

INSTINET CANADA CROSS LTD.

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

CHANGE TO INSTINET CANADA CROSS TRADING SYSTEM

Instinet Canada Cross (**ICX**) has announced plans to implement the change described below subject to approval by the Ontario Securities Commission (the **OSC**). ICX is publishing this Notice of Proposed Change and Request for Comment in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto". Market participants are invited to provide the OSC with comments on the proposed change.

Feedback on the proposed change should be in writing and submitted by March 2, 2020 to:

Market Regulation Branch
Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

And to:

Torstein Braaten
Chief Operating Officer and Chief Compliance Officer
Instinet Canada Cross Ltd.
100 Wellington Street West, Suite 2202
Toronto, Ontario M5K 1H1
e-mail: torstein.braaten@instinet.com

Feedback received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of OSC staff's review and to specify the intended implementation date of the change.

If you have any questions concerning the information below, please contact Torstein Braaten, Chief Operating Officer of ICX, at (416) 304-6367.

Conditional Orders

A. Detailed description of the proposed change to the ICX trading system

Overview

ICX proposes to create a conditional order book (the **ICX Conditional Order Book**) separate from the order book for the current ICX liquidity pool (the **ICX Order Book**). In connection with

the ICX Conditional Order Book, ICX proposes to allow ICX subscribers (**Subscribers**) to submit to the ICX Conditional Order Book non-executable electronic messages representing a notification of potential trading interest (**Conditional Orders**). Subscribers with Conditional Orders in the ICX Conditional Order Book will be invited by ICX to “firm-up” their trading interest when contra-side Conditional Orders in the ICX Conditional Order Book are available. Subscribers may then choose to transmit an executable order to the ICX Order Book for potential matching and execution, which is commonly known as a “firm-up”. The Conditional Orders that generate firm-up requests to trade will be cancelled on the ICX Conditional Order Book. Subscribers can re-enter a new Conditional Order after they receive the invitation. These processes, and an associated compliance mechanism designed to limit potential information leakage, are described in further detail below.

ICX will continue to operate through two main components (1) a “FIX” (or Financial Information exchange) electronic gateway system that allows Subscribers to enter, revise, and cancel orders and Conditional Orders; and (2) a proprietary matching engine.

The ICX Conditional Order Book will be made available through the creation of a new Conditional Order engine for Canadian symbols currently trading on ICX and with Conditional Orders expressed in Canadian dollars to facilitate the resulting firm-up process for Conditional Orders.

Subscribers may submit Conditional Orders to, and manage Conditional Orders on, the ICX Conditional Order Book in the same manner they may submit and manage orders transmitted to the ICX Order Book, by transmitting electronic messages which comply with the FIX protocol. The proposed ICX Conditional Order Book will be distinct from the ICX Order Book. The ICX Conditional Order Book and the ICX Order Book will not share any information or order interest between them. A diagram of order flows is set out in the attached Appendix.

Order Interaction, Matching, and Execution:

Subscribers submitting Conditional Orders to the ICX Conditional Order Book may select any available pricing instructions (e.g. market, limit), set an ultimate limit price, and/or utilize a “minimum quantity” instruction that will prevent their Conditional Order from triggering firm-up messages in relation to contra-side Conditional Orders below the specified minimum quantity. All Conditional Orders on the ICX Conditional Order Book will expire at the end of the trading day (i.e. 4 PM EST).

Conditional Orders will remain in the ICX Conditional Order Book until (a) the sending Subscriber is invited to firm-up the Conditional Order or (b) the Conditional Order is cancelled by the sending Subscriber or ICX.

ICX will match Conditional Orders where contra-side interest is eligible to match within the Canadian Best Bid and Offer (**CBBO**) by price, broker and time priority. Unmarketable Conditional Orders or those not in accordance with any Subscriber-selected minimum quantity requirements are not eligible to generate a firm-up message.

In the event the ICX Conditional Order Book identifies potential contra-side interest, Subscriber(s) with Conditional Order(s) will receive notification of the potential trading opportunity, or an invitation to firm-up. The notification received will identify the symbol and side of the trading opportunity but will not display the size of the order, the price or the identity of the potential counterparty.

Upon receiving the notification, a Subscriber may accept or reject the notification. If a Subscriber rejects the notification, no trade occurs. In the event a Subscriber elects to accept the notification, the Subscriber submits an order to the ICX Order Book providing information that references the Subscriber's original Conditional Order. Subscribers may also specify a time in force for their firm order.

