of its key services or systems affecting the market or facility described in Exhibit E – Operation of the Marketplace, including order entry, trading, execution, routing and data, or with which the

exchange or quotation and trade reporting system has any other material business relationship, including loans, cross-guarantees, etc.:

- i. Name and address of the affiliate
- ii. The name and title of the directors and officers, or persons performing similar functions, of the affiliate
- iii. A description of the nature and extent of the contractual and other agreement with the exchange and quotation and trade reporting system, and the roles and responsibilities of the affiliate under the arrangement
- iv. A copy of each material contract relating to any outsourced functions or other material relationship
- v. Copies of constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents
- vi. For the latest financial year of the affiliated entity, financial statements, which may be unaudited, prepared in accordance with:
 - a. Canadian GAAP applicable to publicly accountable enterprises;
or
 - b. Canadian GAAP applicable to private enterprises; or
 - c. IFRS.

Where the affiliated entity is incorporated or organized under the laws of a foreign jurisdiction, such financial statements may also be prepared in accordance with:

1. U.S. GAAP; or
2. accounting principles of a designated foreign jurisdiction as defined under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

Exhibit E – Operation of the Marketplace

Describe in detail the manner of operation of the market or facility and its associated functions. This should include, but not be limited to, a description of the following:

1. The structure of the market (e.g., call market, auction market, dealer market).
2. Means of access to the market or facility and services, including a description of any co-location arrangements.

3. The hours of operation.
4. A description of the services offered by the marketplace including, but not limited to order entry including co-location, trading, execution, routing and data.
5. A list of the types of orders offered, including a description of the features and characteristics of orders.
6. Procedures regarding the entry, display and execution of orders. If indications of interest are used, please describe the information they include and list the types of recipients.
7. Description of how orders interact, including how priority is allocated between orders.
8. Description of order routing procedures.
9. Description of order and trade reporting procedures.
10. Description of procedures for clearance and settlement of transactions.
11. The safeguards and procedures of the marketplace to protect trading information of marketplace participants.
12. Training provided to participants and a copy of any materials provided both with respect to systems of the marketplace, the requirements of the marketplace, and the rules of the regulation services providers, if applicable.
13. Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace.

The filer should provide all policies, procedures and trading manuals related to the operation of the marketplace and, if applicable, the order router. If the marketplace is already filing these documents pursuant to section 14.3 of the Instrument, these need not be filed again.

Exhibit F – Outsourcing

Where the exchange or quotation and trade reporting system has outsourced the operation of key services or systems affecting the market or facility described in Exhibit E – Operation of the Marketplace to an arms-length third party, including any function associated with the routing, trading, execution, data, clearing and settlement and, if applicable, surveillance, provide the following information:

1. Name and address of person or company to which the function has been

outsourced.

2. A description of the nature and extent of the contractual or other agreement with the exchange or quotation and trade reporting system and the roles and responsibilities of the arms-length party under the arrangement.
3. A copy of each material contract relating to any outsourced function.

Exhibit G- Systems and Contingency Planning

For each of the systems that support order entry, order routing, execution, trade reporting, trade comparison, data feed, market surveillance, and trade clearing, describe:

1. Current and future capacity estimates.
2. Procedures for reviewing system capacity.
3. Procedures for reviewing system security.
4. Procedures to conduct stress tests.
5. A description of the filer's business continuity and disaster recovery plans, including any relevant documentation.
6. Procedures to test business continuity and disaster recovery plans.

Exhibit H – Custody of Assets

1. If the exchange or quotation and trade reporting system proposes to hold funds or securities of a marketplace participant on a regular basis, a description of the controls that will be implemented to ensure the safety of the funds or securities.
2. If any other person or company, other than the exchange or quotation and trade reporting system, will hold or safeguard funds or securities of a marketplace participant on a regular basis, provide the name of the person or company and a description of the controls that will be implemented to ensure the safety of the funds or securities.

Exhibit I- Securities

1. List the types of securities listed on the exchange or quoted on the quotation and trade reporting system. If this is an initial filing, list the types of securities the Filer expects to list or quote.

2. List the types of any other securities that are traded on the marketplace or quoted on the quotation and trade reporting system, indicating the exchange(s) on which such securities are listed. If this is an initial filing, list the types of securities the Filer expects to trade.

Exhibit J – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the marketplace described in Exhibit E.4, including trading on the exchange or quotation and trade reporting system.
2. Describe the classes of marketplace participants.
3. Describe the exchange or quotation and trade reporting service's criteria for access to the services of the marketplace.
4. Describe any differences in access to the services offered by the marketplace to different groups or classes of marketplace participants.
5. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the services of the exchange or quotation and trade reporting service.
6. Describe any procedures that will be involved in the suspension or termination of a marketplace participant.
7. Describe the exchange or quotation and trade reporting system's arrangements for permitting clients of marketplace participants to have access to the marketplace. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit K – Marketplace Participants

Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.
2. Date of becoming a marketplace participant.
3. Describe the type of trading activities primarily engaged in by the marketplace participant (*e.g.*, agency trader, proprietary trader, registered trader, market maker). A person shall be "primarily engaged" in an activity or function for purposes of this item when that activity or function is the one in which that person is engaged for the majority of their time. When more than one type of person at an entity engages in any of the activities or functions enumerated in this item,

- identify each type (*e.g.*, agency trades, registered trader and market maker) and state the number of marketplace participants in each.
4. The class of participation or other access.
 5. Provide a list of all persons or entities that were denied or limited access to the marketplace, indicating for each:
 - (i) whether they were denied or limited access;
 - (ii) the date the marketplace took such action;
 - (iii) the effective date of such action; and
 - (iv) the nature and reason of any denial or limitation of access.

Exhibit L - Fees

A description of the fee model and all fees charged by the marketplace, or by a third party to whom services have been outsourced, including fees relating to connecting to the market or facility, access, data, regulation (if applicable), trading, routing, and co-location, and how such fees are set.

Exhibit M - Regulation

Market Regulation is being conducted by:

- the exchange or QTRS
1. Provide a description of the regulation performed by the exchange or QTRS, including the structure of the department performing regulation, how the department is funded, policies and procedures in place to ensure confidentiality and the management of conflicts of interest, and policies and procedures relating to conducting an investigation.
 2. If more than one entity is performing regulation services for a type of security and the filer is conducting market regulation for itself and its members, provide the contract between the filer and the regulation services provider providing for co-ordinated monitoring and enforcement under section 7.5 of National Instrument 23-101 *Trading Rules*.
- a regulation services provider other than the filer (provide a copy of the contract between the filer and the regulation services provider.)

Exhibit N – Acknowledgement

The form of acknowledgement required by subsection 5.9(2) of National Instrument 21-101.

**CERTIFICATE OF EXCHANGE OR QUOTATION AND TRADE REPORTING
SYSTEM**

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20_____

(Name of exchange or quotation and trade reporting system)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)

[Amended]”.

**PROPOSED AMENDMENTS TO FORM 21-101F2 – INITIAL OPERATION
REPORT ALTERNATIVE TRADING SYSTEM**

1. *Form 21-101F2 – Initial Operation Report Alternative Trading System is replaced with the following:*

**“FORM 21-101F2
INITIAL OPERATION REPORT
ALTERNATIVE TRADING SYSTEM**

TYPE OF FILING:

INITIAL OPERATION REPORT **AMENDMENT**

Identification:

1. Full name of alternative trading system
2. Name(s) under which business is conducted, if different from item 1:
3. If this filing makes a name change on behalf of the alternative trading system in respect of the name set out in Item 1 or Item 2, enter the previous name and the new name.

Previous name:

New name:

4. Head office

Address:

Telephone:

Facsimile:

5. Mailing address (if different):

6. Other offices

Address:

Telephone:

Facsimile:

7. Website address:

8. Contact employee

Name and title:

Telephone number:

Facsimile:

E-mail address:

9. Counsel:

Firm name:

Contact name:

Telephone number:

Facsimile:

E-mail address:

10. The ATS is

a member of (name of the recognized self-regulatory entity)

a registered dealer

11. If this is an initial operation report, the date the alternative trading system expects to commence operation:

12. The ATS has contracted with [regulation services provider] to perform market regulation for the ATS and its subscribers.

EXHIBITS

File all Exhibits with the Initial Operation Report. For each Exhibit, include the name of the ATS, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the ATS files an amendment to the information provided in its Initial Operation Report and the information relates to an Exhibit filed with the Initial Operation Report or a subsequent amendment, the ATS must, in order to comply with subsection 2.2(1), 2.2(2) or 2.2(3) of National Instrument 21-101, provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The ATS should provide a clean and blacklined version showing changes from the previous filing.

Exhibit A – Corporate Governance

1. Legal status:
 - Corporation
 - Partnership
 - Sole Proprietorship
 - Other (specify):

2. Except where the ATS is a sole proprietorship, indicate the following:
 1. Date (DD/MM/YYYY) of formation
 2. Place of formation
 3. Statute under which the ATS was organized.

