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Chapter 1

Notices

1.1 Notices

1.1.1 Notice of Ministerial Approval of Amendments to National Instrument 24-102 Clearing Agency Requirements

NOTICE OF MINISTERIAL APPROVAL OF AMENDMENTS TO NATIONAL INSTRUMENT 24-102 CLEARING AGENCY REQUIREMENTS

The Minister of Finance recently approved, pursuant to section 143.3 of the *Securities Act* (Ontario), amendments made by the Ontario Securities Commission (**OSC** or the **Commission**) to National Instrument 24-102 *Clearing Agency Requirements* (the **Rule Amendments**). In connection with the Rule Amendments, the Commission also adopted changes to the related Companion Policy 24-102CP (the **Policy Changes**).

The Rule Amendments and Policy Changes were published in the OSC Bulletin at (2020), 43 OSCB 2627 and on the OSC website at https://www.osc.gov.on.ca/documents/en/Securities-Category2/ni_20200319_24-102_clearing-agency-requirements.pdf on March 19, 2020, and are reproduced in Chapter 5 of this Bulletin. The Rule Amendments and Policy Changes become effective on June 19, 2020.

1.1.2 CSA Notice of Approval – Amendments to National Instrument 21-101 Marketplace Operation and Changes to Companion Policy 21-101CP Marketplace Operation



CSA Notice of Approval
Amendments to National Instrument 21-101 *Marketplace Operation* and
Changes to Companion Policy 21-101CP *Marketplace Operation*

June 18, 2020

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are adopting amendments to:

- National Instrument 21-101 *Marketplace Operation* (**Instrument**)
- Form 21-101F1 *Information Statement – Exchange or Quotation and Trade Reporting System* (**Form 21-101F1**)
- Form 21-101F2 *Information Statement – Alternative Trading System* (**Form 21-101F2**)
- Form 21-101F3 *Quarterly Report of Marketplace Activities* (**Form 21-101F3**)
- Form 21-101F5 *Information Statement – Information Processor* (**Form 21-101F5**).

In connection with the above, the CSA is also making changes to Companion Policy 21-101CP to National Instrument 21-101 *Marketplace Operation* (**Companion Policy**).

The amendments to the Instrument, Form 21-101F1, Form 21-101F2, Form 21-101F3, Form 21-101F5 and the changes to the Companion Policy are together referred to as the **Amendments**. Form 21-101F1, Form 21-101F2, Form 21-101F3, and Form 21-101F5 are collectively referred to as the **Forms**. The Instrument, Forms and Companion Policy are collectively referred to as **NI 21-101**.

The purposes of the Amendments are described in the “Substance and Purpose” section below.

This Notice contains the following annexes:

- **Annex A** – Summary of Changes to NI 21-101 (against version currently-in-effect)
- **Annex B** – List of commenters
- **Annex C** – Summary of comments and CSA responses
- **Annex D** – Amendments to National Instrument 21-101 *Marketplace Operation* (including amendments to the Forms)
- **Annex E** – Changes to Companion Policy 21-101CP to National Instrument 21-101 *Marketplace Operation*
- **Annex F** – Blacklined Amendments to National Instrument 21-101 *Marketplace Operation* (showing the changes to the Instrument, Forms and Companion Policy)
- **Annex G** – Local Matters (published only in local jurisdictions where such additional information is relevant)

Provided all necessary ministerial approvals are obtained, the Amendments will come into force on **September 14, 2020**.

This Notice, including its annexes, is available on the websites of the CSA jurisdictions, including:

www.albertasecurities.com
www.bcsc.bc.ca
www.fcaa.gov.sk.ca
www.fcnb.ca
www.lautorite.qc.ca
www.mbsecurities.ca
nssc.novascotia.ca
www.osc.gov.on.ca

Background

The Instrument establishes the regulatory framework for marketplaces and information processors (**IPs**) that carry on business in the CSA jurisdictions. Together with the Forms, the Instrument requires, among other things, marketplaces and IPs to provide the CSA with comprehensive reporting of all aspects of their operations, both at the time the marketplace and the IP commence operations and anytime the marketplace and IP make changes to that information. The Instrument also requires marketplaces to report, on a quarterly basis, information about the trading activity on the marketplace during the previous quarter.

The Instrument also establishes requirements regarding the information technology systems used by marketplaces and IPs to support their operations, including developing and maintaining adequate internal controls and information technology general controls over critical systems, conducting capacity stress tests on such systems, developing and maintaining reasonable business continuity and disaster recovery plans, and conducting an independent review of these systems (**ISR**).

On April 18, 2019, the CSA published proposed amendments to NI 21-101 for public comment.

Substance and Purpose

The primary purpose of the Amendments is to reduce the regulatory burden associated with the reporting requirements for marketplaces and IPs in NI 21-101. The Amendments will, in our view, streamline these requirements by eliminating duplicative reporting as well as reporting that does not materially contribute to the CSA's oversight of marketplaces and IPs while maintaining a robust reporting framework that supports the objectives of the CSA's oversight, including providing protection to investors and fostering fair and efficient capital markets and investor confidence. The Amendments are also intended to enhance the requirements in relation to the IT systems maintained by marketplaces and IPs. The Amendments clarify testing and reporting requirements and introduce an appropriate focus on cyber resilience.

Specific purposes of the Proposed Amendments include:

- Streamlining reporting requirements in the Instrument and Forms by eliminating the need to report superfluous information and eliminating duplicative reporting requirements;
- Enhancing the systems-related requirements in Part 12 and Part 14 of the Instrument and related guidance in the Companion Policy by optimizing the reporting of material systems incidents by marketplaces and IPs, establishing requirements to promote the cyber resilience of marketplaces and IPs, and providing for consistency with recent changes to the systems requirements for clearing agencies in National Instrument 24-102 *Clearing Agency Requirements*;
- Making other non-substantive changes, corrections and clarifications to NI 21-101.

Summary of Comments Received by the CSA

In response to the publication of the proposed amendments, we received submissions from five commenters. We have considered the comments received and thank all commenters for their thoughtful input on the proposed amendments. A list of commenters who submitted comment letters together with a summary of their comments and the CSA's responses to those comments is attached to this Notice at Annexes B and C respectively. Copies of the comment letters are available at www.osc.gov.on.ca

Summary of Changes to the Instrument, Forms and Companion Policy

Annex A to the Notice includes a summary of notable changes to the Instrument, Forms and Companion Policy, including changes made to the versions published for comment on April 18, 2019.

Questions

Please direct any questions regarding this Notice or the Amendments to:

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ANNEX A

SUMMARY OF CHANGES

The following briefly describes the changes and policy rationales for the key Amendments.

Streamlining reporting requirements

The requirement in paragraph 3.2(3)(a) of the Instrument for a marketplace to file non-significant amendments to the information set out in Form 21-101F1 or Form 21-101F2 has been changed to provide that the marketplace must file any such amendments on a quarterly basis rather than monthly. We expect that quarterly filings of non-significant changes to the information in Form 21-101F1 or Form 21-101F2 will alleviate a significant regulatory burden on marketplaces without compromising the effective oversight of marketplaces by the CSA.

Exhibits C, D and E to Form 21-101F1 and Form 21-101F2 have been streamlined to eliminate the requirements to report certain information in respect of a marketplace's organization, affiliates, and operations. We have eliminated the requirement to report historical employment information for partners, directors and officers of a marketplace, eliminated the requirement to file constating documents for affiliated entities of a marketplace, and consolidated the information a marketplace reports regarding its operations. We expect that the streamlining of these exhibits will materially reduce regulatory burden without compromising the CSA's oversight of marketplaces.

We have also streamlined the information required to be reported quarterly by marketplaces in Form 21-101F3 by eliminating duplicative and burdensome requirements for marketplaces to report systems-related information, including a summary of outages during the previous quarter, as well as requirements to report information on the implementation status of previously filed changes to operations. We have also eliminated all reporting requirements for equity marketplaces trading exchange-listed securities, as the Investment Industry Regulatory Organization of Canada (IIROC) presently collects this information from marketplaces.

We have lengthened the time period associated with the filing by marketplaces of amendments to the information in Exhibit L (Fees) to each of Form 21-101F1 and Form 21-101F2 to at least 15 business days before the marketplace implements a change to its fees. We expect that this change will result in a more reasonable opportunity for the CSA to review marketplace fee filings without imposing any undue burden on marketplaces proposing fee changes.

Financial reporting

New section 4.3 has been added to the Instrument to require recognized exchanges to file interim financial reports within 60 days of the end of the interim period. Currently, in certain CSA jurisdictions, specific financial reporting requirements for exchanges are included in the terms and conditions of the exchanges' recognition orders.

Systems requirements

The concept of 'cyber resilience' has been added to subparagraph 12.1(a)(ii) and subparagraph 14.5(1)(a)(ii) of the Instrument as one of the information technology general controls that a marketplace or IP must develop and maintain. While cyber resilience should already be covered by an entity's controls, the explicit addition of the concept in the Instrument is intended to be reflective of the increasing importance of ensuring that an entity has taken adequate steps to address cyber resilience.

The concept of "security breach" in relation to the notifications that must be provided by a marketplace and IP under paragraph 12.1(c), paragraph 12.1.1(b) and paragraph 14.5(e) has been broadened to "security incident". The change extends the concept beyond actual breaches, as we are of the view that a material event may include one where a breach has not necessarily occurred. We have changed the Companion Policy to provide guidance on what constitutes a "security incident", referencing guidance provided by the National Institute of Standards and Technology (U.S. Department of Commerce) (**NIST**).¹

We have added requirements in the Instrument under section 12.1 and section 12.1.1 that marketplaces keep records of any systems failures, malfunctions, delays or security incidents and identify whether they are material. In response to concerns raised by commenters and to avoid placing undue burden on marketplaces, we have not proceeded with additional related reporting requirements that were included in the proposed amendments to NI 21-101 published for comment. However, guidance included in the Companion Policy provides that the CSA may request additional information from marketplaces regarding systems failures, malfunctions, delays or security incidents.

We have also clarified the requirement at section 12.1.2 that marketplaces must annually engage a qualified party to perform appropriate assessments and testing to identify security vulnerabilities and measure the effectiveness of information security

¹ The NIST definition of "security incident" is available at <https://csrc.nist.gov/Glossary>.

controls that assess the marketplace's compliance with paragraphs 12.1(a) and 12.1.1(a) of the Instrument. Section 12.1.2 replaces guidance previously set out in the Companion Policy on vulnerability assessments and is consistent with similar requirements being proposed for recognized clearing agencies in National Instrument 24-102 *Clearing Agency Requirements*.

Other changes

Lastly, several non-substantive changes, corrections and clarifications have been made. By their nature, none of the non-substantive changes will have any impact on the application of NI 21-101 to marketplaces and IPs.

The following table presents the changes to NI 21-101 as a result of the Amendments.

Provision	Subject	Description of Change
National Instrument 21-101		
Sub. 3.2(2)	Fee changes	Changes to Exhibit L must be filed 15 business days before implementing the change
Para. 3.2(3)(a)	Housekeeping changes	Housekeeping changes to Form 21-101F1 and Form 21-101F2 filed quarterly rather than monthly
Sub. 3.2(6)	Annual consolidated F1/F2	Unchanged information may be incorporated by reference into annual filing
S. 4.3	Financial reporting	Exchanges to file interim financial reports within 60 days of the end of each interim period
Para. 12.1(a)	IT controls	IT general controls must include controls relating to cyber resilience
Para. 12.1(b)	Capacity stress tests	Clarified requirement that stress testing must determine the processing capability of IT systems
Para. 12.1(c)	Notification of systems incidents	Marketplaces must provide prompt notification of material security incidents (for critical and auxiliary systems)
Para. 12.1(d)	Record-keeping for systems incidents	Marketplaces must keep records of any systems failure, malfunction, delay or security incident and identify whether it is material
S. 12.1.2	Vulnerability assessments	Marketplaces must engage a qualified party to perform a vulnerability assessment at least annually
Sub. 12.2(1)	Independent Systems Review (ISR)	Marketplace must engage a qualified external auditor to conduct an independent systems review
Para. 12.2(2)(b)	Reporting of ISR	Delivery of report to the CSA within 60 days of report completion (rather than calendar year end)
Ss. 14.5 and 14.5.1	System requirements for Information Processors (IPs)	Changes to systems requirements for IPs to conform to changes to requirements for marketplaces
Form 21-101F1, Form 21-101F2 and Form 21-101F5		
Exhibits (general)	Date of implementation of change	Date of implementation to reflect the actual or expected date of implementation
Exhibit B	Ownership of marketplace	<ul style="list-style-type: none"> ▪ Threshold for disclosure raised from 5% to 10% ▪ Carve out for marketplaces that are reporting issuers
Exhibit C	Organization of marketplace and IP	Streamlining of information to be provided to reduce burden and eliminate duplication
Exhibit D	Affiliates of marketplace	Streamlining of information to be provided to reduce burden and eliminate duplication
Exhibit E	Operations of marketplace	Streamlining of information to be provided to reduce burden and eliminate duplication
Form 21-101F3		
Part A	General marketplace information	Removal of requirements to report on previously filed amendments to F1 and F2
Part A	Systems-related reporting	Removal of requirements to report systems outages and changes

Part B (Section 1)	Equity marketplaces trading exchange-listed securities	All reporting requirements have been removed to alleviate regulatory burden, as IIROC currently collects much of this information
Part B (Section 2)	Fixed Income marketplaces	Reporting requirements for concentration of trading by marketplace participant (Chart 9) removed
Companion Policy 21-101CP		
S. 6.2	Financial reporting	Guidance on the form of financial reporting for marketplaces, including guidance on interim periods and accounting principles
Sub. 7.8(1)	Conflicts of interest	Clarification of guidance that the conflict of interest policies and procedures marketplaces are required to maintain should address actual, potential or perceived conflicts in respect of any involvement of partners, directors, officers, or employees of a marketplace's owners in the marketplace's operations
Sub. 14.1(1)	IT controls	Revised guidance on sources of guidance as to what may constitute adequate IT controls
Sub. 14.1(2.1)	Materiality of systems incidents	Additional guidance on what constitutes a material systems incident
Sub. 14.1(2.2)	Security incidents	Additional guidance on what constitutes a material security incident and the public disclosure of a security incident
Sub. 14.1(2.3)	Prompt notification of material systems incidents	Additional guidance on the requirement to promptly report material systems incidents
Sub. 14.1(2.4)	Record-keeping for systems incidents	Guidance on the CSA's expectations for record-keeping in relation to systems incidents
Sub. 14.1(3)	Independent Systems Reviews	Additional guidance regarding qualified external auditors and expectations regarding the form and substance of the ISR
Sub. 14.1(3.1)	Vulnerability assessments	Guidance regarding qualified parties performing the required assessments and testing