Once a firm order is routed to ICX Order Book, the order is eligible for matching and execution in accordance with existing ICX matching and execution logic. All executions on ICX are done at the CBBO mid-point. In the event contra-side interest is no longer available, no execution will occur.

Orders submitted to ICX are prioritized for execution based upon strict time priority. No two orders can enter the ICX Order Book at precisely the same time, so time priority is determined by the actual time an order is received by the ICX Order Book. All orders retain the original time-stamp received upon entry to the ATS. Unmarketable orders or those orders not in accordance with minimum quantity requirements are not eligible to execute.

Order Sizes

ICX does not enforce a minimum order quantity. Subscribers may utilize a minimum quantity instruction on their Conditional Orders that will prevent ICX from sending firm-up messages in relation to contra-side Conditional Orders below the Subscriber specified minimum quantity.

If in the future, based on Subscriber activity and preference, ICX determines that it will implement a system-wide minimum quantity for Conditional Orders, ICX will file an additional amendment to our Form 21-101F2 at such future time.

Compliance Mechanism

As part of this proposed change, ICX will adopt a compliance mechanism which will be operating on launch and is intended to limit information leakage. ICX will monitor Conditional Orders transmitted and related firm-up rates for each Subscriber in order to limit a Subscriber's ability to receive information about potential trading interest within the ICX Conditional Order Book without transmitting related firm orders to ICX.

To limit the potential for information leakage, ICX personnel will evaluate, on an ongoing basis for each trading day, the firm-up rate for each Subscriber and their users. In the event that a Subscriber's individual user ID or connection firm-up rate drops below 50% for the relevant trade date, provided that no less than 10 conditional orders have been sent, ICX will manually suspend such a Subscriber's ability to send new Conditional Orders for the duration of that trading day. At the time such restriction is implemented, ICX personnel will attempt to contact or notify the relevant Subscriber on a best efforts basis. At the start of each trading day, the restriction will be lifted.

On a periodic basis (e.g. monthly), ICX personnel will review each Subscriber's firm-up rate and group Subscribers into quartiles based upon their firm-up rates over the relevant time period. Subscribers that are grouped into the lowest quartile based upon their firm-up rate in three consecutive periods will be further reviewed for their fall down rates. ICX personnel will inquire as to the reason for the relatively high fall-down rates and use this information to determine whether additional action is necessary. ICX will temporarily prohibit a Subscriber user ID from submitting additional Conditional Orders when that Subscriber user ID or connection is associated with less

than 50% firm-up rates over the three periods. The compliance system is predicated on the premise that Subscribers can use multiple venues for their conditional orders and ICX may experience lower than anticipated firm-up rates depending on how the Subscribers integrate the various competing venue offerings and options. The bottom quartile is being used to identify a population of Subscribers that consistently demonstrates low firm-ups rates that may decrease the quality and experience by other Subscribers that have consistently higher firm-up rates.

ICX believes this compliance mechanism will encourage higher firm-up rates and more liquidity and is reasonably designed to allow for compliance with Ontario securities law, as explained in Section E below.

Fees

Current ICX fees will apply to trades resulting from a Conditional Order. If, in the future, one or more new fees are determined to be appropriate with respect to trades that result from a Conditional Order, ICX will file a fee change amendment to our Form 21-101F2 at such future time.

B. Expected Implementation Date

The Proposed Change is expected to be implemented 90 days after approval by OSC Staff.

C. Rationale for the proposed change

The proposed change will allow ICX to add liquidity and value by improving its current order offerings. Conditional orders similar to the proposed Conditional Orders are already in use on marketplaces in Canada, including MatchNow, Liquidnet Canada and in the United States and Europe.

D. Expected impact of the proposed change on Market Structure, Subscribers, Investors and the capital markets

The proposals described in this letter are not expected to have any impact on market structure, subscribers, investors and capital markets. The proposed Conditional Order type is substantially similar to other conditional order types currently offered by other Canadian marketplaces such as MatchNow. ICX expects to continue to operate as a non-displayed dark market. Conditional Orders will be handled as described above and will not be displayed.

E. Expected impact of the proposed change on ICX's compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market

We foresee no negative impact with respect to compliance with Ontario securities law and the requirements for fair access.

In particular, the proposed Conditional Order type would be optional and would be made available on an equal basis to all ICX subscribers, in accordance with the "fair access" requirements set out in section 5.1 of National Instrument 21-101 - *Marketplace Operation*.