3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.

4. Provide the policies and procedures to address conflicts of interest arising from the operation of the marketplace or the services it provides, including those related to the commercial interest of the marketplace, the interests of its owners and its operators, and the responsibilities and sound functioning of the marketplace.

Exhibit B – Ownership

A list of the registered or beneficial holders of securities of, partnership interests in, or other ownership interests in, the ATS. For each of the persons listed in the Exhibit, please provide the following:

1. Name
2. Principal business or occupation and title
3. Ownership interest
4. Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest
5. Whether the person has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*)

In the case of an ATS that is publicly traded, if the ATS is a corporation, please only provide a list of each shareholder that directly owns five percent or more of a class of a voting security of the ATS.

Exhibit C - Organization

1. A list of partners, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
 1. Name
 2. Principal business or occupation and title
 3. Dates of commencement and expiry of present term of office or position and length of time position held
 4. Type of business in which each is primarily engaged (e.g. sales, trading, market making, etc.) and current employer
 5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4
 6. Whether the person is considered to be an independent director
2. A list of the committees of the board, including their mandate.

Exhibit D - Affiliates

1. For each affiliated entity of the ATS provide the name, head office address and describe the principal business of the affiliate.
2. Provide the information below for each affiliated entity of the ATS to which the ATS has outsourced any of its key services or systems affecting the market or facility described in Exhibit E – Operation of the Marketplace, including order entry, trading, execution, routing and data, or with which the ATS has any other material business relationship, including loans, cross-guarantees, etc.:
 - i. Name and address of the affiliate
 - ii. The name and title of the directors and officers, or persons describing similar functions, of the affiliate
 - iii. A description of the nature and extent of the contractual and other agreement with the ATS and the roles and responsibilities of the affiliate under the arrangement
 - iv. A copy of each material contract relating to any outsourced functions or other material relationship
 - v. Copies of constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents

Exhibit E – Operation of the Marketplace

Describe in detail the manner of operation of the market and its associated functions. This should include, but not be limited to, a description of the following:

1. The structure of the market (e.g., call market, auction market, dealer market).
2. Means of access to the market or facility and services, including a description of any co-location arrangements.
3. The hours of operation.
4. A description of the services offered by the marketplace including, but not limited to order entry including co-location, trading, execution, routing and data.
5. A list of the types of orders offered, including a description of the features

and characteristics of orders.

6. Procedures regarding the entry, display and execution of orders. If indications of interest are used, please describe the information they include and list the types of recipients.
7. Description of how orders interact, including how priority is allocated between orders.
8. Description of order routing procedures.
9. Description of order and trade reporting procedures.
10. Description of procedures for clearance and settlement of transactions.
11. The safeguards and procedures of the marketplace to protect trading information of marketplace participants.
12. Training provided to participants and a copy of any materials provided both with respect to systems of the marketplace, the requirements of the marketplace, and the rules of the regulation services providers, if applicable.
13. Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace.

The filer should provide all policies, procedures and trading manuals related to the operation of the marketplace and, if applicable, the order router.

Exhibit F – Outsourcing

Where the ATS has outsourced the operation of key services or systems affecting the market or facility described in Exhibit E – Operation of the Marketplace to an arms-length third party, including any function associated with the routing, trading, execution, clearing and settlement, and co-location, provide the following information:

1. Name and address of person or company to which the function has been outsourced
2. A description of the nature and extent of the contractual or other agreement with the ATS and the roles and responsibilities of the arms-length party under the arrangement
3. A copy of each material contract relating to any outsourced function

Exhibit G- Systems and Contingency Planning

For each of the systems that support order entry, order routing, execution, trade reporting, trade comparison, data feed, market surveillance, and trade clearing, describe:

1. Current and future capacity estimates
2. Procedures for reviewing system capacity
3. Procedures for reviewing system security
4. Procedures to conduct stress tests
5. A description of the filer's business continuity and disaster recovery plans, including any relevant documentation
6. Procedures to test business continuity and disaster recovery plans

Exhibit H – Custody of Assets

1. If the ATS proposes to hold funds or securities of a marketplace participant on a regular basis, a description of the controls that will be implemented to ensure the safety of the funds or securities.
2. If any other person or company, other than the ATS, will hold or safeguard funds or securities of a marketplace participant on a regular basis, provide the name of the person or company and a description of the controls that will be implemented to ensure the safety of the funds or securities.

Exhibit I- Securities

A list of the types of any other securities that are traded on the ATS, indicating the exchange(s) on which such securities are listed. If this is an initial operation report, the types of securities it expects to trade

Exhibit J – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the marketplace described in Exhibit E.4, including trading on ATS.
2. Describe the classes of marketplace participants (i.e. dealer, institution, or retail).
3. Describe the ATS's criteria for access to the services of the marketplace.
4. Describe any differences in access to the services offered by the marketplace to different groups or classes of marketplace participants.

5. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the services of the ATS.
6. Describe any procedures that will be involved in the suspension or termination of a marketplace participant.
7. Describe the ATS's arrangements for permitting clients of marketplace participants to have access to the marketplace. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit K – Marketplace Participants

Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.
2. Date of becoming a marketplace participant.
3. Describe the type of trading activities primarily engaged in by the marketplace participant (*e.g.*, agency trader, proprietary trader, registered trader, market maker). A person shall be "primarily engaged" in an activity or function for purposes of this item when that activity or function is the one in which that person is engaged for the majority of their time. When more than one type of person at an entity engages in any of the activities or functions enumerated in this item, identify each type (*e.g.*, agency trades, registered trader and market maker) and state the number of marketplace participants in each.
4. The class of participation or other access.
5. Provide a list of all persons or entities that were denied or limited access to the marketplace, indicating for each:
 - (i) whether they were denied or limited access;
 - (ii) the date the marketplace took such action;
 - (iii) The effective date of such action; and
 - (iv) The nature and reason of any denial or limitation of access.

Exhibit L - Fees

A description of the fee model and all fees charged by the marketplace, or by a third party to whom services have been outsourced, including fees relating to connecting to the market or facility, access, data, regulation (if applicable), trading, routing, and co-location, and how such fees are set.

Exhibit M – Regulation

The ATS has contracted with regulation service provider to perform market regulation for ATS and its subscribers. Provide a copy of the contract between the filer and the regulation services provider.

Exhibit N – Acknowledgement

The form of acknowledgement required by subsections 6.10(2) and 6.11(2) of National Instrument 21-101.

CERTIFICATE OF ALTERNATIVE TRADING SYSTEM

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this ____ day of _____ 20____

(Name of alternative trading system)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)”.
”

**PROPOSED AMENDMENTS TO FORM 21-101F3 *QUARTERLY REPORT OF
ALTERNATIVE TRADING SYSTEM ACTIVITIES***

1. *Form 21-101F3 Quarterly Report of Alternative Trading System Activities is replaced with the following:*

**“FORM 21-101F3
QUARTERLY REPORT OF MARKETPLACE ACTIVITIES”**

A. General Marketplace Information

1. Marketplace Name:
2. Period covered by this report:
3. Identification:
 - A. Full name of marketplace (if sole proprietor, last, first and middle name):
 - B. Name(s) under which business is conducted, if different from item A:
 - C. Marketplace main street address:
4. Attach as **Exhibit A** a current list of all marketplace participants at the end of the period covered by this report, identifying those marketplace participants that are using the marketplace’s co-location services, if any. For each marketplace participant, indicate the number of trader IDs that may access the marketplace.
5. Attach as **Exhibit B** a list of all marketplace participants granted, denied or limited access to the marketplace during the period covered by this report, indicating for each marketplace participant: (a) whether they were granted, denied or limited access; (b) the date the marketplace took such action; (c) the effective date of such action; and (d) the nature of any denial or limitation of access.
6. A list of all amendments in the information in Form 21-101F1 or 21-101F2 that were filed with the Canadian securities regulatory authorities and implemented during the period covered by the report, including the date filed and amendment number.
7. A list of all amendments in the information in Form 21-101F1 or 21-101F2 that were filed with the Canadian securities regulatory authorities and not implemented, including a description of the reason for which they were not implemented. The list should include the amendments filed during the period covered by the report, and cumulatively, as at the end of the period covered by the report.

8. Systems - If any outages occurred at any time during the period for any system relating to trading activity, including trading, routing or data, provide the date, duration and reason for the outage.