ANNEX B

**List of Commenters on Proposed Amendments to National Instrument 21-101 *Marketplace Operation*
and related Companion Policy 21-101CP**

(as published for comment on April 18, 2019)

Commenters:

CNSX Markets Inc. (Canadian Securities Exchange)
Nasdaq CXC Limited (Nasdaq Canada)
Neo Exchange Inc.
TMX Group Limited
TriAct Canada Marketplace LP (MATCHNow)

ANNEX C

**Summary of Comments on Proposed Amendments to National Instrument 21-101 *Marketplace Operation*
and related Companion Policy 21-101CP and CSA Responses**

Topic/Reference	Summary of Comments	CSA Response
General Comments		
Exemption framework for foreign ATSS	One commenter recommended introducing an exemption framework for foreign ATSS that trade foreign listed securities and/or foreign traded securities. The commenter indicated that the requirements for foreign fixed income ATSS considered to be carrying on business in Canada are burdensome and duplicative and that the CSA should place greater reliance on the foreign marketplace's home jurisdiction for regulatory oversight.	We acknowledge the comment and note that CSA Staff is separately considering an exemption framework for foreign-based ATSS trading fixed-income securities.
Streamlining Reporting Requirements		
Annual consolidated Form 21-101F1 and Form 21-101F2	<p>Several commenters indicated that the requirement to file an annual consolidated Form F1 or F2 is burdensome and does not provide any information that is not already provided during the periodic filings. The commenters suggested that this requirement should be removed from the Instrument.</p> <p>In the event that the requirement at subsection 3.2(5) of the Instrument is removed, one commenter indicated that it would no longer be necessary to include proposed new subsection 3.2(6) in the Instrument.</p>	We have retained the requirement for marketplaces to file an annual consolidated F1 or F2. In our view, the requirement to prepare and file an annual consolidation assists both marketplaces and CSA staff in keeping the information in the forms accurate and up-to-date. The inclusion of subsection 3.2(6) in the Instrument will allow marketplaces to streamline their annual consolidation and avoid the burden associated with duplicating information already filed with the CSA.
Housekeeping changes to Form 21-101F1 and Form 21-101F2	Commenters generally supported the proposed revision of subsection 3.2(3) of the Instrument to provide for the quarterly filing of housekeeping changes to the F1 and F2. However, one commenter indicated that changing the reporting timeframe for non-significant changes to quarterly may result in unintended duplication with the contents of the F3, as both reports will cover the same filing period.	We have removed the requirements in the F3 for marketplaces to provide information on the implementation status of changes previously filed. We think this will address the risk of unintended duplication raised by the commenter.
Form 21-101F1 and Form 21-101F2 - Exhibits	<p>Commenters generally supported the proposed revisions to the information in the Exhibits to the F1 and F2. However, commenters identified numerous other data points in the Exhibits that, in their view, represented burdensome or duplicative information requirements that should be streamlined or eliminated.</p> <p>Specific examples identified by the commenters include:</p> <ul style="list-style-type: none"> ▪ The current 5% threshold in Exhibit B for identifying significant shareholders of a marketplace is too low and, for a marketplace that is a reporting issuer, may be impractical in any event. The CSA should consider raising the disclosure threshold to 10%, which is already an established securities law threshold. ▪ Exhibits C and D may be streamlined to 	<p>We have streamlined the data points in the Exhibits to the F1 and F2 to address many of the comments raised. In particular, the threshold for reporting significant shareholders in Exhibit B has been raised from 5% to 10% and marketplaces that are also reporting issuers have been carved out of this requirement. Exhibits C, D, and E have also been streamlined as suggested in the comments received.</p> <p>We have also removed the requirement in the F1 and F2 to file a clean version of the revised form.</p>

Topic/Reference	Summary of Comments	CSA Response
	<p>eliminate duplicative information about directors' occupations and principal business activities.</p> <ul style="list-style-type: none"> ▪ Exhibit E may be streamlined to eliminate overlapping and duplicative information about a marketplace's operations. ▪ The CSA should reconsider the need to require the updating of Exhibits J and L where the rules and fees of an exchange are publicly available on the exchange's website. <p>One commenter also recommended that for amended F1s and F2s, only the blacklined versions of the forms should be filed, as simultaneous filing of clean versions of the forms causes burden and continuity issues.</p>	
Form 21-101F3 – Part A	<p>Several commenters indicated that the information in Items 4-7 of Part A of the F3 duplicates information marketplaces already file with the CSA or does not materially contribute to the CSA's oversight of marketplaces. Commenters indicated that Items 4-7 of Part A should be eliminated from the F3.</p>	<p>We have removed Items 4-7 of Part A of the F3.</p>
Form 21-101F3 – Part B	<p>Several commenters also indicated that much of the information required by the charts in Section 1 of Part B of the F3 is already provided to IIROC or, in certain instances, is no longer relevant and is consequently burdensome to produce.</p> <p>One commenter noted specifically that the information in Chart 6 in respect of routing of marketplace orders is no longer relevant as marketplaces no longer route orders for purposes of order protection requirements. Commenters generally suggested that the information in the F3 relating to the activities of marketplaces trading exchange-listed securities should be eliminated from the form.</p>	<p>We have removed the reporting requirements in Section 1 of Part B relating to equity marketplaces trading exchange-listed securities.</p>
Fee changes	<p>Several commenters indicated that the proposed change to subsection 3.2(2) of the Instrument, increasing the filing timeline for fee changes from seven business days to 15 business days before implementation, would result in unnecessary delays, and associated burden, for marketplaces needing to make fee changes on tight timing for competitive reasons.</p> <p>Commenters indicated that for non-controversial fee changes that replicated existing models or resulted in simple fee decreases, marketplaces should have a mechanism for an accelerated implementation timeline.</p> <p>One commenter recommended a review framework for proposed fee changes whereby, within 15 business days of filing, there would be a decision to approve the change for immediate implementation, put the fee change out for public comment, or require the marketplace to resubmit a revised fee change proposal for a further 15-business day review.</p>	<p>We have left the timing for the filing of changes to Exhibit L as proposed (15 business days). In our view, changes to fees and fee models represent an area of increasing complexity in marketplace operations that warrants a reasonable period of time for the CSA to consider new and complex proposals. We do not think that the extra time allowed for considering fee changes unfairly disadvantages marketplaces in making changes quickly in a competitive environment.</p>

Topic/Reference	Summary of Comments	CSA Response
<p>Financial reporting</p>	<p>Several commenters indicated that the proposed requirement for recognized exchanges to file interim financial reports within 45 days of the end of the interim period is too short a time period and presents difficulties in efficiently scheduling board meetings to review financial reporting. The commenters indicated that for recognized exchanges that are not reporting issuers, the filing deadline should be extended to 60 days.</p> <p>One commenter also indicated that for recognized exchanges that are not reporting issuers, the time period for filing annual audited financial statements at subsection 4.2(1) should be extended from 90 days to 120 days.</p> <p>Finally, one commenter indicated that the disclosure of accounting principles and statement of compliance with IFRS will result in considerable work for recognized exchanges that are not reporting issuers and may not be consistent with similar requirements in the terms and conditions of the exchange recognition orders.</p>	<p>We have changed new section 4.3 of the Instrument to require recognized exchanges to file interim financial reports within 60 days after the end of each interim period.</p> <p>However, we do not think it is appropriate to extend the timeline to file annual audited financial statements to 120 days for recognized exchanges that are not reporting issuers. In our view, it is important that recognized exchanges submit annual financial statements on a timely basis in order for Staff to review the exchanges' financial condition. Consequently, we have not changed the timeframe for annual financial reporting for recognized exchanges.</p>
<p>CEO certification</p>	<p>One commenter indicated that the form of certification required at subsection 3.2(4) of the Instrument duplicates the form of certification already required by the F1 and F2 and should be eliminated.</p>	<p>We acknowledge the comment but have not made any changes to the form of certification at subsection 3.2(4) and in the Forms. We note that the subsection 3.2(4) requires certification regarding the completeness of the form and that the marketplace is operating as designed. We think that the additional components of this certification are important to retain as part of an annual certification requirement.</p>
<p>Systems-related Requirements</p>		
<p>Cyber resilience</p>	<p>While commenters generally supported the inclusion of the concept of cyber resilience in the systems requirements for marketplaces in Part 12 of the Instrument, one commenter noted that the term "cyber resilience" is not clearly defined in the Instrument and does not otherwise have an accepted or commonly understood definition. The commenter suggested that a clear and measurable definition of cyber resilience be included in the Instrument.</p>	<p>We note that the additional guidance in subsection 14.1(1) of the Companion Policy refers to sources of guidance for marketplaces as to what constitutes adequate IT controls, including controls in relation to cyber resilience. We felt that it was more appropriate to rely on industry guidance for the design of an optimal control environment rather than attempt to precisely define the concept of cyber resilience.</p>
<p>Security incidents – record-keeping and reporting</p>	<p>Commenters expressed concerns with the proposed revisions to Part 12 of the Instrument that would require marketplaces to keep records of and report to regulators in respect of "security incidents" as opposed to "security breaches".</p> <p>Commenters indicated that the proposed guidance on what may constitute a security incident, together with the guidance on the materiality of such incidents for reporting purposes, would result in a significant</p>	<p>We have addressed the concerns with the over-reporting of systems-related information raised in the comments in two respects:</p> <ol style="list-style-type: none"> 1. We have removed the requirement in Item A6 of the F3 requiring marketplaces to make quarterly reporting of outages or other system events, material or

Topic/Reference	Summary of Comments	CSA Response
	<p>over-reporting of security incidents to the CSA, which would be burdensome and out of proportion to the value of the reporting.</p> <p>Commenters indicated that the proposed requirement at Item A6 of the F3 would create a reporting obligation for all security incidents regardless of materiality or impact on the marketplace or participants and operationalizing such reporting would be very costly.</p> <p>Commenters also indicated that the materiality standard for reporting security incidents should be based on an assessment of the impact of the incident on participants and on a marketplace’s key business processes rather than on a framework of reporting up to senior marketplace personnel.</p> <p>One commenter indicated that the CSA should consider relying on the requirement for independent systems reviews (ISRs) at section 12.2 of the Instrument for assurance that non-material security incidents are being managed appropriately by marketplaces.</p>	<p>otherwise.</p> <p>2. We have revised the record-keeping requirement at para. 12.1(d) of the Instrument to remove the requirement that marketplaces document their materiality assessments in relation to system events.</p> <p>We also note that the guidance in subsection 14.1(2.1) of the Companion Policy on materiality indicates that marketplaces may consider the impact of the systems event on participants in determining whether or not the incident is material for purposes of paragraph 12.1(c) of the Instrument.</p>
<p>Vulnerability assessments (VAs)</p>	<p>Several commenters indicated that VAs, as proposed at section 12.1.2 of the Instrument, are expensive and not necessarily undertaken absent risks or changes to technology. Several commenters suggested that the CSA consider making vulnerability assessments a bi-annual requirement or triggered by other circumstances, including at the request of the CSA. One commenter also requested clarity as to what constitutes a qualified party for purposes of the assessment.</p>	<p>We acknowledge the comments but have not made changes to the requirement at section 12.1.2 of the Instrument. In our view, the requirement for annual vulnerability assessments is consistent with the need for marketplaces to design a control environment that appropriately accounts for cyber resilience. As with the requirement for annual ISRs, the CSA would be prepared to consider exemptions from this requirement in appropriate circumstances.</p>
<p>Independent Systems Review</p>	<p>One commenter indicated that the requirement for a marketplace to engage a qualified external auditor to undertake the ISR prevents highly qualified and appropriately independent Internal Audit departments from undertaking the ISR. The commenter noted that applying for exemptions from the requirement to engage a qualified external auditor is also costly.</p> <p>Once commenter also questioned the necessity of the guidance at subsection 14.1(3) of the Companion Policy that the marketplace must discuss its choice of auditor with the CSA if the auditor engaged is required by the Instrument to be qualified. The commenter suggested that if the purpose of the guidance is for the CSA to pre-approve the marketplace’s engagement, this requirement should be in the Instrument itself.</p> <p>One commenter also indicated that the new requirement at subsection 12.2(1) that the ISR be conducted in accordance with “best industry practices” is subjective, notwithstanding the proposed</p>	<p>We acknowledge the comments but have not made any changes to the requirements regarding ISRs as proposed.</p> <p>In our view, the ISR is a critical tool for managing the risks associated with marketplaces’ systems in a deeply interconnected market structure. While we recognize the professional objectivity required of internal auditors, we are of the view that requiring ISRs to be conducted by a qualified external auditor both enhances and promotes confidence in the process. Consequently, we believe it remains essential for marketplaces to engage a qualified external auditor to conduct an ISR on an annual basis.</p> <p>We note, however, that the CSA may</p>

