**AEQUITAS NEO EXCHANGE**
**REQUEST FOR COMMENTS**
**TRADING POLICIES AMENDMENTS**

**January 7, 2016**

**Introduction**

Aequitas NEO Exchange Inc. ("NEO Exchange") is publishing proposed amendments (the "Proposed Amendments") to the NEO Exchange trading policies (the "Trading Policies") in accordance with Schedule 5 to its recognition order, as amended (the "Protocol"). As required under the Protocol, the Proposed Amendments were filed with the Ontario Securities Commission ("OSC"). They include both "Public Interest Rules", which are being published for comment, as well as "Housekeeping Rules", as defined under the Protocol. The Proposed Amendments are set out below and, subject to any changes resulting from comments received, the Public Interest Rules will be effective upon publication of the notice of approval on the OSC's website. The Housekeeping Rules will be effective upon the date of this notice.

**I. Public Interest Rule Amendments**

**Description of the Proposed Rule Amendments**

1. Revisions to closing call functionality

The current version of the Trading Policies includes closing call functionality based on a non-transparent closing auction. The proposed amendments reflect our decision to instead incorporate an "LSE-style" transparent auction. We further flesh out the functionality by adding a definition in section 1.01, a detailed description of order entry and display prior to the call in section 6.09, revisions to the calculation of the CCP in section 6.10, closing call timing and minimum volume in section 6.11(1) and a more granular description of when and how a closing may be delayed in section 6.12. Proposed simplification edits to section 6.11(2) are described in the Housekeeping Rule Amendments section below.

2. Addition of odd lot trader concept

The Exchange's Designated Market Maker ("DMM") program aims to provide coverage for all traded securities. However, some securities do not have a DMM. In order to provide auto-execution of odd lots for all applicable securities, we seek to add the concept of an odd lot trader to fill the gaps where there is no DMM. Odd lot traders will not have any other market maker obligations or benefits and we contemplate that they may be members or their DEA clients.

To effect this change, we propose to add a definition of "Odd Lot Trader", and amend the definitions

of "Assigned Security", and "Eligible Assigned Security" to reflect it in section 1.01; revise the Lit Book provisions re: the Odd Lot Facility in section 6.14 to make its operation clearer; and add "Odd Lot Trader" after each reference to "Designated Market Maker" in sections 6.15, 6.16, 6.17 and 6.18.

3. Revisions to definition of "Latency Sensitive Trader"/"LST"

We propose to delete the condition at the end of part (2) in the definition so that, whether or not orders pass through a Member's order routing technology, a DEA Client using automated, co-located trading strategies and making its own routing decisions is considered to be an LST.

4. Addition of definition of "Opening Call"

Opening Call references have always been included; however, the term had not been defined.  We are taking this opportunity remedy this.

5. Revisions to price bands description

The proposed changes to section 5.04 are for the purpose of providing more clarity around how the price bands are tailored throughout the trading day, not just in the Continuous Trading Session, and include the ability for a DMM to delay an opening under the section, in accordance with its obligations.

6. Clarification of mid-point peg functionality availability

We propose to amend section 5.07(3) to explicitly note that the securities for which mid-point pegs are not available will be published by notice.

**Expected Date of Implementation of the Public Interest Rule Amendments**

We are seeking to have the closing call facility in place by early April 2016, and are satisfied that none of the other proposed Public Interest Rule Amendments are required prior to that time.

**Rationale for the Public Interest Rules and Relevant Supporting Analysis**

1. Re: closing call

We have reconsidered the functionality for the closing call.  The proposed changes update the provisions relating to the closing and amend the specifics to reflect an LSE-style closing functionality, which we view as simpler to implement and more consistent with our general approach regarding transparency.

2. Re: odd lot trader

To facilitate auto-execution of odd lots for the broadest possible group of securities, we propose to allow Members and their DEA clients to perform this function, so long as there is no DMM assigned and they have the technological capability.  Odd lot auto-execution by DEA clients has been and, to our knowledge, continues to be offered by other marketplaces and we are not aware of any issues resulting from this activity.  Due to the inherent limitations (including the scale of odd lot trading versus board lot trading, and IIROC prohibitions against intentionally breaking up board lot orders

to create odd lots), we feel that the inclusion of DEA clients is an appropriate augmentation to the Odd Lot Facility. The various related changes noted above would create the concept and clarify the operation of the Odd Lot Facility.