B. Marketplace Activity Information

Section 1 –Marketplaces Trading Exchange-Listed Securities

1. **General trading activity** – For each type of security traded on the marketplace, provide the details (where appropriate) requested in the form set out in **Chart 1**. The information should be provided for transactions executed at the opening of the market, during regular trading hours, and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 1 – General trading activity for marketplaces trading exchange-listed securities

Category of Securities	Volume		Value		Number of Trades	
	Transparent	Non-transparent	Transparent	Non-transparent	Transparent	Non-transparent
Exchange-Traded Securities						
1. Equity (includes preferred shares)						
2. Exchange-traded funds (ETFs)						
3. Debt securities						
4. Options						
Foreign Exchange-Traded Securities						
1. Equity (includes preferred shares)						
2. ETFs						
3. Debt securities						
4. Options						

2. **Crosses** - Provide the details (where appropriate) requested in the form set out in **Chart 2** below for each type of cross executed on the marketplace for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 2 – Crosses

Types of Crosses	% Volume	% Value	% Number of Trades
% of exchange-traded securities that are			
1. Intentional Crosses ¹			
2. Internal crosses			
3. Other crosses			

3. **Order information** – Provide the details (where appropriate) requested in the form set out in **Chart 3** below for each type of order in exchange traded securities executed on the marketplace for orders entered at the opening of the market, during regular trading and after hours during the quarter. Enter “none”, or “0” where appropriate.

Chart 3 – Order Information

Types of Orders	% Volume	% Value	% Orders Executed	% Orders Cancelled ²
1. Anonymous ³				
2. Fully transparent				
3. Pegged Orders				
4. Fully hidden				
-Separate dark facility				
-Transparent Market				
5. Partially hidden (reserve)				

4. **Trading by security** – Provide the details requested in the form set out in **Chart 4** below for the 10 most traded securities on the marketplace (based on the volume of securities traded) for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

1 See definition of an Internal and Intentional Cross in Section 1.1 of the Universal Market Integrity Rules.
 2 By cancellations, we mean "pure" cancellations, i.e. cancellations that do not result in a new and amended order.
 3 Orders executed under ID 001.

Chart 4 – Most traded securities

Category of Securities	Volume	Value	Number of Trades
Exchange-Traded Securities			
1. Equity [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
2. ETFs [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
3. Debt [Enter issuer, maturity and coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
Foreign Exchange-Traded Securities			
1. Equity (includes preferred shares)			

[Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
2. ETFs [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
3. Debt [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			

5. Trading by marketplace participant - Provide the details requested in the form set out in **Chart 5** below for the top 10 marketplace participants (based on the volume of securities traded). The information should be provided for the total trading volume, including for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate. Where a marketplace’s marketplace participants are dealers and non-dealers, the marketplace should complete a separate chart for each.

Chart 5 – Concentration of trading by Marketplace Participant

Marketplace Participant Name	Total Active Volume	Total Passive Volume
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

6. Routing Activities - Indicate the percentage of marketplace participants that used marketplace-owned or third-party or affiliated routing services during the reporting period in **Chart 6** below.

Chart 6 – Routing of marketplace orders

	Percentage
% of orders executed on the reporting marketplace	
% of orders routed to away marketplaces (list all marketplaces where orders were routed)	
% of orders that are marked Directed Action Orders (DAO)	

7. Co-location - Indicate the percentage of marketplace participants that are using the marketplace’s co-location services, if any.

Section 2 – Fixed Income Marketplaces

1. General trading activity - Provide the details (where appropriate) requested in the form set out in **Chart 7** below for each type of fixed income security traded on the marketplace for transactions executed during regular trading hours. Enter “None”, “N/A”, or “0” where appropriate.

Chart 7 – Fixed Income Activity

Category of Securities	Value Traded	Number of Trades
Domestic Unlisted Debt Securities - Government		
1. Federal		
2. Federal Agency		

3. Provincial and Municipal		
Domestic Unlisted Debt Securities – Corporate		
Domestic Unlisted Debt Securities - Other		
Foreign Unlisted Debt Securities – Government		
Foreign Unlisted Debt Securities – Corporate		
Foreign Unlisted Debt Securities - Other		

2. Trading by security – Provide the details requested in the form set out in **Chart 2** below for the 10 most traded fixed income securities on the marketplace (based on the value of the volume traded) for trades executed during regular trading hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 8 – Most traded fixed income securities

Category of Securities	Value Traded	Number of Trades
Domestic Unlisted Debt Securities - Government 1. Federal [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Federal Agency [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9.		

Category of Securities	Value Traded	Number of Trades
10.		
3. Provincial and Municipal [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Domestic Unlisted Debt Securities – Corporate [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Domestic Unlisted Debt Securities – Other [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Foreign Unlisted Debt Securities – Government [Enter issuer, maturity, coupon] 1. 2.		

Category of Securities	Value Traded	Number of Trades
3. 4. 5. 6. 7. 8. 9. 10.		
Foreign Unlisted Debt Securities – Corporate [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Foreign Unlisted Debt Securities – Other [Enter issuer, maturity, coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		

3. Trading by marketplace participant - Provide the details requested in the form set out in **Chart 9** below for the top 10 marketplace participants for trades executed during regular trading hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate. If marketplace participants are dealers and non-dealer institutions, the marketplace should complete a separate chart for each.

Chart 9 – Concentration of Trading by Marketplace Participant

Marketplace Participant Name	Value Traded
1.	

2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Section 3 – Securities Lending Marketplaces

1. General Lending Activity – Please provide details (where appropriate) requested in the form set out in **Chart 10** below for each type of securities loaned on the marketplace. Enter “None”, “N/A” or “0” where appropriate.

Chart 10 – Lending Activity

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
Domestic		
1. Corporate Equity Securities		
1.1. Common Shares		
1.2. Preferred Shares		
2. Non-Corporate Equity Securities (e.g. trust units, partnership units, etc.)(please specify)		
3. Government Debt Securities		
4. Corporate Debt Securities		
5. Other Fixed Income Securities (please specify)		
Foreign		
1. Corporate Equity Securities		
1.1. Common Shares		
1.2. Preferred Shares		
2. Non-Corporate Equity Securities (e.g. trust units, partnership units, etc.)(please specify)		
3. Government Debt Securities		
4. Corporate Debt Securities		
5. Other Fixed Income		

Securities (please specify)		
-----------------------------	--	--

2. Trading per Marketplace Participant – Provide the details requested in the form set out in **Chart 11** and **Chart 12** below for the top 10 borrowers and lenders based on their aggregate value of securities borrowed or loaned, respectively, during the quarter.

Chart 11 – Concentration of Activity by Borrower

Borrower Name	Aggregate Value of Securities Borrowed During the Quarter
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Chart 12 – Concentration of Activity by Lender

Lender Name	Aggregate Value of Securities Loaned During the Quarter
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

3. Lending activity by security – Provide the details requested in the form set out in **Chart 13** below for the 10 most loaned securities on the marketplace (based on the quantity of securities loaned during the quarter). Enter “None”, “N/A” or “0” where appropriate.

Chart 13 – Most Loaned Securities

Category of Securities	Quantity of Securities Lent During the	Aggregate Value of Securities Lent
------------------------	--	------------------------------------

	Quarter	During the Quarter
Domestic		
1. Common Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Preferred Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
3. Non-Corporate Equity Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
4. Government Debt Securities [Name of Security] 1. 2. 3. 4.		

5. 6. 7. 8. 9. 10.		
5. Corporate Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
6. Other Fixed Income Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Foreign		
1. Common Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Preferred Shares		

[Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
3. Non-Corporate Equity Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
4. Government Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
5. Corporate Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6.		

7.		
8.		
9.		
10.		
6. Other Fixed Income Securities [Name of Security]		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Section 4 – Derivatives Marketplaces in Quebec

1. General trading activity – For each category of contracts traded on the marketplace, provide the details (where appropriate) requested in the form set out in **Chart 14** below. The information should be provided for transactions executed at the opening of the market, during regular trading hours, and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 14 – General trading activity

Category of Contract	Volume	Number of Trades	End of Quarter Open Interest
Futures			
1(a) Interest rate - short term			
1(b) Interest rate – long term			
2. Index			
3. ETF			
4. Equity			
5. Currency			
6. Energy			
7. Others, please specify			
Options			
1(a) Interest rate - short term			
1(b) Interest rate –			

long term			
2. Index			
3. ETF			
4. Equity			
5. Currency			
6. Energy			
7. Others, please specify			

2. Crosses - Provide the aggregate information (where appropriate) requested in the form set out in **Chart 15** below by category of contract and for each type of cross executed on the marketplace. The information should be provided for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 15 – Crosses

Type of Cross	% Volume	% Number of Trades
Futures		
A. Cross		
B. Pre-arranged		
C. Block		
D. Exchange for physical		
E. Exchange for risk		
F. Riskless basis cross		
G. Others, please specify		
Options		
A. Cross		
B. Pre-arranged		
C. Block		
D. Exchange for physical		
E. Exchange for risk		
F. Riskless basis cross		
G. Others, please specify		

3. Order information – Provide the aggregate information (where appropriate) requested in the form set out in **Chart 16** below by category of contract and for each type of order in exchange traded contracts executed on the marketplace. The information

should be provided for orders entered at the opening of the market, during regular trading and after hours during the quarter. Enter “none”, or “0” where appropriate.