Topic/Reference	Summary of Comments	CSA Response
	<p>guidance in the Companion Policy, and is not necessary, as the ISR must also be conducted in accordance with established audit standards.</p> <p>Several commenters also indicated that the ISR requirement should be changed to a bi-annual requirement, given its associated expense. Commenters suggested that the ISR could be triggered more frequently if a marketplace experiences material systems issues.</p> <p>Lastly, one commenter suggested that the CSA consider building some flexibility into to the date for delivery of the ISR report to the CSA. The deadline of no later than 60 days following the end of the calendar year means that certain reports from sub-service organizations are not received in time to incorporate into the report.</p>	<p>consider exemptions from the annual ISR requirement where appropriate. In reviewing the appropriateness of such exemptions, we would consider the circumstances applicable to the marketplaces, which would include the existence of an appropriately qualified an independent Internal Audit department and the functions it performs.</p> <p>Also, we note that paragraph 12.2(2)(b) has been revised to provide for delivery of the ISR report 60 days following completion of the report.</p>
<p>Implementation of material systems changes</p>	<p>One commenter felt that the OSC must take a more flexible approach in its interpretation of OSC Staff Notice 21-706, which provides guidance regarding the timing for a marketplace implementing a material change to its systems. The commenter suggested that 90 days following notification of regulatory approval of a material systems change would be appropriate for “mandatory” changes that all participants must implement but that 30 days would be an appropriate implementation period for functionality that is optional.</p>	<p>OSC Staff intends to revoke OSC Staff Notice 21-706 when the amendments to NI 21-101 take effect. Going forward, the Exchange and ATS Protocols will prohibit marketplaces carrying on business in Ontario from implementing material systems changes earlier than a “reasonable period of time” following notification that the change has been approved.</p>

ANNEX D

Amendments to National Instrument 21-101 *Marketplace Operation*

1. **National Instrument 21-101 Marketplace Operation is amended by this Instrument.**
2. **Section 3.2 is amended**
 - (a) **in subsection (2) by replacing “seven” with “15”,**
 - (b) **in paragraph (3)(a) by replacing “month” with “calendar quarter”, and**
 - (c) **by adding the following subsection:**
 - (6) For the purposes of subsection (5), if information in a marketplace’s Form 21-101F1 or Form 21-101F2, as applicable, has not changed since the marketplace filed its most recent Form 21-101F1 or Form 21-101F2 under subsection (5), the marketplace may incorporate that information by reference into its updated and consolidated Form 21-101F1 or Form 21-101F2..
3. **Subsection 4.2(1) is amended by deleting “the requirements outlined in”.**
4. **Part 4 is amended by adding the following section:**
 - 4.3 **Filing of Interim Financial Reports**

A recognized exchange and a recognized quotation and trade reporting system must file interim financial reports for each interim period, within 60 days after the end of the interim period, prepared in accordance with paragraphs 4.1(1)(a) and (b)..
5. **Subparagraph 12.1(a)(i) is replaced with the following:**
 - (i) adequate internal controls over those systems, and.
6. **Subparagraph 12.1(a)(ii) is amended by adding “cyber resilience,” after “information security,”.**
7. **Subparagraph 12.1(b)(ii) is amended by:**
 - (a) **adding “processing capability” after “determine the”,**
 - (b) **deleting “ability”,**
 - (c) **adding “perform” after “those systems to”,**
 - (d) **deleting “process transactions”, and**
 - (e) **deleting “and” after “efficient manner,”.**
8. **Paragraph 12.1(c) is amended by:**
 - (a) **deleting “material”,**
 - (b) **replacing “breach” wherever it occurs with “incident”,**
 - (c) **adding “that is material” before “and provide timely”, and**
 - (d) **adding “, and” at the end of the paragraph.**
9. **Section 12.1 is amended by adding the following paragraph:**
 - (d) keep a record of any systems failure, malfunction, delay or security incident and identify whether or not it is material..

10. Section 12.1.1 is replaced with the following:

12.1.1 Auxiliary Systems - For each system that shares network resources with one or more of the systems, operated by or on behalf of the marketplace, that supports order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, that, if breached, would pose a security threat to one or more of the previously mentioned systems, a marketplace must

- (a) develop and maintain adequate information security controls that relate to the security threats posed to any system that supports order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing,
- (b) promptly notify the regulator, or in Québec, the securities regulatory authority and, if applicable, its regulation services provider, of any security incident that is material and provide timely updates on the status of the incident, the resumption of service, where applicable, and the results of the marketplace's internal review of the security incident, and
- (c) keep a record of any security incident and identify whether or not it is material..

11. Part 12 is amended by adding the following section:

12.1.2 Vulnerability Assessments - On a reasonably frequent basis and, in any event, at least annually, a marketplace must engage one or more qualified parties to perform appropriate assessments and testing to identify security vulnerabilities and measure the effectiveness of information security controls that assess the marketplace's compliance with paragraphs 12.1(a) and 12.1.1(a)..

12. Subsection 12.2(1) is replaced with the following:

(1) On a reasonably frequent basis and, in any event, at least annually, a marketplace must engage one or more qualified external auditors to conduct an independent systems review and prepare a report in accordance with established audit standards and best industry practices that assesses the marketplace's compliance with

- (a) paragraph 12.1(a),
- (b) section 12.1.1, and
- (c) section 12.4..

13. Paragraph 12.2(2)(b) is replaced with the following:

- (b) the regulator or, in Québec, the securities regulatory authority, by the earlier of
 - (i) the 30th day after providing the report to its board of directors or the audit committee, and
 - (ii) the 60th day after the report's completion..

14. In the following provisions "and" is replaced with "or":

- (a) **Paragraph 12.3(1)(a), and**
- (b) **Paragraph 12.3(2)(a).**

15. Paragraph 12.3(3.1)(a) is amended by replacing "(2)(a)" with "(2)(b)".

16. Subsection 12.4(3) is amended by replacing "marketplace" with "recognized exchange or quotation and trade reporting system".

17. Paragraph 14.5(a) is amended

- (a) **in subparagraph (i) by replacing "an adequate system of internal controls" with "adequate internal controls", and**
- (b) **in subparagraph (ii) by adding "cyber resilience," after "information security,".**

18. Subparagraph 14.5(b)(ii) is amended by:

- (a) **adding** “processing capability” **after** “determine the”,
- (b) **deleting** “ability”,
- (c) **adding** “perform” **after** “those systems to”, **and**
- (d) **deleting** “process information”.

19. Paragraph 14.5(c) is replaced with the following:

- (c) on a reasonably frequent basis and, in any event, at least annually, engage one or more qualified external auditors to conduct an independent systems review and prepare a report in accordance with established audit standards and best industry practices that assesses the information processor’s compliance with paragraph (a) and section 14.6,.

20. Subparagraph 14.5(d)(ii) is replaced with the following:

- (ii) the regulator or, in Québec, the securities regulatory authority, by the earlier of the 30th day after providing the report to its board of directors or the audit committee and the 60th day after the report’s completion,.

21. Paragraph 14.5(e) is replaced with the following:

- (e) promptly notify the following of any systems failure, malfunction, delay or security incident that is material and provide timely updates on the status of the failure, malfunction, delay or security incident, the resumption of service, and the results of the information processor’s internal review of the failure, malfunction, delay or security incident:
 - (i) the regulator or, in Québec, the securities regulatory authority;
 - (ii) any regulation services provider, recognized exchange or recognized quotation and trade reporting system monitoring trading of the securities about which information is provided to the information processor, and.

22. Section 14.5 is amended by adding the following paragraph:

- (f) keep a record of any systems failure, malfunction, delay or security incident and identify whether or not it is material..

23. Part 14 is amended by adding the following section:

14.5.1 Vulnerability Assessments

On a reasonably frequent basis and, in any event, at least annually, an information processor must engage one or more qualified parties to perform appropriate assessments and testing to identify security vulnerabilities and measure the effectiveness of information security controls that assess the information processor’s compliance with paragraph 14.5(a)..

24. Form 21-101F1 is amended by replacing the portion of the Form after the heading “EXHIBITS” and before the heading “Exhibit A – Corporate Governance” with the following:

File all Exhibits with the Filing. For each Exhibit, include the name of the exchange or quotation and trade reporting system, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be included instead of the Exhibit.

Except as provided below, if the filer, recognized exchange or recognized quotation and trade reporting system files an amendment to the information provided in its Filing and the information relates to an Exhibit filed with the Filing or a subsequent amendment, the filer, recognized exchange or recognized quotation and trade reporting system, must, in order to comply with subsection 3.2(1), (2) or (3) of National Instrument 21-101 *Marketplace Operation*, provide a description of the change and the actual or expected date of the implementation of the change, and file a complete and updated Exhibit. The filer must provide a blacklined version showing changes from the previous filing.

If the filer, recognized exchange or recognized quotation and trade reporting system has otherwise filed the information required by the previous paragraph pursuant to section 5.5 of National Instrument 21-101 *Marketplace Operation*, it is not required to file the information again as an amendment to an Exhibit. However, if supplementary material relating to a filed rule is contained in an Exhibit, an amendment to the Exhibit must also be filed..

25. Exhibit B of Form 21-101F1 is replaced with the following:

Exhibit B – Ownership

In the case of an exchange or quotation and trade reporting system that is a corporation, other than an exchange or quotation and trade reporting system that is a reporting issuer, provide a list of the beneficial holders of 10 percent or more of any class of securities of the exchange or quotation and trade reporting system. For each listed security holder, provide the following:

1. Name.
2. Principal business or occupation and title, if any.
3. Ownership interest, including the total number of securities held, the percentage of the exchange or quotation and trade reporting system's issued and outstanding securities held, and the class or type of security held.
4. Whether the security holder has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*).

In the case of an exchange or quotation and trade reporting system that is a partnership, sole proprietorship or other type of organization, provide a list of the registered or beneficial holders of the partnership interests or other ownership interests in the exchange or quotation and trade reporting system. For each person or company listed, provide the following:

1. Name.
2. Principal business or occupation and title, if any.
3. Nature of the ownership interest, including a description of the type of partnership interest or other ownership interest.
4. Whether the person or company has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*).

26. Section 1 of Exhibit C of Form 21-101F1 is amended by

(a) *repealing Item 4, and*

(b) *repealing Item 5.*

27. Exhibit D of Form 21-101F1 is amended by

(a) *repealing Item 2 of section 2,*

(b) *repealing Item 5 of section 2, and*

(c) *repealing Item 6 of section 2.*

28. Exhibit E of Form 21-101F1 is amended by

(a) *deleting “, including a description of any co-location arrangements” in Item 2 after “services”,*

(b) *repealing Item 7, and*

(c) *repealing Item 8.*

29. Exhibit G of Form 21-101F1 is amended by

- (a) replacing “high level” with “high-level” in Item 1 under “General”,
- (b) replacing “the Instrument” with “National Instrument 21-101 Marketplace Operation” in Item 2 under “General” and in Item 3 under “Systems”, and
- (c) replacing “are” with “is” in Item 2 under “IT Risk Assessment”.

30. Form 21-101F2 is amended by replacing the portion of the Form after the heading “EXHIBITS” and before the heading “Exhibit A – Corporate Governance” with the following:

File all Exhibits with the Initial Operation Report. For each Exhibit, include the name of the ATS, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be included instead of the Exhibit.

If the ATS files an amendment to the information provided in its Initial Operation Report and the information relates to an Exhibit filed with the Initial Operation Report or a subsequent amendment, the ATS must, in order to comply with subsection 3.2(1), (2) or (3) of National Instrument 21-101 *Marketplace Operation*, provide a description of the change and the actual or expected date of the implementation of the change, and file a complete and updated Exhibit. The ATS must provide a blacklined version showing changes from the previous filing..

31. Exhibit B of Form 21-101F2 is replaced with the following:

Exhibit B – Ownership

In the case of an ATS that is a corporation, other than an ATS that is a reporting issuer, provide a list of the beneficial holders of 10 percent or more of any class of securities of the ATS. For each listed security holder, provide the following:

1. Name.
2. Principal business or occupation and title, if any.
3. Ownership interest, including the total number of securities held, the percentage of the ATS’s issued and outstanding securities held, and the class or type of security held.
4. Whether the security holder has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*).

In the case of an ATS that is a partnership, sole proprietorship or other type of organization, provide a list of the registered or beneficial holders of the partnership interests or other ownership interests in the ATS. For each person or company listed, provide the following:

1. Name.
2. Principal business or occupation and title, if any.
3. Nature of the ownership interest, including a description of the type of partnership interest or other ownership interest.
4. Whether the person or company has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*)..

32. Section 1 of Exhibit C of Form 21-101F2 is amended by

- (a) repealing Item 4, and
- (b) repealing Item 5.

33. Exhibit D of Form 21-101F2 is amended by

- (a) repealing Item 2 of section 2, and

(b) *repealing Item 5 of section 2.*

34. *Exhibit E of Form 21-101F2 is amended by*

(a) *deleting “, including a description of any co-location arrangements” in Item 2,*

(b) *repealing Item 7, and*

(c) *repealing Item 8.*

35. *Exhibit G of Form 21-101F2 is amended by*

(a) *replacing “high level” with “high-level” in Item 1 under “General”,*

(b) *replacing “the Instrument” with “National Instrument 21-101 Marketplace Operation” in Item 2 under “General” and in Item 3 under “Systems”, and*

(c) *replacing “are” with “is” in Item 2 under “IT Risk Assessment”.*

36. *Part A of Form 21-101F3 is amended by*

(a) *repealing Item B in section 3,*

(b) *repealing Item C in section 3,*

(c) *repealing section 4,*

(d) *repealing section 5,*

(e) *repealing section 6, and*

(f) *repealing section 7.*

37. *Section 1 of Part B of Form 21-101F3 is amended by*

(a) *repealing Item 1 and Chart 1,*

(b) *repealing Item 2 and Chart 2,*

(c) *repealing Item 3 and Chart 3,*

(d) *repealing Item 4 and Chart 4,*

(e) *repealing Item 5 and Chart 5, and*

(f) *repealing Item 6 and Chart 6.*

38. *Section 2 of Part B of Form 21-101F3 is amended by*

(a) *repealing Item 3, and*

(b) *repealing Chart 9.*

39. *Form 21-101F5 is amended by replacing the portion of the Form after the heading “Exhibits” and before the heading “Exhibit A – Corporate Governance” with the following:*

File all Exhibits with the Initial Form. For each Exhibit, include the name of the information processor, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be included instead of the Exhibit.

If the information processor files an amendment to the information provided in its Initial Form, and the information relates to an Exhibit filed with the Initial Form or a subsequent amendment, the information processor must, in order to comply with sections 14.1 and 14.2 of National Instrument 21-101 *Marketplace Operation*, provide a description of the

change and the actual or expected date of the implementation of the change, and file a complete and updated Exhibit. The information processor must provide a blacklined version showing changes from the previous filing..

