

B.11.2.2 Neo Exchange Inc. – Proposed Public Interest Rule Amendments to the Trading Policies – Request for Comments

NEO EXCHANGE INC.

PROPOSED PUBLIC INTEREST RULE AMENDMENTS TO THE TRADING POLICIES

REQUEST FOR COMMENTS

Introduction

Neo Exchange Inc. (“NEO”) is publishing proposed public interest rule amendments (the “Public Interest Rule Amendments”) to the NEO Trading Policies (the “Trading Policies”) in accordance with Schedule 5 to its recognition order, as amended (the “Protocol”). The Public Interest Rule Amendments were filed with the Ontario Securities Commission (the “OSC”) and are being published for comment. A description of the Public Interest Rule Amendments is set out below and the text of the Public Interest Rule Amendments is set out in Appendix A; and for ease of reference, the Public Interest Rule Amendments are also included in Appendix B (which is primarily intended to capture certain other rule amendments, as further explained below). Subject to any changes resulting from the comments received, the Public Interest Rule Amendments will be effective on January 1, 2024.

NEO will also adopt certain housekeeping rule amendments (the “Housekeeping Rule Amendments”) to the Trading Policies and the NEO Listing Manual (the “Listing Manual”), which will be made effective on January 1, 2024. The OSC has not disagreed with the housekeeping categorization, and therefore, the Housekeeping Rule Amendments are not being published for comment. A description of the Housekeeping Rule Amendments is set out below and the text of the Housekeeping Rule Amendments is included in Appendix B.

NEO is proposing to make the Public Interest Rule Amendments in light of the proposed amalgamation (the “Proposed Amalgamation”) of Aequitas Innovations Inc., NEO, and TriAct Canada Marketplace LP (operating as “MATCHNow”) into a single legal entity to be named Cboe Canada Inc., which is intended to continue as the surviving recognized exchange (“Cboe Canada” or the “Exchange”). The purpose of the proposed Public Interest Rule Amendments is to integrate MATCHNow into the Exchange as a new (fourth) “Trading Book” (as that term is defined in section 1.01 of the Trading Policies). Accordingly, we are proposing to adopt a new standalone section of the Trading Policies that will govern the new Trading Book (which shall continue under the brand name “MATCHNow”), which section shall incorporate and restate certain essential elements of MATCHNow’s existing *In Detail Specification* (available [here](#)), subject only to certain stylistic adjustments to better conform with the style of the existing Trading Policies.

Description of the Public Interest Rule Amendments

As a result of the integration of MATCHNow as a new (fourth) Trading Book, we are proposing to make the following changes to the Trading Policies:

- Under Part I (Definitions and Interpretations), updates to section 1.01 (Definitions) to reflect the following:
  - Inclusion of new definitions for “Cboe BIDS Canada”, “Conditionals”, “Conditionals Compliance Mechanism”, “MATCHNow”, “MATCHNow Odd Lot Facility”, “MATCHNow Odd Lot Order”, “Odd Lot Liquidity Provider”, “Odd Lot Liquidity Providing Order” or “OLLP Order”, and “Sponsored User”.
  - Updates to the following definitions:
    - “Liquidity Taking Order” – to include “(including a “Market Flow Order” on the MATCHNow Trading Book, sometimes referred to as an “Immediate or Cancel” or “IOC” order, as further described in the *In Detail Specification*, which is an appendix to the Exchange’s Trading Functionality Guide)”.
    - “Odd Lot Facility” or “OLF” – to include “, other than those sent to the MATCHNow Odd Lot Facility”.
    - “Sponsoring Member” – to include “(including, as applicable, a Sponsored User)” after the reference to DEA Client.
    - “Trading Book(s)” – to include MATCHNow.
- Under Part V (Overview of Trading Books and Trading on the Exchange), updates to the following sections:
  - Section 5.01 (Trading Books) – to include MATCHNow to the list of Trading Books.
  - Section 5.04(2) (Exceeding Price Band Parameters (Price Band Limits)) – to include MATCHNow.

- New Part IX (Trading in MATCHNow) replaces former Part IX (Printing Trades in the Crossing Facility) and incorporates and restates certain essential elements of MATCHNow's existing *In Detail Specification*.
  - Former Part IX (Printing Trades in the Crossing Facility) becomes Part X and the sections contained therein (along with all following parts and sections in the Trading Policies) are re-numbered accordingly to reflect the new Part IX (Trading in MATCHNow).
- Under former Part X (General Provisions Regarding Market Making), now Part XI, update to former section 10.03(2)(c), now section 11.03(2)(c), to include "(with the exception of MATCHNow Odd Lot Orders, with respect to which no Market Trading Obligations, as defined in UMIR 1.1, apply)" with regard to Odd Lot orders.

**Description of the Housekeeping Rule Amendments to the Trading Policies**

The following Housekeeping Rule Amendments will be made to the Trading Policies:

- Minor formatting and typographical changes as well as the correction of certain typographical errors throughout the document.
- The replacement of NEO branding with Cboe Canada branding.
- The replacement of references to "Neo Exchange Inc." with references to "Cboe Canada Inc." to reflect the Proposed Amalgamation.
- Under Part I (Definitions and Interpretations), updates to section 1.01 (Definitions) to reflect the following:
  - Re-ordering of certain definitions so they appear in alphabetical order.
  - Minor revisions to the definitions of "CIRO Rules", "Crossing Facility", and "Exchange Requirements".
  - Update to the definition for "Retail Customer" (now "Retail Client") – to replace "is defined in accordance with CIRO Rules" with "has the same meaning as the defined term "retail client" in section 1201 of CIRO's Investment Dealer and Partially Consolidated Rules".
  - Minor revisions to the commentary following the definition of "NEO Trader™" to replace "Retail" with "retail" (in quotation marks) and "Retail Customer" with "Retail Client".
- Under Part III (Membership), minor revisions to the following sections:
  - Section 3.02(3) (Application and Approval) – to replace the reference to former Part XIV with a reference to new Part XV.
  - Section 3.15(1) (Account Identification Requirements and Prohibition on Use) – to replace references to "Retail Customer" with references to "Retail Client".
- Under Part V (Overview of Trading Books and Trading on the Exchange), updates to the following sections:
  - Section 5.04(1) (Exceeding Price Band Parameters (Price Band Limits)) – to make certain typographical corrections to the references to CIRO rules and guidance.
  - Section 5.06(2) (Cancellation, Amendment, and Corrections of Trades by the Exchange) – to replace "other applicable regulator" with "applicable securities regulatory authority".
  - Commentary following section 5.06(5) (Cancellation, Amendment, and Corrections of Trades by the Exchange) – to make certain minor typographical changes and non-substantive clarifications to the existing text.
  - Section 5.07(1) (Order Types and Order Modifiers (available in all Trading Books) – Order Types):
    - For *Limit Order* – to replace "Defined in UMIR" with "Has the same meaning as the defined term "limit order" in UMIR 1.1" to account for the different capitalization in UMIR and the Trading Policies for this term.
    - For *Market Order* – to replace "Defined in UMIR" with "Has the same meaning as the defined term "market order" in UMIR 1.1" to account for the different capitalization in UMIR and the Trading Policies for this term.

- Commentary following section 5.07(3) (Order Types and Order Modifiers (available in all Trading Books) – Order Modifiers - Functional Attributes) – to replace “order book” with “Trading Book”.
- Under former Part XII (Clearing and Settlement), now Part XIII, minor update to the title of former section 12.04 (When Security Disqualified, Suspended or No Fair Market), now section 13.04 (When Security Disqualified, Suspended, or Subject to No Fair Market) for greater clarity.
- Under former Part XIII (Application of UMIR), now Part XIV, update to former section 13.01(2) (Application), now section 14.01(2), to include up-to-date references to the applicable CIRO rules.
- Under former Part XIV (Appeals), now Part XV, updates to the following sections:
  - Former section 14.01(2) (Appeals of Decision), now section 15.01(2) – to include “applicable” prior to “securities regulatory authority” for internal consistency.
- Former section 14.01(3) (Appeals of Decision), now section 15.01(3) – to include up-to-date references to the applicable CIRO rules.

**Description of the Housekeeping Rule Amendments to the Listing Manual**

The following Housekeeping Rule Amendments will be made to the Listing Manual:

- Minor formatting changes throughout the document.
- The replacement of NEO branding with Cboe Canada branding.
- The replacement of references to “Neo Exchange Inc.” and “NEO Exchange” with references to “Cboe Canada Inc.”, “Cboe Canada”, or “the Exchange”, as applicable, to reflect the Proposed Amalgamation.
- The replacement of references to “IIROC” and “Investment Industry Regulatory Organization of Canada” with references to “CIRO” or “Canadian Investment Regulatory Organization”, as applicable, to reflect the name change of IIROC to CIRO, and minor revisions to the definition of “CIRO Rules”.

**Rationale for the Housekeeping Classification**

We are of the view that these amendments fall within the definition of “Housekeeping Rule” in section 2(f) of the Protocol as they are of a housekeeping/administrative nature and are comparable to the types of housekeeping changes listed in section 6.1(5)(b) of Companion Policy 21-101CP *Marketplace Operation* (including, in particular, “changes in the routine processes, policies, practices, or administration of the marketplace” and/or “necessary changes to conform to applicable regulatory or other legal requirements”).

**Expected Date of Implementation**

We are seeking to implement the Public Interest Rule Amendments on **January 1, 2024**. The Housekeeping Rule Amendments will be implemented at the same time.

**Rationale and Relevant Supporting Analysis**

Integrating MATCHNow as an order book of the Cboe Canada exchange and doing away with its separate legal framework (and the regulatory burden that such a separate legal framework entails) represents a significant streamlining of the Cboe Canada business, which will enable it to be operated and managed more efficiently, without in any way affecting the quality of the regulatory oversight of the resulting integrated legal entity. At the same time, preserving MATCHNow as its own order book (but not as its own independent legal entity and business operation) is critical, considering the specific client strategies that MATCHNow and the various existing NEO order books facilitate, respectively. This approach to the integration also minimizes disruption to our clients’ existing workflows and technology solutions, while minimizing costs and the risk of any client confusion.

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

Given that (a) every aspect of the existing MATCHNow functionality will be preserved as part of this integration, (b) no changes are being made to the functionality of the existing NEO order books, and (c) the integration will simply combine legal entities that are already affiliated through a common parent company, the expected impact on market structure, Members, investors, issuers, and capital markets is *de minimis*.

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

The Public Interest Rule Amendments will not impact NEO's compliance with Ontario securities law and, in particular, the requirements for fair access and maintenance of fair and orderly markets. The rule amendments in question are merely intended to integrate the existing functionality of the (erstwhile) separately-operated ATS known as MATCHNow as a fully integrated "new" order book of the existing NEO exchange. However, there is nothing new about the rules being introduced, except in the sense that the MATCHNow section is "new" to the NEO Trading Policies; that "new" section merely restates, in a more concise manner, the descriptive text of MATCHNow's existing *In Detail Specification*. For greater certainty, we note that no changes whatsoever are being made to the functionality of either MATCHNow or the existing NEO order books, nor are there any substantive technology changes occurring. As such, the impact of the rule amendments on the Exchange's compliance with Ontario securities law will be *de minimis*.

**Expected Impact on the Systems of Members or Service Vendors**

Since the integration involves no changes whatsoever to the respective technology underlying the existing MATCHNow platform and the existing NEO exchange, and only minimal changes to the contractual relationships that will survive the integration and continue between the combined legal entity (exchange) and its Members and service vendors, the expected impact on their systems will be marginal. For the most part, the change will simply involve the Member or service vendor receiving notice of the revised agreement(s) between it and the new (integrated) legal entity. In a practical, day-to-day sense, the operational systems of both Members and service vendors will continue exactly as they are today.

**Alternative Considered**

Senior management of both NEO and MATCHNow considered several alternatives. It was ultimately decided that preserving MATCHNow as its own order book (but not as its own independent legal entity and business operation) was critical, considering the specific client strategies that MATCHNow and the various existing NEO order books enable, respectively. Integrating MATCHNow within an existing NEO order book would affect the offering and provide clients with a lesser experience. On top of that, maintaining MATCHNow as its own order book will also minimize disruption to our clients' existing workflows and technology solutions, while minimizing costs and the risk of any client confusion (which was a serious concern with any alternative that would result in MATCHNow ceasing to exist as its own matching functionality).