ICX will take reasonable steps to monitor order entry and trading activity through the proposed Conditional Order type for compliance with ICX's operational policies and procedures, as well as to encourage compliance with securities laws and the rules of ICX's regulatory services provider (IIROC), just as it does for all order types, in accordance with the "fair and orderly markets" requirements set out in section 5.7 of NI 21-101 and subsections 7.6(2) and (3) of 21-101CP.

F. Consultations

ICX discussed the proposed change with several Subscribers and received supportive responses. The Proposed Change was approved by the management of ICX.

G. Systems modifications required by subscribers or service vendors

The proposed change will require some work by existing Subscribers to modify their own systems, but only insofar as they wish to utilize Conditional Orders, because this is optional functionality.

ICX could not make a reasonable estimate of the time needed for Subscribers to modify their own systems as a result of the proposed change, as this will depend on the specific circumstances of each Subscriber.

H. Does the proposed change introduce a feature that currently exists in other markets or jurisdictions?

The proposed change is not novel. The Conditional Order is similar to other conditional orders offered by other Canadian, U.S. and European marketplaces, including MATCHNow and LiquidNet Canada.

Appendix – Conditional Orders: Examples and Diagrams

Instinet Canada Cross Ltd (ICX) Conditional Order examples

CBBO for ABC is bid 10.00 offer 10.02 with mid being 10.01 — ICX Order Book only executes at the mid-point of CBBO when markets are not locked or crossed.

Example 1 most simple conditional match

Step 1 Orders

10:00 AM Subscriber A sends Conditional Buy 10,000 ABC Mkt

10:05 AM Subscriber B sends Conditional Sell 30,000 ABC Mkt

Step 2 Firm-up request

At 10:05:00 AM ICX Conditional Order Book sees opportunity for a match.

10:05:00 AM firm-up request sent to Subscriber A and B and both Conditional Orders for Subscriber A and B are cancelled in the Conditional Order book.

Step 3 Both Subscribers respond to manual OMS pop-up

10:05:02 AM Subscriber A sends Buy 10,000 ABC Mkt to ICX Order Book referencing the Conditional order

10:05:08 AM Subscriber B sends Sell 30,000 ABC Mkt to ICX Order Book referencing the Conditional order

Step 4 Matching process in ICX Order Book

10:05:08 AM Trade of 10,000 ABC at mid-point 10.01

10:05:08 AM Subscriber A receives buy fill of 10,000 at 10.01

10:05:08 AM Subscriber B receives sell fill of 10,000 at 10.01

Step 5 Unfilled Orders

Subscriber B still has 20,000 shares unfilled open in the ICX Order Book. Subscriber B can decide to cancel the unfilled portion of their order and send new Conditional order for 20,000 to sell at Mkt back to the Conditional Order book

Example 2 conditional match with interference in ICX Order Book

Step 1 Orders

9:45 AM Subscriber C sends to ICX Order book Sell 500 at 10.00 ABC

10:00 AM Subscriber A sends Conditional Buy 10,000 ABC Mkt

10:05 AM Subscriber B sends Conditional Sell 30,000 ABC Mkt

Step 2 Firm-up request

At 10:05:00 AM ICX Conditional Order Book sees opportunity for a match

10:05:00 Am firm-up request sent to Subscriber A and B and both Conditional Orders for Subscriber A and B are cancelled

Step 3 Subscriber A respond to manual OMS pop-up

10:05:02 AM Subscriber A sends Buy 10,000 ABC Mkt to ICX Order Book

Step 4 Matching process in ICX Order Book — interference with other orders

10:05:02 AM CBX trades 500 ABC at mid-point 10.01
10:05:08 AM Subscriber A receives buy fill of 500 at 10.01, Buy for 9,500 rests in ICX Order book

Step 5 Subscriber B responds to manual OMS pop-up
10:05:08 AM Subscriber B sends Sell 30,000 ABC Mkt to ICX Order Book

Step 6 Matching process in ICX Order Book
10:05:08 AM CBX trades 9,500 ABC at mid-point 10.01
10:05:08 AM Subscriber A receives buy fill of 9,500 at 10.01
10:05:08 AM Subscriber B receives sell fill of 9,500 at 10.01

Example 3 conditional match with Time-in-Force in ICX Order Book (failed match)

Step 1 Orders
10:00 AM Subscriber A Algo sends Conditional Buy 10,000 ABC Mkt
10:05 AM Subscriber B sends Conditional Sell 30,000 ABC Mkt