Chart 16 – Order Information

Type of Orders	% Volume	% Number of Trades
I. Anonymous		
II. Fully transparent		
III. Peg orders		
IV. Fully hidden		
-Separate dark facility		
-Transparent market		
V. Partially hidden (reserve, for example iceberg orders)		

4. Trading by category of contracts – Provide the aggregate information requested in the form set out in **Chart 17** below for the 3 most traded contracts on the marketplace (based on the volume of contract traded). The information should be provided for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 17 – Most traded contracts

Category of Contracts	Volume	Number of Trades	Open Interest (Number/End of Quarter)
1(a). Interest rate derivatives – short term [Name of contracts] 1. 2. 3.			
1(b). Interest rate derivatives – short term [Name of contracts] 1. 2. 3.			
2. Index derivatives 1. 2. 3.			

3. ETF derivatives 1. 2. 3.			
4. Equity derivatives 1. 2. 3.			
5. Currency derivatives 1. 2. 3.			
6. Energy derivatives 1. 2. 3.			
7. Others, please specify 1. 2. 3.			

5. Trading by marketplace participant - Provide the aggregate information requested in the form set out in **Chart 18** below for each category of contracts and for the top 3 marketplace participants on the marketplace (based on the volume of contracts traded). The information should be provided for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 18 – Concentration of trading per marketplace participant

Futures	
Marketplace Participant Name	Volume
1(a). Interest rate - short term 1. 2. 3.	
1(b). Interest rate - long term 1. 2. 3.	
2. Index 1. 2. 3.	
3. ETF	

1. 2. 3.	
4. Equity 1. 2. 3.	
5. Currency 1. 2. 3.	
6. Energy 1. 2. 3.	
7. Others, please indicate 1. 2. 3.	
Options	
Marketplace Participant Name	Volume
1(a). Interest rate - short term 1. 2. 3.	
1(b). Interest rate - long term 1. 2. 3.	
2. Index 1. 2. 3.	
3. ETF 1. 2. 3.	
4. Equity 1. 2. 3.	
5. Currency 1. 2. 3.	

6. Energy 1. 2. 3.	
7. Others, please specify 1. 2. 3.	

6. Co-location

Indicate the percentage of marketplace participants that are using the marketplace’s co-location services, if any.

C. Certificate of Marketplace

The undersigned certifies that the information given in this report relating to the marketplace is true and correct.

DATED at _____ this ____ day of _____ 20__

 (Name of Marketplace)

 (Name of director, officer or partner – please type or print)

 (Signature of director, officer or partner)

 (Official capacity – please type or print)”

**PROPOSED AMENDMENTS TO FORM 21-101F5 INITIAL OPERATION
REPORT FOR INFORMATION PROCESSOR**

1. *Form 21-101F5 Initial Operation Report for Information Processor is replaced with the following:*

**FORM 21-101F5
INITIAL OPERATION REPORT FOR INFORMATION PROCESSOR**

TYPE OF FILING:

- INITIAL FORM
AMENDMENT

GENERAL INFORMATION

1. Full name of information processor:
2. Name(s) under which business is conducted, if different from item 1:
3. If this filing makes a name change on behalf of the information processor in respect of the name set out in item 1 or item 2, enter the previous name and the new name:

Previous name:

New name:

4. Head office

Address:

Telephone:

Facsimile:

5. Mailing address (if different):

6. Other offices

Address:

Telephone:

- Facsimile:
7. Website address:
8. Contact employee:
- Name and title:
- Telephone number:
- Facsimile:
- E-mail address:

9. Counsel:
- Firm name:
- Contact name:
- Telephone number:
- Facsimile:
- E-mail address:

10. List of all marketplaces, dealers or other parties for which the information processor is acting or for which it proposes to act as an information processor. For each marketplace, dealer or other party, provide a description of the function(s) which the information processor performs or proposes to perform.

11. List all types of securities for which information will be collected, processed, distributed or published by the information processor. For each such marketplace, dealer or other party, provide a list of all securities for which information with respect to quotations for, or transactions in, is or is proposed to be collected, processed, distributed or published.

Exhibits

File all Exhibits with the Initial Form. For each Exhibit, include the name of the information processor, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the information processor files an amendment to the information provided in its Initial Form, and the information relates to an Exhibit filed with the Initial Form or a subsequent amendment, the information processor must, in order to comply with sections 14.1 and 14.2 of National Instrument 21-101 provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The information processor should provide a clean and a blackline version showing changes from the previous filing.

Exhibit A - Corporate Governance

1. Legal status:
 - Corporation
 - Sole Proprietorship
 - Partnership
 - Other (specify):

2. Except where the information processor is a sole proprietorship, indicate the date and place where the information processor obtained its legal status (e.g., place of incorporation, place where partnership agreement was filed or where information processor was formed):
 1. Date (DD/MM/YYYY) of formation
 2. Place of formation
 3. Statute under which the information processor was organized.

3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent documents.

4. Provide the policies and procedures which promote independence of the information processor from the marketplaces, inter-dealer bond brokers and dealers that provide data.

5. Provide the policies and procedures which address the potential conflicts of interest between the interest of the information processor and its owners, partners, directors and officers.

Exhibit B - Ownership

List any person or company who owns 10 percent or more of the information processor's outstanding shares or who, either directly or indirectly, through agreement or otherwise, in any other manner, may control or direct the management or policies of the information processor.

Provide the full name and address of each such person and attach a copy of the agreement or, if there is none written, describe the agreement or basis through which such person exercises or may exercise such control or direction.

Exhibit C - Organization

1. A list of the partners, directors, governors, and members of the board of directors and any standing committees of the board or persons performing similar functions who presently hold or have held their offices or positions during the previous year identifying those individuals with overall responsibility for the integrity and timeliness of data reported to and displayed by the system (the "System") of the information processor, indicating the following for each:

1. Name.
2. Principal business or occupation and title.
3. Dates of commencement and expiry of present term of office or position and length of time the office or position held.
4. Type of business in which each is primarily engaged and current employer.
5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.
6. Whether the person is considered to be an independent director.
7. A list of the committees of the board, including their mandate.
8. A narrative or graphic description of the organizational structure of the information processor.

Exhibit D - Staffing

A description of the personnel qualifications for each category of professional, non-professional and supervisory employee employed by the information processor. Detail whether the personnel are employed by the information processor or a third party identifying the employees responsible for monitoring the timeliness and integrity of data reported to and displayed by the System.

Exhibit E - Affiliates

For each affiliated entity of the information processor, and for any person or company with whom the information processor has a contractual or other agreement relating to the operations of the information processor, including loans or cross-guarantees, provide the following information:

1. Name and address of person or company.
2. Form of organization (e.g., association, corporation, partnership, etc.)
3. Name of location and statute citation under which organized.
4. Date of incorporation in present form.
5. Description of nature and extent of affiliation and/or contractual or other agreement with the information processor.
6. Description of business or functions of the affiliates.
7. If a person or company has ceased to be an affiliated entity of the information processor during the previous year or ceased to have a contractual or other agreement relating to the operation of the information processor during the previous year, provide a brief statement of the reasons for termination of the relationship.

Exhibit F - Services

A description in narrative form of each service or function performed by the information processor. Include a description of all procedures utilized for the collection, processing, distribution, validation and publication of information with respect to orders and trades in securities.

Exhibit G – System and Operations

1. Describe the manner of operation of the System of the information processor that collects, processes, distributes and publishes information in accordance with National Instruments 21-101 and 23-101. This description should include the following:
 1. The means of access to the System.
 2. Procedures governing entry and display of quotations and orders in the System including data validation processes.
 3. A description of any measures used to verify the timeliness and accuracy of information received and disseminated by the system, including the processes to resolve data integrity issues identified.
 4. The hours of operation of the System.
 5. Description of the training provided to users of the System and any materials provided to the users.

2. Include a list of all computer hardware utilized by the information processor to perform the services or functions listed in Exhibit F, indicating:
 1. Manufacturer, and manufacturer's equipment and identification number.
 2. Whether purchased or leased (if leased, duration of lease and any provisions for purchase or renewal).
 3. Where such equipment (exclusive of terminals and other access devices) is physically located.
3. Provide a description of the measures or procedures implemented by the information processor to provide for the security of any system employed to perform the functions of an information processor. This should include a general description of any physical and operational safeguards designed to prevent unauthorized access to the system.
4. Provide a description of all backup systems which are designed to prevent interruptions in the performance of any information providing functions as a result of technical malfunctions or otherwise in the system itself, in any permitted input or output system connection or as a result of any independent source.
5. Describe the business continuity and disaster recovery plans of the information processor, and provide any relevant documentation.
6. List each type of interruption which has lasted for more than two minutes and has occurred within the six (6) months preceding the date of the filing, including the date of each interruption, the cause and duration. Provide the total number of interruptions which have lasted two minutes or less.
7. Describe the procedures for reviewing system capacity, and indicate current and future capacity estimates.
8. Quantify in appropriate units of measure the limits on the information processor's capacity to receive, collect, process, store or display the data elements included within each function.
9. Identify the factors (mechanical, electronic or other) which account for the current limitations on the capacity to receive, collect, process, store or display the data elements included within each function described in section 8 above.
10. Describe the procedures for conducting stress tests.