3. Re: "Latency Sensitive Trader"

Following questions regarding the application of the LST designation, and the evolution of the practices by which dealers are meeting the Electronic Trading Rule, NEO staff have now had sufficient experience in using and explaining expectations regarding the definition to propose a slight modification to the wording, to better reflect current methods for accessing all marketplaces. We are proposing to delete the above-noted condition since clients can technically pass through order routing technology while still making their own routing decisions.

4. Re: "Opening Call"

Although it is a commonly used and understood term and the concept has been in the Trading Policies since inception, we felt it would add clarity to include a definition of "Opening Call", as proposed.

5. Re: price bands

The current wording was very general and we have added more granularity about different parameters for different purposes, throughout all trading sessions and halts, for greater clarity. We also propose to explicitly state that, in addition to the Exchange, DMMs may delay the opening based on a price band parameter being exceeded, for their Eligible Assigned Securities, in accordance with their obligations with respect to their Assigned Securities.

6. Re: mid-point peg functionality

We had previously filed and received approval for a change to reflect that mid-point peg functionality is not available for trading of notes and debentures (always the case but not specifically noted) and issued a notice to that effect. Since the Trading Policies are silent on this point, we seek to make it clear that any such changes will be conveyed by notice to members.

**Expected Impact of Amendments on Market Structure, Members, Investors, Issuers and Capital Markets**

1. Re: closing call

We hope for a significant, positive impact on all of the above by virtue of introducing an alternative methodology for the closing call with these proposed Public Interest Rule Amendments. It is important for our issuers to have closing prices generated for their securities in an understandable and transparent way and for members and investors to obtain reliable closing prices.

2. Re: odd lot trader

As an extension of current operations, the addition of the amendments re: odd lot trader simply allow more facilitation of odd lot auto-executions, which is important to members with significant retail order flow. We do not expect any impact beyond assuring that the broadest group of securities has efficient odd lot executions.

3. <u>Re: "Latency Sensitive Trader"</u>

As this change is a clarification to keep up with changing practices, we expect minor efficiencies for dealers' operational staff and potentially reinforcement of confidence that the long-term investor focused solutions of NEO are being monitored and maintained.

4. <u>Re: "Opening Call"</u>

No impact beyond clarity for members, issuers and investors of a generally well-understood term.

5. <u>Re: price bands</u>

We expect minimal impact would result from these proposed changes. They flesh out information that is currently in the Trading Policies as a clarification.

6. <u>Re: mid-point peg functionality</u>

We expect little impact to result from this proposed change, other than increasing certainty for members by creating a specific mechanism for notifications regarding which securities may be pegged to the mid-point.

## Impact on Exchange's Compliance with Ontario Securities Law and on Requirements for Fair Access and Maintenance of Fair and Orderly Markets

None of the proposed amendments/changes should impact NEO's compliance with Ontario Securities Law. The impact of items re: closing call, odd lot trader and Latency Sensitive Trader on fair access and fair and orderly markets, as applicable, are set out below. The other proposals should not have any such impact.

1. <u>Re: closing call</u>

We view a well-understood and transparent closing call to be an important tool in ensuring fair and orderly markets and expect a positive impact as a result.

2. <u>Re: odd lot trader</u>

More efficient mechanisms for the execution of odd lots is of assistance in ensuring fair and orderly markets.

3. <u>Re: "Latency Sensitive Trader"</u>

Streamlining the definition of LST will be neutral to positive on the perceived fairness of NEO's trading books.

## Impact on the Systems of Members or Service Vendors

Only the following items would likely have any impact on the members' and vendors' systems:

1.  <u>Re: closing call</u>

These proposed amendments will require members and service providers to modify their systems to support a transparent closing call. Given the late December technology change freeze we believe it is appropriate to ensure that the industry has all of Q1 of next year to complete any required adjustments.