Step 2 Firm-up request
At 10:05:00 AM ICX Conditional Order Book sees opportunity for a match
10:05:00 AM firm-up requests sent to Subscriber A and B and both Conditional Orders are cancelled

Step 3 Subscriber A Algo responds immediately to firm up request
10:05:00 AM Subscriber A sends Buy 10,000 ABC Mkt to ICX Order book with Time-in-Force of 10 seconds

Step 4 Time-in-Force expires
Subscriber A firm order expired at 10:05:10 AM before Subscriber B sent in a firm order to ICX Order book

Step 5 Subscriber B responds to manual OMS pop-up
10:05:15 AM Subscriber B sends Sell 30,000 ABC Mkt to ICX Order book

Step 6 No match in ICX Order book
Note both Subscribers responded to the firm-up request so both get credit for firming up even if there was no trade executed

Example 4 conditional match with “fall-down” (failed match)

Step 1 Orders
10:00 AM Subscriber A Algo sends Conditional Buy 10,000 ABC Mkt
10:05 AM Subscriber B sends Conditional Sell 30,000 ABC Mkt

Step 2 Firm-up request
At 10:05:00 AM ICX Conditional Order Book sees opportunity for a match
10:05:00 AM firm-up requests sent to Subscriber A and B and both Conditional Orders are cancelled

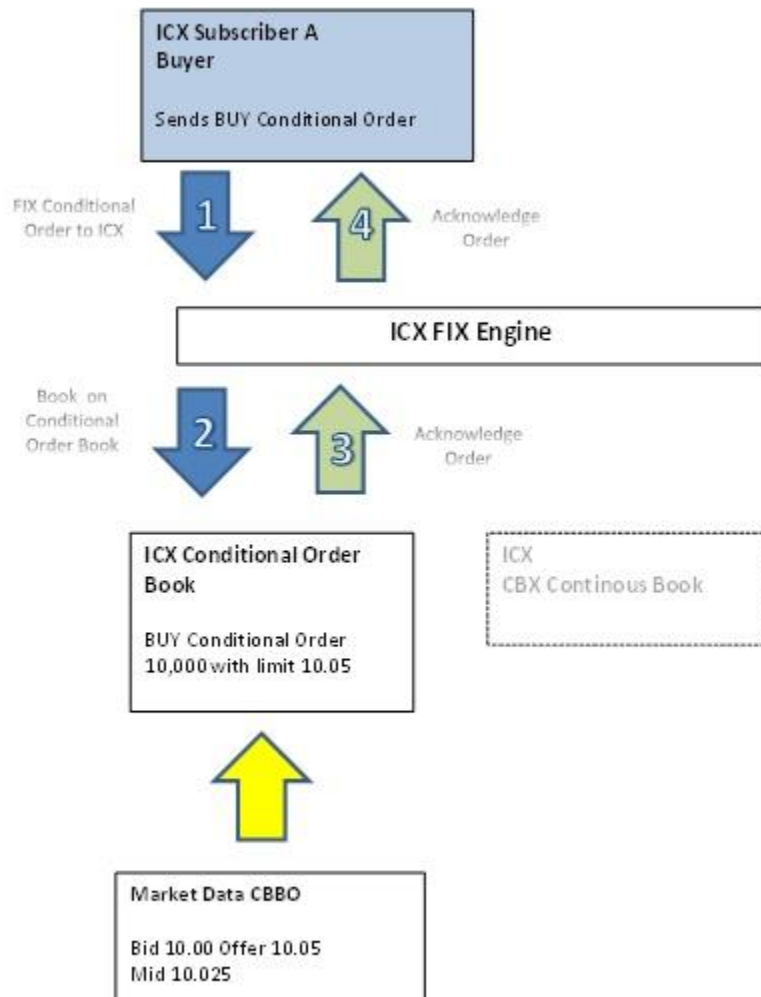
Step 3 Subscriber A Algo responds immediately to firm up request

10:05:00 AM Subscriber A sends Buy 10,000 ABC Mkt to ICX Order Book and will remain open until filled or cancelled.

Step 4 Subscriber B does not respond to manual OMS pop-up. Note that there is no time limit set to respond to the notification.

