

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

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

**PART 1 AMENDMENT**

1.1 Amendment

- (1) This Instrument amends National Instrument 21-101 *Marketplace Operation*.
- (2) Section 1.1 is amended:
  - (a) in the definition of “foreign exchange-traded security” by
    - (i) striking out “only” wherever it appears; and
    - (ii) by adding “and is not listed on an exchange or quoted on a quotation and trade reporting system in Canada” after “International Organization of Securities Commissions”;
  - (b) in the definition of “IDA” by adding “, or its successor” after “Canada”;
  - (c) by repealing the definition of “member” and substituting the following:

“member” means, for a recognized exchange, a person or company

    - (a) holding at least one seat on the exchange, or
    - (b) that has been granted direct trading access rights by the exchange and is subject to regulatory oversight by the exchange,

and the person or company’s representatives;”;
  - (d) in the definition of “recognized exchange” by adding in paragraph (b) “or authorized by the securities regulatory authority” after “as a self-regulatory organization”;
  - (e) in the definition of “subscriber” by adding “, and the person or company’s representatives” after “orders on the ATS”; and
  - (f) in the definition of “user” by adding “, and the person or company’s representatives” after “on the recognized quotation and trade reporting system”.
- (3) Part 7 is amended:
  - (a) in subsection 7.1(1) and section 7.2 by striking out “that meets the standards set by a regulation services provider”; and
  - (b) in section 7.5 by striking out “and timely” and by adding “in real-time” after “consolidated feed”.
- (4) Part 8 is amended:
  - (a) in subsections 8.2(1), 8.2(3), 8.2(4) and 8.2(5) by striking out “that meets the standards set by a regulation services provider, as required by the regulation services provider”;
  - (b) in section 8.3 by striking out “a” after “produce” and substituting “an accurate”;
  - (c) in section 8.5 by striking out “report” wherever it appears and by substituting “file”; and
  - (d) in subsection 8.5(1) by adding “the” before “selection”.
- (5) Part 10 is amended by deleting all references to “transaction fees” and substituting “trading fees”.

- (6) Part 11 is amended:
- (a) in section 11.1 by adding “in electronic form” after “business”;
  - (b) in subsection 11.2(1),
    - (i) by striking out “In addition to” and substituting “As part of”;
    - (ii) by striking out “keep” and substituting “include”; and
    - (iii) by adding “in electronic form” after “information”;
  - (c) in paragraph 11.2(1)(b) by striking out “, in electronic form,”;
  - (d) by repealing subsections 11.2(2) and 11.2(3); and
  - (e) by adding the following section after section 11.2:

“11.2.1 Transmission in Electronic Form - A marketplace shall transmit

    - (a) to a regulation services provider, if it has entered into an agreement with a regulation services provider in accordance with NI 23-101, the information required by the regulation services provider, within ten business days, in electronic form; and
    - (b) to the securities regulatory authority the information required by the securities regulatory authority under securities legislation, within ten business days, in electronic form.”.

- (7) Section 12.2 is amended by:
- (a) striking out the “s” at the end of “Paragraphs”; and
  - (b) striking out “and 12.1(c) do” and substituting “does”.

- (8) The following Part is added after Part 14:

**“Part 14.1 – Reporting of Order Execution Information by Marketplaces**

14.1.1 (1) Reporting of order execution information by marketplaces – A marketplace must make publicly available a monthly report, in electronic form, on the orders, not including any excluded orders as defined in NI 23-101, that it received for execution from any marketplace participant that were not immediately routed to another marketplace and shall include the following information in the report:

*Liquidity Measures:*

- (a) the number of orders that the marketplace received;
- (b) the number of orders that were cancelled;
- (c) the number of orders that were executed on the marketplace;
- (d) the average volume of all orders received on the marketplace;

*Trading Statistics:*

- (e) the number of trades executed on the marketplace;
- (f) the volume of all trades executed on the marketplace;
- (g) the value of all trades executed on the marketplace;
- (h) the arithmetic mean and median size of trades executed on the marketplace;

- (i) the number of trades that were executed on the marketplace with a volume of:
  - (i) for securities other than options,
    - 1. over 5,000 shares, and
    - 2. over 10,000 shares, and
  - (ii) for options,
    - 1. over 100 options contracts; and
    - 2. over 250 options contracts.

*Speed and Certainty of Execution Measures:*

- (j) the number of orders at the best bid price and best ask price of the marketplace executed
  - (i) from 0 to 9 seconds after the time of their receipt;
  - (ii) from 10 to 59 seconds after the time of their receipt;
  - (iii) from 60 seconds to 5 minutes after the time of their receipt;
  - (iv) over 5 minutes after the time of their receipt.

(2) The reporting required in paragraphs (1)(a) through (j) shall be categorized by security and by order type.”.

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

**PART 1 AMENDMENT**

1.1 Amendment

- (1) This amends Companion Policy 21-101CP – to National Instrument 21-101 *Marketplace Operation*.
- (2) Section 1.2 is amended by striking out the last sentence and substituting “A security that is listed on a foreign exchange or quoted on a foreign quotation and trade reporting system, and 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) Subsection 5.1(3) is amended by striking out the last sentence and substituting the following:
- “For the purpose of sections 7.1, 7.3, 8.1 and 8.2 of the Instrument, the Canadian securities regulatory authorities do not consider special terms orders that are not immediately executable or that trade in special terms books, such as all-or-none, minimum fill or cash or delayed delivery, to be orders that must be provided to an information processor or, if there is no information processor, to an information vendor for consolidation.”.
- (4) Part 9 is amended by:
- (a) repealing subsection 9.1(1) and substituting the following:
- “9.1 Information Transparency Requirements for Exchange-Traded Securities - (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 information to an information processor or, if there is no information processor, to an information vendor. Section 7.2 requires the marketplace to provide information regarding trades of exchange-traded securities to an information processor or, if there is no information processor, an information vendor.”;
- (b) adding the following at the end of subsection 9.1(2):
- “The Canadian securities regulatory authorities expect that information required to be provided to the information processor or information vendor under the Instrument will be provided in real time or as close to real time as possible.”; and
- (c) repealing subsections 9.1(3) and 9.1(4).
- (5) Paragraph 10.1(3)(c) is amended by deleting “that meets the standards set by the regulation services provider”.
- (6) Section 12.1 is amended by:
- (a) striking out all references to “transaction fees” and substituting “trading fees”;
- (b) adding after the first sentence “The schedule should include all trading fees and provide the minimum and maximum fees payable for certain representative transactions.”; and
- (c) striking out “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.”.
- (7) The Policy is amended by adding the following Part after Part 16:

**“Part 17 – Reporting of Order Execution Information by Marketplaces**

17.1 (1) Reporting of Order Execution Information by Marketplaces – Section 14.1.1 of the Instrument requires a marketplace to make available standardized, monthly reports of statistical information concerning order executions. It is expected that this information would provide a starting point to promote visibility and best execution, in particular, relating to the factors of execution price and speed. It is also expected that this information would provide a tool for dealers and advisers to evaluate the quality of executions among marketplaces and aid in fulfilling their duty of best execution.

(2) Section 14.1.1 of the Instrument refers to "order type". An order type is established by each marketplace and it includes an intentional cross, internal cross, market-on-close order, basis order, call market order, opening order, closing order, market order, limit order and special terms order."