40. Section 1 of Exhibit C of Form 21-101F5 is amended by

- (a) replacing “directors,” with “officers,” after “list of the partners,”**
- (b) repealing Item 4, and**
- (c) repealing Item 5.**

41. Section 1 of Exhibit G of Form 21-101F5 is amended by replacing “National Instruments 21-101 and 23-101” with “National Instrument 21-101 Marketplace Operation and National Instrument 23-101 Trading Rules”.

42. In the following provisions of Form 21-101F5, “National Instrument 21-101” is replaced with “National Instrument 21-101 Marketplace Operation”:

- (a) Section 2 of Exhibit J,**
- (b) Section 1 of Exhibit K, and**
- (c) Exhibit M wherever the expression occurs.**

- 43. (1) The Instrument comes into force on September 14, 2020.**
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after September 14, 2020, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.**

ANNEX E

Changes to Companion Policy 21-101CP *Marketplace Operation*

1. **Companion Policy 21-101CP Marketplace Operation is changed by this Document.**
2. **Subsection 6.1(6) is changed by replacing “seven” with “15” immediately before “business days before the expected implementation date”.**
3. **Section 6.2 is replaced with the following:**
 - 6.2 **Filing of Financial Statements** - Part 4 of the Instrument sets out the financial reporting requirements applicable to marketplaces. Subsections 4.1(2) and 4.2(2) respectively require an ATS to file audited financial statements initially, together with Form 21-101F2, and on an annual basis thereafter. These financial statements may be in the same form as those filed with IROC. The annual audited financial statements may be filed with the Canadian securities regulatory authorities at the same time as they are filed with IROC.

Section 4.3 requires recognized exchanges and recognized quotation and trade reporting systems to file interim financial reports within 60 days after the end of each interim period. In the view of the Canadian securities regulatory authorities, the term interim period means a period commencing on the first day of the recognized exchange’s or quotation and trade reporting system’s financial year and ending nine, six or three months before the end of the same financial year.

The Canadian securities regulatory authorities expect that financial statements and reports filed under subsections 4.2 and 4.3 should disclose the accounting principles used to prepare them. For clarity, financial statements and reports should include:

 - (a) in the case of annual financial statements, an unreserved statement of compliance with IFRS;
 - (b) in the case of an interim financial report, an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*.
4. **Section 7.2 is changed by replacing “authority” with “authorities” after “Canadian securities regulatory”.**
5. **Section 7.3 is changed by deleting “, policies” after “violations of rules”.**
6. **Section 7.8 is changed by replacing subsection (1) with the following:**
 - (1) Marketplaces are required under section 5.11 of the Instrument to maintain and ensure compliance with policies and procedures that identify and manage conflicts of interest arising from the operation of the marketplace or the services it provides. These may include conflicts, actual, potential or perceived, related to the commercial interest of the marketplace, the interests of its owners or its operators, including partners, directors, officers, or employees of the marketplace’s owners, referral arrangements and the responsibilities and sound functioning of the marketplace. For an exchange and quotation and trade reporting system, they may also include potential conflicts between the operation of the marketplace and its regulatory responsibilities..
7. **Section 14.1 is changed by replacing subsection (1) with the following:**
 - (1) Paragraph 12.1(a) of the Instrument requires the marketplace to develop and maintain adequate internal controls over the systems specified. As well, the marketplace is required to develop and maintain adequate general computer controls. These are the controls which are implemented to support information technology planning, acquisition, development and maintenance, computer operations, information systems support, cyber resilience, and security. Recognized guides as to what constitutes adequate information technology controls may include guidance, principles or frameworks published by the Chartered Professional Accountants of Canada (CPA Canada), American Institute of Certified Public Accountants (AICPA), Information Systems Audit and Control Association (ISACA), International Organization for Standardization (ISO) or the National Institute of Standards and Technology (U.S. Department of Commerce) (NIST)..

8. Section 14.1 is changed by replacing subsection (2) with the following:

- (2) Capacity management requires that a marketplace monitor, review, and test (including stress test) the actual capacity and performance of its systems on an ongoing basis. Accordingly, paragraph 12.1(b) of the Instrument requires a marketplace to meet certain systems capacity, processing capability and disaster recovery standards. These standards are consistent with prudent business practice. The activities and tests required in this paragraph are to be carried out at least once every 12 months. In practice, continuing changes in technology, risk management requirements and competitive pressures will often result in these activities being carried out or tested more frequently..

9. Section 14.1 is changed by replacing subsection (2.1) with the following:

- (2.1) Paragraph 12.1(c) of the Instrument requires a marketplace to promptly notify the regulator or, in Québec, the securities regulatory authority of any systems failure, malfunction, delay or security incident that is material. A failure, malfunction, delay or security incident is considered “material” if the marketplace would, in the normal course of operations, escalate the matter to or inform senior management ultimately accountable for technology. Such events would not generally include those that have or would have little or no impact on the marketplace’s operations or on participants. Non-material events may become material if they recur or have a cumulative effect..

10. Section 14.1 is changed by adding the following subsections:

- (2.2) For purposes of paragraph 12.1(c) of the Instrument, a security incident is considered to be any event that actually or potentially jeopardizes the confidentiality, integrity or availability of any of the systems that support the functions listed in section 12.1 or any system that shares network resources with one or more of these systems or the information the system processes, stores or transmits, or that constitutes a violation or imminent threat of violation of security policies, security procedures or acceptable use policies. Any security incident that requires non-routine measures or resources by the marketplace would be considered material and thus reportable to the regulator or, in Québec, the securities regulatory authority. The onus would be on the marketplace to document the reasons for any security incident it did not consider material. Marketplaces should also have documented criteria to guide the decision on when to publicly disclose a security incident. The criteria for public disclosure of a security incident should include, but not be limited to, any instance in which client data could be compromised. Public disclosure should include information on the types and number of participants affected..
- (2.3) With respect to the prompt notification requirement in paragraph 12.1(c), the Canadian securities regulatory authorities expect that a marketplace will provide notification of a systems failure, malfunction, delay or security incident that is material, orally or in writing, upon escalating the matter to its senior management. It is expected that, as part of the required notification, the marketplace will provide updates on the status of the failure, malfunction, delay or incident and the resumption of service. The marketplace should also have comprehensive and well-documented procedures in place to record, report, analyze, and resolve all incidents. In this regard, the marketplace should undertake a “post-incident” review to identify the causes and any required improvement to the normal operations or business continuity arrangements. Such reviews should, where relevant, include the marketplace’s participants. The results of such internal reviews are required to be communicated to the regulator or, in Québec, the securities regulatory authority as soon as practicable. We note that CSA Staff Notice 21-326 *Guidance for Reporting Material Systems Incidents* provides marketplaces with additional guidance and a comprehensive set of guidelines for reporting material systems incidents under paragraph 12.1(c)..
- (2.4) Paragraph 12.1(d) of the Instrument requires a marketplace to keep a record of any systems failure, malfunction, delay or security incident and identify whether or not it is material. We note that a marketplace may be asked to provide the regulator or, in Québec, the securities regulatory authority, with additional information, such as but not limited to reports, logs or other documents related to a systems failure, malfunction, delay, security incident or any other system or process-related data..
- (2.5) A marketplace should also refer to the guidance in (2.2), (2.3) and (2.4) regarding security incidents that arise in connection with a marketplace’s auxiliary systems under section 12.1.1 of the Instrument. A marketplace may be asked to provide the regulator or, in Québec, the securities regulatory authority, with additional information, such as but not limited to reports, logs or other documents related to a security incident..

11. Section 14.1 is changed by replacing subsection (3) with the following:

- (3) Subsection 12.2(1) of the Instrument requires a marketplace to engage one or more qualified external auditors to conduct an annual independent systems review to assess the marketplace’s compliance with paragraph

12.1(a), section 12.1.1 and section 12.4 of the Instrument. The review must be conducted and reported on at least once in each 12-month period by a qualified external auditor in accordance with established audit standards and best industry practices. We consider that best industry practices include the “Trust Services Criteria” developed by the American Institute of CPAs and CPA Canada. The focus of the assessment of any systems that share network resources with trading-related systems required under paragraph 12.2(1)(b) would be to address potential threats from a security incident that could negatively impact a trading-related system. For purposes of subsection 12.2(1), we consider a qualified external auditor to be a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal controls in a complex information technology environment. Before engaging a qualified external auditor to conduct the independent systems review, a marketplace is expected to discuss its choice of external auditor and the scope of the systems review mandate with the regulator or, in Québec, the securities regulatory authority. We further expect that the report prepared by the external auditor include, to the extent applicable, an audit opinion that (i) the description included in the report fairly presents the systems and controls that were designed and implemented throughout the reporting period, (ii) the controls stated in the description were suitably designed, and (iii) the controls operated effectively throughout the reporting period..

12. Section 14.1 is changed by replacing subsection (3.1) with the following:

- (3.1) Section 12.1.2 of the Instrument requires a marketplace to engage one or more qualified parties to perform appropriate assessments and testing to identify security vulnerabilities and measure the effectiveness of information security controls. We would expect a marketplace to implement appropriate improvements where necessary. For the purposes of section 12.1.2, we consider a qualified party to be a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal systems or controls in a complex information technology environment. We consider that qualified parties may include external auditors or third-party information system consultants, as well as employees of the marketplace or an affiliated entity of the marketplace but may not be persons responsible for the development or operation of the systems or capabilities being tested. The regulator or, in Québec, the securities regulatory authority may, in accordance with securities legislation, require the marketplace to provide a copy of any such assessment..

13. Section 14.1 is changed by deleting subsection (4).

14. Section 14.1 is changed by replacing subsection (5) with the following:

- (5) Under section 15.1 of the Instrument, the regulator or, in Québec, the securities regulatory authority may consider granting a marketplace an exemption from the requirements to engage one or more qualified external auditors to conduct an annual independent systems review and prepare a report under subsection 12.2(1) of the Instrument provided that the marketplace prepare a control self-assessment and file this self-assessment with the regulator or, in Québec, the securities regulatory authority. The scope of the self-assessment would be similar to the scope that would have applied if the marketplace underwent an independent systems review. Reporting of the self-assessment results and the timeframe for reporting would be consistent with that established for an independent systems review.

In determining if the exemption is in the public interest and the length of the exemption, the regulator or, in Québec, the securities regulatory authority may consider a number of factors including: the market share of the marketplace, the timing of the last independent systems review, changes to systems or staff of the marketplace and whether the marketplace has experienced material systems failures, malfunction or delays..

15. Section 14.3 is changed by replacing subsection (1) with the following:

- (1) Business continuity management is a key component of a marketplace’s operational risk-management framework. Section 12.4 of the Instrument requires that marketplaces develop and maintain reasonable business continuity plans, including disaster recovery plans. Business continuity planning should encompass all policies and procedures to ensure uninterrupted provision of key services regardless of the cause of potential disruption. In fulfilling the requirement to develop and maintain reasonable business continuity plans, the Canadian securities regulatory authorities expect that marketplaces are to remain current with best practices for business continuity planning and to adopt them to the extent that they address their critical business needs..

16. These changes become effective on September 14, 2020.

ANNEX F

NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION*

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

"accounting principles" means accounting principles as defined in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards;

"alternative trading system",

- (a) in every jurisdiction other than Ontario, means a marketplace that
 - (i) is not a recognized quotation and trade reporting system or a recognized exchange, and
 - (ii) does not
 - (A) require an issuer to enter into an agreement to have its securities traded on the marketplace,
 - (B) provide, directly, or through one or more subscribers, a guarantee of a two-sided market for a security on a continuous or reasonably continuous basis,
 - (C) set requirements governing the conduct of subscribers, other than conduct in respect of the trading by those subscribers on the marketplace, and
 - (D) discipline subscribers other than by exclusion from participation in the marketplace, and
- (b) in Ontario has the meaning set out in subsection 1(1) of the *Securities Act* (Ontario);

"ATS" means an alternative trading system;

"corporate debt security" means a debt security issued in Canada by a company or corporation that is not listed on a recognized exchange or quoted on a recognized quotation and trade reporting system or listed on an exchange or quoted on a quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 23-101, and does not include a government debt security;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of this Instrument and NI 23-101;

"foreign exchange-traded security" means a security that is listed on an exchange, or quoted on a quotation and trade reporting system, outside of Canada that is regulated by an ordinary member of the International Organization of Securities Commissions and is not listed on an exchange or quoted on a quotation and trade reporting system in Canada;

"government debt security" means

- (a) a debt security issued or guaranteed by the government of Canada, or any province or territory of Canada,
- (b) a debt security issued or guaranteed by any municipal corporation or municipal body in Canada, or secured by or payable out of rates or taxes levied under the law of a jurisdiction of Canada on property in the jurisdiction and to be collected by or through the municipality in which the property is situated,
- (c) a debt security issued or guaranteed by a crown corporation or public body in Canada,
- (d) in Ontario, a debt security of any school board in Ontario or of a corporation established under section 248(1) of the *Education Act* (Ontario), or
- (e) in Québec, a debt security of the Comité de gestion de la taxe scolaire de l'île de Montréal

that is not listed on a recognized exchange or quoted on a recognized quotation and trade reporting system or listed on an exchange or quoted on a quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 23-101;

"IIROC" means the Investment Industry Regulatory Organization of Canada;

"information processor" means any person or company that receives and provides information under this Instrument and has filed Form 21-101F5 and,

- (a) in Ontario and Saskatchewan, that is a designated information processor, and
- (b) in Québec, that is a recognized information processor;

"inter-dealer bond broker" means a person or company that is approved by IIROC under IIROC Rule 36 Inter-Dealer Bond Brokerage Systems, as amended, and is subject to IIROC Rule 36 and IIROC Rule 2100 Inter-Dealer Bond Brokerage Systems, as amended;

"market integrator" [repealed]

"marketplace",

- (a) in every jurisdiction other than Ontario, means
 - (i) an exchange,
 - (ii) a quotation and trade reporting system,
 - (iii) a person or company not included in clause (i) or (ii) that
 - (A) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,
 - (B) brings together the orders for securities of multiple buyers and sellers, and
 - (C) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade, or
 - (iv) a dealer that executes a trade of an exchange-traded security outside of a marketplace, but does not include an inter-dealer bond broker, and
- (b) in Ontario has the meaning set out in subsection 1(1) of the *Securities Act* (Ontario);