**New Feature or Rule**

Not applicable.

**Comments**

Comments should be provided, in writing, no later than November 20, 2023, to:

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with a copy to:

Market Regulation Branch  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, ON M5H 3S8  
[marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

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

## APPENDIX A

## TEXT OF THE PUBLIC INTEREST RULE AMENDMENTS

Trading Policies Sections	Amendments
<p><b>Part I. Definitions and Interpretations</b></p> <p>1.01 Definitions</p>	<p>Added the following definitions:</p> <p>“<b>Cboe BIDS Canada</b>” means the platform within MATCHNow that facilitates the matching of Conditionals and related trading activity.</p> <p>“<b>Conditionals</b>” means conditional messages and related instructions sent by a Member or a Sponsored User to the Cboe BIDS Canada facility of MATCHNow.</p> <p>“<b>Conditionals Compliance Mechanism</b>” means the requirements applicable to Members and Sponsored Users to mitigate information leakage via Cboe BIDS Canada as further described in Part IX.</p> <p>“<b>MATCHNow</b>” means the Exchange’s electronic trading book for orders and Conditionals entered on the Exchange for execution in accordance with Part IX.</p> <p>“<b>MATCHNow Odd Lot Facility</b>” means the standalone odd lot facility that is part of the MATCHNow Trading Book.</p> <p>“<b>MATCHNow Odd Lot Order</b>” means an Odd Lot Order (or an odd-lot portion of a Market Order) sent to the MATCHNow Odd Lot Facility.</p> <p>“<b>Odd Lot Liquidity Provider</b>” means a Member that has been approved by the Exchange to send Odd Lot Liquidity Providing Orders to the MATCHNow Odd Lot Facility.</p> <p>“<b>Odd Lot Liquidity Providing Order</b>” or “<b>OLLP Order</b>” means a passive, confidential order that remains in the MATCHNow Odd Lot Facility as a day order. An OLLP Order is, respectively, rejected or canceled back if it is or drops below the Board Lot size minus 1 (e.g., 99, 499, 999 shares).</p> <p>“<b>Sponsored User</b>” means a DEA Client that has been onboarded to send Conditionals to, and conduct related trading activity through, Cboe BIDS Canada.</p> <p>Updated the following definitions:</p> <p>“<b>Liquidity Taking Order</b>” means an active Limit or Market FOK/IOC order entered in any of the Trading Books <u>(including a “Market Flow Order” on the MATCHNow Trading Book, sometimes referred to as an “Immediate or Cancel” or “IOC” order, as further described in the In Detail Specification, which is an appendix to the Exchange’s Trading Functionality Guide).</u></p> <p>“<b>Odd Lot Facility</b>” or “<b>OLF</b>” means the facility providing for auto-execution by DMMs and Odd Lot Traders of all Odd Lot Orders and odd lot portions of Mixed Lot Orders entered on the Exchange, <u>other than those sent to the MATCHNow Odd Lot Facility.</u></p> <p>“<b>Sponsoring Member</b>” means a Member that provides electronic access to the Exchange Systems to a DEA Client <u>(including, as applicable, a Sponsored User)</u> in accordance with NI 23-103 and UMIR.</p> <p>“<b>Trading Book(s)</b>” means NEO-L, NEO-D <del>and</del>, NEO-N, <u>MATCHNow</u>, or any one of them.</p>

Trading Policies Sections	Amendments
<p><b>Part V. Overview of Trading Books and Trading on the Exchange</b></p> <p>5.01 Trading Books</p> <p>5.04 Exceeding Price Band Parameters (Price Band Limits)</p>	<p>Updated as follows:</p> <p><b>5.01 Trading Books</b></p> <p>(1) The Exchange operates the following Trading Books:</p> <p>(a) NEO-L;</p> <p>(b) NEO-D; <del>and</del></p> <p>(c) NEO-N; <del>and</del></p> <p><u>(d) MATCHNow.</u></p> <p><b>5.04 Exceeding Price Band Parameters (Price Band Limits)</b></p> <p>[...]</p> <p>(2) The Exchange applies these price bands during NEO-L, NEO-N, NEO-D, <u>MATCHNow</u>, and Crossing Facility Continuous Trading Sessions for the full duration of these sessions.</p>
<p><b>Part IX. Trading in MATCHNow</b></p>	<p>See “Part IX. Trading in MATCHNow” below.</p> <p>Former Part IX (Printing Trades in the Crossing Facility) becomes Part X and the sections contained therein (along with all following parts and sections in the Trading Policies) are re-numbered accordingly to reflect the new Part IX (Trading in MATCHNow).</p>
<p><b>Part XI. General Provisions Regarding Market Making</b></p> <p><b>DIVISION 1 —DESIGNATED MARKET MAKERS</b></p> <p>11.03 Responsibilities of Designated Market Makers for their Assigned Securities</p>	<p>Updated as follows:</p> <p><b>11.03 Responsibilities of Designated Market Makers for their Assigned Securities</b></p> <p>[...]</p> <p>(2) The responsibilities of a Designated Market Maker for an Assigned Security in NEO-L include:</p> <p>[...]</p> <p>(c) executing all Odd Lot orders for its applicable Assigned Securities <u>(with the exception of MATCHNow Odd Lot Orders, with respect to which no Market Trading Obligations, as defined in UMIR 1.1, apply).</u></p>

## PART IX. TRADING IN MATCHNOW

## 9.01 Trading Sessions

- (1) The current trading sessions for MATCHNow are prescribed by Notice, as amended from time to time, and displayed on the Exchange's website.

## 9.02 Additional Orders and Modifiers Available in MATCHNow

<i>Conditionals</i>	A conditional order or message which, if firmed up, becomes an order that may execute during the Continuous Trading Session in MATCHNow against other firmed-up Conditionals or opted-in Market Flow Orders or Liquidity Providing Orders.
<i>Market Flow Order</i>	A Liquidity Taking Order sent to the MATCHNow Trading Book, also known as an Immediate-or-Cancel ("IOC") order. If a match with a Liquidity Providing Order exists, it trades immediately to the extent possible, and any remaining shares are returned.
<i>Minimum Price Improvement Order</i>	A pegged order with a price offset which is automatically adjusted by the Exchange Systems to one tick increment more aggressive than the NBBO, or one-half of a tick increment if the NBBO spread is only one tick increment.
<i>MATCHNow Mixed Lot</i>	A Limit Order or Market Order sent to the MATCHNow Trading Book containing at least one Board Lot and a MATCHNow Odd Lot.
<i>MATCHNow Odd Lot</i>	A Limit Order or Market Order containing less than one Board Lot sent to the MATCHNow Trading Book.
<i>Odd Lot Liquidity Providing Order (or "OLLP Order")</i>	A passive, confidential order that remains in the MATCHNow Odd Lot Facility as a day order. An OLLP Order is, respectively, rejected or canceled back if it is or drops below the Board Lot size minus 1 (e.g., 99, 499, 999 shares).

**Commentary**

*For additional defined terms and other functionality information unique to the MATCHNow Trade Book, please see the In Detail Specification, which is an appendix to the Exchange's Trading Functionality Guide.*

## 9.03 Posting Liquidity Providing Orders in MATCHNow

- (1) Liquidity Providing Orders posted in MATCHNow may originate from any type of account.

## 9.04 Continuous Trading Session in MATCHNow

- (1) In MATCHNow, orders from all accounts may interact with each other, unless otherwise specified in the *In Detail Specification* (which is an appendix to the Exchange's Trading Functionality Guide).
- (2) Trades will execute at or within the NBBO in a manner consistent with UMIR dark rules.
- (3) A Liquidity Providing Order resting in MATCHNow at a particular price will be executed in priority to all orders at inferior prices.

## 9.05 Liquidity Providing Orders Cancelled

- (1) All Liquidity Providing Orders remaining in MATCHNow at the end of the Continuous Trading Session will be cancelled back to the originator.

## 9.06 Transparency

- (1) *No Pre-Trade Transparency.* Orders booked in MATCHNow are not displayed or available to the information processor for dissemination on the public data feed.
- (2) *Post-Trade Transparency.* Trades executed in MATCHNow are displayed and made available to the information processor for dissemination on the public data feed.

9.07 MATCHNow Odd Lot Facility

- (1) MATCHNow Odd Lot Orders (and the odd-lot portion of a Mixed Lot Order sent to MATCHNow) will be eligible for entry and execution in the MATCHNow Odd Lot Facility during the Odd Lot Session.
- (2) MATCHNow Odd Lot Orders (and the odd-lot portion of a Mixed Lot Order sent to MATCHNow) may be entered for trading during the Odd Lot Session of MATCHNow.
- (3) Incoming MATCHNow Odd Lot Market Orders:
  - (a) will be executed, if liquidity is available, by an Odd Lot Liquidity Provider at the time of order entry, at the NBBO.
- (4) Odd Lot Liquidity Providing Orders (or “OLLP Orders”):
  - (a) The Exchange does not impose any Marketplace Trading Obligations (as defined in UMIR 1.1) on Odd Lot Liquidity Providers that send OLLP Orders to the MATCHNow Odd Lot Facility.
  - (b) Odd Lot Liquidity Providers (and, as applicable, their DEA Clients) can submit liquidity into the MATCHNow Odd Lot Facility in as many or as few symbols as they wish.
  - (c) Each Trader ID is limited to booking one order per side of each symbol at any moment in time.
  - (d) There is no limit on the number of Trader IDs available to each Odd Lot Liquidity Provider, provided that each Trader ID represents an individual DEA Client, a distinct proprietary trading desk or algorithmic trader of the Member, and/or an individual Approved Trader.
- (5) The factors identified in the Commentary for section 6.18 of these Trading Policies (“Unfair Trading in Odd Lots”) apply to MATCHNow Odd Lot Orders, subject to appropriate adjustments reasonably and rationally connected to the unique attributes of the MATCHNow Odd Lot Facility (e.g., no Market Trading Obligations, as defined in UMIR 1.1), and in light of applicable CRO rules (e.g., UMIR 2.2 and 2.3 and CRO Investment Dealer and Partially Consolidated Rule 1402(1)) and/or guidance from the Market Regulator.

9.08 Cboe BIDS Canada (Conditionals)

- (1) Conditionals may be originated by a Member or a Sponsored User.

**Commentary**

*There are three types of Conditional interactions:*

- *Subscriber-to-Subscriber (electronic-to-electronic).*
- *Subscriber-to-Sponsored User/Sponsored User-to-Subscriber (electronic-to-human).*
- *Sponsored User-to-Sponsored User (human-to-human).*

*For Subscriber-to-Subscriber (i.e., electronic-to-electronic) interactions, the process is as follows:*

- *Invitations are synchronous (i.e., simultaneous).*
- *The time limit for firming up is one second.*

*For Subscriber-to-Sponsored User (and vice-versa) interactions, the process is as follows:*

- *A Sponsored User’s trading must be conducted by a human trader.*
- *Invitations are asynchronous: the system is designed to send the invitation to firm up to the Sponsored User first—i.e., before the invitation to firm up is sent to the Subscriber (which is always an electronic user).*
- *The Sponsored User (human trader) has up to 30 seconds to firm up the invitation. This is necessary to give human traders the practical ability to make a deliberate, conscious decision to firm up and/or adjust their Conditional (or firmed-up Conditional).*

*For Sponsored User-to-Sponsored User interactions (i.e., interaction is human-to-human), the process is as follows:*

- *Invitations are synchronous (i.e., simultaneous).*
- *The time limit for firming up is 30 seconds for both sides.*

- (2) Sponsored Users are not permitted to originate Conditionals until such time as all relevant risk controls and other appropriate onboarding-related tasks have been completed in accordance with the relevant Exchange Requirements.



**Commentary**

Eligible buy-side institutional investors (DEA Clients) that have taken the appropriate steps to be granted the privilege, by a Member, to send Conditionals to MATCHNow (Cboe BIDS Canada), use the Participating Organization number of the Member that they have designated as their sponsoring Member for such purposes. This functionality is referred to the “Sponsored Access Model” for Conditionals.

A front-end interface, known as “BIDS Trader,” is made available to Sponsored Users, allowing each Sponsored User to enter and, where contra liquidity is found, firm up Conditionals through a direct FIX connection to MATCHNow.