2.  <u>Re: odd lot trader</u>

No impact other than for any entity that seeks to become an Odd Lot Trader, as its system will need to be able to handle unsolicited odd lot fills.

## New Rule

There is only one element of this package of amendments that would introduce a feature that is new to the Canadian markets but currently exists elsewhere: the closing call functionality, which is currently in place at the London Stock Exchange. NASDAQ and NYSE also have transparent closing auctions.

None of the other proposed changes would bring any feature or requirement that is not already in effect at one or more other Canadian marketplaces.

## Text of the Public Interest Rule Amendments

The text of the proposed Public Interest Rule Amendments is attached at Appendix A.

## II.  Housekeeping Rule Amendments

### Description of the Proposed Housekeeping Rule Amendments

This filing reflects a number of proposed changes from the first comprehensive review of the Trading Policies since launch, which we have determined to be Housekeeping Rule Amendments and therefore were not published for comment. We have included typographical, formatting and other non-material edits for consistency and simplification throughout.

The changes are as follows:

1.  <u>Section 1.01 Definitions</u>

    - "Last Sale Price" spelled out instead of only defining "LSP".
    - "MMVA" definition commentary expanded.
    - "Odd Lot Facility" language clarified (no substantive change).
    - "Odd Lot Session" specifically defined for clarity.

2.  <u>Removal of formatting error</u> ("Article X" beside references to Division headings) throughout document.

3.  <u>Formatting and drafting edits for consistency and correctness</u> in commentary on pages 21, 26,

39 and 47, and in sections 5.04(3), 6.03, 6.06, 8.02, 9.02, 9.04, 10.01, 10.02, 10.03, and 10.08.

4. <u>Non-substantive clarifications</u> in sections 5.06(4) (clarification of the Exchange's role as requiring notice only regarding cancelled trades); 5.07(1) (*Market Order* corrected to refer to Last Sale Price); 5.07(3) (*Cancel on Disconnect* removed as it not properly described as an "order modifier" and *MAQ* description added to this section and removed from sections 6.02 and 7.02 as it applies to all books); 6.02(2) (iceberg functionality clarified (but not changed)); 6.05(2) (streamlining of awkward connected paragraphs re: opening call priority); 6.11(2) (same as 6.05(2), re: closing call priority); 7.02 (undefined "Retail Orders" changed to "Retail Customer accounts"; 9.04 commentary (description enhanced to include what happens when there is a bid and not an offer, and vice versa); 10.03(4) commentary (deleted to remove information that is filed with regulators and posted on the website); and 10.06 (transition provision amended to reflect procedure established in DMM agreements).

**Implementation Date for Housekeeping Rule Amendments**

There is no urgency to the Housekeeping Rule Amendments, but for convenience we would make them effective upon the date of the notice describing all proposed changes.

**Comments**

Comments should be provided, in writing, no later than February 8, 2016 to:

> Cindy Petlock
> General Counsel & Corporate Secretary
> Aequitas NEO Exchange Inc.
> 155 University Avenue, Suite 400
> Toronto, ON   M5H 3B7
> e-mail: legal@aequin.com
>
> with a copy to:
>
> Market Regulation Branch
> Ontario Securities Commission
> 20 Queen Street West, 22nd Floor
> Toronto, ON  M5H 3S8
> e-mail: marketregulation@osc.gov.on.ca

Please note that, unless confidentiality is requested, all comments will be publicly available.

# APPENDIX A

**TEXT OF PROPOSED PUBLIC INTEREST AMENDMENTS TO THE TRADING POLICIES**

# APPENDIX A
# TEXT OF AMENDMENTS

## Section 1.01 Definitions

…

"**Assigned Security**" means a Listed Security or Other Traded Security for which a Designated Market Maker or Odd Lot Trader has been appointed.

…

"**Closing Call**" means the end-of-day call auction, facilitating systematic execution of orders at the CCP in accordance with these Trading Policies.

…

"**Eligible Assigned ~~Securities~~Security**" means an Assigned Security for which a DMM has been appointed that is a Listed Security or an OTS designated by the Exchange from time to time as eligible for Market Maker Commitment. For greater certainty, it does not include an Assigned Security for which an Odd Lot Trader has been appointed.

