

13.2.2 Canadian Securities Exchange – Amendments to Trading System Functionality and Features – Notice of Approval

CANADIAN SECURITIES EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO TRADING SYSTEM FUNCTIONALITY AND FEATURES

INTRODUCTION

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto* ("Protocol"), CNSX Markets Inc. ("CSE") has adopted, and the Ontario Securities Commission ("OSC") has approved, significant changes to the CSE Trading System.

On August 9th, 2018, the CSE published Notice 2018-006 – Request for Comment – Significant Change Subject to Public Comment – Amendments to Trading System Functionality and Features, describing several new order types proposed by the CSE. The period for public comment expired on September 10th, 2018.

CSE received one comment letter pertaining to Broker Preferencing for Non-attributed Dark Orders – a summary of that comment letter and the CSE response is attached as Appendix "A". There were no comments on the following: At the Touch Pegged Orders, CSE Limit on Open ("LOO") Orders, and Seek Dark – Price Improved Only Orders.

DESCRIPTION OF THE AMENDMENTS

The changes included new order types and enhancements to existing order types.

Notice 2018-006 proposed five amendments:

<https://thecse.com/en/about/publications/notices/notice-2018-006-significant-change-subject-to-public-comment-amendments>

The OSC has approved four of the proposed amendments, namely:

- At the Touch Pegged Orders;
- Broker Preferencing for Non-attributed Dark Orders;
- LOO Orders; and
- Seek Dark – Price Improved Only Orders.

The Pegged Order Max Qty order type is not addressed in this notice.

IMPLEMENTATION

It is expected that the new order types will be implemented in the first quarter of 2019.

Appendix A

Notice 2018-006 - Significant Change Subject to Public Comment

Amendments to Trading System Functionality and Features

Summary of Comments Received Regarding Broker Preferencing for Non-attributed Dark Orders

Summary of Respondents' Comments	CSE Response
Broker Preferencing for Non-attributed Dark Orders	
Respondent 2 expressed the view that anonymous broker preferencing in place on Canadian marketplaces and proposed by CSE is inconsistent with the accepted practice in the lit market of making attribution the trade-off for the benefit of broker preferencing.	Canadian market structure has already incorporated anonymous broker preferencing. As such, to meet customer demand, equivalent and competitive functionality is necessary.