The BIDS interface for Members (known as the “Admin Client”) provides the following features for Subscribers to set for their Sponsored Users:

- fat-finger checks;
- single order limits;
- daily open orders plus traded value limits for buys;
- daily open orders plus traded value limits for sells; and
- gross daily orders plus traded value limits for buys and sells.

The responsibility for setting and supervising all risk controls remains with the Member, and the Member has the flexibility to configure risk controls in a unique manner for each of its Sponsored Users, as it sees fit. The Exchange will verify that, before granting “Sponsored User” access to any DEA Client, the latter has at least one sponsoring Member that:

- has set static limits for that DEA Client; and
- has the ability to shut off the DEA Client at any time.

- (3) Each Conditional must meet a minimum size of greater than 50 Board Lots and greater than \$30,000 notional value, or be of any quantity with greater than \$100,000 notional value.
- (4) A Conditional can match with another Conditional, an eligible opted-in Liquidity Taking Order, or an eligible opted-in Liquidity Providing Order.

**Commentary**

Members have the ability to activate an “opt-in” feature that allows large firm orders sent to MATCHNow—i.e., both Liquidity Taking Orders and Liquidity Providing Orders—to interact with Conditionals. To be eligible for the “opt-in” feature, a Liquidity Taking Order or a Liquidity Providing Order is required to meet the following minimum size threshold:

- greater than 50 Board Lots and greater than \$30,000 in notional value; or
- greater than \$100,000 in notional value.

Members can elect to opt in on either (1) an order-by-order basis or (2) as a default attribute at the port level.

Where the “opt-in” feature is activated for a particular qualifying firm order, and the MATCHNow system detects a potential match with one or more contra-side Conditionals, the system will automatically generate an invitation to “firm up” and send it to the relevant contra Conditional(s). If one or more Conditionals get firmed up within the allotted time period (one second or 30 seconds, depending on the nature of the participant), the system will then immediately execute the match between the firmed-up Conditional(s) and the relevant qualifying firm order.

- (5) Match priority in Cboe BIDS Canada does not follow pro-rata logic, but instead, is done on a one-to-one basis based on priority of firmed-up orders, using the following criteria, in this order:
  - (a) Price;
  - (b) Member (per “broker preferencing”);
  - (c) Size; and
  - (d) Time.

**Commentary**

When a Conditional is large enough to fully satisfy multiple contras, it may invite all of those contras (depending on market conditions and attributes selected for that Conditional and those contras). Trades will still occur on a one-to-one basis, even though multiple parties have been invited, and the outcome of those trades depends on the “firm-ups” being received. However, because matching is one-to-one, the first contra firm-up to be received will trade first.

Conditionals can execute at a price that is anywhere within the range of prices created by the current NBBO.

The following peg order types are supported:

- Peg Mid
- Near-side Peg (Peg to Bid when buying, or to the Offer when selling)
- Far-side Peg (Peg to the Offer when buying, or to the Bid when selling)
- Peg Offset (This allows a peg order a level of discretion as set on an order-by-order basis. Peg discretion is measured in dollar value increments of \$0.005, which is added to the result of peg calculations. When peg offsets are crossed, the trade will always execute at the price closest to midpoint.)

Each Trader ID will have a default peg value assigned, which is chosen by the Subscriber or Sponsored User. Any value specified within the FIX message will override that default value.

- (6) Sponsored Users have access to the following optional features:
  - (a) Overtime;
  - (b) “Clean Up”; and
  - (c) “Auto Firm-Up”.

**Commentary**

For up-to-date details on how each Sponsored User feature works, please see the In Detail Specification (which is an appendix to the Exchange’s Trading Functionality Guide).

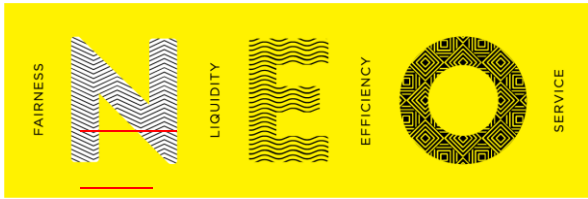
- (7) Members and Sponsored Users that send Conditionals to Cboe BIDS Canada will be subject to the Conditionals Compliance Mechanism, which functions as follows:
  - (a) Each Member or Sponsored User that receives 10 or more invitations to firm up a Conditional for a given security needs to avoid crossing below the 70% threshold of firm-ups for that security, failing which the Member or Sponsored User is suspended from receiving invitations for any new Conditionals that it enters for that security for the rest of that trading day.
  - (b) Fallen-down Conditionals that originate with a Sponsored User will not be attributed to the sponsoring Member for those Conditionals for purposes of calculating the sponsoring Member’s fall-down rate; instead, they are exclusively attributed to the Sponsored User that originated those Conditionals.
- (8) The Exchange reports daily suspensions of Members (including which symbols were affected by the suspension) to CIRO and to each affected Member in real time via email.
- (9) On a quarterly basis, the Exchange reports to securities regulatory authorities certain Conditionals related data.

**APPENDIX B**

**TEXT OF THE PUBLIC INTEREST RULE AMENDMENTS AND HOUSEKEEPING RULE AMENDMENTS**

**Appendix B – Public Interest Rule Amendments and Housekeeping Rule Amendments** are reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Appendix.

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~~Neo Exchange Inc.  
Trading Policies  
(the "Trading Policies")~~

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**Cboe CANADA**  
**TRADING POLICIES**

Cboe CANADA INC. (the “EXCHANGE”) TRADING POLICIES  
(the “TRADING POLICIES”)

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## PART I. DEFINITIONS AND INTERPRETATIONS

### 1.01 Definitions

- (1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in the Exchange Requirements that is defined or interpreted in
- (a) Ontario securities law;
  - (b) UMIR; or
  - (c) CIRO Rules

has the same meaning in these Trading Policies.

- (2) The terms in this Part have the meanings set out when used in the Exchange Requirements and apply to the trading of both Listed Securities and Other Traded Securities unless otherwise specified.

“**Approved Trader**” means: (1) an employee of a Member, or (2) an employee of a DEA Client that has been granted access to the Exchange Systems by a Sponsoring Member who, in each case, is authorized to enter orders onto a marketplace as a trader and who has been provided with a trading identifier to be used when accessing a marketplace.

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

“**Board**” means the Board of Directors of the Exchange and any committee of the Board of Directors to which powers have been delegated.

“**Board Lot**” means a “standard trading unit” as defined in UMIR.

~~“**CIRO**” means the Canadian Investment Regulatory Organization and any successor thereof.~~

~~“**CIRO Rules**” means UMIR and CIRO’s dealer member rules.~~

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

“**Calculated Closing Price**” or “**CCP**” means, for a Closing Call Eligible Security, the CCP as determined in accordance with these Trading Policies.

“**Calculated Opening Price**” or “**COP**” means, for an Opening Call Eligible Security, the COP as determined in accordance with these Trading Policies.

“**Cboe BIDS Canada**” means the platform within MATCHNow that facilitates the matching of Conditionals and related trading activity.

“**CIRO**” means the Canadian Investment Regulatory Organization and any successor thereof.



“CIRO Rules” means UMIR and CIRO’s Investment Dealer and Partially Consolidated Rules.

“Clearing Corporation” means CDS Clearing and Depository Services Inc. and any successor corporation or other entity recognized as a clearing agency.

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

“Closing Call Eligible Security” means a Listed Security, or an OTS designated by the Exchange from time to time as eligible to participate in the Closing Call.

“Closing Price” means:

- (1) with respect to a Closing Call Eligible Security,
  - (a) if the security traded during the Closing Call, the price at which the security traded, or
  - (b) if the security did not trade during the Closing Call,
    - (i) if is also a Weighted Closing Price Eligible Security, the Weighted Closing Price, and
    - (ii) for all other Closing Call Eligible Securities, the LSP that occurred at or prior to the end of the Continuous Trading Session in NEO-L;
- (2) with respect to a Weighted Closing Price Eligible Security, the Weighted Closing Price; or
- (3) with respect to all other Listed Securities, the LSP that occurred at or prior to the end of the Continuous Trading Session in NEO-L.

“Conditionals” means conditional messages and related instructions sent by a Member or a Sponsored User to the Cboe BIDS Canada facility of MATCHNow.

“Conditionals Compliance Mechanism” means the requirements applicable to Members and Sponsored Users to mitigate information leakage via Cboe BIDS Canada as further described in Part IX.

“Continuous Trading Session” means the regular trading session in each of the Trading Books and the Crossing Facility, as further described in Parts VI, VII, VIII and IX, respectively.

“Crossing Facility” means the Exchange’s electronic facility for posting of intentional crosses in accordance with Part ~~IX~~.

“DEA Client” means a third party that has been provided with electronic access to the Exchange Systems by a Sponsoring Member in accordance with NI 23-103 and UMIR.

“Decision” means any decision, direction, order, ruling, guideline or other determination of the Exchange, or of the Market Regulator, made in the administration of these Trading Policies.

“**Designated Market Maker**” or “**DMM**” means the Member appointed by the Exchange as the market maker for a particular Assigned Security.

“**Designated Market Maker Approved Trader**” means the Approved Trader of the Designated Market Maker (who may not be an employee of a DEA Client) identified by the Designated Market Maker to fulfill the Designated Market Maker’s responsibilities under these Trading Policies.

“**Eligible Assigned 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.

“**Exchange**” means ~~Neo-Exchange~~ Cboe Canada Inc., the recognized exchange which provides a marketplace for Listed Securities and Other Traded Securities.

“**Exchange Approval**” means any approval given by the Exchange under the Exchange Requirements.

“**Exchange Requirements**” includes the following:

- (1) these Trading Policies;
- (2) the Listing Manual;
- (3) obligations arising out of the Member Agreement or any Designated Market Maker agreement;
- (4) any forms issued or filed pursuant to these Trading Policies or the Listing Manual and any obligations related to or created by such forms;
- (5) UMIR; and
- (6) applicable Canadian securities law, and any decision thereunder

~~(6)~~ as it or they may be amended, supplemented, and in effect from time to time.

“**Exchange Systems**” means the electronic systems operated by the Exchange for providing access to the services for the listing and trading of Listed Securities and trading of Other Traded Securities on the Exchange.

“**Extended Trading Eligible Security**” means a Listed Security, or an OTS designated by the Exchange from time to time as eligible to participate in the Extended Trading Session.

“**Extended Trading Session**” means the trading session after the Continuous Trading Session or Closing Call, as applicable.

“**Imbalance Message**” means a message 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.

“**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 in 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,

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.

#### **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.*

*A DEA Client is deemed to be making its own routing decisions if it is connected through only a risk management “skin” provided by a Member to the Exchange Systems through the DEA Client’s own dedicated FIX sessions, or if it is using a Member’s order routing technology but the DEA Client is able to control the marketplaces to which its orders are being routed. A Member’s order routing technology includes marketplace routers, proprietary routers and any other third-party routers for which the Member is responsible to the Exchange on behalf of the DEA Client.*

“**Liquidity Providing Order**” means a resting order booked in any of the Trading Books.

“**Liquidity Taking Order**” means an active Limit or Market FOK/IOC order entered in any of the Trading Books- (including a “Market Flow Order” on the MATCHNow Trading Book, sometimes referred to as an “Immediate or Cancel” or “IOC” order, as further described in the *In Detail Specification*, which is an appendix to the Exchange’s Trading Functionality Guide).

“**Listed Security**” means a security listed on the Exchange.

“**Market Maker Volume Allocation**” or “**MMVA**” means the system of allocation of priority to DMM resting orders in NEO-L and NEO-N, whereby a resting DMM order for an Assigned Security will receive queue priority over other LST orders, 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).

“**Market Maker Volume Allocation Percentage**” means the percentage threshold over which a DMM resting order will no longer receive priority under the MMVA, which shall be the percentage set out by the Exchange and published by Notice to Members.

**Commentary**

*The calculation of cumulative daily traded volume only takes into account trades that occur during continuous trading in that particular security and Trading Book. Any DMM resting order that trades due to the matching priorities of a specific Trading Book are counted as part of the aggregated queue volume and not MMVA, as the DMM did not receive priority for the execution.*

*MMVA only applies to the visible portion of a DMM resting order.*

*Different securities may have different Market Maker Volume Allocation Percentages.*

“**Market Regulator**” means CIRO or such other person recognized by the Ontario Securities Commission as a Regulation Services Provider for the purposes of Ontario securities law and which has been retained by the Exchange as an acceptable Regulation Services Provider.