…

"**Imbalance Message**" means a message ~~used during the~~sent prior to an Opening Call for an Opening Call Eligible Security, or the Closing Call for a Closing Call Eligible Security, containing the imbalance side and quantity based on the COP or CCP of the security, as calculated at that time ~~and, for the Opening Call, the COP as calculated at that time~~.

"**Last Sale Price**" or "**LSP**" has the meaning set out in UMIR.

"**Last Traded Price**" or "**LTP**" means the price at which the last trade of a Board Lot or eligible cross was executed on any Trading Book or the Crossing Facility of the Exchange, other than a Special Terms trade.

…

"**Latency Sensitive Trader**" or "**LST**" means either:

    (1)    a proprietary trader of a Member, trading for its own account, using automated, co-located trading strategies; or

    (2)    a DEA Client using automated, co-located trading strategies and making its own routing decisions ~~without passing through a Member's order routing technology~~,

where "**using automated, co-located trading strategies**", means using a server installed in the same data centre as, or in close proximity to, any Canadian exchange or alternative trading system located in the Greater Toronto Area.

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> ***Commentary***
>
> *A Designated Market Maker would be considered an LST per subsection (1) of the definition if the market making trading strategies it uses involve co-location.*

"**Liquidity Providing Order**" means a resting order booked ~~in the~~on any of the Trading Books.

…

~~"**LSP**" means last sale price, as defined in UMIR.~~

…

"**Market Maker Volume Allocation**" or "**MMVA"** means the system of allocation of priority to DMM resting orders in the Lit Book and the NEO Book™, whereby ~~the~~a resting DMM order for an Assigned Security will participate in the next trade, unless the cumulative volume of executed orders that have been given priority has exceeded the Market Maker Volume Allocation Percentage for the security for that trading day (or such other period as may be set out by the Exchange and published by Notice to Members).

…

"**Odd Lot Facility**" or "**OLF**" means the facility of the Lit Book ~~containing~~providing for auto-execution by DMMs and Odd Lot Traders of all Odd Lot Orders ~~or~~and odd lot portions of Mixed Lot Orders entered on the Exchange.

…

"**Odd Lot Session**" means the hours during the Continuous Trading Session when the Odd Lot Facility operates. The Odd Lot Session is 9:30am – 4:00pm ET, unless otherwise specified by Notice to Members.

"**Odd Lot Trader**" means: (1) a Member that is not a Designated Market Maker; or (2) a DEA Client, which, in the case of both (1) and (2), has agreed to auto-execute trades in the Odd Lot Facility for one or more Assigned Securities for which no Designated Market Maker has been appointed.

"**Opening Call**" means the start-of-day call auction, facilitating the systematic execution of orders at the COP in accordance with these Trading Policies.

…

**Section 5.04 Exceeding Price Band Parameters (Price Band Limits)**

(1)     The Exchange has implemented price bands to minimize erroneous trades from occurring on the Exchange. The Exchange may determine price band parameters which set limits based on a variance from the ~~LSP~~Last Sale Price or any other reference price. Price band parameters may be different depending on security type, security sub-type and/or order type. Price band parameters may also be applied for specific trading sessions, more specifically the Opening Call, Continuous Trading Session and Closing Call, and for trade resumptions following trading halts.

…

(4)     Two types of price bands will apply ~~during the continuous trading session~~ in each of the Lit Book and NEO Book™:

    (a)     "Static Price Band", based on the variance from a reference price, which will be set each day for a security to the Opening Price for the security in the Lit Book and NEO Book™, respectively, or to another reference price, as specified by Notice to Members; and~~;~~

…

(7)     The Exchange, or the DMM for its Eligible Assigned Securities, may delay the opening of an Opening Call Eligible Security in the Lit Book if, during the Opening Call, the COP differs from the previous day's Closing Price by an amount greater than the price band parameters.