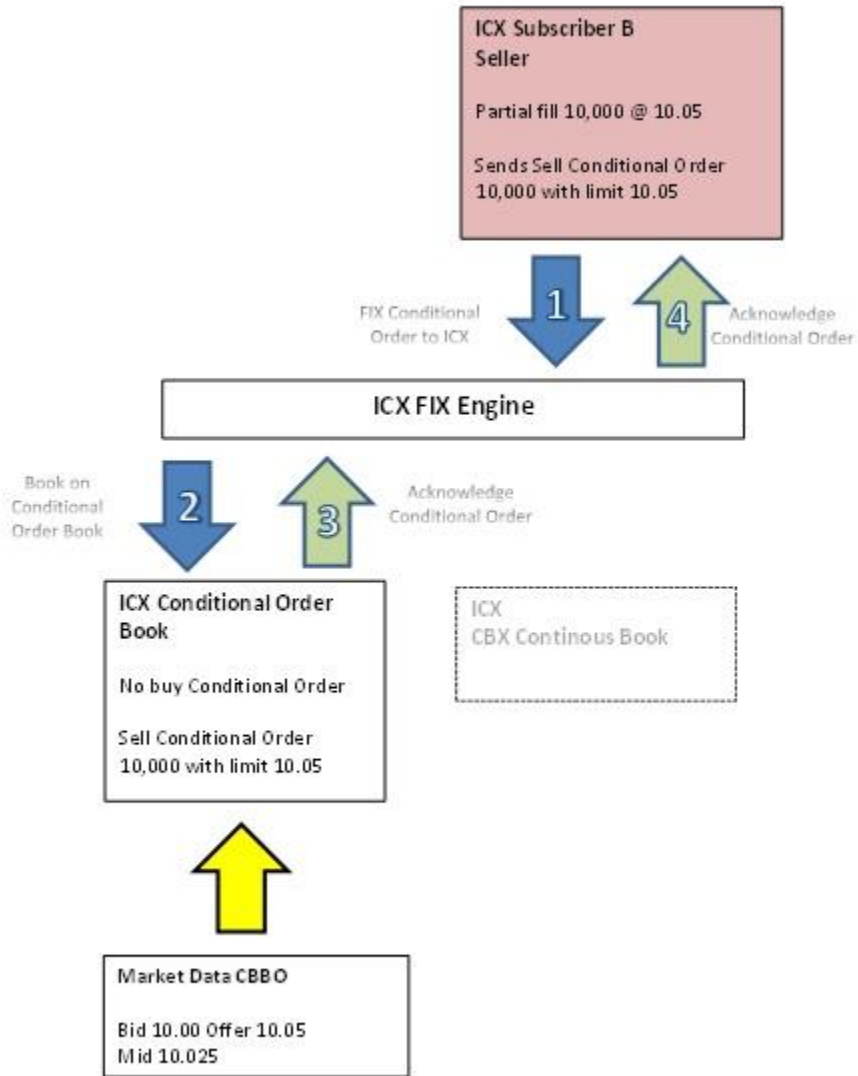
Step 5 No Match in ICX Order Book
Subscriber B "fall-down" tracked for compliance mechanism.

Illustration 1, Submitting a Conditional Buy Order to ICX



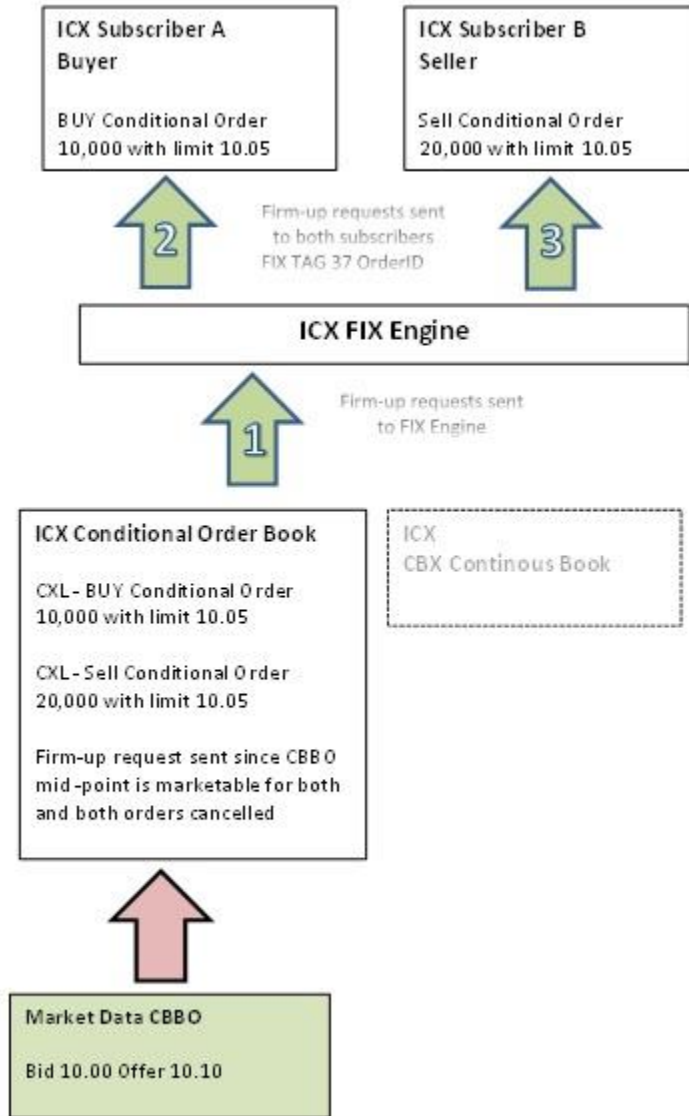
1. Conditional Buy order is routed to the ICX FIX Engine.
2. The ICX FIX Engine routes the Conditional Buy order to the ICX Conditional Order Box. The ICX Conditional Order Box does not check orders or communicate with the ICX Order Book
3. The ICX Conditional Order Book acknowledges the Conditional Order.
4. The ICX FIX Engine acknowledges the Conditional Order to Subscriber A.