“**MATCHNow**” means the Exchange’s electronic trading book for orders and Conditionals entered on the Exchange for execution in accordance with Part IX.

“**MATCHNow Odd Lot Facility**” means the standalone odd lot facility that is part of the MATCHNow Trading Book.

“**MATCHNow Odd Lot Order**” means an Odd Lot Order (or an odd-lot portion of a Market Order) sent to the MATCHNow Odd Lot Facility.

“**Member**” means a person that has signed a Member Agreement and been approved by the Exchange to access the Exchange Systems, provided such access has not been terminated.

“**Member Agreement**” means the agreement entered into between the Exchange and a Member which sets out the terms and conditions of the Member’s access to the Exchange Systems.

“**Member Related Entity**” means a Person that is:

- (1) an affiliated entity of a Member; or
- (2) a control person of a Member or of which the Member is a control person, and that carries on as a substantial part of its business in Canada that of a broker, dealer or advisor in securities and that is not itself a Member.

“**Member Related Person**” means a Person that is:

- (1) a Member Related Entity;
- (2) an employee, agent or contractor of a Member or a Member Related Entity;
- (3) a partner, director or officer of a Member or Member Related Entity;
- (4) an Approved Trader of a Member or of a DEA Client for which the Member is the Sponsoring Member; and

- (5) any other Person designated by the Exchange.

“**Mixed Lot Orders**” means a Limit Order or Market order containing at least one Board Lot and one Odd Lot.

“**National Best Bid and Offer**” or “**NBBO**” means the best bid and best offer of at least one Board Lot displayed on all protected marketplaces, but does not include Basis Orders, Call Market Orders, Closing Price Orders, Market-on-Close Orders, Opening Orders, Special Terms Orders or Volume-Weighted Average Price Orders.

“**NEO-D**” means the Exchange’s electronic trading book containing Board Lot orders entered on the Exchange for execution in accordance with Part VII.

“**NEO-L**” means the Exchange’s electronic trading book containing Board Lot orders entered on the Exchange for execution in accordance with Part VI.

“**NEO-N**” means the Exchange’s electronic trading book containing Board Lot orders entered on the Exchange for execution in accordance with Part VIII.

“**NEO Trader™**” means an account type or an investor that trades through an account type, other than LST.

#### **Commentary**

*Members will be required to certify that NEO Trader™ accounts associated with specific Trader IDs comply with the definitions. In addition, the Exchange will be monitoring and using objective criteria such as what type of trading system is used, message to trade ratios and use of consistent markers to confirm that the certifications are in compliance with the requirements. The Exchange will have the right to require certifications and further information to determine if the originating trading systems are co-located.*

*A NEO Trader™ account associated with a specific Trader ID can be certified to be **Retail** “**retail**” only if all orders sent via that Trader ID originate from a Retail **CustomerClient**. In the event a Trader ID is used for both retail and institutional flow, that Trader ID will be considered purely institutional from a monitoring and billing perspective.*

“**NI 23-103**” means National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces*, as amended.

“**Notice**” means an electronic communication or document given, delivered, sent or served by the Exchange.

“**Odd Lot Facility**” or “**OLF**” means the facility providing for auto-execution by DMMs and Odd Lot Traders of all Odd Lot Orders and odd lot portions of Mixed Lot Orders entered on the Exchange, other than those sent to the MATCHNow Odd Lot Facility.

“**Odd Lot Liquidity Provider**” means a Member that has been approved by the Exchange to send Odd Lot Liquidity Providing Orders to the MATCHNow Odd Lot Facility.

“Odd Lot Liquidity Providing Order” or “OLLP Order” means a passive, confidential order that remains in the MATCHNow Odd Lot Facility as a day order. An OLLP Order is, respectively, rejected or canceled back if it is or drops below the Board Lot size minus 1 (e.g., 99, 499, 999 shares).

“Odd Lot Orders” means A Limit Order or Market Order containing less than one Board Lot.

“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.

“Opening Call Eligible Security” means a Listed Security, or an OTS designated by the Exchange from time to time as eligible to participate in the Opening Call.

“Opening Price” means for a security that participates in an Opening Call, the price at which the security traded during the Opening Call and for a security that does not trade in an Opening Call, the previous day’s Closing Price in NEO-L.

“Other Traded Security” or “OTS” means a security listed by an exchange other than the Exchange that is traded on the Exchange, and is not also a Listed Security.

#### *Commentary*

*A security that is listed both on the Exchange and on another exchange in Canada will be considered to be a Listed Security for purposes of the Exchange Requirements unless otherwise specified.*

“Person” includes without limitation an individual, corporation, incorporated syndicated or other incorporated organization, sole proprietorship, partnership or trust.

~~“Retail Customer” is~~ “Client” has the same meaning as the defined term “retail client” in accordance with CROsection 1201 of CRO’s Investment Dealer and Partially Consolidated Rules.

“Settlement Day” means any day on which trades may be settled through the facilities of the Clearing Corporation.

“Size-Time” means the following allocation methodology utilized in NEO-D and NEO-N when multiple potential matches have been identified at a given price:

- (1) if an incoming order can be completely filled by a single resting order, that resting order will trade; or
- (2) if more than one resting order is large enough to completely fill the incoming order, the lowest Size-Time Rank will determine which one of those orders will trade; or

- (3) if no resting orders are large enough to completely fill the incoming order, the Size-Time Rank of all orders at that price level will determine in which order they will trade from lowest to highest.

In the event that two or more orders have the same Size-Time Rank, the original order entry timestamp will be used to determine priority.

“**Size-Time Rank**” means the weighted average of each order’s ranking based on:

- (a) remaining order volume; and
- (b) priority time-stamp; and
- (c) time of the last partial fill (of the order).

The weighting used for the Size-Time Rank calculation will be set out by the Exchange and published by Notice to Members.

#### **Commentary**

*Each order is ranked from 1-N for each category where for (a) the largest volume gets the lowest rank and for (b) and (c) the most recent timestamp gets the highest rank. The three ranks are then weighted together to determine the overall Size-Time Rank. The order with the lowest ranking receives the highest priority.*

*If an order is amended in such a way that it would result in a priority loss, the priority timestamp is updated. In the event an order is amended in a way that does not change the priority of an order (e.g. amend volume down), the priority timestamp remains unaffected.*

“**Special Terms trade**” means a trade resulting from a Basis Order, Call Market Order, Closing Price Order, Special Terms Order (unless one part is not a Special Terms Order), or a Volume-Weighted Average Price Order.

“**Sponsored User**” means a DEA Client that has been onboarded to send Conditionals to, and conduct related trading activity through, Cboe BIDS Canada.

“**Sponsoring Member**” means a Member that provides electronic access to the Exchange Systems to a DEA Client (including, as applicable, a Sponsored User) in accordance with NI 23-103 and UMIR.

“**Time-Weighted Average Price NBBO Midpoint**” or “**TWAP NBBO Midpoint**” means the midpoint of the time-weighted average NBB and the time-weighted average NBO over a period of time.

“**Trading Book(s)**” means NEO-L, NEO-D ~~and~~, NEO-N, MATCHNow, or any one of them.

“**Trading Contract**” means any agreement or contract:

- (1) to buy or sell any Listed Security or OTS through the Exchange facilities; or



- (ii) the applicant or any Member Related Person refuses to comply with the Exchange Requirements,
  - (iii) the applicant is not qualified by reason of integrity, solvency, training or experience, or
  - (iv) such approval is otherwise not in the public interest.
- (3) An applicant that is approved subject to conditions or is rejected may appeal the Decision using the procedures set out in Part ~~XIV~~XV.
- (4) Subject to the exercise of a right of appeal, a rejected applicant may not reapply for membership for a period of six months following the date of refusal.

## *DIVISION 2 — CONTINUING REQUIREMENTS*

### **3.03 Authorized Representative**

- (1) Each Member must appoint a senior officer, director or partner as its authorized representative, who shall be named in the Member Agreement.
- (2) The authorized representative shall:
  - (a) have authority to speak for the Member in dealings with the Exchange; and
  - (b) serve as primary contact person for the Exchange on inquiries regarding the conduct and supervision of the Member's Approved Traders and DEA Clients.
- (3) A Member must give the Exchange notice of a change of its representative at least 10 business days prior to the change unless circumstances make this impossible, in which case notice must be given as soon as possible.

### **3.04 Payment of Fees, etc.**

- (1) Members must pay all fees and charges fixed by the Exchange and the Market Regulator, which are due and payable as the Exchange or the Market Regulator require from time to time.
- (2) The Exchange may at any time, and from time to time, on not less than 30 days' Notice to Members, increase any or all fees or charges. The Exchange may decrease fees by providing Members with Notice of such a change within 30 days prior to the effective date of the change.
- (3) The Exchange may suspend without further notice a Member that has not paid any fees or charges within 30 days of becoming payable, and such suspension shall remain in place until all outstanding fees and charges have been paid by the Member. If the Member has



### 3.14 Effect of Suspension or Termination

- (1) Upon suspension or termination, the Exchange may at its discretion cancel all of the Member's or former Member's open orders or impose any other restrictions and/or conditions on the Member's rights until the Member has been reinstated in accordance with Section 3.12.
- (2) A Member that has been suspended or terminated or that has been deprived of some of the rights of membership under the Exchange Requirements does not for that reason alone lose its rights in respect of any claims it may have against another Member unless such rights are expressly dealt with.
- (3) A Member that has had its membership terminated may, no sooner than six months after the date of the termination of membership, reapply for membership with the Exchange by following the procedures set out in Section 3.2.

#### *DIVISION 4 — ACCOUNT IDENTIFICATION REQUIREMENTS AND PROHIBITION ON USE*

### 3.15 Account Identification Requirements and Prohibition on Use

- (1) If a Member sends orders to the Exchange Systems with a Trader ID designated as being for one or more NEO Trader™ or Retail **CustomerClient** accounts in accordance with Exchange Requirements and the Exchange determines, in its sole discretion, that such designation is not accurate based on the definitions of NEO Trader™ and Retail **CustomerClient**, the Exchange may (without derogating from any other recourse available to the Exchange) treat any or all orders with that Trader ID or otherwise submitted by the Approved Trader or the Member to the Exchange Systems or to any Trading Book as failing to qualify. The Exchange may reclassify the Trader ID as LST until the Member can demonstrate otherwise or may prohibit the Approved Trader or the Member from submitting such orders or any other order.

#### **Commentary**

*The Exchange requires Members to have policies and procedures in place to ensure that the Member will properly identify the Trader IDs that are eligible to use the special functionality.*

*The Exchange will monitor the proper use by Members of Trader IDs and the use of the Exchange's special functionality.*

**PART V. OVERVIEW OF TRADING BOOKS AND TRADING ON THE EXCHANGE****5.01 Trading Books**

(1) The Exchange operates the following Trading Books:

(a) NEO-L;

(b) NEO-D; ~~and~~

(c) NEO-N; and

(d) MATCHNow.

**5.02 Trading Sessions**

(1) The Exchange will publish by Notice to Members the days on which the Exchange will not be open for trading.

(2) The Exchange will determine from time to time, and will publish by Notice to Members, the trading sessions for each Trading Book, the securities eligible for trading in each trading session, and the opening and closing times for each trading session.

(3) The Exchange may at any time in the event of an emergency:

(a) suspend all trading in any trading session or sessions or trading in any security during any session or sessions, or

(b) close, reduce, extend, or otherwise alter the time of any trading session or sessions.

**5.03 Trading Halts**

(1) Trading may be halted in any Trading Book by the Exchange, the Market Regulator, or any applicable securities regulatory authority.

**Commentary**

*Circumstances when a halt may occur include the following:*

- *To permit the dissemination of material news.*
- *During a trading halt imposed by another marketplace to permit the dissemination of material news.*
- *In the event that extraordinary market activity in the security is occurring, such as the execution of a series of transactions for a significant dollar value at prices substantially unrelated to the current market for the security, as measured by the NBBO.*
- *In the event that other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.*

- Due to persistent trading that exceeds the Exchange price band parameters, or where there is exceptional market disruption, for example, where market conditions are similar to those which occurred during the “flash crash” of May 6, 2010.
- Due to the triggering of a single-stock or market-wide circuit breaker.