…

**Section 5.06 Cancellation, Amendment and Corrections of Trades by the Exchange**

…

(4)     *Requests for trade cancellations or amendments on T+1 and T+2*. Members must send requests for trade cancellations or amendments on T+1 or T+2, for trades executed on T, directly to the Clearing Corporation, with a copy to the Exchange. The Exchange cannot process these requests but must be made aware of them.

**Section 5.07 Order Types and Order Modifiers (available in all Trading Books)**

(1)     **Order Types**

*Market Order*     Defined in UMIR. The unfilled part of the order is converted to a Limit Order at a price equal to the price of the last fill of the order or the ~~LTP~~Last Sale Price.

…

(2)     **Order Modifiers - Time-in-force Conditions**

…

*Good till Close*          A Limit Order that can only be entered in the Continuous Trading Session that is valid until it is fully filled or cancelled, and expires upon the completion of the Closing Call or such other time as may be determined by the Exchange and published by ~~notice~~Notice.

…

(3)     **Order Modifiers - Functional Attributes**

...

| | |
|---|---|
| *~~Cancel on Disconnect~~* | ~~A Limit Order that is cancelled when the session through which the order was submitted is disconnected or logged out of the Exchange System for any reason.~~ |

…

*Mid-Point Pegged Order*     A Limit Order that, after entry into the Exchange System, the price of which the order is automatically adjusted by the System in response to changes in the NBBO with a price pegged to the mid-point of the NBBO. The Exchange will publish by Notice to Members the securities for which mid-point pegged orders are not supported.

A Mid-Point Pegged Order is a non-visible order, except in the NEO Book™ where the volume of the order is displayed at the NBBO.

| | |
|---|---|
| *Minimum Acceptable Quantity Match Type (MAQ)* | A Limit Order or Market Order that has a user-defined type of minimum acceptable quantity volume restriction. The user may specify a minimum size to be filled by a single execution or multiple executions. Only applicable to non-visible orders, or the non-visible portion of price improving orders. |

…

## Section 6.02 Additional Order Modifiers Available in the Lit Book

(2)     **Order Modifiers - Functional Attributes**

*Iceberg*          A Limit Order that specifies a total size and a disclosed size. Once the disclosed size is executed in full, another order (within the maximum and minimum size specified by the user) will be displayed with priority corresponding to the release time, and the undisclosed size, or reserve, will be reduced accordingly. The release time and/or displayed size can be randomized, as specified by the user.

…

| *Minimum Acceptable Quantity MatchType (MAQ)* | A Limit Order that has a user defined type of minimum acceptable quantity volume restriction. The user may specify a minimum size to be filled by a single execution or multiple executions. Only applicable to non-visible price improving orders. |

## Section 6.09 Order Entry and Display Prior to the Closing Call (Closing Call Eligible Securities)

(1)     During the ~~Pre-Closing Session up to and until the publication of the Imbalance Message~~ pre-closing session until the end of the Continuous Trading Session or a time specified to Members by Notice, MOC and LOC orders can be entered, amended or cancelled~~; during this phase, IO orders cannot be entered.  All orders~~. Orders entered into the pre-closing session are non-visible. A CCP is not calculated during the pre-closing session and Imbalance Messages will not be published.

(2)     ~~15 minutes before~~At the end of the Continuous Trading Session ~~or a time specified to Members by Notice, the Exchange will publish one~~, all orders entered into the Lit Book that are ineligible for participation in the Closing Call will expire; any remaining orders are eligible to participate in the Closing Call. All previously entered Closing Call eligible orders entered during the pre-closing session are then inserted into the Lit Book to participate in the Closing Call. The Exchange may publish an initial Imbalance Message per symbol containing the imbalance side and quantity based on the CCP as calculated at that time. If no CCP is available, an Imbalance Message will not be published.

(3)     Until the end of the Closing Call, any previously entered LOC and MOC orders ~~cannot~~may be amended or cancelled; new MOC ~~orders cannot be entered. New LOC and IO orders can~~and LOC orders may also be entered, amended or cancelled ~~up to~~. All orders entered into the Closing Call after the end of the Continuous Trading Session are visible.

