

## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 Notice and Request for Comment – Application to Vary the Recognition Order of Canadian Trading and Quotation System Inc.

#### CANADIAN TRADING AND QUOTATION SYSTEM INC.

#### APPLICATION TO VARY RECOGNITION ORDER

#### NOTICE AND REQUEST FOR COMMENT

##### Application

Canadian Trading and Quotation System Inc. (CNQ) has applied to the Commission pursuant to section 144 of the *Securities Act* to vary the recognition order of CNQ, dated May 7, 2004, as amended by order dated September 9, 2005 (Recognition Order), recognising CNQ as a stock exchange, in connection with its proposed Alternative Market.

The Commission is publishing for comment the application of CNQ and the following related documents:

1. Draft variation order for CNQ - The variation order would permit CNQ to trade securities which are listed on other Canadian stock exchanges without listing them on CNQ.
2. Rules and Policies – Changes to CNQ Rules and CNQ Policies are subject to Commission approval. The proposed amendments to the Rules and Policies are also being published for comment.

We are seeking comment on all aspects of CNQ's application and the related documents. The application by CNQ, the draft variation order and the proposed amendments to the Rules and Policies follow this notice. Only the Rules and Policies which contain amendments are being published; the full text of the Rules and Policies can be found on the CNQ website at [www.cnq.ca](http://www.cnq.ca).

##### Draft Variation Order

CNQ is proposing to amend the term and condition of the Recognition Order relating to issuer regulation to provide that CNQ may trade securities of issuers listed on certain Canadian stock exchanges without listing such securities, provided that CNQ shall cease to trade such securities if it is notified that the security has been suspended or delisted. Other amendments are also proposed to clarify that other parts of the term and condition that require CNQ to have sufficient authority over its issuers and to have appropriate procedures to monitor the issuers and enforce its rules, are only applicable to issuers on the CNQ-listed market and not the Alternative Market.

##### Rules and Policies

CNQ proposes to amend certain of its Rules and Policies in connection with the proposal to create the Alternative Market. The amendments would, among other things:

- provide for the designation of Alternative Market securities;
- allow certain eligible clients of CNQ dealer to have access to the CNQ trading system for the purpose of trading Alternative Market securities;
- provide for entry of orders for Alternative Market securities;
- establish Rules for priority of orders in the Alternative Market;
- clarify that CNQ-specific Rules relating to sales practices and fair pricing apply to the CNQ-listed market and not the Alternative Market; and
- repeal the restriction in Policy 2 that restricts the listing of securities listed on another market.

**Comment Process**

You are asked to provide your comments in writing on or before November 7, 2005 addressed to the attention of the Secretary to the Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8. One copy should also be sent to the attention of Timothy S. Baikie, General Counsel & Corporate Secretary, Canadian Trading and Quotation System Inc., BCE Place, 161 Bay Street, Suite 3850, P.O. Box 207, Toronto ON M5J 2S1.

We request that you submit a diskette containing an electronic copy of your submission. The confidentiality of submissions cannot be maintained as a summary of written comments received during the comment period will be published.

Questions may be referred to:

Winfield Liu  
Senior Legal Counsel, Market Regulation  
(416) 593-8250  
email: [wliu@osc.gov.on.ca](mailto:wliu@osc.gov.on.ca)