- (2) Two types of trading halts may be initiated based on certain external events.
  - (a) During a “full” halt, order entry, amendment and matching are not permitted, and existing orders can be cancelled.
  - (b) During a “no matching” halt, new orders can be entered and existing orders can be amended or cancelled, but no matching is permitted.
- (3) After a trading halt is lifted, the security enters a pre-open phase allowing for order entry, amendment, and cancellation. For NEO-L, the pre-open phase will be followed by an auction in accordance with Sections 6.03 – 6.06 (for all Listed Securities and OTSs) and then the resumption of the Continuous Trading Session. For NEO-D and the NEO-N, only resting orders may be entered during the pre-open phase until the trading in NEO-D and NEO-N resumes.
- (4) For greater certainty, in the event that the decision as to whether to impose a halt has been outsourced to the Market Regulator, such decision will be made by the Market Regulator and not by the Exchange. In all other cases, the Exchange may make the decision to impose a trading halt and will make all reasonable efforts to coordinate with the Market Regulator.

#### *Commentary*

*Notification messages pertaining to trading halts are sent out on the Exchange public feed.*

#### **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 in accordance with ~~the requirements set out in CIRO rules and guidance, as memorialized in IIROC Rules Notice and Guidance Note 15-0186 Guidance on Marketplace Thresholds- (Aug. 15, 2015) (available at <https://www.iiroc.ca/news-and-publications/notices-and-guidance/guidance-marketplace-thresholds>).~~
- (2) The Exchange applies these price bands during NEO-L, NEO-N, NEO-D, MATCHNow, and Crossing Facility Continuous Trading Sessions for the full duration of these sessions.
- (3) The Exchange will publish, through a Notice to Members and by posting on its website, any change to the price band parameters, if different than the CIRO thresholds, as amended (other than those made for a temporary period to adjust to a particular event) before implementation.
- (4) The Exchange, or the DMM for its Eligible Assigned Securities, may delay the opening of an Opening Call Eligible Security in NEO-L if, during the Opening Call, the COP differs from the previous day’s Closing Price by an amount greater than the price band parameters,

if set. The price band parameters for the Opening Call may differ from those outlined by CIRO and may differ from instrument to instrument.

- (5) The Exchange may delay the closing of a Closing Call Eligible Security in NEO-L if, during the Closing Call, the CCP for the security exceeds the price band parameters, if set. The price band parameters for the Closing Call may differ from those outlined by CIRO and may differ from instrument to instrument.
- (6) The Exchange, or the DMM for its Eligible Assigned Securities, may delay the opening of a security following a trading halt if, during the auction, the price at which the auction would be completed exceeds the price band parameters, if set. The price band parameters for an Opening Call Eligible Security following a delay may differ from those outlined by CIRO and may differ from instrument to instrument.
- (7) The Opening Call, Closing Call, and post-halt auction price band parameter values, if set and different than those outlined by CIRO, will be defined in the Exchange's Trading Functionality Guide.

#### 5.05 General Capacity Thresholds to Achieve Performance

- (1) The Exchange may determine thresholds based on system capacity criteria.
- (2) If a Member or DEA Client, directly or indirectly, exceeds the threshold, the Exchange may take action to mitigate the impact.

#### 5.06 Cancellation, Amendment, and Corrections of Trades by the Exchange

- (1) The Exchange retains the discretion to cancel, amend, or correct executed trades on the Exchange that have not yet been submitted by the Exchange to the Clearing Corporation where:
  - (a) instructed to do so by the Market Regulator;
  - (b) the cancellation, amendment, or correction is requested by a party to the trade, consent is provided by both parties to the trade, and notification is provided to the Market Regulator;
  - (c) the cancellation, amendment, or correction is necessary to correct an error caused by a system or technological malfunction of the marketplace systems or equipment, or caused by an individual acting on behalf of the marketplace, or otherwise for the purpose of mitigating errors made by the Exchange in order execution, and consent has been obtained from the Market Regulator.
- (2) Cancellation or correction of trades involving orders with regulatory markers (insider or significant shareholder) will be subject to the guidelines set out by the Market Regulator or any ~~other~~ applicable ~~regulator~~ securities regulatory authority.
- (3) A Member wanting to cancel, amend, or correct an executed trade can seek the consent of the contra-party to the trade, can request the Exchange to seek consent from the contra-

party, or can call the Market Regulator, who can then instruct the Exchange to cancel, amend, or correct the trade.

- (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.
- (5) The Exchange assumes no responsibility or liability for trades that are cancelled, amended, or corrected.

#### **Commentary**

*Decisions may require consultation with and instructions by Market Regulator, the Clearing Corporation, and/or other marketplaces and the counterparties of the trade.*

*It is the Member's obligation to promptly contact the Market Regulator if it wants to seek a decision from ~~the Market Regulator~~ regarding whether ~~the latter~~ will permit a cancellation or amendment in accordance with the time limits prescribed by ~~the Market Regulator's~~ rules or guidance.*

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

#### **(1) Order Types**

<i>Limit Order</i>	<del>Defined</del> <u>Has the same meaning as the defined term "limit order" in UMIR 1.1.</u>
<i>Market Order</i>	<del>Defined in UMIR.</del> <u>Has the same meaning as the defined term "market order" in UMIR 1.1.</u> 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 Last Sale Price.

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

<i>Fill or Kill (FOK)</i>	A Limit Order or Market Order that is to be filled immediately in full, or cancelled.
<i>Good till Close</i>	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.
<i>Good for Day</i>	A Limit Order that is valid until it is fully filled or cancelled, and expires at the end of the Extended Trading Session for Extended Trading Eligible Securities; for all other securities, the order expires at the end of the Continuous Trading Session.

<i>Good till Time</i>	A Limit Order that is valid until it is fully filled or cancelled, and expires at the specified expiry date and time.  All orders entered in NEO-D and NEO-N that specify an expiry date other than the date of entry will be rejected.
<i>Immediate or Cancel (IOC)</i>	A Limit Order or Market Order that is to be filled immediately in full or in part, with the unfilled quantity cancelled.

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

<i>Attributed / Anonymous</i>	A Limit Order entered into the Exchange Systems is by default attributed, unless marked anonymous by the user.  Orders with special settlement terms must be attributed.
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**Commentary**

When an order is entered in an Exchange ~~order book~~ Trading Book, the identity of the Member will be disclosed to the trading community for attributed orders and will not be disclosed for anonymous orders.

When an attributed order is entered in NEO-N, the identity of the Member will not be disclosed on a pre-trade basis due to the aggregation of order volume by price level which occurs in the NEO-N display. When an attributed order is executed in NEO-N, the identity of the Member will be disclosed on all post-trade reporting.

<i>Directed Action Order (DAO)</i>	A Limit Order or Market Order as defined in National Instrument 23-101 Trading Rules.
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**Commentary**

In NEO-N all pegged orders are visible orders as the volume of any price improving order is displayed at the NEO-N BBO.

<i>Mid-Point Pegged Order</i>	A non-visible order, except in NEO-N as set out below, the price of which is automatically adjusted by the Exchange Systems in response to changes in the NBBO to peg to the mid-point of the NBBO.  A Mid-Point Pegged Order in NEO-N is a visible order, with the volume displayed at the NEO-N BBO.  The Exchange will publish by Notice to Members the securities for which Mid-Point Pegged Orders are not supported.
<i>Passive Only (PO) Cancel</i>	A Limit Order that will be cancelled at time of entry if any portion of the order is immediately tradable. PO Cancel orders are also cancelled if the order becomes active due to a price change (i.e., a price amendment).

- (3) Unless otherwise specified, trades on a when issued basis are subject to all applicable the Exchange Requirements relating to trading in a Listed Security or OTS, notwithstanding that the security has not yet been issued.
- (4) All trades on a when issued basis shall be cancelled if the securities subject to such trades will not be listed.

#### **5.09 Advantage Goes with Securities Sold**

- (1) Except as provided in section 5.15(2), in all trades of Listed Securities or OTSs, all entitlements to receive dividends or any other distribution made or right given to holders of that security shall pass with the security and shall belong to the purchaser, unless otherwise provided by the Exchange for Listed Securities or the listing market of the OTS, as applicable, or the parties to the trade by mutual agreement.
- (2) In all sales of listed bonds and debentures, all accrued interest shall belong to the seller unless otherwise provided by the Exchange for Listed Securities or the listing market of the bonds or debentures for OTSs, or parties to the trade by mutual agreement.
- (3) Claims for dividends, rights, or any other benefits to be distributed to holders of record of listed securities on a certain date shall be made in accordance with the procedures established by the Clearing Corporation.
- (4) If subscription rights attaching to securities are not claimed by the persons entitled to those rights at least twenty-four hours before the expiration of the time within which trading in respect of such rights may take place on the Exchange, a Member holding such rights may, in its discretion, sell or exercise all or any part of such rights, and shall account for such sale or exercise to the person or persons entitled to such rights, but in no case shall a Member be liable for any loss arising through failure to sell or exercise any unclaimed rights.

<i>Limit on Open (LOO)</i>	An eligible Limit Order that is only available for execution at the Opening Call. Any unfilled orders will be cancelled upon completion of the Opening Call.
<i>Market on Close (MOC)</i>	An eligible Market Order that is only available for execution in the Closing Call. Any unfilled orders will be cancelled upon completion of the Closing Call.
<i>Market on Open (MOO)</i>	An eligible Market Order that is only available for execution at the Opening Call. Any unfilled orders will be cancelled upon completion of the Opening Call.
<i>Mixed Lot</i>	A Limit Order or Market Order containing at least one Board Lot and an Odd Lot.
<i>Odd Lot</i>	A Limit Order or Market Order containing less than one Board Lot.
<i>On-Stop</i>	A Limit Order or Market Order which resides inactive off the book until it is “triggered” at which time it can interact with other orders. An On-Stop order is triggered when the LSP trades down to (if it is a sell order) or up to (if it is a buy order) or through the stop price specified on the On-Stop order. Once triggered, the On-Stop order will trade in NEO-L up to its limit and any unfilled volume will be posted at its limit price (or if it is a Market Order converted to a Limit Order at the LSP).
	<b><u>[Filed Aug. 16, 2023; currently pending regulatory approval.]</u></b>
<i>Special Terms</i>	A specific order type as defined in UMIR.

### 6.03 Order Entry and Display Prior to the Opening Call (Opening Call Eligible Securities)

- (1) During the pre-open session until the Opening Call, orders can be entered, amended or cancelled in NEO-L.
- (2) Orders residing in NEO-L that are eligible to participate in the Opening Call will be displayed at their limit price or, for market orders, they will be displayed at the COP and an Imbalance Message is disseminated upon each change to either the COP or the imbalance.
- (3) An unfilled Limit Order entered in NEO-L during the pre-open session will be available for trading in NEO-L Continuous Trading session.
- (4) An unfilled Market Order entered in NEO-L during the pre-open session is booked as a Limit Order for trading in NEO-L Continuous Trading Session at the Opening Price.

### 6.04 Calculation of the COP



## PART IX. TRADING IN MATCHNOW

### 9.01 Trading Sessions

- (1) The current trading sessions for MATCHNow are prescribed by Notice, as amended from time to time, and displayed on the Exchange’s website.

### 9.02 Additional Orders and Modifiers Available in MATCHNow

<u>Conditionals</u>	<u>A conditional order or message which, if firmed up, becomes an order that may execute during the Continuous Trading Session in MATCHNow against other firmed-up Conditionals or opted-in Market Flow Orders or Liquidity Providing Orders.</u>
<u>Market Flow Order</u>	<u>A Liquidity Taking Order sent to the MATCHNow Trading Book, also known as an Immediate-or-Cancel (“IOC”) order. If a match with a Liquidity Providing Order exists, it trades immediately to the extent possible, and any remaining shares are returned.</u>
<u>Minimum Price Improvement Order</u>	<u>A pegged order with a price offset which is automatically adjusted by the Exchange Systems to one tick increment more aggressive than the NBBO, or one-half of a tick increment if the NBBO spread is only one tick increment.</u>
<u>MATCHNow Mixed Lot</u>	<u>A Limit Order or Market Order sent to the MATCHNow Trading Book containing at least one Board Lot and a MATCHNow Odd Lot.</u>
<u>MATCHNow Odd Lot</u>	<u>A Limit Order or Market Order containing less than one Board Lot sent to the MATCHNow Trading Book.</u>
<u>Odd Lot Liquidity Providing Order (or “OLLP Order”)</u>	<u>A passive, confidential order that remains in the MATCHNow Odd Lot Facility as a day order. An OLLP Order is, respectively, rejected or canceled back if it is or drops below the Board Lot size minus 1 (e.g., 99, 499, 999 shares).</u>

#### Commentary

For additional defined terms and other functionality information unique to the MATCHNow Trade Book, please see the In Detail Specification, which is an appendix to the Exchange’s Trading Functionality Guide.