(4)     Any new orders, or amendments and cancellations of previously entered orders that affect the imbalance side or quantity based on the CCP as calculated at that time, or that change the CCP, will result in the publication of a new Imbalance Message.

## Section 6.10 Calculation of the CCP

…

(3)     If the imbalances are equal, the price will be the one nearest to ~~(5) the volume weighted average price of trades in the security on all marketplaces for the previous 15 minute period, or (6)  (7)     if~~ the Last Traded Price in the Lit Book. If no trades have occurred ~~during the previous 15 minutes, the LSP~~ on the ~~Lit Book, or(8)  (9)     if  no  trades  have occurred during the day,~~security, it will use the previous day's Closing Price for the Lit Book.

(4)    ~~(10)~~ For the purposes of determining the CCP, MOC orders are assigned the highest (lowest) price possible.

## Section 6.11 Closing Call (Closing Call Eligible Securities only)

(1)    The Closing Call for each Closing Call Eligible Security will occur at a ~~random time between the end of the Continuous Trading Session and a~~ time specified by Notice~~, provided that the Closing Call Minimum Volume has been met~~ to Members. The Exchange may impose a Closing Call minimum volume condition be met prior to attempting to execute the Closing Call. The Exchange may adjust the minimum volume on each security by Notice to Members.

…

## Section 6.12 Delayed Closing (Closing Call Eligible Securities only)

…

(2)    In the event of a delayed closing, the Exchange will publish, at the time of transition into the delayed closing, ~~an Imbalance Message~~a message containing the affected symbol~~, imbalance side and quantity based on the CCP as calculated at that time~~.

(3)    Following the publication of the ~~Imbalance Message~~delayed closing message by the Exchange, ~~additional LOC and IO orders can be entered in the Closing Book; MOC orders cannot be entered during this phase. Any existing MOC or LOC~~any existing orders ~~in the Closing Book may not~~can be amended or cancelled. ~~Any new LOC or IO~~New orders can also be entered ~~while in a delayed closing must be within the price band parameters to be accepted by the Exchange system; only LOC or IO orders entered after the delayed closing can be amended until~~ to participate in the Closing Call.

(4)    ~~At a random time between 15 minutes after the end of the Continuous Trading Session and a time specified by Notice~~As new orders are entered, or existing orders are amended or cancelled, the CCP for the security will be recalculated. ~~Where~~At a defined time interval specified by Notice to Members, where the CCP for the security ~~does not exceed~~no longer exceeds the price band parameters, the Closing Call will attempt to complete at the CCP. Where the CCP for the security still exceeds the price band parameters, a defined subsequent number of attempts will be made at a specified time interval specified by Notice to Members.

(5)    If the Closing Call ~~will be completed at the most aggressive price permitted without~~still cannot complete due to the CCP exceeding the price band ~~parameters.~~parameter, the Exchange may adjust the reference price with appropriate notice to Members.

## Section 6.14 Odd Lot Facility

(1)    Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) will be eligible for entry and auto-execution ~~on~~in the OLF during the Odd Lot Session.

(2)      Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) may be entered for trading during the ~~Pre-Opening Session and~~pre-open session for an Eligible security, and generally during the ~~Continuous Trading~~Odd Lot Session of the Lit Book.

(3)      Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) may be executed during the ~~Continuous Trading~~Odd Lot Session of the Lit Book.

(4)      <u>Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) expire at the end of the Odd Lot Session.</u>

(5)      <u>Odd Lot Orders (and the Odd Lot portion of Mixed Lot Orders) for securities that do not have a Designated Market Maker or Odd Lot Trader and security types for which there is no OLF will be rejected. The Exchange will publish by Notice to Members the securities and/or security types for which there is no OLF.</u>

## Section 6.15 Odd Lot Facility Trading Following the Opening Call

…

(2)      If trades in an Opening Call Eligible Security are executed in the Opening <u>Call</u>,

      (a)      Odd ~~Odd~~ Lot Market Orders entered in the ~~Pre-Open~~pre-open will be auto-executed by the Designated Market Maker <u>or Odd Lot Trader</u> at the COP, immediately following the Opening Call, and

      (b)      Odd Lot Limit Orders with a price equal to or better than the COP will be auto-executed by the Designated Market Maker <u>or Odd Lot Trader</u> at the COP immediately following the Opening <u>Call</u>.