Illustration 2, Submitting a Conditional Sell Order to ICX



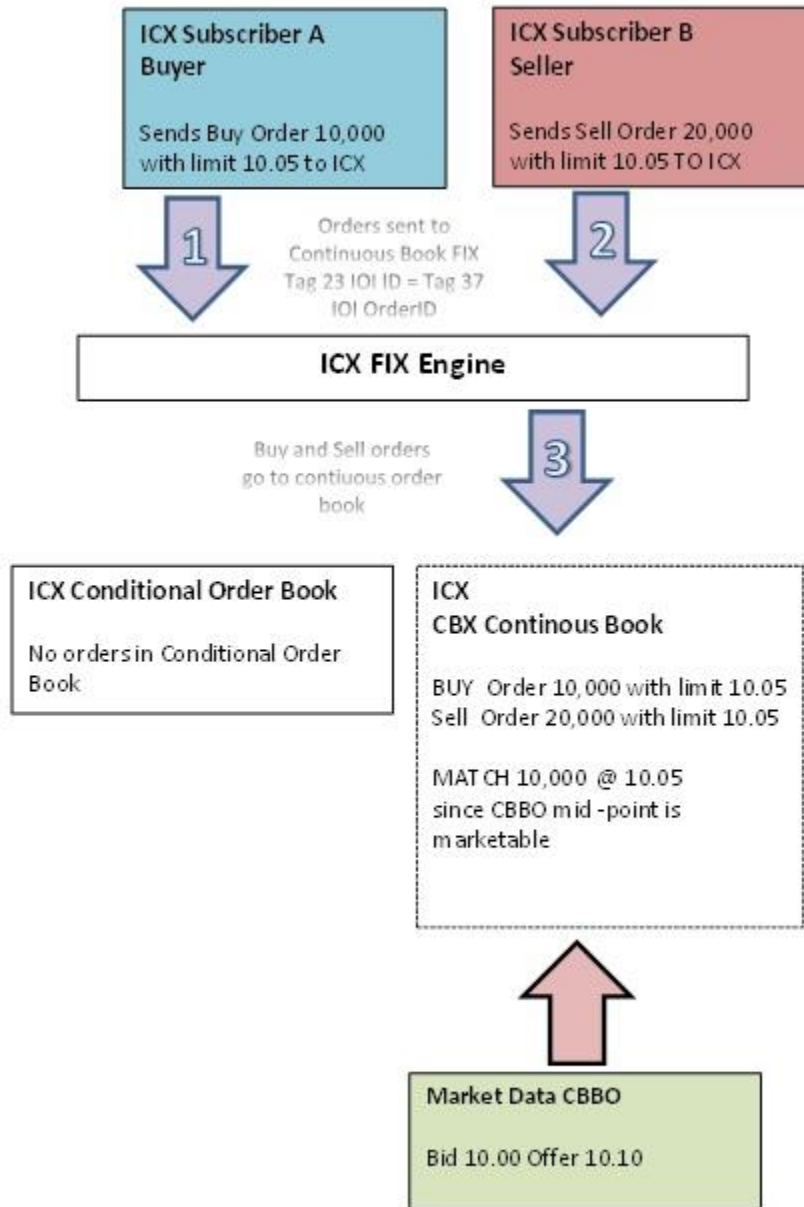
1. Conditional Sell order is routed to the ICX FIX Engine.
2. The ICX FIX Engine routes the Conditional Sell order to the ICX Conditional Order Box. The ICX Conditional Order Box does not check orders or communicate with the ICX Order Book
3. The ICX Conditional Order Book acknowledges the Conditional Order.
4. The ICX FIX Engine acknowledges the Conditional Order to Subscriber B.