"marketplace participant" means a member of an exchange, a user of a quotation and trade reporting system, or a subscriber of an ATS;

"member" means, for a recognized exchange, a person or company

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

"NI 23-101" means National Instrument 23-101 Trading Rules;

"order" means a firm indication by a person or company, acting as either principal or agent, of a willingness to buy or sell a security;

"participant dealer" means a participant dealer as defined in Part 1 of National Instrument 23-103 Electronic Trading and Direct Electronic Access to Marketplaces;

"private enterprise" means a private enterprise as defined in Part 3 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards;

"publicly accountable enterprise" means a publicly accountable enterprise as defined in Part 3 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards;

"recognized exchange" means

- (a) in Ontario, a recognized exchange as defined in subsection 1(1) of the *Securities Act* (Ontario),
- (b) in Québec, an exchange recognized by the securities regulatory authority under securities or derivatives legislation as an exchange or self-regulatory organization, and
- (c) in every other jurisdiction, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body;

"recognized quotation and trade reporting system" means

- (a) in every jurisdiction other than British Columbia, Ontario and Québec, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system,
- (b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange,
- (b.1) in Ontario, a recognized quotation and trade reporting system as defined in subsection 1(1) of the *Securities Act* (Ontario), and
- (c) in Québec, a quotation and trade reporting system recognized by the securities regulatory authority under securities or derivatives legislation as an exchange or a self-regulatory organization;

"regulation services provider" means a person or company that provides regulation services and is

- (a) a recognized exchange,
- (b) a recognized quotation and trade reporting system, or
- (c) a recognized self-regulatory entity;

"self-regulatory entity" means a self-regulatory body or self-regulatory organization that

- (a) is not an exchange, and
- (b) is recognized as a self-regulatory body or self-regulatory organization by the securities regulatory authority;

"subscriber" means, for an ATS, a person or company that has entered into a contractual agreement with the ATS to access the ATS for the purpose of effecting trades or submitting, disseminating or displaying orders on the ATS, and the person or company's representatives;

"trading fee" means the fee that a marketplace charges for execution of a trade on that marketplace;

"trading volume" means the number of securities traded;

"unlisted debt security" means a government debt security or corporate debt security; and

"user" means, for a recognized quotation and trade reporting system, a person or company that quotes orders or reports trades on the recognized quotation and trade reporting system, and the person or company's representatives.

1.2 Interpretation - Marketplace - For the purpose of the definition of "marketplace" in section 1.1, a person or company is not considered to constitute, maintain or provide a market or facilities for bringing together buyers and sellers of securities, solely because the person or company routes orders to a marketplace or a dealer for execution.

1.3 Interpretation - Affiliated Entity, Controlled Entity and Subsidiary Entity

- (1) In this Instrument, a person or company is considered to be an affiliated entity of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company, or if each of them is a controlled entity of the same person or company.
- (2) In this Instrument, a person or company is considered to be controlled by a person or company if
 - (a) in the case of a person or company,
 - (i) voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and
 - (ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;
 - (b) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or
 - (c) in the case of a limited partnership, the general partner is the second-mentioned person or company.
- (3) In this Instrument, a person or company is considered to be a subsidiary entity of another person or company if
 - (a) it is a controlled entity of,
 - (i) that other,
 - (ii) that other and one or more persons or companies each of which is a controlled entity of that other, or
 - (iii) two or more persons or companies, each of which is a controlled entity of that other; or
 - (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.

1.4 Interpretation – Security

- (1) In British Columbia, the term "security", when used in this Instrument, includes an option that is an exchange contract but does not include a futures contract.
- (2) In Ontario, the term "security", when used in this Instrument, does not include a commodity futures contract or a commodity futures option that is not traded on a commodity futures exchange registered with or recognized by the Commission under the *Commodity Futures Act* or the form of which is not accepted by the Director under the *Commodity Futures Act*.
- (3) In Québec, the term "security", when used in this Instrument, includes a standardized derivative as this notion is defined in the *Derivatives Act*.

1.5 Interpretation – NI 23-101

Terms defined or interpreted in NI 23-101 and used in this Instrument have the respective meanings ascribed to them in NI 23-101.

PART 2 APPLICATION

- 2.1 **Application** - This Instrument does not apply to a marketplace that is a member of a recognized exchange or a member of an exchange that has been recognized for the purposes of this Instrument and NI 23-101.

PART 3 MARKETPLACE INFORMATION

3.1 Initial Filing of Information

- (1) A person or company must file as part of its application for recognition as an exchange or a quotation and trade reporting system Form 21-101F1.

- (2) A person or company must not carry on business as an ATS unless it has filed Form 21-101F2 at least 45 days before the ATS begins to carry on business as an ATS.

3.2 Change in Information

- (1) Subject to subsection (2), a marketplace must not implement a significant change to a matter set out in Form 21-101F1 or in Form 21-101F2 unless the marketplace has filed an amendment to the information provided in Form 21-101F1 or in Form 21-101F2 in the manner set out in the applicable form at least 45 days before implementing the change.
- (1.1) A marketplace that has entered into an agreement with a regulation services provider under NI 23-101 must not implement a significant change to a matter set out in Exhibit E – Operation of the Marketplace of Form 21-101F1 or Exhibit E – Operation of the Marketplace of Form 21-101F2 as applicable, or Exhibit I – Securities of Form 21-101F1 or Exhibit I – Securities of Form 21-101F2 as applicable, unless the marketplace has provided the applicable exhibit to its regulation services provider at least 45 days before implementing the change.
- (2) A marketplace must file an amendment to the information provided in Exhibit L – Fees of Form 21-101F1 or Exhibit L – Fees of Form 21-101F2, as applicable, at least ~~seven~~15 business days before implementing a change to the information provided in Exhibit L – Fees.
- (3) For any change involving a matter set out in Form 21-101F1 or Form 21-101F2 other than a change referred to in subsection (1) or (2), a marketplace must file an amendment to the information provided in the applicable form by the earlier of
- (a) the close of business on the 10th day after the end of the ~~month~~calendar quarter in which the change was made, and
 - (b) if applicable, the time the marketplace discloses the change publicly.
- (4) The chief executive officer of a marketplace, or an individual performing a similar function, must certify in writing, within 30 days after the end of each calendar year, that the information contained in the marketplace's current Form 21-101F1 or Form 21-101F2, as applicable, including the description of its operations, is true, correct, and complete and that the marketplace is operating as described in the applicable form.
- (5) A marketplace must file an updated and consolidated Form 21-101F1 or Form 21-101F2, as applicable, within 30 days after the end of each calendar year.
- (6) For the purposes of subsection (5), if information in a marketplace's Form 21-101F1 or Form 21-101F2, as applicable, has not changed since the marketplace filed its most recent Form 21-101F1 or Form 21-101F2 under subsection (5), the marketplace may incorporate that information by reference into its updated and consolidated Form 21-101F1 or Form 21-101F2.

3.3 Reporting Requirements

A marketplace must file Form 21-101F3 within 30 days after the end of each calendar quarter during any part of which the marketplace has carried on business.

3.4 Ceasing to Carry on Business as an ATS

- (1) An ATS that intends to cease carrying on business as an ATS must file a report on Form 21-101F4 at least 30 days before ceasing to carry on that business.
- (2) An ATS that involuntarily ceases to carry on business as an ATS must file a report on Form 21-101F4 as soon as practicable after it ceases to carry on that business.

3.5 Forms Filed in Electronic Form

A person or company that is required to file a form or exhibit under this Instrument must file that form or exhibit in electronic form.

PART 4 MARKETPLACE FILING OF AUDITED FINANCIAL STATEMENTS

4.1 Filing of Initial Audited Financial Statements

- (1) A person or company must file as part of its application for recognition as an exchange or a quotation and trade reporting system, together with Form 21-101F1, audited financial statements for its latest financial year that
 - (a) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises or IFRS,
 - (b) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and
 - (c) are audited in accordance with Canadian GAAS or International Standards on Auditing and are accompanied by an unmodified auditor's report.
- (2) A person or company must not carry on business as an ATS unless it has filed, together with Form 21-101F2, audited financial statements for its latest financial year.

4.2 Filing of Annual Audited Financial Statements

- (1) A recognized exchange and a recognized quotation and trade reporting system must file annual audited financial statements within 90 days after the end of its financial year in accordance with ~~the requirements outlined in~~ subsection 4.1(1).
- (2) An ATS must file annual audited financial statements.

4.3 Filing of Interim Financial Reports

A recognized exchange and a recognized quotation and trade reporting system must file interim financial reports for each interim period, within 60 days after the end of the interim period, prepared in accordance with paragraphs 4.1(1)(a) and (b).

PART 5 MARKETPLACE REQUIREMENTS

5.1 Access Requirements

- (1) A marketplace must not unreasonably prohibit, condition or limit access by a person or company to services offered by it.
- (2) A marketplace must
 - (a) establish written standards for granting access to each of its services, and
 - (b) keep records of
 - (i) each grant of access including the reasons for granting access to an applicant, and
 - (ii) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.
- (3) A marketplace must not
 - (a) permit unreasonable discrimination among clients, issuers and marketplace participants, or
 - (b) impose any burden on competition that is not reasonably necessary and appropriate.

5.2 No Restrictions on Trading on Another Marketplace - A marketplace must not prohibit, condition, or otherwise limit, directly or indirectly, a marketplace participant from effecting a transaction on any marketplace.

5.3 Public Interest Rules

- (1) Rules, policies and other similar instruments adopted by a recognized exchange or a recognized quotation and trade reporting system

- (a) must not be contrary to the public interest; and
- (b) must be designed to
 - (i) ensure compliance with securities legislation,
 - (ii) prevent fraudulent and manipulative acts and practices,
 - (iii) promote just and equitable principles of trade, and
- (iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating, transactions in securities.

(2) **[repealed]**

5.4 Compliance Rules - A recognized exchange or a recognized quotation and trade reporting system must have rules or other similar instruments that

- (a) require compliance with securities legislation; and
- (b) provide appropriate sanctions for violations of the rules or other similar instruments of the exchange or quotation and trade reporting system.

5.5 Filing of Rules - A recognized exchange or a recognized quotation and trade reporting system must file all rules, policies and other similar instruments, and all amendments thereto.

5.6 [repealed]

5.7 Fair and Orderly Markets – A marketplace must take all reasonable steps to ensure that its operations do not interfere with fair and orderly markets.

5.8 Discriminatory Terms – A marketplace must not impose terms that have the effect of discriminating between orders that are routed to the marketplace and orders that are entered on that marketplace for execution.

5.9 Risk Disclosure for Trades in Foreign Exchange-Traded Securities

- (1) A marketplace that is trading foreign exchange-traded securities must provide each marketplace participant with disclosure in substantially the following words:

“The securities traded by or through the marketplace are not listed on an exchange in Canada and may not be securities of a reporting issuer in Canada. As a result, there is no assurance that information concerning the issuer is available or, if the information is available, that it meets Canadian disclosure requirements.”

- (2) Before the first order for a foreign exchange-traded security is entered onto the marketplace by a marketplace participant, the marketplace must obtain an acknowledgement from the marketplace participant that the marketplace participant has received the disclosure required in subsection (1).

5.10 Confidential Treatment of Trading Information

- (1) A marketplace must not release a marketplace participant's order or trade information to a person or company, other than the marketplace participant, a securities regulatory authority or a regulation services provider unless

- (a) the marketplace participant has consented in writing to the release of the information,
- (b) the release of the information is required by this Instrument or under applicable law, or
- (c) the information has been publicly disclosed by another person or company, and the disclosure was lawful.

- (1.1) Despite subsection (1), a marketplace may release a marketplace participant's order or trade information to a person or company if the marketplace

- (a) reasonably believes that the information will be used solely for the purpose of capital markets research,

- (b) reasonably believes that if information identifying, directly or indirectly, a marketplace participant or a client of the marketplace participant is released,
 - (i) it is required for the purpose of the capital markets research, and
 - (ii) that the research is not intended for the purpose of
 - (A) identifying a particular marketplace participant or a client of the marketplace participant, or
 - (B) identifying a trading strategy, transactions, or market positions of a particular marketplace participant or a client of the marketplace participant,
- (c) has entered into a written agreement with each person or company that will receive the order and trade information from the marketplace that provides that
 - (i) the person or company must
 - (A) not disclose to or share any information with any person or company if that information could, directly or indirectly, identify a marketplace participant or a client of the marketplace participant without the marketplace's consent, other than as provided under subparagraph (ii) below,
 - (B) not publish or otherwise disseminate data or information that discloses, directly or indirectly, a trading strategy, transactions, or market positions of a marketplace participant or a client of the marketplace participant,
 - (C) not use the order and trade information, or provide it to any other person or company, for any purpose other than capital markets research,
 - (D) keep the order and trade information securely stored at all times,
 - (E) keep the order and trade information for no longer than a reasonable period of time after the completion of the research and publication process, and
 - (F) immediately inform the marketplace of any breach or possible breach of the confidentiality of the information provided,
 - (ii) the person or company may disclose order or trade information used in connection with research submitted to a publication if
 - (A) the information to be disclosed will be used solely for the purposes of verification of the research carried out by the person or company,
 - (B) the person or company must notify the marketplace prior to disclosing the information for verification purposes, and
 - (C) the person or company must obtain written agreement from the publisher and any other person or company involved in the verification of the research that the publisher or the other person or company will
 - (I) maintain the confidentiality of the information,
 - (II) use the information only for the purposes of verifying the research,
 - (III) keep the information securely stored at all times,
 - (IV) keep the information for no longer than a reasonable period of time after the completion of the verification, and
 - (V) immediately inform the marketplace of any breach or possible breach of the agreement or of the confidentiality of the information provided, and

- (iii) the marketplace has the right to take all reasonable steps necessary to prevent or address a breach or possible breach of the confidentiality of the information provided or of the agreement.
- (1.2) A marketplace that releases a marketplace participant's order or trade information under subsection (1.1) must
 - (a) promptly inform the regulator or, in Québec, the securities regulatory authority, in the event the marketplace becomes aware of any breach or possible breach of the confidentiality of the information provided or of the agreement, and
 - (b) take all reasonable steps necessary to prevent or address a breach or possible breach of the confidentiality of the information provided or of the agreement.
- (2) A marketplace must not carry on business unless it has implemented reasonable safeguards and procedures to protect a marketplace participant's order or trade information, including
 - (a) limiting access to order or trade information of marketplace participants to
 - (i) employees of the marketplace, or
 - (ii) persons or companies retained by the marketplace to operate the system or to be responsible for compliance by the marketplace with securities legislation; and
 - (b) implementing standards controlling trading by employees of the marketplace for their own accounts.
- (3) A marketplace must not carry on business as a marketplace unless it has implemented adequate oversight procedures to ensure that the safeguards and procedures established under subsection (2) are followed.