…

(4)      If the last Board Lot size of a Mixed Lot Order is executed in the Opening Call, the Odd Lot Order portion of the Mixed Lot Order will be auto-executed by the Designated Market Maker <u>or Odd Lot Trader</u> at the COP.

## Section 6.16 Odd Lot Facility Trading During the ~~Continuous Trading~~<u>Odd Lot</u> Session

(1)      Incoming Odd Lot Market Orders:

      (a)      will be auto-executed by the Designated Market Maker<u> or Odd Lot Trader</u> at the time of order entry, at the NBBO (sell orders at the best bid and buy orders at the best offer); and

(2)      Incoming Odd Lot Limit Orders:

      (a)      with a limit price equal to or better than the NBBO will be auto-executed by the Designated Market Maker<u> or Odd Lot Trader</u> at the time of order entry, at the NBBO, and

(b)      all other Odd Lot Limit Orders will be booked in the OLF.

(3)      Odd Lot Limit Orders booked in the OLF will be validated against the NBBO following each change to the NBBO, and, where the limit price is at or within the NBBO, will be auto-executed by the Designated Market Maker or Odd Lot Trader at the NBBO. Odd Lot limit sell orders will be executed at the National Best Bid price if the limit price is equal to or better than the National Best Bid and Odd Lot limit buy orders will be executed at the National Best Offer price if the limit price is equal to or better than the National Best Offer.

(4)      For Mixed Lot Orders,

…

(b)      the Odd Lot Order portion will be auto-executed by the Designated Market Maker or Odd Lot Trader when the last Board Lot of the round lot portion is executed, at the price of the last Board Lot.

## Section 6.17 Transparency of the OLF

(1)      Orders booked in the OLF are not visible or disseminated on the public data feed. The Designated Market Maker or Odd Lot Trader will receive an auto-execution message for each Odd Lot Order trade that it participated in. Trades executed on the OLF are provided to the information processor and for dissemination on the public data feed.

## Section 6.18 Unfair Trading in Odd Lots

(1)      All Members, including Designated Market Makers and Odd Lot Traders, are responsible for ensuring that Odd Lot activity is in compliance with all requirements.
…

## Section 7.02 Additional Orders and Modifiers Available in the Dark Book

| | |
|---|---|
| *Contra Election* | A designation specified by the user, that the order may execute during the Continuous Trading Session in the Dark Book against all Liquidity Taking Orders originating from NEO Trader™ accounts, Retail OrdersCustomer accounts only or "None" (i.e. Mid-Point Auction participation only). |
| | Only Liquidity Providing Orders support Contra Election. |
| | …. |
| *Minimum Acceptable Quantity MatchType (MAQ)* | A Limit Order that has a user defined type of minimum acceptable quantity volume restriction. The user may specify a minimum size to be filled by a single execution or multiple executions. |

## Section 8.02 Additional Orders and  Modifiers Available in the NEO Book™

*Iceberg*                   As defined in Section 6.02(~~1~~2).

*On-Stop*                   As defined in Section 6.02(~~1~~2).

*Trailing On-Stop*          As defined in Section 6.02(~~1~~2).

…

## Section 8.06 Transparency

(1)     *Pre-Trade Transparency.* The aggregate volume of the visible portion of all  orders resting in the NEO Book™ that are priced at or outside the NBBO, other than MMC, is displayed and provided to the information processor and for dissemination on the public data feed by price level. The visible portion of order volume of: (i) all orders resting in the NEO Book™ that are priced at the NBBO, other than MMC, (ii) National Best orders priced at or within the NBBO, and (iii) Mid-Point Pegged orders, is aggregated together, displayed and provided to the information processor and for dissemination on the public data feed at the NBBO price level. The non-visible portion of iceberg orders is not displayed or available to the information processor or for dissemination on the public data feed.

## Section 9.02 Cross Types

…

*National Cross*            An intentional cross entered at an agreed price during the ~~Crossing~~Continuous Trading Session which at the time of entry was at or within the NBBO, if applicable.