Exhibit H – Outsourcing

Where the information processor has outsourced the operation of any aspect of the services listed in Exhibit F to an arms-length third party, including any function related to the collection, consolidation, and dissemination of data, provide the following information:

1. Name and address of person or company to whom the function has been outsourced.
2. A description of the nature and extent of the contractual or other agreement with the information processor, and the roles and responsibilities of the arms-length third party under the arrangement.
3. A copy of each material contract relating to any outsourced function.

Exhibit I - Financial Viability

1. Provide a business plan with pro forma financial statements and estimates of revenue.
2. Discuss the financial viability of the information processor in the context of having sufficient financial resources to properly perform its functions.

Exhibit J - Fees and Revenue Sharing

1. Provide a complete list of all fees and other charges imposed, or to be imposed, by or on behalf of the information processor for its information services. This would include all fees to provide data and fees to receive the data from the information processor.
2. Where arrangements exist to share revenue from the sale of data disseminated by the information processor with marketplaces, inter-dealer bond brokers and dealers that provide data to the information processor in accordance with National Instrument 21-101, a complete description of the arrangements and the basis for these arrangements.

Exhibit K – Reporting to the Information Processor

1. List all persons and entities that provide data to the information processor in accordance with the requirements of National Instrument 21-101.
2. Provide a complete set of all forms, agreements and other materials pertaining to the provision of data to the information processor.
3. A description of any specifications or criteria required of marketplaces, inter-dealer bond brokers or dealers who provide securities information to the information processor for collection, processing for distribution or publication. Identify those specifications or criteria which limit, are interpreted to limit or have the effect of limiting access to or use of any services provided by the information processor and state the reasons for imposing such specifications or criteria.

4. For each instance during the past year in which any person or entity has been prohibited or limited to provide data by the information processor, indicate the name of each such person or entity and the reason for the prohibition or limitation.

Exhibit L - Access to the Services of the Information Processor

1. A list of all persons and entities who presently subscribe or who have notified the information processor of their intention to subscribe to the services of the information processor.

2. The form of contract governing the terms by which persons may subscribe to the services of an information processor.

3. A description of any specifications or criteria which limit, are interpreted to limit or have the effect of limiting access to or use of any services provided by the information processor and state the reasons for imposing such specifications or criteria. This applies to limits relating to providing information to the information processor and the limits relating to accessing the consolidated feed distributed by the information processor.

4. For each instance during the past year in which any person has been prohibited or limited in respect of access to services offered by the information processor, indicate the name of each such person and the reason for the prohibition or limitation.

Exhibit M - Selection of Securities for which Information Must Be Reported to the Information Processor

Where the information processor is responsible for making a determination of the data which must be reported, including the securities for which information must be reported in accordance with National Instrument 21-101, describe the manner of selection and communication of these securities. This description should include the following:

1. The criteria used to determine the securities for which information must be reported and the data which must be reported to the information processor.

2. The process for selection of the securities, including a description of the parties consulted in the process and the frequency of the selection process.

3. The process to communicate the securities selected and data to be reported to the marketplaces, inter-dealer bond brokers and dealers providing the information as required by National Instrument 21-101. The description should include where this information is located.

CERTIFICATE OF INFORMATION PROCESSOR

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20 _____

(Name of information processor)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)".

**PROPOSED AMENDMENTS TO COMPANION POLICY 21-101CP TO
NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION**

1. *Companion Policy 21-101CP to National Instrument 21-101 Marketplace Operation is amended by this Companion Policy.*
2. *Part 1 is amended by:*

(a) *replacing section 1.1 with the following:*

“1.1 Introduction – Exchanges, quotation and trade reporting systems and ATSS are marketplaces that provide a market facility or venue on which securities can be traded. The areas of interest from a regulatory perspective are in many ways similar for each of these marketplaces since they may have similar trading activities. The regulatory regime for exchanges and quotation and trade reporting systems arises from the securities legislation of the various jurisdictions. Exchanges and quotation and trade reporting systems are recognized under orders from the Canadian securities regulatory authorities, with various terms and conditions of recognition. ATSS, which are not recognized as exchanges or quotation and trade reporting systems, are regulated under National Instrument 21-101 *Marketplace Operation* (the Instrument) and National Instrument 23-101 *Trading Rules* (NI 23-101). The Instruments, which were adopted at a time when new types of markets were emerging, provide the regulatory framework that allows and regulates the operation of multiple marketplaces.

The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters related to the Instrument, including:

- (a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument; and
- (b) the interpretation of various terms and provisions in the Instrument.”;

(b) *replacing section 1.2 with the following:*

“1.2 Definition of Exchange-Traded Security - Section 1.1 of the Instrument defines an "exchange-traded security" as a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of the Instrument and NI 23-101.

If a security trades on a recognized exchange or recognized quotation and trade reporting system on a “when issued” basis, as defined in IIROC’s Universal Market Integrity Rules, the security would be considered to be listed on that

recognized exchange or quoted on that recognized quotation and trade reporting system and would therefore be an exchange-traded security.

If no “when issued” market has been posted by a recognized exchange or recognized quotation and trade reporting system for a security, an ATS may not allow this security to be traded on a “when issued” basis on its marketplace.

A security that is inter-listed would be considered to be an exchange-traded security. A security that is listed on a foreign exchange or quoted on a foreign quotation and trade reporting system, but is not listed or quoted on a domestic exchange or quotation and trade reporting system, falls within the definition of “foreign exchange-traded security”.

3. ***Part 2 is amended by:***

- (a) ***in subsection 2.1(5) replacing “1.” with “(a)”, “2.” with “(b)” and “3.” with “c”;***
- (b) ***deleting “trading for the purposes of securities legislation and is” from subsection 2.1(6);***
- (c) ***replacing “Inter-dealer bond brokers” with “Inter-dealer bond brokers that conduct traditional inter-dealer bond broker activity” in subsection 2.1(7);***
- (d) ***adding the following after subsection 2.1(7):***

“(8) A dealer using a system that brings together multiple buyers and sellers using established, non-discretionary methods to match or pair orders with contra-side orders outside of a marketplace and generates trade execution through the routing of both sides of a match to a marketplace as a cross, would be considered by the Canadian securities regulatory authorities to be operating a marketplace under paragraph (c) of the definition of “marketplace”.

4. ***Part 3 is amended by:***

- (a) ***replacing “Canadian securities legislation” with “Securities legislation” in subsection 3.1(1);***
- (b) ***replacing the first instance of “Canadian securities legislation” with “Securities legislation” and the second instance of “Canadian securities legislation” with “securities legislation” in subsection 3.2(1);***

(c) **replacing** “Canadian securities legislation” **with** “securities legislation” **in subsection 3.4(3);**

(d) **replacing** “subsection 6.1(a)” **with** “subsection 6.1(a) and all other requirements in the Instrument and in NI 23-101” **in subsection 3.4(4);**

(e) **replacing subsection 3.4(7) with the following:**

“(7) Subsection 6.7 of the Instrument requires an ATS to notify the securities regulatory authority if one of three thresholds is met or exceeded. Upon being informed that one of the thresholds is met or exceeded, the securities regulatory authority intends to review the ATS, its structure and operations in order to consider whether the person or company operating the ATS should be considered to be an exchange for purposes of securities legislation or if additional terms and conditions should be placed on the registration of the ATS. The securities regulatory authority intends to conduct this review because each of these thresholds may be indicative of an ATS having significant market presence in a type of security, such that it would be more appropriate that the ATS be regulated as an exchange. If more than one Canadian securities regulatory authority is conducting this review, the reviewing jurisdictions intend to coordinate their review. The volume thresholds referred to in subsection 6.7(1) of the Instrument are based on the type of security. The Canadian securities regulatory authorities consider a type of security to refer to a distinctive category of security such as equity securities, debt securities or options.”.

(f) **in subsection 3.4(9) replacing** “Subsections 6.10(2) and 6.11(2)” **with** “Subsection 6.11(2)” **and** “require” **with** “requires”.

5. **Part 4 is amended by:**

(a) **replacing** “In exercising this discretion” **in subsection 4.1(2) with** “In determining whether it is in the public interest to recognize an exchange or quotation and trade reporting system”;

(b) **deleting** “and” **at the end of paragraph 4.1(2)(c);**

(c) **replacing** “.” **with** “;” **at the end of paragraph 4.1(2)(d);**

(d) **adding the following after paragraph 4.1(d):**

“(e) whether the exchange or quotation and trade reporting system has policies and procedures to effectively identify and manage conflicts of interest arising from its operation or the services it provides;

- (f) whether the requirements of the exchange or quotation and trade reporting system relating to access to its services are fair and reasonable; and
- (g) whether the exchange or quotation and trade reporting system's process for setting fees is fair, transparent and appropriate, and whether the fees are equitably allocated among the participants, issuers and other users of services, do not have the effect of creating barriers to access and at the same time ensure that the exchange or quotation and trade reporting system has sufficient financial resources for the proper performance of its functions."