5.11 Management of Conflicts of Interest

A marketplace must establish, maintain and ensure compliance with policies and procedures that identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides.

5.12 Outsourcing

If a marketplace outsources any of its key services or systems to a service provider, which includes affiliates or associates of the marketplace, the marketplace must

- (a) establish and maintain policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements,
- (b) identify any conflicts of interest between the marketplace and the service provider to which key services or systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest,
- (c) enter into a contract with the service provider to which key services or systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures,
- (d) maintain access to the books and records of the service providers relating to the outsourced activities,
- (e) ensure that the securities regulatory authorities have access to all data, information and systems maintained by the service provider on behalf of the marketplace for the purposes of determining the marketplace's compliance with securities legislation,
- (f) take appropriate measures to determine that service providers to which key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan,
- (g) take appropriate measures to ensure that the service providers protect the marketplace participants' proprietary, order, trade or any other confidential information, and
- (h) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement.

5.13 Access Arrangements with a Service Provider

If a third party service provider provides a means of access to a marketplace, the marketplace must ensure the third party service provider complies with the written standards for access that the marketplace has established pursuant to paragraph 5.1(2)(a) when providing the access services.

PART 6 REQUIREMENTS APPLICABLE ONLY TO ATSS

6.1 Registration - An ATS must not carry on business as an ATS unless

- (a) it is registered as a dealer;
- (b) it is a member of a self-regulatory entity; and
- (c) it complies with the provisions of this Instrument and NI 23-101.

6.2 Registration Exemption Not Available - Except as provided in this Instrument, the registration exemptions applicable to dealers under securities legislation are not available to an ATS.

6.3 Securities Permitted to be Traded on an ATS - An ATS must not execute trades in securities other than

- (a) exchange-traded securities;
- (b) corporate debt securities;
- (c) government debt securities; or
- (d) foreign exchange-traded securities.

6.4 [repealed]

6.5 [repealed]

6.6 [repealed]

6.7 Notification of Threshold

- (1) An ATS must notify the securities regulatory authority in writing if,
 - (a) during at least two of the preceding three months of operation, the total dollar value of the trading volume on the ATS for a month in any type of security is equal to or greater than 10 percent of the total dollar value of the trading volume for the month in that type of security on all marketplaces in Canada,
 - (b) during at least two of the preceding three months of operation, the total trading volume on the ATS for a month in any type of security is equal to or greater than 10 percent of the total trading volume for the month in that type of security on all marketplaces in Canada, or
 - (c) during at least two of the preceding three months of operation, the number of trades on the ATS for a month in any type of security is equal to or greater than 10 percent of the number of trades for the month in that type of security on all marketplaces in Canada.
- (2) An ATS must provide the notice referred to in subsection (1) within 30 days after the threshold referred to in subsection (1) is met or exceeded.

6.8 [repealed]

6.9 Name - An ATS must not use in its name the word "exchange", the words "stock market", the word "bourse" or any derivations of those terms.

6.10 [repealed]

6.11 Risk Disclosure to Non-Registered Subscribers

- (1) When opening an account for a subscriber that is not registered as a dealer under securities legislation, an ATS must provide that subscriber with disclosure in substantially the following words:

Although the ATS is registered as a dealer under securities legislation, it is a marketplace and therefore does not ensure best execution for its subscribers.

- (2) Before the first order submitted by a subscriber that is not registered as a dealer under securities legislation is entered onto the ATS by the subscriber, the ATS must obtain an acknowledgement from that subscriber that the subscriber has received the disclosure required in subsection (1).

6.12 [repealed]

6.13 [repealed]

PART 7 INFORMATION TRANSPARENCY REQUIREMENTS FOR MARKETPLACES DEALING IN EXCHANGE-TRADED SECURITIES AND FOREIGN EXCHANGE-TRADED SECURITIES

7.1 Pre-Trade Information Transparency - Exchange-Traded Securities

- (1) A marketplace that displays orders of exchange-traded securities to a person or company must provide accurate and timely information regarding orders for the exchange-traded securities displayed by the marketplace to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider.
- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace and if the orders posted on the marketplace meet the size threshold set by a regulation services provider.
- (3) A marketplace that is subject to subsection (1) must not make the information referred to in that subsection available to any person or company before it makes that information available to an information processor or, if there is no information processor, to an information vendor.

7.2 Post-Trade Information Transparency - Exchange-Traded Securities

- (1) A marketplace must provide accurate and timely information regarding trades for exchange-traded securities executed on the marketplace to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider.
- (2) A marketplace that is subject to subsection (1) must not make the information referred to in that subsection available to any person or company before it makes that information available to an information processor or, if there is no information processor, to an information vendor.

7.3 Pre-Trade Information Transparency - Foreign Exchange-Traded Securities

- (1) A marketplace that displays orders of foreign exchange-traded securities to a person or company must provide accurate and timely information regarding orders for the foreign exchange-traded securities displayed by the marketplace to an information vendor.
- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace and if the orders posted on the marketplace meet the size threshold set by a regulation services provider.

7.4 Post-Trade Information Transparency - Foreign Exchange-Traded Securities - A marketplace must provide accurate and timely information regarding trades for foreign exchange-traded securities executed on the marketplace to an information vendor.

7.5 Consolidated Feed - Exchange-Traded Securities - An information processor must produce an accurate consolidated feed in real-time showing the information provided to the information processor under sections 7.1 and 7.2.

7.6 Compliance with Requirements of an Information Processor - A marketplace that is subject to this Part must comply with the reasonable requirements of the information processor to which it is required to provide information under this Part.

PART 8 INFORMATION TRANSPARENCY REQUIREMENTS FOR PERSONS AND COMPANIES DEALING IN UNLISTED DEBT SECURITIES

8.1 Pre-Trade and Post-Trade Information Transparency Requirements - Government Debt Securities

- (1) A marketplace that displays orders of government debt securities to a person or company must provide to an information processor accurate and timely information regarding orders for government debt securities displayed by the marketplace as required by the information processor.
- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.
- (3) [repealed]
- (4) An inter-dealer bond broker must provide to an information processor accurate and timely information regarding orders for government debt securities executed through the inter-dealer bond broker as required by the information processor.
- (5) A person or company must provide to an information processor accurate and timely information regarding details of each trade of government debt securities executed by or through the person or company as required by the information processor.

8.2 Pre-Trade and Post-Trade Information Transparency Requirements - Corporate Debt Securities

- (1) A marketplace that displays orders of corporate debt securities to a person or company must provide to an information processor accurate and timely information regarding orders for corporate debt securities displayed by the marketplace as required by the information processor.
- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.
- (3) A person or company must provide to an information processor accurate and timely information regarding details of each trade of corporate debt securities executed by or through the person or company as required by the information processor.
- (4) [repealed]
- (5) [repealed]

8.3 Consolidated Feed - Unlisted Debt Securities - An information processor must produce accurate consolidated information showing the information provided to the information processor under sections 8.1 and 8.2.

8.4 Compliance with Requirements of an Information Processor - A person or company that is subject to this Part must comply with the reasonable requirements of the information processor to which it is required to provide information under this Part.

8.5 [repealed]

8.6 Exemption for Government Debt Securities [repealed]

PART 9 [repealed]

PART 10 TRANSPARENCY OF MARKETPLACE OPERATIONS

10.1 Disclosure by Marketplaces - A marketplace must publicly disclose, on its website, information reasonably necessary to enable a person or company to understand the marketplace's operations or services it provides, including, but not limited to, information related to

- (a) all fees, including any listing, trading, data, co-location and routing fees charged by the marketplace, an affiliate or by a party to which services have directly or indirectly been outsourced or which directly or indirectly provides those services,
- (b) how orders are entered, interact and execute,
- (c) all order types,
- (d) access requirements,
- (e) the policies and procedures that identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides,
- (f) any referral arrangements between the marketplace and service providers,
- (g) where routing is offered, how routing decisions are made,
- (h) when indications of interest are disseminated, the information disseminated and the types of recipients of such indications of interest,
- (i) any access arrangements with a third party service provider, including the name of the third party service provider and the standards for access to be complied with by the third party service provider, and
- (j) the hours of operation of any testing environments provided by the marketplace, a description of any differences between the testing environment and production environment of the marketplace and the potential impact of these differences on the effectiveness of testing, and any policies and procedures relating to a marketplace's use of uniform test symbols for purposes of testing in its production environment.

10.2 [repealed]

10.3 [repealed]

PART 11 RECORDKEEPING REQUIREMENTS FOR MARKETPLACES

11.1 Business Records - A marketplace must keep such books, records and other documents as are reasonably necessary for the proper recording of its business in electronic form.

11.2 Other Records

- (1) As part of the records required to be maintained under section 11.1, a marketplace must include the following information in electronic form:
 - (a) a record of all marketplace participants who have been granted access to trading in the marketplace;
 - (b) daily trading summaries for the marketplace including
 - (i) a list of securities traded,
 - (ii) transaction volumes
 - (A) for securities other than debt securities, expressed as the number of issues traded, number of trades, total unit volume and total dollar value of trades and, if the price of the securities traded is quoted in a currency other than Canadian dollars, the total value in that other currency, and
 - (B) for debt securities, expressed as the number of trades and total dollar value traded and, if the price of the securities traded is quoted in a currency other than Canadian dollars, the total value in that other currency,
 - (c) a record of each order which must include
 - (i) the order identifier assigned to the order by the marketplace,

- (ii) the marketplace participant identifier assigned to the marketplace participant transmitting the order,
 - (iii) the identifier assigned to the marketplace where the order is received or originated,
 - (iv) each unique client identifier assigned to a client accessing the marketplace using direct electronic access,
 - (v) the type, issuer, class, series and symbol of the security,
 - (vi) the number of securities to which the order applies,
 - (vii) the strike date and strike price, if applicable,
 - (viii) whether the order is a buy or sell order,
 - (ix) whether the order is a short sale order, if applicable,
 - (x) whether the order is a market order, limit order or other type of order, and if the order is not a market order, the price at which the order is to trade,
 - (xi) the date and time the order is first originated or received by the marketplace,
 - (xii) whether the account is a retail, wholesale, employee, proprietary or any other type of account,
 - (xiii) the date and time the order expires,
 - (xiv) whether the order is an intentional cross,
 - (xv) whether the order is a jitney and if so, the identifier of the underlying broker,
 - (xvi) the currency of the order,
 - (xvii) whether the order is routed to another marketplace for execution, and the date, time and name of the marketplace to which the order was routed, and
 - (xviii) whether the order is a directed-action order, and whether the marketplace marked the order as a directed-action order or received the order marked as a directed-action order, and
- (d) in addition to the record maintained in accordance with paragraph (c), all execution report details of orders, including
- (i) the identifier assigned to the marketplace where the order was executed,
 - (ii) whether the order was fully or partially executed,
 - (iii) the number of securities bought or sold,
 - (iv) the date and time of the execution of the order,
 - (v) the price at which the order was executed,
 - (vi) the identifier assigned to the marketplace participant on each side of the trade,
 - (vii) whether the transaction was a cross,
 - (viii) time-sequenced records of all messages sent to or received from an information processor, an information vendor or a marketplace,
 - (ix) the marketplace trading fee for each trade, and
 - (x) each unique client identifier assigned to a client accessing the marketplace using direct electronic access.

11.2.1 Transmission in Electronic Form – A marketplace must transmit

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

11.3 Record Preservation Requirements

- (1) For a period of not less than seven years from the creation of a record referred to in this section, and for the first two years in a readily accessible location, a marketplace must keep
 - (a) all records required to be made under sections 11.1 and 11.2;
 - (b) at least one copy of its standards for granting access to trading, if any, all records relevant to its decision to grant, deny or limit access to a person or company and, if applicable, all other records made or received by the marketplace in the course of complying with section 5.1;
 - (c) at least one copy of all records made or received by the marketplace in the course of complying with section 12.1 and 12.4, including all correspondence, memoranda, papers, books, notices, accounts, reports, test scripts, test results, and other similar records;
 - (d) all written notices provided by the marketplace to marketplace participants generally, including notices addressing hours of system operations, system malfunctions, changes to system procedures, maintenance of hardware and software, instructions pertaining to access to the marketplace and denials of, or limitation to, access to the marketplace;
 - (e) the acknowledgement obtained under subsection 5.9(2) or 6.11(2);
 - (f) a copy of any agreement referred to in section 8.4 of NI 23-101;
 - (g) a copy of any agreement referred to in subsections 13.1(2) and 13.1(3);
 - (h) a copy of any agreement referred to in section 5.10; and
 - (i) a copy of any agreement referred to in paragraph 5.12(c).
- (2) During the period in which a marketplace is in existence, the marketplace must keep
 - (a) all organizational documents, minute books and stock certificate books;
 - (b) copies of all forms filed under Part 3; and
 - (c) in the case of an ATS, copies of all notices given under section 6.7.

11.4 [repealed]

11.5 Synchronization of Clocks

- (1) A marketplace trading exchange-traded securities or foreign exchange-traded securities, an information processor receiving information about those securities, and a dealer trading those securities must synchronize the clocks used for recording or monitoring the time and date of any event that must be recorded under this Part and under NI 23-101 with the clock used by a regulation services provider monitoring the activities of marketplaces and marketplace participants trading those securities.
- (2) A marketplace trading corporate debt securities or government debt securities, an information processor receiving information about those securities, a dealer trading those securities, and an inter-dealer bond broker trading those securities must synchronize the clocks used for recording or monitoring the time and date of any event that must be recorded under this Part and under NI 23-101.