### 9.03 Posting Liquidity Providing Orders in MATCHNow

- (1) Liquidity Providing Orders posted in MATCHNow may originate from any type of account.

### 9.04 Continuous Trading Session in MATCHNow

- (1) In MATCHNow, orders from all accounts may interact with each other, unless otherwise specified in the In Detail Specification (which is an appendix to the Exchange’s Trading Functionality Guide).

- (2) Trades will execute at or within the NBBO in a manner consistent with UMIR dark rules.
- (3) A Liquidity Providing Order resting in MATCHNow at a particular price will be executed in priority to all orders at inferior prices.

#### **9.05 Liquidity Providing Orders Cancelled**

- (1) All Liquidity Providing Orders remaining in MATCHNow at the end of the Continuous Trading Session will be cancelled back to the originator.

#### **9.06 Transparency**

- (1) No Pre-Trade Transparency. Orders booked in MATCHNow are not displayed or available to the information processor for dissemination on the public data feed.
- (2) Post-Trade Transparency. Trades executed in MATCHNow are displayed and made available to the information processor for dissemination on the public data feed.

#### **9.07 MATCHNow Odd Lot Facility**

- (1) MATCHNow Odd Lot Orders (and the odd-lot portion of a Mixed Lot Order sent to MATCHNow) will be eligible for entry and execution in the MATCHNow Odd Lot Facility during the Odd Lot Session.
- (2) MATCHNow Odd Lot Orders (and the odd-lot portion of a Mixed Lot Order sent to MATCHNow) may be entered for trading during the Odd Lot Session of MATCHNow.
- (3) Incoming MATCHNow Odd Lot Market Orders:
  - (a) will be executed, if liquidity is available, by an Odd Lot Liquidity Provider at the time of order entry, at the NBBO.
- (4) Odd Lot Liquidity Providing Orders (or “OLLP Orders”):
  - (a) The Exchange does not impose any Marketplace Trading Obligations (as defined in UMIR 1.1) on Odd Lot Liquidity Providers that send OLLP Orders to the MATCHNow Odd Lot Facility.
  - (b) Odd Lot Liquidity Providers (and, as applicable, their DEA Clients) can submit liquidity into the MATCHNow Odd Lot Facility in as many or as few symbols as they wish.
  - (c) Each Trader ID is limited to booking one order per side of each symbol at any moment in time.
  - (d) There is no limit on the number of Trader IDs available to each Odd Lot Liquidity Provider, provided that each Trader ID represents an individual DEA Client, a

distinct proprietary trading desk or algorithmic trader of the Member, and/or an individual Approved Trader.

- (5) The factors identified in the Commentary for section 6.18 of these Trading Policies (“Unfair Trading in Odd Lots”) apply to MATCHNow Odd Lot Orders, subject to appropriate adjustments reasonably and rationally connected to the unique attributes of the MATCHNow Odd Lot Facility (e.g., no Market Trading Obligations, as defined in UMIR 1.1), and in light of applicable CIRO rules (e.g., UMIR 2.2 and 2.3 and CIRO Investment Dealer and Partially Consolidated Rule 1402(1)) and/or guidance from the Market Regulator.

### 9.08 Cboe BIDS Canada (Conditionals)

- (1) Conditionals may be originated by a Member or a Sponsored User.

#### Commentary

There are three types of Conditional interactions:

- Subscriber-to-Subscriber (electronic-to-electronic).
- Subscriber-to-Sponsored User/Sponsored User-to-Subscriber (electronic-to-human).
- Sponsored User-to-Sponsored User (human-to-human).

For Subscriber-to-Subscriber (i.e., electronic-to-electronic) interactions, the process is as follows:

- Invitations are synchronous (i.e., simultaneous).
- The time limit for firming up is one second.

For Subscriber-to-Sponsored User (and vice-versa) interactions, the process is as follows:

- A Sponsored User’s trading must be conducted by a human trader.
- Invitations are asynchronous: the system is designed to send the invitation to firm up to the Sponsored User first—i.e., before the invitation to firm up is sent to the Subscriber (which is always an electronic user).
- The Sponsored User (human trader) has up to 30 seconds to firm up the invitation. This is necessary to give human traders the practical ability to make a deliberate, conscious decision to firm up and/or adjust their Conditional (or firmed-up Conditional).

For Sponsored User-to-Sponsored User interactions (i.e., interaction is human-to-human), the process is as follows:

- Invitations are synchronous (i.e., simultaneous).
- The time limit for firming up is 30 seconds for both sides.

- (2) Sponsored Users are not permitted to originate Conditionals until such time as all relevant risk controls and other appropriate onboarding-related tasks have been completed in accordance with the relevant Exchange Requirements.

#### Commentary

Eligible buy-side institutional investors (DEA Clients) that have taken the appropriate steps to be granted the privilege, by a Member, to send Conditionals to MATCHNow (Cboe BIDS Canada), use the

Participating Organization number of the Member that they have designated as their sponsoring Member for such purposes. This functionality is referred to the “Sponsored Access Model” for Conditionals.

A front-end interface, known as “BIDS Trader,” is made available to Sponsored Users, allowing each Sponsored User to enter and, where contra liquidity is found, firm up Conditionals through a direct FIX connection to MATCHNow.

The BIDS interface for Members (known as the “Admin Client”) provides the following features for Subscribers to set for their Sponsored Users:

- fat-finger checks;
- single order limits;
- daily open orders plus traded value limits for buys;
- daily open orders plus traded value limits for sells; and
- gross daily orders plus traded value limits for buys and sells.

The responsibility for setting and supervising all risk controls remains with the Member, and the Member has the flexibility to configure risk controls in a unique manner for each of its Sponsored Users, as it sees fit. The Exchange will verify that, before granting “Sponsored User” access to any DEA Client, the latter has at least one sponsoring Member that:

- has set static limits for that DEA Client; and
- has the ability to shut off the DEA Client at any time.

- (3) Each Conditional must meet a minimum size of greater than 50 Board Lots and greater than \$30,000 notional value, or be of any quantity with greater than \$100,000 notional value.
- (4) A Conditional can match with another Conditional, an eligible opted-in Liquidity Taking Order, or an eligible opted-in Liquidity Providing Order.

#### Commentary

Members have the ability to activate an “opt-in” feature that allows large firm orders sent to MATCHNow—i.e., both Liquidity Taking Orders and Liquidity Providing Orders—to interact with Conditionals. To be eligible for the “opt-in” feature, a Liquidity Taking Order or a Liquidity Providing Order is required to meet the following minimum size threshold:

- greater than 50 Board Lots and greater than \$30,000 in notional value; or
- greater than \$100,000 in notional value.

Members can elect to opt in on either (1) an order-by-order basis or (2) as a default attribute at the port level.

Where the “opt-in” feature is activated for a particular qualifying firm order, and the MATCHNow system detects a potential match with one or more contra-side Conditionals, the system will automatically generate an invitation to “firm up” and send it to the relevant contra Conditional(s). If one or more Conditionals get firmed up within the allotted time period (one second or 30 seconds, depending on the nature of the participant), the system will then immediately execute the match between the firmed-up Conditional(s) and the relevant qualifying firm order.

(5) Match priority in Cboe BIDS Canada does not follow pro-rata logic, but instead, is done on a one-to-one basis based on priority of firm-ed-up orders, using the following criteria, in this order:

- (a) Price;
- (b) Member (per “broker preferencing”);
- (c) Size; and
- (d) Time.

**Commentary**

*When a Conditional is large enough to fully satisfy multiple contras, it may invite all of those contras (depending on market conditions and attributes selected for that Conditional and those contras). Trades will still occur on a one-to-one basis, even though multiple parties have been invited, and the outcome of those trades depends on the “firm-ups” being received. However, because matching is one-to-one, the first contra firm-up to be received will trade first.*

*Conditionals can execute at a price that is anywhere within the range of prices created by the current NBBO.*

*The following peg order types are supported:*

- *Peg Mid*
- *Near-side Peg (Peg to Bid when buying, or to the Offer when selling)*
- *Far-side Peg (Peg to the Offer when buying, or to the Bid when selling)*
- *Peg Offset (This allows a peg order a level of discretion as set on an order-by-order basis. Peg discretion is measured in dollar value increments of \$0.005, which is added to the result of peg calculations. When peg offsets are crossed, the trade will always execute at the price closest to midpoint.)*

*Each Trader ID will have a default peg value assigned, which is chosen by the Subscriber or Sponsored User. Any value specified within the FIX message will override that default value.*

(6) Sponsored Users have access to the following optional features:

- (a) Overtime;
- (b) “Clean Up”; and
- (c) “Auto Firm-Up”.

**Commentary**

*For up-to-date details on how each Sponsored User feature works, please see the In Detail Specification (which is an appendix to the Exchange’s Trading Functionality Guide).*

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- (7) Members and Sponsored Users that send Conditionals to Cboe BIDS Canada will be subject to the Conditionals Compliance Mechanism, which functions as follows:
- (a) Each Member or Sponsored User that receives 10 or more invitations to firm up a Conditional for a given security needs to avoid crossing below the 70% threshold of firm-ups for that security, failing which the Member or Sponsored User is suspended from receiving invitations for any new Conditionals that it enters for that security for the rest of that trading day.
  - (b) Fallen-down Conditionals that originate with a Sponsored User will not be attributed to the sponsoring Member for those Conditionals for purposes of calculating the sponsoring Member's fall-down rate; instead, they are exclusively attributed to the Sponsored User that originated those Conditionals.
- (8) The Exchange reports daily suspensions of Members (including which symbols were affected by the suspension) to CIRO and to each affected Member in real time via email.
- (9) On a quarterly basis, the Exchange reports to securities regulatory authorities certain Conditionals related data.

**10.0311.03 Responsibilities of Designated Market Makers for their Assigned Securities**

- (1) A Designated Market Maker must trade for its own account in a sufficient degree to assist in the maintenance of a fair and orderly market and achieve reasonable price continuity and liquidity for each Assigned Security.
- (2) The responsibilities of a Designated Market Maker for an Assigned Security in NEO-L include:
  - (a) meeting NEO-L obligations as required by the applicable Designated Market Maker Agreement;
  - (b) facilitating the opening, delayed opening, and resumption of trading following a trading halt in NEO-L as specified in these Trading Policies; and
  - (c) executing all Odd Lot orders for its applicable Assigned Securities- (with the exception of MATCHNow Odd Lot Orders, with respect to which no Market Trading Obligations, as defined in UMIR 1.1, apply).
- (3) The responsibilities of a Designated Market Maker for an Assigned Security in NEO-N include meeting the NEO-N obligations as required by the applicable Designated Market Maker Agreement in NEO-N.
- (4) Each DMM is subject to and must follow 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.
- (5) The Exchange will publish the list of DMMs and their Assigned Securities, and the DMM obligations on its website.

**10.0411.04 Termination of Responsibilities due to Events**

- (1) A Designated Market Maker's obligations with respect to a right, warrant or similar security terminate a maximum of 10 business days prior to the expiry date of the security.
- (2) A Designated Market Maker's obligations with respect to a debt security or preferred security that is maturing or has been called for redemption or retraction terminate 10 business days prior to the maturity date or redemption or retraction date of the security.
- (3) The Exchange may suspend or terminate a Designated Market Maker's responsibilities where a corporate action or other unusual circumstance makes it impractical for the Designated Market Maker to carry out its responsibilities.

***Commentary***

*Ordinary market volatility will not be considered to be an "unusual circumstance" for the purposes of this section.*

~~PART XI.~~ **PART XII. ORDER PROTECTION RULE (OPR) COMPLIANCE**~~11.01~~ **12.01 Order Protection Rule Compliance**

- (1) In order for the Exchange to comply with its Order Protection Rule (OPR) obligations under National Instrument 23-101 *Trading Rules*, orders submitted to NEO-L or NEO-N must be designated as either:
  - (a) a Directed Action Order;
  - (b) Protect and Cancel; or
  - (c) Protect and Reprice.

