

### 13.2.2 Canadian Securities Exchange – Request for Comments – Additional Self Trade Prevention Features

#### CSE – REQUEST FOR COMMENTS – ADDITIONAL SELF TRADE PREVENTION FEATURES

January 22, 2014

The Canadian Securities Exchange (“CSE” or the “Exchange”) intends to introduce additional “self-trade prevention” functions. The Exchange is publishing this Notice in accordance with the process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendix B to the Exchange’s recognition order.

Comments may be provided no later than February 23, 2015 and should be addressed to:

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A copy should be provided to:

Susan Greenglass  
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Ontario Securities Commission  
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Terms not defined in this Notice are defined in the CNSX Rules.

#### Proposed Change

The CSE proposes to introduce two new Self Trade Prevention features in addition to the Cancel Newest Order that is available today. The first feature is Cancel Oldest Order which allows clients to cancel the resting order to prevent wash trading. The second feature, Suppress Trade from Tape, will allow clients the option to receive fills for both orders without having a trade be reported to the public feed. The resulting fill reports will be provided to IIROC through the normal channels. The features are available on an order-by-order basis through the use of the FIX protocol. Both of these features are being introduced at the request of the industry, which is coordinating the efforts of marketplaces through a committee of the Investment Industry Association of Canada.

#### Effective Date

The self-trade prevention functionality will be introduced, following public comment and OSC approval, on the later of:

- I. the date that the Exchange is notified that the change is approved;
- II. if applicable, the date of publication of the notice of approval on the OSC website; and
- III. a date designated by the Exchange.

#### Rationale

These features are being delivered in response to a coordinated industry effort, to assist dealers in meeting their trade compliance obligations.

#### Impact

The proposed new functionality is optional. Clients that decide to use the new features will have the ability to better manage their trade compliance obligations.

**Exchange Compliance**

There will be no impact on the Exchange's compliance with Ontario securities law. The changes, given the benefits to be gained and sufficient advance notice, will not impact fair access or the maintenance of fair and orderly markets.

**Consultation**

As previously mentioned, these features are being delivered at the request of a large number of dealer customers, with industry implementation being coordinated by an industry association. The most significant feedback is related to compliance with the FIX protocol. We have confirmed with clients that our approach is consistent with their requirements.

**Technological Change**

Clients already support these features on other marketplaces. There should be minimal development requirements for those clients that decide to use the optional functionality.

**Comparable Functionality**

The Cancel Oldest Order feature is available on Alpha Exchange and Omega ATS. Suppress from Tape is available on CHIX & CHIX 2.

**Questions about this Notice may be directed to:**

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