PART 12 MARKETPLACE SYSTEMS AND BUSINESS CONTINUITY PLANNING

12.1 System Requirements - For each system, operated by or on behalf of the marketplace, that supports order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, a marketplace must

- (a) develop and maintain
 - (i) ~~an~~ adequate ~~system of~~ internal ~~control~~ controls over those systems, and
 - (ii) adequate information technology general controls, including without limitation, controls relating to information systems operations, information security, cyber resilience, change management, problem management, network support and system software support,
- (b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually,
 - (i) make reasonable current and future capacity estimates,
 - (ii) conduct capacity stress tests to determine the ~~ability~~ processing capability of those systems to ~~process transactions~~ perform in an accurate, timely and efficient manner, ~~and~~
- (c) promptly notify the regulator or, in Québec, the securities regulatory authority and, if applicable, its regulation services provider, of any ~~material~~ systems failure, malfunction, delay or security ~~breach~~ incident that is material and provide timely updates on the status of the failure, malfunction, delay or security ~~breach~~ incident, the resumption of service and the results of the marketplace's internal review of the failure, malfunction, delay or security ~~breach~~ incident, and
- (d) keep a record of any systems failure, malfunction, delay or security incident and identify whether or not it is material.

12.1.1 Auxiliary Systems - For each system that shares network resources with one or more of the systems, operated by or on behalf of the marketplace, that supports order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, that, if breached, would pose a security threat to one or more of the previously mentioned systems, a marketplace must

- (a) develop and maintain ~~an~~ adequate ~~system of~~ information security controls that relate to the security threats posed to any system that supports order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, ~~and~~
- (b) promptly notify the regulator, or in Québec, the securities regulatory authority and, if applicable, its regulation services provider, of any ~~material~~ security ~~breach~~ incident that is material and provide timely updates on the status of the ~~breach~~ incident, the resumption of service, ~~where applicable~~, and the results of the marketplace's internal review of the security ~~breach~~ incident, and
- (c) keep a record of any security incident and identify whether or not it is material.

12.1.2 Vulnerability Assessments - On a reasonably frequent basis and, in any event, at least annually, a marketplace must engage one or more qualified parties to perform appropriate assessments and testing to identify security vulnerabilities and measure the effectiveness of information security controls that assess the marketplace's compliance with paragraphs 12.1(a) and 12.1.1(a).

12.2 System Reviews

- (1) On a reasonably frequent basis and, in any event, at least annually, a marketplace must ~~annually~~ engage ~~a one or more~~ qualified ~~party~~ external auditors to conduct an independent systems review and prepare a report in accordance with established audit standards ~~to ensure~~ and best industry practices that assesses the marketplace ~~is in~~ s compliance with
 - (a) paragraph 12.1(a),
 - (b) section 12.1.1, and

- (c) section 12.4.
- (2) A marketplace must provide the report resulting from the review conducted under subsection (1) to
 - (a) its board of directors, or audit committee, promptly upon the report's completion, and
 - (b) the regulator or, in Québec, the securities regulatory authority, by the earlier of
 - (i) _____ the 30th day after providing the report to its board of directors or the audit committee ~~or, and~~
 - (ii) _____ the 60th day after the ~~calendar-year-end~~ report's completion.

12.3 Marketplace Technology Requirements and Testing Facilities

- (1) A marketplace must make publicly available all technology requirements regarding interfacing with or accessing the marketplace in their final form,
 - (a) if operations have not begun, for at least three months immediately before operations begin; ~~and/or~~
 - (b) if operations have begun, for at least three months before implementing a material change to its technology requirements.
- (2) After complying with subsection (1), a marketplace must make available testing facilities for interfacing with or accessing the marketplace,
 - (a) if operations have not begun, for at least two months immediately before operations begin; ~~and/or~~
 - (b) if operations have begun, for at least two months before implementing a material change to its technology requirements.
- (3) A marketplace must not begin operations before
 - (a) it has complied with paragraphs (1)(a) and (2)(a),
 - (b) its regulation services provider, if applicable, has confirmed to the marketplace that trading may commence on the marketplace, and
 - (c) the chief information officer of the marketplace, or an individual performing a similar function, has certified in writing to the regulator, or in Québec, the securities regulatory authority, that all information technology systems used by the marketplace have been tested according to prudent business practices and are operating as designed.
- (3.1) A marketplace must not implement a material change to the systems referred to in section 12.1 before
 - (a) it has complied with paragraphs (1)(b) and (2)(~~a~~b), and
 - (b) the chief information officer of the marketplace, or an individual performing a similar function, has certified in writing to the regulator, or in Québec, the securities regulatory authority, that the change has been tested according to prudent business practices and is operating as designed.
- (4) Subsection (3.1) does not apply to a marketplace if the change must be made immediately to address a failure, malfunction or material delay of its systems or equipment if
 - (a) the marketplace immediately notifies the regulator, or in Québec, the securities regulatory authority, and, if applicable, its regulation services provider of its intention to make the change; and
 - (b) the marketplace publishes the changed technology requirements as soon as practicable.

12.3.1 Uniform Test Symbols

A marketplace must use uniform test symbols, as set by a regulator, or in Québec, the securities regulatory authority, for the purpose of performing testing in its production environment.

12.4 Business Continuity Planning

- (1) A marketplace must
 - (a) develop and maintain reasonable business continuity plans, including disaster recovery plans, and
 - (b) test its business continuity plans, including disaster recovery plans, according to prudent business practices on a reasonably frequent basis and, in any event, at least annually.
- (2) A marketplace with a total trading volume in any type of security equal to or greater than 10% of the total dollar value of the trading volume in that type of security on all marketplaces in Canada during at least two of the preceding three months of operation must establish, implement, and maintain policies and procedures reasonably designed to ensure that each system, operated by or on behalf of the marketplace, that supports order entry, order routing, execution, trade reporting, trade comparison, data feeds, and trade clearing, can resume operations within two hours following the declaration of a disaster by the marketplace.
- (3) A recognized exchange or quotation and trade reporting system, that directly monitors the conduct of its members or users and enforces requirements set under section 7.1(1) or 7.3(1) of NI 23-101, must establish, implement, and maintain policies and procedures reasonably designed to ensure that each system, operated by or on behalf of the ~~marketplace~~[recognized exchange or quotation and trade reporting system](#), that is critical and supports real-time market surveillance, can resume operations within two hours following the declaration of a disaster at the primary site by the exchange or quotation and trade reporting system.
- (4) A regulation services provider, that has entered into a written agreement with a marketplace to conduct market surveillance for the marketplace, must establish, implement, and maintain policies and procedures reasonably designed to ensure that each system, operated by or on behalf of the regulation services provider, that is critical and supports real-time market surveillance can resume operations within two hours following the declaration of a disaster at the primary site by the regulation services provider.

12.4.1 Industry-Wide Business Continuity Tests

A marketplace, recognized clearing agency, information processor, and participant dealer must participate in all industry-wide business continuity tests, as determined by a regulation services provider, regulator, or in Québec, the securities regulatory authority.

PART 13 CLEARING AND SETTLEMENT

13.1 Clearing and Settlement

- (1) All trades executed on a marketplace must be reported to and settled through a clearing agency.
- (2) For a trade executed through an ATS by a subscriber that is registered as a dealer under securities legislation, the ATS and its subscriber must enter into an agreement that specifies whether the trade must be reported to a clearing agency by
 - (a) the ATS;
 - (b) the subscriber; or
 - (c) an agent for the subscriber that is a clearing member of a clearing agency.
- (3) For a trade executed through an ATS by a subscriber that is not registered as a dealer under securities legislation, an ATS and its subscriber must enter into an agreement that specifies whether the trade must be reported to a clearing agency by
 - (a) the ATS; or
 - (b) an agent for the subscriber that is a clearing member of a clearing agency.

13.2 Access to Clearing Agency of Choice

- (1) A marketplace must report a trade in a security to a clearing agency designated by a marketplace participant.

- (2) Subsection (1) does not apply to a trade in a security that is a standardized derivative or an exchange-traded security that is an option.

PART 14 REQUIREMENTS FOR AN INFORMATION PROCESSOR

14.1 Filing Requirements for an Information Processor

- (1) A person or company that intends to carry on business as an information processor must file Form 21-101F5 at least 90 days before the information processor begins to carry on business as an information processor.
- (2) [repealed]

14.2 Change in Information

- (1) At least 45 days before implementing a significant change involving a matter set out in Form 21-101F5, an information processor must file an amendment to the information provided in Form 21-101F5 in the manner set out in Form 21-101F5.
- (2) If an information processor implements a change involving a matter set out in Form 21-101F5, other than a change referred to in subsection (1), the information processor must, within 30 days after the end of the calendar quarter in which the change takes place, file an amendment to the information provided in Form 21-101F5 in the manner set out in Form 21-101F5.

14.3 Ceasing to Carry on Business as an Information Processor

- (1) If an information processor intends to cease carrying on business as an information processor, the information processor must file a report on Form 21-101F6 at least 30 days before ceasing to carry on that business.
- (2) If an information processor involuntarily ceases to carry on business as an information processor, the information processor must file a report on Form 21-101F6 as soon as practicable after it ceases to carry on that business.

14.4 Requirements Applicable to an Information Processor

- (1) An information processor **for exchange-traded securities** must enter into an agreement with each marketplace that is required to provide information to the information processor that the marketplace will
- (a) provide information to the information processor in accordance with Part 7; and
 - (b) comply with any other reasonable requirements set by the information processor.
- (2) An information processor must provide timely, accurate, reliable and fair collection, processing, distribution and publication of information for orders for, and trades in, securities.
- (3) An information processor must keep such books, records and other documents as are reasonably necessary for the proper recording of its business.
- (4) An information processor must establish in a timely manner an electronic connection or changes to an electronic connection to a **person or company** that is required to provide information to the information processor.
- (5) An information processor must provide prompt and accurate order and trade information and must not unreasonably restrict fair access to such information.
- (6) An information processor must file annual audited financial statements within 90 days after the end of its financial year that
- (a) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, Canadian GAAP applicable to private enterprises or IFRS,
 - (b) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and
 - (c) are audited in accordance with Canadian GAAS or International Standards on Auditing and are accompanied by an auditor's report.

- (6.1) If an information processor is operated as a division or unit of a person or company, the person or company must file the income statement and the statement of cash flow of the information processor and any other information necessary to demonstrate the financial condition of the information processor within 90 days after the end of the financial year of the person or company.
- (7) An information processor must file its financial budget within 30 days after the start of a financial year.
- (7.1) If an information processor is operated as a division or unit of a person or company, the person or company must file the financial budget relating to the information processor within 30 days of the start of the financial year of the person or company.
- (8) ~~[repealed]~~
- (9) ~~[repealed]~~

14.5 System Requirements - An information processor must,

- (a) develop and maintain
 - (i) ~~an adequate system of~~ internal controls over its critical systems, and
 - (ii) adequate information technology general controls, including, without limitation, controls relating to information systems operations, information security, cyber resilience, change management, problem management, network support, and system software support,
- (b) in accordance with prudent business practice, on a reasonably frequent basis and in any event, at least annually,
 - (i) make reasonable current and future capacity estimates for each of its systems, and
 - (ii) conduct capacity stress tests of its critical systems to determine the ~~ability~~processing capability of those systems to ~~process information~~perform in an accurate, timely and efficient manner,
- (c) on a reasonably frequent basis and, in any event, at least annually, engage ~~one or more~~ qualified ~~party~~external auditors to conduct an independent systems review and prepare a report in accordance with established audit standards ~~to ensure that it is in~~and best industry practices that assesses the information processor's compliance with paragraph (a) and section 14.6,
- (d) provide the report resulting from the review conducted under paragraph (c) to
 - (i) its board of directors or the audit committee promptly upon the report's completion, and
 - (ii) the regulator or, in Québec, the securities regulatory authority, by the earlier of the 30th day after providing the report to its board of directors or the audit committee ~~or~~and the 60th day after the ~~information processor's fiscal year end~~report's completion, ~~and~~
- (e) promptly notify the following of any systems failure, malfunction, delay or security incident that is material ~~delay of its systems or equipment~~and provide timely updates on the status of the failure, malfunction, delay or security incident, the resumption of service and the results of the information processor's internal review of the failure, malfunction, delay or security incident:
 - (i) the regulator or, in Québec, the securities regulatory authority, ~~and~~;
 - (ii) any regulation services provider, recognized exchange or recognized quotation and trade reporting system monitoring trading of the securities about which information is provided to the information processor, and
- (f) keep a record of any systems failure, malfunction, delay or security incident and identify whether or not it is material.

14.5.1 Vulnerability Assessments

On a reasonably frequent basis and, in any event, at least annually, an information processor must engage one or more qualified parties to perform appropriate assessments and testing to identify security vulnerabilities and measure the effectiveness of information security controls that assess the information processor's compliance with paragraph 14.5(a).

14.6 Business Continuity Planning

An information processor must

- (a) develop and maintain reasonable business continuity plans, including disaster recovery plans,
- (b) test its business continuity plans, including disaster recovery plans, according to prudent business practices and on a reasonably frequent basis and, in any event, at least annually, and
- (c) establish, implement, and maintain policies and procedures reasonably designed to ensure that its critical systems can resume operations within one hour following the declaration of a disaster by the information processor.

14.7 Confidential Treatment of Trading Information

An information processor must not release order and trade information to a person or company other than the **person or company** that provided this information in accordance with this Instrument or a securities regulatory authority, unless

- (a) the release of that information is required by this Instrument or under applicable law, or
- (b) the information processor received prior approval from the securities regulatory authority.