**Commentary**

*When determining Protect and Cancel and Protect and Reprice functionality, the Exchange may consider:*

- *whether a regulatory or non-regulatory trading halt is in effect for the security;*
- *whether an away marketplace is not in a continuous trading session; or*
- *whether an away marketplace is not disseminating order information, is not distributing data in relation to its order book in a timely manner or the Exchange considers, in its discretion, that such data is not reliable (this covers the case when a system failure or degradation of service occurs at an away marketplace during continuous trading at that marketplace).*

*Protect and Reprice is not available for FOK or IOC orders in any Trading Book.*



~~PART XII~~ PART XIII. CLEARING AND SETTLEMENT~~12.01~~ 13.01 Clearing and Settlement

- (1) All trades on the Exchange Systems will be reported, confirmed, and settled through the Clearing Corporation pursuant to the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by the Exchange.
- (2) A Member must clear and settle all of their ~~the~~ Exchange trades by:
  - (a) self-clearing as a participant of the Clearing Corporation; or
  - (b) maintaining a clearing and settlement arrangement with a carrying broker, custodian or other institution that is a participant of the Clearing Corporation.
- (3) Except in circumstances where the transaction is settled outside Canada or where the Member and the settlement agent are not participants in the same securities depository, the client or settlement agent shall use the facilities or services of a securities depository for the affirmation and settlement of all depository eligible transactions, including both book entry settlements and certificate-based settlements.
- (4) A Member shall provide a client, by electronic, facsimile or physical means, a confirmation as soon as possible on the next business day following execution, with respect to the execution of any order, in whole or in part, for the purchase or delivery of securities where payment for or delivery of the securities is to be made to or by a settlement agent of the client, and shall indicate that the trade occurred on the Exchange.
- (5) Members shall obtain agreement from their clients that the client will provide instructions with respect to the receipt or delivery of the securities to the settlement agent promptly upon receipt by the client of the confirmation referred to in Section 12.1(4) and that the client will ensure that its settlement agent affirms the transaction in accordance with National Instrument 24-101 *Institutional Trade Matching and Settlement*.

~~12.02~~ 13.02 Settlement of the Exchange Trades of OTSs

- (1) Unless otherwise provided by the parties to the trade by mutual agreement, trades of OTSs on the Exchange must settle on the date and terms fixed for settlement by the exchange on which the security is listed.

~~12.03~~ 13.03 Settlement of the Exchange Trades of Listed Securities

- (1) Unless otherwise provided by the Exchange or the parties to the trade by mutual agreement, trades of Listed Securities on the Exchange must settle on the second settlement day following the trade.
- (2) Notwithstanding Section 12.03(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:

- (a) trades in Listed Securities made on a when issued basis:
  - (i) prior to the second trading day before the anticipated date of issue of the security must settle on the anticipated date of issue of such security, and
  - (ii) on or after the second trading day before the anticipated date of issue of the security must settle on the second settlement day after the trade date,provided if the security has not been issued on the date for settlement such trades shall settle on the date that the security is actually issued and provided that if the security will not be issued all trades made on a when issued basis will be cancelled;
- (b) trades in Listed Securities that are rights, warrants and instalment receipts:
  - (i) on the second trading day before the expiry or payment date must settle on the settlement day before the expiry or payment date,
  - (ii) on the first trading day before the expiry or payment date, must be made as cash trades for next day settlement,
  - (iii) on expiry or payment date must be made as cash trades for immediate settlement and trading will cease at 12:00 noon (unless the expiry or payment time is set prior to the close of business, in which case trading will cease at the close of business on the trading day preceding the expiry or payment), and
  - (iv) selling Members must have the securities that are being sold in their possession or credited to the selling account's position prior to such sale;
- (c) cash trades in Listed Securities for next day delivery must be settled through the facilities of the Clearing Corporation on the first settlement cycle following the date of the trade or, if applicable, over-the-counter, by noon of the first settlement day following the trade; and
- (d) cash trades in Listed Securities for same day settlement must be settled by over-the-counter delivery no later than 2:00 p.m. on the trade day.
- (3) Notwithstanding Section 12.03(1), a trade on the Exchange may specify delayed delivery, which gives the seller the option to deliver at any time within the period specified in the contract, and, if no time is specified, delivery will be at the option of the seller within thirty days from the date of the trade.

#### **12.0413.04 When Security Disqualified, Suspended, or Subject to No Fair Market**

- (1) The Exchange may postpone the time for delivery on the Exchange trades if:
  - (a) the security is delisted;
  - (b) trading is suspended in the security; or

- (c) the Exchange is of the opinion that there is not a fair market in the security.
- (2) If the Exchange is of the opinion that a fair market in the security is not likely to exist, the Exchange may provide that trades on the Exchange be settled by payment of a fair settlement price and if the parties to a Trading Contract cannot agree on the amount, the Exchange may at its discretion fix the fair settlement price after providing each party with an opportunity to be heard.

#### **12.0513.05 Failed Trades in Rights, Warrants, and Instalment Receipts**

- (1) Should fail positions in exchange traded products which are exercisable, exchangeable or convertible into other securities (the “**subject securities**”) exist on the expiry or payment date, purchasing Members have the option of demanding delivery of the securities into which the subject securities are exercisable, exchangeable or convertible, any additional subscription privilege, and any subscription fee payable to a Member, that may be available, such demand shall be made before 4:00 p.m. on the expiry date.
- (2) Where a demand has been made in accordance with Section 12.05(1), payment by purchasing Members for:
  - (a) the subject securities shall be in accordance with normal settlement procedures, but delivery of the subject securities, as the case may be, is not required; and
  - (b) the securities into which the subject securities are exercisable, exchangeable or convertible and payment for any additional subscription privilege shall be made upon delivery of the securities.
- (3) Where a demand has not been made in accordance with Section 12.05(1), settlement shall be in accordance with normal settlement procedures, but delivery of the subject securities, as the case may be, is not required.

#### **12.0613.06 Defaulters**

- (1) If a Member against which an Exchange trade is closed out under the Clearing Corporation's rules and procedures fails to make payment of the money difference between the contract price and the buy-in price within the time specified, the Member concerned shall become a defaulter, and Notice of such default shall be provided by the Exchange to each Member.
- (2) A Member failing to make delivery to the Clearing Corporation of securities and/or a certified cheque within the time limited by the rules governing the Clearing Corporation may be adjudged a defaulter.

#### **12.0713.07 Delivering Member Responsible for Good Delivery Form**

- (1) The delivering Member is responsible for the genuineness and complete regularity of the security, and a certificate that is not in proper negotiable form shall be replaced forthwith

~~PART XIII~~ PART XIV. APPLICATION OF UMIR

~~13.01~~ 14.01 Application

- (1) The provisions of UMIR as amended from time to time apply to trading on the Exchange Systems and form part of the Exchange Requirements.
- (2) Any ~~investigations and~~ investigation or enforcement ~~actions~~ action concerning a violation of a provision of UMIR will be conducted by the Market Regulator following the procedures set out in UMIR Rules 8100 and 8200 of the CIRO Investment Dealer and Partially Consolidated Rules.

~~PART XIV.~~PART XV. APPEALS~~14.01~~15.01 Appeals of Decision

- (1) A Member or any other person adversely affected by a Decision, other than a Decision of the Market Regulator, may appeal such Decision to the Board.

*Commentary*

*Appeals shall be conducted according to the procedures established by the Exchange's Board of Directors.*

- (2) A Member or other person who has appealed a decision pursuant to subsection (1) may appeal the decision of the Board by following the arbitration procedures set out in the Member Agreement and/or by appeal to the applicable securities regulatory authority.
- (3) A Member or any other person adversely affected by a Decision of the Market Regulator ~~may~~that seeks a review or appeal of such Decision must first request a review of the Decision pursuant to the provisions of UMIR- 11.3 and, if applicable, the provisions of section 8430 of the CIRO Investment Dealer and Partially Consolidated Rules, and thereafter, if necessary, by applying to the applicable securities regulatory authority for a hearing and review or appeal (which request must be in accordance with the provisions of section 8431 of the CIRO Investment Dealer and Partially Consolidated Rules).

~~15.05~~ 16.05 **Withdrawal of Approval and Changes in Exchange Requirements**

- (1) Any Exchange Approval and any Exchange Requirement may at any time be changed, suspended, withdrawn, or revoked by the Exchange, with 30 days' Notice unless otherwise provided in these Trading Policies, agreements or as required by circumstance subject to the rule approval process of the securities regulatory authorities.
  
- ~~(2)~~ Each Member and each Approved Trader will comply with such change, suspension, withdrawal or revocation and any Decisions made by the Exchange.

~~(2)~~

AEQUITAS

N

EXCHANGE

E

CONNECT



# NEO EXCHANGE LISTING MANUAL

NEO EXCHANGE\_

**Cboe CANADA**  
**LISTING MANUAL**

**Cboe**<sup>®</sup>



**Cboe CANADA INC. (the “NEO-EXCHANGE”) LISTING MANUAL  
(the “LISTING MANUAL”)**

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**PART I. DEFINITIONS, INTERPRETATION AND GENERAL DISCRETION****1.01 Definitions**

(1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in the Exchange Requirements that is defined or interpreted in:

- (a) Ontario securities legislation;
- (b) Universal Market Integrity Rules (“UMIR”);
- (c) HIROCCIRO Rules; or
- (d) Trading Policies,

has the same meaning in this Listing Manual.

(2) The following terms have the meanings set out when used in this Listing Manual:

“**Accepted Foreign Exchange**” means an exchange that is not located within Canada and for which an issuer listed on such exchange has demonstrated that such exchange and the jurisdiction’s securities law requirements are substantially similar to that of the Exchange and Ontario securities legislation.

“**AIF**” means Annual Information Form (*English only*).

“**Approved Bank**” means a bank listed in Schedule I or III of the *Bank Act* (Canada) or another financial institution acceptable to the Exchange.

“**Average Daily Trading Volume**” means, with respect to a Normal Course Issuer Bid, the trading volume for a listed security on all marketplaces for the six months preceding the date of Filing of a Form 20A (excluding any purchases made under a Normal Course Issuer Bid, all marketplace purchases by the issuer of the listed security, a Person acting jointly or in concert with the issuer, and all purchases made under section 7.19(1)(b)) divided by the number of trading days during that period. If the securities have traded for less than six months, the trading volume on all marketplaces since the first day on which the security traded, which must be at least four weeks prior to the date of Filing of Form 20A.

“**Award**” means an award issued under a Security Based Compensation Arrangement, and includes incentive stock options.

“**Board Lot**” means a “standard trading unit” as defined in UMIR.

“**CIRO**” means the Canadian Investment Regulatory Organization and any successor entity.

“**CIRO Rules**” means UMIR and CIRO’s Investment Dealer and Partially Consolidated Rules.

“**Clearing Corporation**” means CDS Clearing and Depository Services Inc. and any successor corporation or entity recognized as a clearing agency.

assets are in an Emerging Market jurisdiction. For greater certainty, an EMI that has securities listed on the Exchange is also a Listed Issuer.

**Commentary:**

*Other considerations in determining whether an issuer is an EMI include residence of “mind and management” and jurisdiction of incorporation.*

“**Equity Securities**” means securities of an issuer that carry a residual right to participate in the earnings of the issuer and in the issuer’s assets upon dissolution or liquidation.

“**Escrowed Funds**” means funds held in a SPAC escrow account, and must include at least 90% of the gross proceeds raised in the SPAC IPO or subsequent rights offering by a SPAC and at least 50% of the underwriters’ commission relating to the SPAC IPO.

“**Exchange**” means [Neo-Exchange Cboe Canada Inc.](#)

“**Exchange Requirements**” includes the following:

- (1) the Trading Policies;
- (2) this Listing Manual;
- (3) obligations arising out of the Listing Agreement or Member Agreement;
- (4) any forms issued pursuant to the Trading Policies or the Listing Manual, including the listing forms, and any obligations related to or created by such forms;
- (5) UMIR; and
- (6) applicable securities laws, and any decision thereunder as it may be amended, supplemented and in effect from time to time and the respective rules and regulations under such laws together with applicable published instruments, notices and orders of applicable securities regulatory authorities.