(e) *adding the following after subsection 4.1(2):*

“4.2 Process

Although the basic requirements or criteria for recognition of an exchange or quotation and trade reporting system may be similar in various jurisdictions, the precise requirements and the process for seeking a recognition or an exemption from recognition in each jurisdiction is determined by that jurisdiction.”

6. *Part 5 is amended by:*

(a) *adding* “However, if those prices or quantities are implied and determinable, for example by knowing the features of the marketplace, the indications of interest may be considered an order.” *at the end of subsection 5.1(1);*

(b) *replacing subsection 5.1(2) with the following:*

“(2) The terminology used is not determinative of whether an indication of interest constitutes an order. Instead, whether or not an indication is "firm" will depend on what actually takes place between the buyer and seller. At a minimum, the Canadian securities regulatory authorities will consider an indication to be firm if it can be executed without further discussion between the person or company entering the indication and the counterparty (i.e. the indication is “actionable”). The Canadian securities regulatory authorities would consider an indication of interest to be actionable if it includes sufficient information to enable it to be executed without communicating with the marketplace participant that entered the order. Such information may include the symbol of the security, side (buy or sell), size, and price. The information may be explicitly stated, or it may be implicit and determinable based on the features of the marketplace. Even if the person or company must give its subsequent agreement to an execution, the Canadian securities regulatory authorities will still consider

the indication to be firm if this subsequent agreement is always, or almost always, granted so that the agreement is largely a formality. For instance, an indication where there is a clear or prevailing presumption that a trade will take place at the indicated or an implied price, based on understandings or past dealings, will be viewed as an order.”

7. *Part 6 is replaced with the following:*

“PART 6 MARKETPLACE INFORMATION AND FINANCIAL STATEMENTS

6.1 Forms Filed by Marketplaces

(1) The definition of marketplace includes exchanges, quotation and trade reporting systems and ATSS. The legal entity that is recognized as an exchange or quotation and trade reporting system, or registered as a dealer in the case of an ATS, owns and operates the market or trading facility. In some cases, the entity may own and operate more than one trading facility. In such cases the marketplace may file separate forms in respect of each trading facility, or it may choose to file one form covering all of the different trading facilities. If the latter alternative is chosen, the marketplace must clearly identify the facility to which the information or changes apply.

(2) The forms filed by a marketplace under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that the forms contain proprietary financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that the forms be available for public inspection.

(3) While initial Forms 21-101F1 and 21-101F2 and amendments thereto are kept confidential, certain Canadian securities regulatory authorities may publish a summary of the information included in the forms filed by a marketplace, or information related to significant changes to the forms of a marketplace, where the Canadian securities regulatory authorities are of the view that a certain degree of transparency for certain aspects of a marketplace would allow investors and industry participants to be better informed as to how securities trade on the marketplace.

(4) Under subsection 3.2(1) of the Instrument, a marketplace is required to file an amendment to the information provided in Form 21-101F1 or Form 21-101F2, as applicable, at least 45 days prior to implementing a significant change. The Canadian securities regulatory authorities consider a significant change to be a change that could significantly impact a marketplace, marketplace participants, investors, or the Canadian capital markets. The Canadian securities regulatory authorities would consider significant changes to include:

- (a) changes in the structure of the marketplace, including procedures governing how orders are entered, displayed (if applicable), executed, how they interact, are cleared and settled;
- (b) changes to the services provided by the marketplace, including the hours of operation, or the introduction of new services;
- (c) changes to the means of access to the market or facility and its services;
- (d) changes to or new order types;
- (e) changes to or new types of securities traded on the marketplace;
- (f) changes to or new types of securities listed on exchanges or quoted on quotation and trade reporting systems;
- (g) changes to or new types of marketplace participants;
- (h) changes to the systems and technology used by the marketplace that support trading and, if applicable, market surveillance, including those affecting capacity;
- (i) changes to the governance of the marketplace, including the structure of its board of directors and changes in the board committees and their mandates;
- (j) changes in control over marketplaces;
- (k) changes in affiliates;
- (l) changes in and new outsourcing arrangements for key services or systems;
- (m) changes in and new custody arrangements; and
- (n) changes in fees and the fee model of the marketplace.

These would not include housekeeping or administrative changes to information in Form 21-101F1 or Form 21-101F2, such as changes in the routine processes, practice or administration of the marketplace, changes due to standardization of terminology, or minor system or technology changes that would not significantly impact the system or its capacity. Such changes would be filed in accordance with the requirements outlined in subsection 3.2(3) of the Instrument.

(5) The Canadian securities regulatory authorities generally consider a change in a marketplace's fees or fee structure to be a significant change. However, the Canadian securities regulatory authorities recognize that in the current,

competitive multiple marketplace environment, which may at times require that frequent changes be made to the fees or fee structure of marketplaces, marketplaces may need to implement fee changes within tight timeframes. To facilitate this process, subsection 3.2(2) of the Instrument provides that marketplaces may provide information describing the change in fees or fee structure in a shorter timeframe, at least seven business days before the expected implementation date of the change in fees or fee structure.

(6) For the changes referred to in subsection 3.2(3) of the Instrument, the Canadian securities regulatory authorities may review these filings to ascertain the appropriateness of the categorization of such filings. The marketplace will be notified in writing if there is disagreement with respect to the categorization of the filing.

(7) The Canadian securities regulatory authorities will make best efforts to review amendments to Forms 21-101F1 and 21-101F2 within the timelines specified in subsections 3.2(1) and (2) of the Instrument. However, where the changes are complex, raise regulatory concerns, or when additional information is required, the period for review may exceed these timeframes. The Canadian securities regulatory authorities will review changes to the information in Forms 21-101F1 and 21-101F2 in accordance with staff practices in each jurisdiction.

(8) Section 3.3 of the Instrument requires a marketplace to file Form 21-101F3 by the following dates: April 30 (for the quarter ending March 31), July 30 (for the quarter ending June 30), October 30 (for the quarter ending September 30) and January 30 (for the quarter ending December 31).

6.2 Filing of Financial Statements

Part 4 of the Instrument sets out the financial reporting requirements applicable to marketplaces. Subsections 4.1(2) and 4.2(2) respectively require an ATS to file audited financial statements initially, together with Form 21-101F2, and on an annual basis thereafter. These financial statements may be in the same form as those filed with IROC. The annual audited financial statements may be filed with the Canadian securities regulatory authorities at the same time as they are filed with IROC.”

8. *Part 7 is replaced with the following:*

“PART 7 MARKETPLACE REQUIREMENTS

7.1 *Access Requirements*

(1) Section 5.1 of the Instrument sets out access requirements that apply to a marketplace. The Canadian securities regulatory authorities note that the requirements regarding access for marketplace participants do not restrict the

marketplace from maintaining reasonable standards for access. The purpose of these access requirements is to ensure that rules, policies, procedures, and fees, as applicable, of the marketplace do not unreasonably create barriers to access to the services provided by the marketplace.

(2) For the purposes of complying with the order protection requirements in Part 6 of NI 23-101, a marketplace should permit fair and efficient access to

- (a) a marketplace participant that directly accesses the marketplace,
- (b) a person or company that is indirectly accessing the marketplace through a marketplace participant, or
- (c) another marketplace routing an order to the marketplace.

The reference to “a person or company” in paragraph (b) includes a system or facility that is operated by a person or company.

(3) The reference to “services” in section 5.1 of the Instrument means all services that may be offered to a person or company and includes all services relating to order entry, trading, execution, routing and data.

(4) Marketplaces that send indications of interest to a selected smart order router should consider the extent to which such information should be sent to other smart order routers to meet the fair access requirements of the Instrument.

(5) Marketplaces are responsible for ensuring that the fees they set are in compliance with section 5.1 of the Instrument. In assessing whether its fees unreasonably condition or limit access to its services, a marketplace should consider a number of factors, including

- (a) the value of the security traded,
- (b) the amount of the fee relative to the value of the security traded,
- (c) the amount of fees charged by other marketplaces to execute trades in the market,
- (d) with respect to market data fees, the amount of market data fees charged relative to the market share of the marketplace, and,
- (e) with respect to order execution terms, including fees, whether the outcome of their application is consistent with the policy goals of order protection.

The Canadian securities regulatory authorities will consider these factors, among others, in determining whether the fees charged by a marketplace unreasonably condition or limit access to its services. With respect to trading fees, it is the view of the Canadian securities regulatory authorities that a trading fee equal to or greater than the minimum trading increment as defined in IIROC's Universal Market Integrity Rules, as amended, would unreasonably condition or limit access to a marketplace's services as it would be inconsistent with the policy goals of order protection. Trading fees below the minimum trading increment may also unreasonably condition or limit access to a marketplace's services when taking into account factors including those listed above.