Illustration 3, ICX Conditional Order Book sees opportunity for a match



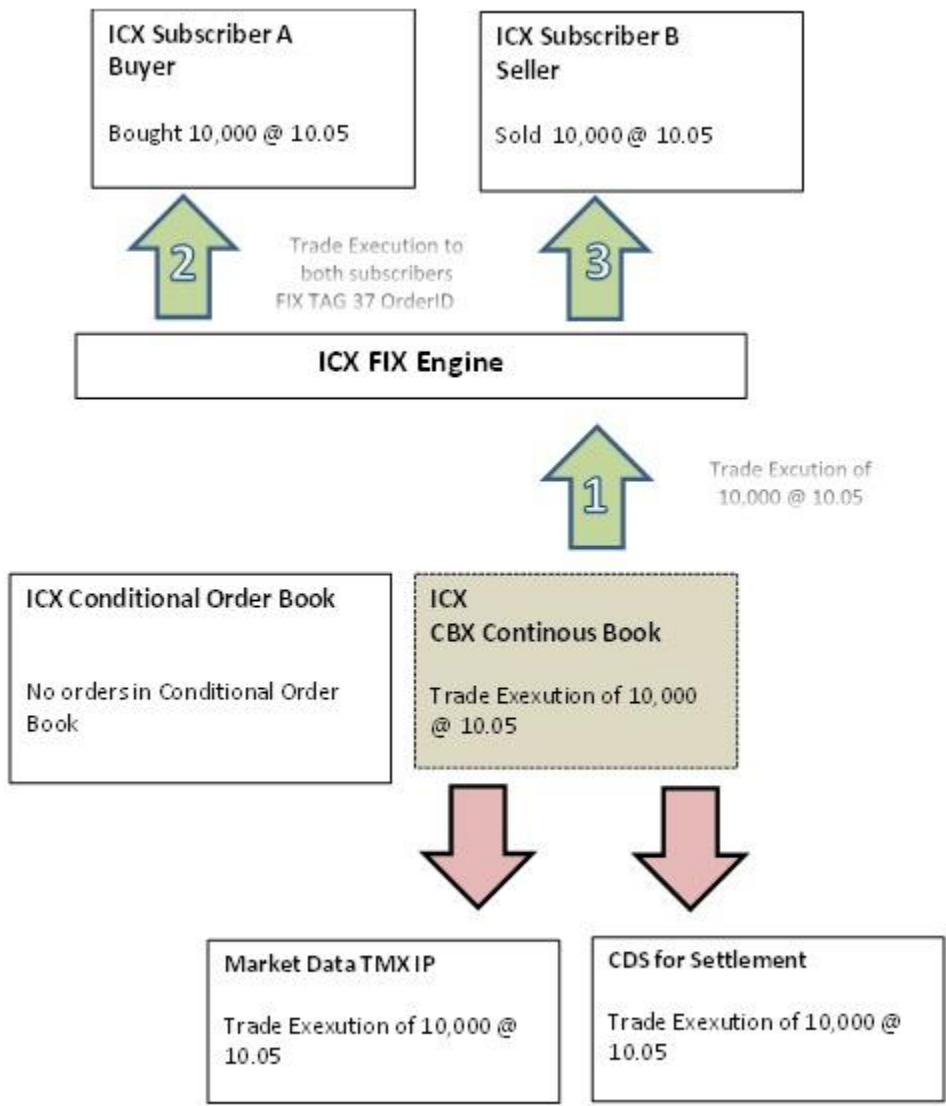
1. ICX Conditional Order Book sends notification to ICX FIX Engine that there is an opportunity for a match.
2. The ICX FIX Engine routes firm-up notification to Subscriber A
3. The ICX FIX Engine routes firm-up notification to Subscriber B

Illustration 4, Subscribers firm-up their trading interest with firm orders to ICX