…

## Section 9.04 Printing Crosses

(3)     Bypass Crosses and specialty price crosses such as Basis, Special Terms and Volume-Weighted Average Price will not be reflected in the ~~LTP and will not be used in the determination of the Closing~~Last Traded Price.

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*Commentary*

*A NAC is not available for Listed Securities.~~,~~*

*If at the time of entry of a National Cross the security does not have a NBBO, the Exchange will accept the cross at any price. If the security has a NBB, but no NBO, the cross will be accepted as long as the price is greater or equal to the NBB. If the security has a NBO, but no NBB, the cross will be accepted as long as the price is less or equal to the NBO.*

**Section 10.01 Qualifications and Application of Designated Market Makers**

   (1)    A Member may apply to be a Designated Market Maker for a particular security by submitting ~~a~~and executing a Designated Market Maker ~~Application Form and~~agreement ("**Designated Market Maker** Agreement").

**Section 10.02 Appointment of Designated Market Makers**

   (1)    The Exchange may appoint a Member as Designated Market Maker for an Assigned Security for the term specified in the Designated Market Maker ~~Application Form and~~ Agreement, as applicable.

   …

   (5)    A Member that is approved as a Designated Market Maker agrees that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all if its obligations pursuant to the Designated Market Maker Agreement and these Trading Policies.

   (6)    The Exchange may revoke or suspend the Designated Market Maker's appointment as a Designated Market Maker for any or all securities or attach such additional terms or conditions to the Designated Market Maker Agreement as the Exchange deems to be necessary, where:

      (a)    the Designated Market Maker fails to comply with any term of the Designated Market Maker Agreement, these Trading Policies or if the Designated Market Maker fails to consistently perform at an adequate level to the satisfaction of the Exchange (determined in the Exchange' sole discretion);

      …

      (c)    the Exchange believes, in its sole discretion, that the Designated Market Maker cannot or may not in the future carry out its obligations as a Designated Market Maker under these Trading Policies or the Designated Market Maker Agreement; or

   …

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*Commentary*

*The benefits/compensation available to a Designated Market Maker will only be applied to the transactions associated with one Trader ID per Assigned Security (either the Designated Market Maker Approved Trader ID or the back-up Trader ID).*

**Section 10.03 Responsibilities of Designated Market Makers for their Assigned Securities**

…

(2)     The responsibilities of a Designated Market Maker for an Assigned Security in the Lit Book include:

(a)     meeting the Lit Book obligations as required by the applicable Designated Market Maker Agreement in the Lit Book;

…

(3)     The responsibilities of a Designated Market Maker for an Assigned Security in the NEO Book™ include:

(a)     meeting the NEO Book™ obligations as required by the applicable Designated Market Maker Agreement in the NEO Book™; and

…

(c)     being subject to and following the Exchange's Designated Market Maker Code of Conduct which is shared with each DMM upon joining and published on the Exchange's website, as amended from time to time.

(4)     The Exchange will publish the list of DMMs and their Assigned Securities, and the DMM obligations on its website. Being subject and follow the Exchanges Market Maker Code of Conduct which will be published on the Exchange's website.

> *Commentary*
> *The DMM obligations are based on the following: two-sided quoting requirement, size and spread percentage requirements, presence requirements and a quoting range requirement.*

**Section 10.06 Transition**

(1)     The Exchange will provide Notice to all Members at least 30 days prior toas soon as practicable following the endtermination of a Designated Market Maker's termassignment(s).

(2)     If the Designated Market Maker has not given notice of its intention to terminate its status as a Designated Market Maker for an Listed Security (which shall have an initial 3 year term) or Designated Market Maker for an Other Traded Security (which shall have an initial 1 year term), the Exchange may reassign the Assigned Security to the current Designated Market Maker for successive one year terms after the respective initial term.

(2)     TheAny transfer of an assignment occursoccur on the date of the assignment to a new Designated Market Maker. Unless otherwise provided by the Exchange and as set out in a Notice, the transfer of the assignment will occur 5 business days after Notice of the new appointment.