7.2 Public Interest Rules - Section 5.3 of the Instrument sets out the requirements applicable to the rules, policies and similar instruments adopted by recognized exchanges and recognized quotation and trade reporting systems. These requirements acknowledge that recognized exchanges and quotation and trade reporting systems perform regulatory functions. The Instrument does not require the application of these requirements to an ATS's trading requirements. This is because, unlike exchanges, ATSs are not permitted to perform regulatory functions, other than setting requirements regarding conduct in respect of the trading by subscribers on the marketplace, i.e. requirements related to the method of trading or algorithms used by their subscribers to execute trades in the system. However, it is the expectation of the Canadian securities regulatory authority that the requirement in section 5.7 of the Instrument that marketplaces operate in a manner that does not interfere with the maintenance of fair and orderly markets, applies to an ATS's requirements. Such requirements may include those that deal with subscriber qualification, access to the marketplace, how orders are entered, interact, execute, clear and settle.

7.3 Compliance Rules - Section 5.4 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to have appropriate procedures to deal with violations of rules, policies or other similar instruments of the exchange or quotation and trade reporting system. This section does not preclude enforcement action by any other person or company, including the Canadian securities regulatory authorities or the regulation services provider.

7.4 Filing of Rules - Section 5.5 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to file all rules, policies and other similar instruments and amendments as required by the securities regulatory authority. Initially, all rules, policies and other similar instruments will be reviewed before implementation by the exchange or quotation and trade reporting system. Subsequent to recognition, the securities regulatory authority may develop and implement a protocol that will set out the procedures to be followed with respect to the review and approval of rules, policies and other similar instruments and amendments.

7.5 Review of Rules - The Canadian securities regulatory authorities review the rules, policies and similar instruments of a recognized exchange or recognized quotation and trade reporting system in accordance with the recognition order and rule protocol issued by the jurisdiction in which the exchange or quotation and trade reporting system is recognized. The rules of recognized exchanges and quotation and trade reporting systems are included in their rulebooks, and the applicable principles and requirements applicable to these rules are set out in section 5.3 of the Instrument. For an ATS, whose trading requirements, including any trading rules, policies or practices, are incorporated in Form 21-101F2, any changes would be filed in accordance with the filing requirements applicable to changes to information in Form 21-101F2 set out in subsections 3.2(1) and 3.2(3) of the Instrument and reviewed by the Canadian securities regulatory authorities in accordance with staff practices in each jurisdiction.

7.6 Fair and Orderly Markets – Section 5.7 of the Instrument establishes requirement that a marketplace operate in a way that does not interfere with the maintenance of fair and orderly markets. This applies both to the operation of the marketplace itself and to the impact of the marketplace’s operations on the Canadian market as a whole.

7.7 Confidential Treatment of Trading Information – (1) Subsection 5.10 (2) of the Instrument provides that a marketplace shall not carry on business as a marketplace unless it has implemented reasonable safeguards and procedures to protect a marketplace participant’s trading information. These include

- (a) limiting access to the trading information of marketplace participants, such as the identity of marketplace participants and their orders, to those employees of, or persons or companies retained by, the marketplace to operate the system or to be responsible for its compliance with securities legislation; and
- (b) having in place procedures to ensure that employees of the marketplace cannot use such information for trading in their own accounts.

(2) The procedures referred to in subsection (1) should be clear and unambiguous and presented to all employees and agents of the marketplace, whether or not they have direct responsibility for the operation of the marketplace.

(3) Nothing in section 5.10 of the Instrument prohibits a marketplace from complying with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. This statement is necessary because an investment dealer that operates a marketplace may be an intermediary for the purposes of National Instrument 54-101, and may be required to disclose information under that Instrument.

7.8 Management of Conflicts of Interest - Marketplaces are required under section 5.11 of the Instrument to maintain and ensure compliance with policies and procedures that identify and manage conflicts of interest arising from the operation of the marketplace or the services it provides. These may include conflicts, actual or perceived, related to the commercial interest of the marketplace, the interests of its owners or its operators, and the responsibilities and sound functioning of the marketplace. For an exchange and quotation and trade reporting system, they may also include potential conflicts between the operation of the marketplace and its regulatory responsibilities.

7.9 Outsourcing – Section 5.12 of the Instrument sets out the requirements that marketplaces that outsource any of their key services or systems to a service provider, which may include affiliates or associates of the marketplace, must meet. Generally, marketplaces are required to establish policies and procedures to evaluate and approve these outsourcing agreements. Such policies and procedures would include assessing the suitability of potential service providers. Marketplaces are also required to monitor the ongoing performance of the service provider to which they outsourced key services, systems or facility. The requirements under section 5.12 of the Instrument apply regardless of whether the outsourcing arrangements are with third-party service providers, or with affiliates of the marketplaces.”

9. *Part 8 is amended by:*

(a) *replacing section 8.1 with the following:*

“8.1 Risk disclosure to Non-Registered subscribers - Subsection 6.11(2) of the Instrument requires an ATS to obtain an acknowledgement from its marketplace participants. The acknowledgement may be obtained in a number of ways, including requesting the signature or the marketplace participant or requesting that the marketplace participant initial an initial box or check a check-off box. This may be done electronically. The acknowledgement must be specific to the information required to be disclosed under the relevant subsection and must confirm that the marketplace participant has received the required disclosure. The Canadian securities regulatory authorities are of the view that it is the responsibility of the marketplace to ensure that an acknowledgement is obtained from the marketplace participant in a timely manner.”;

(b) *repealing section 8.2.*

10. *Part 9 is amended by replacing subsection 9.1(1) with the following:*

“(1) Subsection 7.1(1) of the Instrument requires a marketplace that displays orders of exchange-traded securities to any person or company to provide accurate and timely information regarding those orders to an information

processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider. The Canadian securities regulatory authorities consider that a marketplace that sends information about orders of exchange-traded securities, including indications of interest that meet the definition of an order, to a smart order router is “displaying” that information. The marketplace would be subject to the transparency requirements of subsection 7.1(1) of the Instrument. The transparency requirements of Subsection 7.1(1) of the Instrument do not apply to a marketplace that displays orders of exchange-traded securities to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace, as long as these orders meet a minimum size threshold set by the regulation services provider. In other words, the only orders that are exempt from the transparency requirements are those meeting the minimum size threshold. Section 7.2 requires a marketplace to provide accurate and timely information regarding trades of exchange-traded securities that it executes to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider. Some marketplaces, such as exchanges, may be regulation services providers and will establish standards for the information vendors they use to display order and trade information to ensure that the information displayed by the information vendors is timely, accurate and promotes market integrity. If the marketplace has entered into a contract with a regulation services provider under NI 23-101, the marketplace must provide information to the regulation services provider and an information vendor that meets the standards set by that regulation services provider.”

11. *Part 10 is amended by replacing “2012” with “2015” in subsection 10.1(1).*
12. *Part 12 is replaced with the following:*

“PART 12 TRANSPARENCY OF MARKETPLACE OPERATIONS

12.1 Transparency of Marketplace Operations

(1) Section 10.1 of the Instrument requires that marketplaces make publicly available certain information pertaining to their operations and services. While section 10.1 sets out the minimum disclosure requirements, marketplaces may wish to make publicly available other information, as appropriate. Where this information is included in a marketplace’s rules, regulations, policies and procedures or practices that are publicly available, the marketplace need not duplicate this disclosure.

(2) Subsection 10.1(a) requires marketplaces to disclose publicly their fee schedule, including listing, trading, data and routing fees charged by the marketplace. The trading fees should provide the minimum and maximum fees payable for certain representative transactions. It is not the intention of the

Canadian securities regulatory authorities that a commission fee charged by a dealer for dealer services be disclosed in this context. Each marketplace is required to publicly post a schedule of all trading fees that are applicable to outside marketplace participants that are accessing an order and executing a trade displayed through an information processor or information vendor. The requirement to disclose trading fees does not require a combined price calculation by each marketplace.

(3) Subsection 10.1(b) requires marketplaces to disclose information on how orders are entered, interact and execute. This would include a description of how orders are prioritized for execution and the types of crosses that may be executed on the marketplace. A marketplace should also disclose whether it sends information regarding indications of interest or order information to a smart order router.

(4) Subsection 10.1(f) requires marketplaces to disclose a description of any arrangements where the marketplace refers its participants to the services of a third-party provider where the marketplace receives some benefit (fee rebate, payment, etc.) if the marketplace participant uses the services of the third-party service provider, and has a potential conflicts of interest.

(5) Subsection 10.1(g) requires marketplaces that offer routing services to disclose a description of how routing decisions are made. The subsection applies whether routing is done by a marketplace-owned smart order router, by an affiliate of a marketplace, or by a third-party to which routing was outsourced.