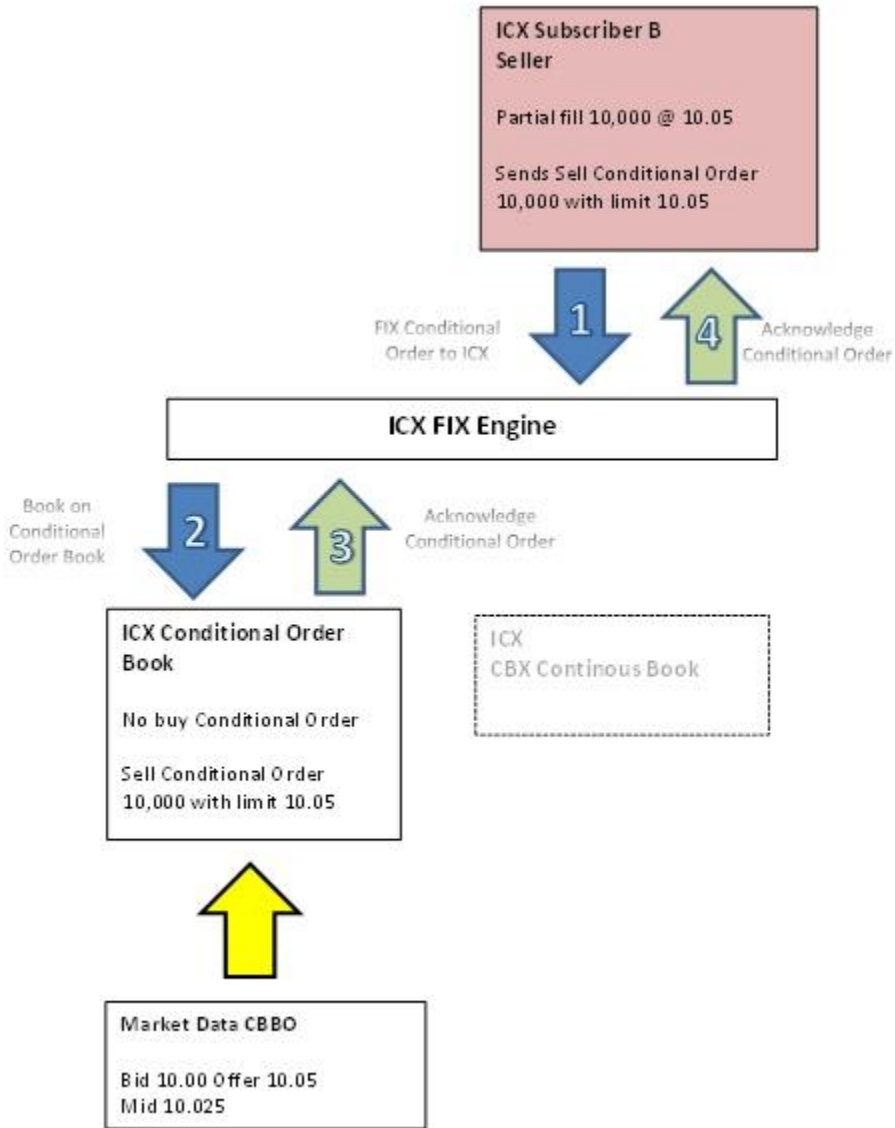
1. Subscriber A sends a firm order to ICX referencing the conditional order firm-up request.
2. Subscriber B sends a firm order to ICX referencing the conditional order firm-up request.
3. The ICX FIX Engine routes orders to ICX Order Book. Since the order limits are marketable at the CBBO is at mid-point a match is executed

Illustration 5, Execution and reporting of ICX trade



1. The ICX Order Book reports and execution to the ICX FIX Engine
2. Subscriber A is notified of trade execution on ICX.
3. Subscriber B is notified of trade execution on ICX (partial fill). Subscriber B still has the unfilled portion of their order on ICX

Illustration 6, Subscriber B enters unfilled amount back into ICX Conditional Order Book



1. Subscriber B cancels order in ICX Order Book and then sends new Conditional Sell order is routed to the ICX FIX Engine.
2. The ICX FIX Engine routes the Conditional Sell order to the ICX Conditional Order Box. The ICX Conditional Order Box does not check orders or communicate with the ICX Order Book
3. The ICX Conditional Order Book acknowledges the Conditional Order.
4. The ICX FIX Engine acknowledges the Conditional Order to Subscriber B.