

## **CSA Notice of Approval**

### **Amendments to National Instrument 23-101 *Trading Rules* and Companion Policy 23-101CP to National Instrument 23- 101 *Trading Rules***

**April 7, 2016**

#### **Introduction**

The Canadian Securities Administrators (the CSA or we) have approved amendments to National Instrument 23-101 *Trading Rules* (the Instrument, or NI 23-101) and its related Companion Policy (23-101CP) (together, the Amendments) and are finalizing a methodology for the regulatory oversight of market data fees (the Data Fees Methodology).

We are publishing the text of the Amendments in Annex B to this notice, together with certain other relevant information at Annexes C through G. The text of the Amendments will also be available on the websites of the CSA jurisdictions, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)  
[www.fcnb.ca](http://www.fcnb.ca)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
[www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

Provided all necessary ministerial approvals are obtained, the Amendments will come into force on July 6, 2016, except as related to the market share threshold. The Amendments related to the market share threshold will come into force on October 1, 2016.

#### **Substance and Purpose**

The substance and purpose of the Amendments is to update NI 23-101 and 23-101CP in relation to the application of the order protection rule (OPR), and in response to recent market developments. The Amendments adjust the rule framework in a manner that maintains the core principles of OPR, but address some of the inefficiencies and costs that have resulted from its implementation. Further, the Amendments add OPR-related guidance to 23-101CP to address circumstances where a marketplace has introduced an intentional order processing delay.

## **Background**

Following a CSA review of OPR, we published proposed amendments to NI 23-101 and 23-101CP on May 15, 2014 (the 2014 Notice).<sup>1</sup> After considering the comments received in response to the initial publication, we have made non-material changes to certain aspects of the proposals. For additional background on the substance and purpose of the proposed amendments, please refer to the 2014 Notice.

In addition, on June 12, 2015 we published proposed amendments to 23-101CP to address changes introduced to the functionality of certain marketplaces (the 2015 Notice).<sup>2</sup> These marketplace functionality changes impose delays on the entry of orders into the trading engine of the marketplace that would, for a period of time, prevent the immediate execution of orders that are submitted to execute against displayed volume. The introduction of these delays, referred to as 'speed bumps', raised the question of whether OPR should apply to displayed orders on such marketplaces. In response to comments received to the 2015 Notice, we have made non-material changes to the language originally proposed. For additional background, please refer to the 2015 Notice.

## **Summary of Written Comments Received by the CSA**

In response to the 2014 Notice and the 2015 Notice, we received submissions from 27 commenters and 14 commenters, respectively. We have considered the comments received and thank all of the commenters for their input. A list of those who submitted comments and a summary of the comments and our responses are attached at Annexes D and E to this notice. Copies of the comment letters are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

## **Summary of the Amendments and Notable Changes**

See Annex A for a summary of the Amendments, and a description of notable changes that have been made to the amendments proposed in the 2014 Notice and the 2015 Notice.

## **Local Matters**

Certain jurisdictions are publishing other information required by local securities legislation.

## **Annexes**

- A. Summary of the Amendments and Notable Changes;
- B. Amendments to NI 23-101;

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<sup>1</sup> Published on May 15, 2014, at: (2014) 37 OSCB 4873.

<sup>2</sup> Published on June 12, 2015, at: (2015) 38 OSCB 5551.

- C. Blackline showing changes to NI 23-101 and 23-101CP;
- D. List of commenters who provided submissions on the proposed amendments published on May 15, 2014 and the proposed amendments published on June 12, 2015;
- E. Summary of comments received on the 2014 Notice and the 2015 Notice, together with the CSA's response to the comments;
- F. Data Fees Methodology

## Questions

Please refer your questions to any of the following:

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