(6) Subsection 10.1(h) applies to marketplaces that disseminate indications of interest or any information in order to attract order flow. The Instrument requires that these marketplaces make publicly available information regarding their practices regarding the dissemination of information. This would include a description of the type of information included in the indication of interest displayed, and the types of recipients of such information. For example, a marketplace would describe whether the recipients of an indication of interest are the general public, all of its subscribers, particular categories of subscribers or smart order routers operated by their subscribers or by third party vendors.”

13. Part 13 is amended by replacing “Canadian securities legislation” with “securities legislation” in section 13.1.

14. Part 14 is amended by:

(a) replacing the title with “PART 14 MARKETPLACE SYSTEMS AND BUSINESS CONTINUITY PLANNING”;

(b) deleting “, business continuity” in subsection 14.1(2);

(c) *replacing subsection 14.1(3) with the following:*

“Subsection 12.2(1) of the Instrument requires a marketplace to engage a qualified party to conduct an annual independent assessment of the internal controls referred to in paragraph 12.1(a) of the Instrument. A qualified party is a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal controls in a complex information technology environment, such as external auditors or third party information system consultants. Before engaging a qualified party, a marketplace should discuss its choice with the regulator or, in Québec, the securities regulatory authority.”;

(d) *in subsection 14.1(4), replacing the paragraph after “Reporting of the self-assessment results and the timeframe for reporting would be consistent with that established for an independent systems review.” with the following:*

“In determining if the exemption is in the public interest and the length of the exemption, the regulator or securities regulatory authority may consider a number of factors including: the market share of the marketplace, the timing of the last independent systems review, changes to systems or staff of the marketplace and whether the marketplace has experienced material systems failures, malfunction or delays.”;

(e) *adding the following section:*

“14.3 Business Continuity Planning

Section 12.4 of the Instrument requires that marketplaces develop and maintain reasonable business continuity plans, including disaster recovery plans. Business continuity planning should encompass all policies and procedures to ensure uninterrupted provision of key services regardless of the cause of potential disruption. The Canadian securities regulatory authorities expect that, in order for a marketplace to have a reasonable business continuity plan, including a disaster recovery plan, it test it on a periodic basis, and at least annually.”

15. *Part 15 is amended by replacing “all trades executed through an ATS” with “all trades executed through a marketplace” in section 15.1.*

16. *Part 16 is amended by:*

(a) *replacing “14.5(b)” with “14.5(c)” in paragraph 16.2(1)(f);*

(b) *replacing section 16.3 with the following:*

“16.3 Change to Information - Under subsection 14.2(1) of the Instrument, an information processor is required to file an amendment to the information provided in Form 21-101F5 at least 45 days before implementing a significant change involving a matter set out in Form 21-101F5, in the manner set out in Form 21-101F5. The Canadian securities regulatory authorities would consider significant changes to include:

- (a) changes to the governance of the information processor, including the structure of its board of directors and changes in the board committees and their mandates
- (b) changes in control over the information processor
- (c) changes affecting the independence of the information processor, including independence from the marketplaces, inter-dealer bond brokers and dealers that provide their data to meet the requirements of the Instrument
- (d) changes to the services or functions performed by the information processor
- (e) changes to the data products offered by the information processor
- (f) changes to the fees and fee structure related to the services provided by the information processor
- (g) changes to the revenue sharing model for revenues from fees related to services provided by the information processor
- (h) changes to the systems and technology used by the information processor, including those affecting its capacity
- (i) new arrangements or changes to arrangements to outsource the operation of any aspect of the services of the information processor
- (j) changes to the means of access to the services of the information processor
- (k) where the information processor is responsible for making a determination of the data which must be reported, including the securities for which information must be reported in accordance with the Instrument, changes in the criteria and process for selection and communication of these securities.

These would not include housekeeping or administrative changes to the information included in Form 21-101F5, such as changes in the routine processes, practice or administration of the information processor, changes

due to standardization of terminology, or minor system or technology changes that do not significantly impact the system of the information processor or its capacity. Such changes would be filed in accordance with the requirements outlined in subsection 14.2(2) of the Instrument.”;

(c) *replacing section 16.4 with the following:*

“16.4 System Requirements – The guidance in section 14.1 of this Companion Policy applies to the systems requirements for an information processor.”.

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 23-101 *TRADING RULES*

1. *National Instrument 23-101 Trading Rules is amended by this Instrument.*
2. *Part 6 is amended by:*
 - (a) *replacing “The following are the trade-throughs referred to in paragraph 6.1(1)(a)” with “For the purposes of paragraph 6.1(1)(a) the permitted trade-throughs are” in section 6.2;*
 - (a) *replacing “marketplace participant” with “marketplace participant or a marketplace that routes or reprices orders” in section 6.5.*
3. *Part 11 is amended by:*
 - (a) *replacing “this Part” with “the requirements in section 11.2” in subsection 11.1(2);*
 - (b) *replacing “record” with “record in electronic form” in subsection 11.2(1);*
 - (c) *replacing “; and” with “;” in paragraph 11.2(1)(r);*
 - (d) *replacing “.” with “;” in paragraph 11.2(1)(s);*
 - (e) *adding the following after paragraph 11.2(1)(s):*
 - “(t) each unique client identifier assigned to a client accessing the marketplace using direct electronic access; and
 - (u) whether the order is a directed-action order.”;
 - (f) *replacing “records” with “records in electronic form” in subsection 11.2(7).*
4. *This Instrument comes into force on ●*

**PROPOSED AMENDMENTS TO COMPANION POLICY 23-101CP – TO
NATIONAL INSTRUMENT 23-101 TRADING RULES**

1. *Companion Policy 23-101CP to National Instrument 23-101 Trading Rules is amended by this Companion Policy.*
2. *Part 4 is amended by replacing “an ATS” with “a marketplace” in subsection 4.1(6).*
3. *Part 5 is amended by:*
 - (a) adding “or a” after “recognized exchange” in section 5.1;*
 - (b) deleting “or an exchange or quotation and trade reporting system that has been recognized for the purposes of the Instrument and NI 21-101” in section 5.1; and*
 - (c) replacing “quotation and trading system” with “quotation and trade reporting system” throughout section 5.1.*
4. *Part 6 is amended by replacing section 6.4 with the following:*

“6.4 Locked and Crossed Markets

(1) Section 6.5 of the Instrument provides that a marketplace participant or a marketplace that routes or reprices orders shall not intentionally lock or cross a market by entering a protected order to buy a security at a price that is the same as or higher than the best protected offer or entering a protected order to sell a security at a price that is the same as or lower than the best protected bid. This provision is not intended to prohibit the use of marketable limit orders. Paragraphs 6.2(f) and 6.4(a)(v) of the Instrument allow for the resolution of crossed markets that occur unintentionally.

The Canadian securities regulatory authorities consider an order that is routed or repriced to be “entered” on a marketplace.

(2) Section 6.5 of the Instrument prohibits a marketplace participant or a marketplace that routes or reprices orders from intentionally locking or crossing a market. This would occur, for example, when a marketplace participant enters a locking or crossing order on a particular marketplace or marketplaces to avoid fees charged by a marketplace or to take advantage of rebates offered by a particular marketplace. This could also occur where a marketplace system is programmed to reprice orders without checking to see if the new price would lock the market or where the marketplace routes orders to another marketplace that results in a locked market.

There are situations where a locked or crossed market may occur unintentionally. For example:

- (a) when a marketplace participant routes multiple directed-action orders that are marked immediate-or-cancel to a variety of marketplaces and because of latency issues, a locked or crossed market results,
- (b) the locking or crossing order was displayed at a time when the marketplace displaying the locked or crossed order was experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data,
- (c) the locking or crossing order was displayed at a time when a protected bid was higher than a protected offer,
- (d) the locking or crossing order was posted after all displayed liquidity was executed and a reserve order generated a new visible bid above the displayed offer or offer below the displayed bid,
- (e) the locking or crossing order was entered on a particular marketplace in order to comply with securities legislation requirements such as Rule 904 of Regulation S of the *Securities Act of 1933* that requires securities subject to resale restrictions in the United States to be sold in Canada on a “designated offshore securities market”,
- (f) the locking or crossing order was displayed due to “race conditions” when competing orders are entered on marketplaces at essentially the same time with neither party having knowledge of the other order at the time of entry,
- (g) the locking or crossing order was a result of the differences in processing times and latencies between the systems of the marketplace participant, marketplaces, information processor and information vendors,

- (h) the locking or crossing order was a result of marketplaces having different mechanisms to “restart” trading following a halt in trading for either regulatory or business purposes, and
- (i) the locking or crossing order was a result of the execution of an order during the opening or closing allocation process of one market, while trading is simultaneously occurring on a continuous basis on another market,

(3) If a marketplace participant using a directed-action order chooses to book the order or the remainder of the order, then it is responsible for ensuring that the booked portion of the directed-action order does not lock or cross the market. The Canadian securities regulatory authorities would consider a directed-action order or remainder of a directed-action order that is booked and that locks or crosses the market to be an intentional locking or crossing of the market and a violation of section 6.5 of the Instrument.”.