“**Exchange Traded Fund**” or “**ETF**” means a “mutual fund” within the meaning of the *Securities Act* (Ontario), the units of which are listed or quoted securities and are in continuous distribution.

“**Exchange Traded Product**” or “**ETP**” means a CEF, ETF or Structured Product, including any other exchange traded Investment Fund.

“**File**” and “**Filing**” means to submit any required document to the Exchange electronically through a virtual data room or otherwise make available in the format indicated by the Exchange, including email, mail, courier or hand delivery.

“**Foreign Issuer**” means an issuer which, at the time of applying for the listing of a security, is listed and in good standing on an Accepted Foreign Exchange and is not incorporated or organized under the laws of Canada or a Canadian jurisdiction unless:

- (1) voting securities carrying more than 50% of the votes for the election of directors of the issuer are held by Persons whose last address as shown on the books of the issuer is in Canada; and
- (2) any one or more of the following apply:
  - (a) the majority of the senior officers or directors of the issuer are citizens or residents of Canada;
  - (b) more than 50% of the assets of the issuer are located in Canada; or
  - (c) the business of the issuer is administered principally in Canada.

Once a Foreign Issuer has listed its securities on the Exchange, the issuer will become a Listed Issuer.

“**Founding Securities**” means securities of a SPAC held by its Founding Security Holders, excluding any securities purchased by Founding Security Holders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, on the secondary market, or under a rights offering by the SPAC.

“**Founding Security Holders**” means insiders and equity security holders of a SPAC prior to the completion of the IPO who continue to be insiders and equity security holders or both immediately after the IPO.

~~“**IROC**” means the Investment Industry Regulatory Organization of Canada and any successor entity.~~

~~“**IROC Rules**” means UMLR and IROC’s dealer member rules.~~

“**Independent Director**” means a director who is independent in accordance with section 1.4 of National Instrument 52-110 *Audit Committees* or its successor provision.

“**Insider**” means:

- (1) for a Listed Issuer that is not an Investment Fund, an officer, director or insider (within the meaning of the *Securities Act* (Ontario));
- (2) for a Listed Issuer that is an Investment Fund, an officer or director (within the meaning of the *Securities Act* (Ontario)) of the Investment Fund or the investment fund manager of the Listed Issuer;
- (3) a promoter of a Listed Issuer that is not an Investment Fund;
- (4) a Person identified as an Insider, individually or by virtue of their position, by an issuer;
- (5) if the Insider is not an individual, each director, officer and Control Person of that Insider; and
- (6) such other Person as may be designated from time to time by the Exchange.

“**Investment Fund**” means an “investment fund” as defined under the *Securities Act* (Ontario).

“**IPO**” means initial public offering.

“**Liquidation Distribution**” means, in respect of a SPAC, the distribution of the Escrowed Funds to each existing shareholder (other than the Founding Security Holders in respect of their Founding Securities and their Specified SPAC Securities) for each share held, on a pro rata basis net of any applicable taxes and direct expenses related to the distribution, if the Qualifying Transaction is not completed within the Permitted Time for Completion of a Qualifying Transaction.

“**Listed Issuer**” means an issuer with one or more classes of securities listed in accordance with and subject to the requirements set out in the Listing Manual.

“**Listed Securities**” means any securities of a Listed Issuer that are listed on the Exchange.

“**Listing Document**” means a prospectus, an AIF, an information circular or any other document acceptable to the Exchange, including U.S. or foreign equivalents, determined on a case-by-case basis.

“**Market Regulator**” means [HROCCIRO](#) or such other person recognized by the Ontario Securities Commission as a Regulation Services Provider for the purposes of Ontario securities law and which has been retained by the Exchange as an acceptable Regulation Services Provider.

“**Material Information**” means any information relating to the business and affairs of an issuer that results in or would reasonably be expected to result in a significant change to the market price or value of any of the issuer’s Listed Securities, and includes a material change or a material fact, in each case within the meaning of the *Securities Act* (Ontario).

“**Maximum Discount to Market Price**” means the closing market price on the day preceding the date on which the Listed Issuer issues a press release announcing a transaction or Files for price reservation, less a discount of 20%.

“**Member**” means a Person that has executed a member agreement and been approved by the Exchange to access the Exchange systems, provided such access has not been terminated.

“**Non-Voting Securities**” means Restricted Securities that do not carry a right to vote except in certain limited circumstances, such as to elect a limited number of directors or to vote where mandated by applicable corporate or securities law.

“**Normal Course Issuer Bid**” or “**NCIB**” means an issuer bid for a class of Listed Securities where the purchases over a 12-month period by the Listed Issuer or Persons acting jointly or in concert with the Listed Issuer and commencing on the date of Filing of the documents required by Exchange Requirements, do not exceed the greater of:

- (1) 10% of the Public Float; or
- (2) 5% of the securities of the class outstanding,

as of the date of Filing of the documents required by Exchange Requirements, excluding purchases under a formal issuer bid.

### 2.122.11 Listing Transactions that Do Not Involve an Agent, Underwriter or Canadian Securities Regulatory Authority

- (1) In light of the increased risks associated with an application to list securities of an issuer:
- (i) for which no **HRCCIRO** member or other suitable third party has concurrently conducted due diligence, or
  - (ii) that does not involve a prospectus reviewed by a Canadian securities regulatory authority, the application to list securities on the Exchange will be subject to additional requirements and/or increased scrutiny by the Exchange.

**Commentary:**

*When assessing whether to impose additional requirements, the Exchange may consider the following factors:*

1. *whether the issuer is an Emerging Market Issuer;*
2. *the size, nature and location of the issuer's business or assets;*
3. *whether the issuer is subject to analogous regulation in its home jurisdiction; and*
4. *the length of time since due diligence has last been conducted by a third party (ex: by an underwriter) or since the issuer has filed a prospectus.*

- (2) The Exchange may require:
- (a) additional submissions to be Filed by the issuer or other experts, including title and other legal opinions;
  - (b) due diligence or other reports to be prepared by a third party (who may be required to be an **HRCCa CIRO** member); and/or
  - (c) that the issuer file a non-offering prospectus with a Canadian securities regulatory authority.
- (3) Issuers described in this section that are applying to list their securities on the Exchange must arrange a pre-filing meeting with the Exchange to discuss their application and any additional information or other requirements that will be applicable.

### 2.132.12 Escrow

- (1) An issuer other than an ETP, applying for listing in conjunction with an initial public offering must have an escrow agreement with its principals that complies fully with the requirements of National Policy 46-201 *Escrow for Initial Public Offerings* (“**NP 46-201**”) respecting established issuers. The Exchange will require the issuer to provide a draft of such escrow agreement(s) to the Exchange for review prior to its execution.

**Commentary:**

*An escrow agreement is generally not considered necessary for any issuer that has a market capitalization of at least \$100 million (i.e., an “exempt issuer” under paragraph 3.2(b) of NP 46-201).*

“Neo Exchange Cboe Canada Inc. has conditionally approved the listing of these securities. Listing is subject to the issuer fulfilling all of the Exchange’s listing requirements on or before *[date stipulated by the Exchange]*, including the minimum distribution requirements.”

#### 2.162.14 Documentation Required for Final Approval

- (1) All issuers must submit the following documentation, as applicable, for final listing approval and posting of securities for trading on the Exchange:
  - (a) a completed Listing Application (Form 1) together with any additions or amendments to the supporting documentation previously provided, as required by Schedule A to the Listing Application;
  - (b) an executed copy of the final Listing Document and a blackline to the draft or preliminary Listing Document submitted with the initial listing application;
  - (c) a copy of a notice from the Clearing Corporation confirming the CUSIP number assigned to the proposed Listed Security;
  - (d) if the proposed Listed Securities are to be listed upon conclusion of a public offering, a copy of the receipt(s) for the final prospectus Filed as the Listing Document;
  - (e) a letter from the transfer agent stating that it has been duly appointed as transfer agent and registrar for the issuer;
  - (f) an opinion of counsel addressing the following matters, as applicable:
    - (i) that the issuer validly exists and is in good standing,
    - (ii) that the issuer is (or will be) a reporting issuer or equivalent under the securities legislation of **[state applicable jurisdictions]** and is not in default under such securities legislation,
    - (iii) that the issuer or any other entity on its behalf (e.g. manager, trustee), as applicable, has the power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, including entering into any contractual arrangements, and to perform its obligations thereunder, and
    - (iv) that all proposed Listed Securities that are issued and outstanding or that may be issued upon conversion, exercise or exchange of other issued and outstanding securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable securities; and
    - (v) such other matters as the Exchange may require.

- (4) If a Listed Issuer chooses to publish news releases or other documents required to be Filed by the Exchange or by securities regulatory authorities on its website, it must publish all of them. It cannot publish only favourable information. Similarly, news releases and other filings must be clearly distinguished from marketing material that may also be on the website so that a viewer will not confuse the two.

#### 32.065.06 Content of News Releases

- (1) Announcements of Material Information should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news.
- (2) News releases must contain sufficient detail to enable investors to assess the importance of the information to allow them to make informed investment decisions.

#### *Commentary:*

*NEO*The Exchange is not responsible for the contents of a Listed Issuer's press release.

- ~~(4)~~(3) Listed Issuers should communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.

- ~~(5)~~(4) News releases must not be misleading.

#### *Commentary:*

*For example, a Listed Issuer must not announce an intention to enter into a transaction if it lacks the ability to complete the transaction or if no corporate decision has been made to proceed with the transaction.*

- ~~(6)~~(5) Investors and the media may wish to obtain further information concerning the announcement. All news releases must include the name of an officer or director of the Listed Issuer who is responsible for the announcement, together with the Listed Issuer's telephone number. The Listed Issuer is encouraged to also include the name and telephone number of an additional contact person.

#### 32.085.07 Trading Halts for the Dissemination of Information

- (1) Trading may be halted by the Market Regulator during trading hours to allow Material Information to be disseminated and allow market participants to decide if they want to change their buy or sell orders. The Decision to halt trading is the Market Regulator's, and it will not routinely halt trading for all press releases, even at the request of the Listed Issuer. It is not appropriate for a Listed Issuer to request a trading halt if it is not prepared to make an announcement forthwith.
- (2) The Market Regulator may also halt trading to obtain a statement from a Listed Issuer clarifying a rumour or unusual trading that is having an effect on the market for the issuer's securities.



**34.057.05 Warrants and Other Convertible, Exercisable and Exchangeable Securities**

- (1) Warrants (to purchase securities of an issuer's own issue) may not be issued for nil consideration except as "sweeteners" in conjunction with an issuance of Listed Securities (or securities that are convertible, exercisable or exchangeable into a class or series of Listed Securities), in which case:
- (a) ~~(i)~~ securities issuable on exercise of the warrants must not be issuable at less than the market price on the trading day prior to the day on which the price was reserved, and;
  - (b) ~~(ii)~~ the number of securities issuable upon exercise of the warrants cannot exceed the number of Listed Securities initially issued (or, in the case of the issuance of securities that are convertible, exercisable or exchangeable into a class or series of Listed Securities, the number of Listed Securities that are issuable).

**Commentary:**

*The exercise price of a convertible, exercisable or exchangeable security must not be lower than closing market price on the day preceding the date on which the Listed Issuer issues a press release announcing a transaction or Files a Form 9A – Price Reservation.*

- ~~(3)~~(2) Notwithstanding the foregoing, securities issuable upon exercise of warrants issued as compensation to brokers or finders in connection with a private placement or public offering (commonly known as broker warrants or compensation options) may be priced at the offering price for the private placement or public offering.
- ~~(4)~~(3) Convertible, exercisable or exchangeable securities must be subject to standard anti-dilution provisions.
- ~~(5)~~(4) Non-material changes to the conversion, exercise or exchange characteristics of the security are permitted, subject to the prior approval of a majority of Independent Directors of the Listed Issuer. Any material changes must be approved by security holders other than security holders who are advantaged by the proposed amendment. A Listed Issuer must File a notice (Form 9B) at least five trading days prior to implementing such proposed amendments.

**Commentary:**

*Materiality is a matter of judgment in the particular circumstance; a Listed Issuer's board of directors must determine materiality. A "material" amendment to the terms of an option, warrant and convertible security includes (but is not limited to), the following:*

- *a material extension of the term of the convertible security (for example: an extension of a term of a grant by 10% or less may be immaterial but becomes material if the amended term extends the grant*