14.8 Transparency of Operations of an Information Processor

An information processor must publicly disclose on its website information reasonably necessary to enable a person or company to understand the information processor's operations or services it provides including, but not limited to

- (a) all fees charged by the information processor for the consolidated data,
- (b) in the case of an information processor for government debt securities or corporate debt securities,
 - (i) the marketplaces that are required to report details of orders for government debt securities or corporate debt securities to the information processor, as applicable;
 - (ii) the inter-dealer bond brokers that are required to report details of orders for government debt securities to the information processor;
 - (iii) the classes of persons and companies that are required to report details of trades of government debt securities or corporate debt securities to the information processor, as applicable,
 - (iv) when details of trades in each government debt security or corporate debt security, as applicable, must be reported to the information processor by a person or company,
 - (v) when the information provided to the information processor will be publicly disseminated by the information processor, and
 - (vi) the cap on the displayed volume of trades for each government debt security or corporate debt security, as applicable,
- (c) access requirements, and
- (d) the policies and procedures to manage conflicts of interest that may arise in the operation of the information processor.

PART 15 EXEMPTION

15.1 Exemption

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

Notices

- the exchange
- the quotation and trade reporting system
- regulation services provider other than the filer (see Exhibit M)

EXHIBITS

File all Exhibits with the Filing. For each Exhibit, include the name of the exchange or quotation and trade reporting system, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be ~~furnished~~included instead of ~~such~~the Exhibit.

Except as provided below, if the filer, recognized exchange or recognized quotation and trade reporting system files an amendment to the information provided in its Filing and the information relates to an Exhibit filed with the Filing or a subsequent amendment, the filer, recognized exchange or recognized quotation and trade reporting system, must, in order to comply with ~~subsections~~subsection 3.2(1), ~~3-2(2(2))~~ or ~~3-2(3(3))~~ of National Instrument 21-101 Marketplace Operation, provide a description of the change, and the actual or expected date of the implementation of the change, and file a complete and updated Exhibit. The filer must provide ~~a clean and~~ a blacklined version showing changes from the previous filing.

If the filer, recognized exchange or recognized quotation and trade reporting system has otherwise filed the information required by the previous paragraph pursuant to section 5.5 of National Instrument 21-101 Marketplace Operation, it is not required to file the information again as an amendment to an Exhibit. However, if supplementary material relating to a filed rule is contained in an Exhibit, an amendment to the Exhibit must also be filed.

Exhibit A – Corporate Governance

1. Legal status:
 - Corporation
 - Partnership
 - Sole Proprietorship
 - Other (specify):
2. Except where the exchange or quotation and trade reporting system is a sole proprietorship, indicate the following:
 1. Date (DD/MM/YYYY) of formation.
 2. Place of formation.
 3. Statute under which exchange or quotation and trade reporting system was organized.
3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.
4. Provide the policies and procedures to address potential conflicts of interest arising from the operation of the marketplace or the services it provides, including those related to the commercial interest of the marketplace, the interests of its owners and its operators, the responsibilities and sound functioning of the marketplace, and those between the operations of the marketplace and its regulatory responsibilities.

Exhibit B – Ownership

A~~In the case of an exchange or quotation and trade reporting system that is a corporation, other than an exchange or quotation and trade reporting system that is a reporting issuer, provide a~~ list of the ~~registered or~~ beneficial holders of 10 percent or more of any class of securities of, ~~partnership interests in, or other ownership interests in,~~ the exchange or ~~recognized~~ quotation and trade reporting system. For each ~~of the persons~~ listed ~~in the Exhibit, please~~security holder, provide the following:

1. Name.
2. Principal business or occupation and title, if any.
3. Ownership interest, including the total number of securities held, the percentage of the exchange or quotation and trade reporting system's issued and outstanding securities held, and the class or type of security held.

4. ~~Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest.~~
5. ~~Whether the person security holder has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*).~~

In the case of an exchange or quotation and trade reporting system that is ~~publicly traded, if a partnership, sole proprietorship or other type of organization, provide a list of the registered or beneficial holders of the partnership interests or other ownership interests in~~ the exchange or quotation and trade reporting system ~~is a corporation, please only provide a list of each shareholder that directly owns five percent or more of a class of a voting security of the exchange or quotation and trade reporting system.~~ For each person or company listed, provide the following:

1. Name.
2. Principal business or occupation and title, if any.
3. Nature of the ownership interest, including a description of the type of partnership interest or other ownership interest.
4. Whether the person or company has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 *Marketplace Operation*).

Exhibit C - Organization

1. A list of partners, ~~directors~~, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
 1. Name.
 2. Principal business or occupation and title.
 3. Dates of commencement and expiry of present term of office or position.
 4. ~~Type of business in which each is primarily engaged and current employer.~~ [repealed]
 5. ~~Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.~~ [repealed]
 6. Whether the person is considered to be an independent director.
2. A list of the committees of the board, including their mandates and the Board mandate.

Exhibit D - Affiliates

1. For each affiliated entity of the exchange or quotation and trade reporting system provide the name, head office address and describe the principal business of the affiliate.
2. For each affiliated entity of the exchange or quotation and trade reporting system
 - (i) to which the exchange or quotation and trade reporting system has outsourced any of its key services or systems affecting the market or facility described in Exhibit E – *Operations of the Marketplace*, including order entry, trading, execution, routing and data, or
 - (ii) with which the exchange or quotation and trade reporting system has any other material business relationship, including loans, cross-guarantees, etc.

provide the following information:

1. Name and address of the affiliate.
2. ~~The name and title of the directors and officers, or persons performing similar functions, of the affiliate.~~ [repealed]

3. A description of the nature and extent of the contractual and other agreements with the exchange and quotation and trade reporting system, and the roles and responsibilities of the affiliate under the arrangement.
4. A copy of each material contract relating to any outsourced functions or other material relationships.
5. ~~Copies of constituting documents (including corporate by laws), shareholder agreements, partnership agreements and other similar documents.~~ [\[repealed\]](#)
6. ~~For the latest financial year of the affiliated entity, financial statements, which may be unaudited, prepared in accordance with~~
 - a. ~~Canadian GAAP applicable to publicly accountable enterprises or~~
 - b. ~~Canadian GAAP applicable to private enterprises, or~~
 - c. ~~IFRS.~~

~~Where the affiliated entity is incorporated or organized under the laws of a foreign jurisdiction, such financial statements may also be prepared in accordance with~~

 - a. ~~U.S. GAAP or~~
 - b. ~~accounting principles of a designated foreign jurisdiction as defined under National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.~~ [\[repealed\]](#)

Exhibit E – Operations of the Marketplace

Describe in detail the manner of operation of the market or facility and its associated functions. This must include, but is not limited to, a description of the following:

1. The structure of the market (e.g., call market, auction market, dealer market).
2. Means of access to the market or facility and services, ~~including a description of any co-location arrangements.~~
3. The hours of operation.
4. A description of the services offered by the marketplace, including, but not limited to, order entry, co-location, trading, execution, routing and data.
5. A list of the types of orders offered, including, but not limited to, a description of the features and characteristics of orders.
6. Procedures regarding the entry, display and execution of orders. If indications of interest are used, please describe the information they include and list the types of recipients.
7. ~~A description of how orders interact, including, but not limited to, the priority of execution for all order types.~~ [\[repealed\]](#)
8. ~~A description of order routing procedures.~~ [\[repealed\]](#)
9. A description of order and trade reporting procedures.
10. A description of procedures for clearance and settlement of transactions.
11. The safeguards and procedures of the marketplace to protect trading information of marketplace participants.
12. Training provided to participants and a copy of any materials provided both with respect to systems of the marketplace, the requirements of the marketplace, and the rules of the regulation services providers, if applicable.

13. Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace.

The filer must provide all policies, procedures and trading manuals related to the operation of the marketplace and, if applicable, the order router.

The filer must provide all material contracts related to order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing.

Exhibit F – Outsourcing

Where the exchange or quotation and trade reporting system has outsourced the operation of key services or systems affecting the market or facility described in Exhibit E – *Operations of the Marketplace* to an arms-length third party, including any function associated with the routing, trading, execution, data, clearing and settlement and, if applicable, surveillance, provide the following information:

1. Name and address of person or company to whom the function has been outsourced.
2. A description of the nature and extent of the contractual or other agreement with the exchange or quotation and trade reporting system and the roles and responsibilities of the arms-length party under the arrangement.
3. A copy of each material contract relating to any outsourced function.
4. A copy of the marketplace's policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements that are established and maintained pursuant to paragraph 5.12(a) of National Instrument 21-101 *Marketplace Operation*.
5. A description of any conflicts of interest between the marketplace and the service provider to which key services and systems are outsourced and a copy of the policies and procedures to mitigate and manage such conflicts of interest that have been established pursuant to paragraph 5.12(b) of National Instrument 21-101 *Marketplace Operation*.
6. A description of the measures the marketplace has taken pursuant to paragraph 5.12(f) of National Instrument 21-101 *Marketplace Operation* to ensure that the service provider has established, maintains and periodically tests an appropriate business continuity plan, including a disaster recovery plan.
7. A description of the measures the marketplace has taken pursuant to paragraph 5.12(g) of National Instrument 21-101 *Marketplace Operation* to ensure that the service provider protects the proprietary, order, trade or any other confidential information of the participants of the marketplace.
8. A copy of the marketplace's processes and procedures to regularly review the performance of a service provider under an outsourcing arrangement that are established pursuant to paragraph 5.12(h) of National Instrument 21-101 *Marketplace Operation*.

Exhibit G - Systems and Contingency Planning

General

Provide:

1. A high-level description of the marketplace's systems that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, co-location and if applicable, market surveillance and trade clearing.
2. An organization chart of the marketplace's information technology group unless otherwise provided as part of the report required by subsection 12.2(1) of [the National Instrument 21-101 Marketplace Operation](#).

Business Continuity Planning

Please provide a description of the marketplace's business continuity and disaster recovery plans that includes, but is not limited to, information regarding the following:

1. Where the primary processing site is located.

2. What the approximate percentage of hardware, software and network redundancy is at the primary site.
3. Any uninterruptible power source (UPS) at the primary site.
4. How frequently market data is stored off-site.
5. Any secondary processing site, the location of any such secondary processing site, and whether all of the marketplace's critical business data is accessible through the secondary processing site.
6. The creation, management, and oversight of the plans, including a description of responsibility for the development of the plans and their ongoing review and updating.
7. Escalation procedures, including event identification, impact analysis, and activation of the plans in the event of a disaster or disruption.
8. Procedures for internal and external communications, including the distribution of information internally, to the securities regulatory authority, and, if appropriate, to the public, together with the roles and responsibilities of marketplace staff for internal and external communications.
9. The scenarios that would trigger the activation of the plans.
10. How frequently the business continuity and disaster recovery plans are tested.
11. Procedures for record keeping in relation to the review and updating of the plans, including the logging of tests and deficiencies.
12. The targeted time to resume operations of critical information technology systems following the declaration of a disaster by the marketplace and the service level to which such systems are to be restored.
13. Any single points of failure faced by the marketplace.

Systems Capacity

Please provide information regarding:

1. How frequently future market activity is evaluated in order to adjust processing capacity.
2. The approximate excess capacity maintained over average daily transaction volumes.
3. How often or at what point stress testing is performed.

Systems

Please provide information regarding:

1. Whether the trading engine was developed in-house or by a commercial vendor.
2. Whether the trading engine is maintained in-house or by a commercial vendor and provide the name of the commercial vendor, if applicable.
3. The marketplace's networks. Please provide a copy of a high-level network diagram of the systems referred to in section 12.1 of ~~the~~[theNational](#) Instrument [21-101 Marketplace Operation](#), as applicable, together with a description of the external points of contact for the marketplace's networks.
4. The message protocols supported by the marketplace's systems.
5. The transmission protocols used by the marketplace's systems.

IT Risk Assessment

Please describe the IT risk assessment framework, including:

1. How the probability and likelihood of IT threats are considered.

2. How the impact of risks ~~are~~is measured according to qualitative and quantitative criteria.
3. The documentation process for acceptable residual risks with related offsets.
4. The development of management's action plan to implement a risk response to a risk that has not been accepted.

Exhibit H – Custody of Assets

1. If the exchange or quotation and trade reporting system proposes to hold funds or securities of a marketplace participant on a regular basis, a description of the controls that will be implemented to ensure the safety of the funds or securities.
2. If any other person or company, other than the exchange or quotation and trade reporting system, will hold or safeguard funds or securities of a marketplace participant on a regular basis, provide the name of the person or company and a description of the controls that will be implemented to ensure the safety of the funds or securities.

Exhibit I - Securities

1. List the types of securities listed on the exchange or quoted on the quotation and trade reporting system. If this is an initial filing, list the types of securities the filer expects to list or quote.
2. List the types of any other securities that are traded on the marketplace or quoted on the quotation and trade reporting system, indicating the exchange(s) on which such securities are listed. If this is an initial filing, list the types of securities the filer expects to trade.

Exhibit J – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the marketplace described in Exhibit E item 4, including trading on the exchange or quotation and trade reporting system.
2. Describe the classes of marketplace participants.
3. Describe the exchange or quotation and trade reporting service's criteria for access to the services of the marketplace.
4. Describe any differences in access to the services offered by the marketplace to different groups or classes of marketplace participants.
5. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the services of the exchange or quotation and trade reporting system.
6. Describe any procedures that will be involved in the suspension or termination of a marketplace participant.
7. Describe the exchange or quotation and trade reporting system's arrangements for permitting clients of marketplace participants to have access to the marketplace. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit K – Marketplace Participants

Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.
2. Date of becoming a marketplace participant.
3. Describe the type of trading activities primarily engaged in by the marketplace participant (e.g., agency trading, proprietary trading, registered trading, market making).
4. The class of participation or other access. Please identify if the marketplace participant accesses the marketplace through co-location.
5. Provide a list of all persons or entities that were denied or limited access to the marketplace, indicating for each

Notices

- (i) whether they were denied or limited access,
- (ii) the date the marketplace took such action,
- (iii) the effective date of such action, and
- (iv) the nature and reason for any denial or limitation of access.

Exhibit L - Fees

A description of the fee model and all fees charged by the marketplace, or by a party to which services have been directly or indirectly outsourced, including, but not limited to, fees relating to connecting to the market or facility, access, data, regulation (if applicable), trading, routing, and co-location, how such fees are set, and any fee rebates or discounts and how the rebates and discounts are set.

Exhibit M - Regulation

Market Regulation is being conducted by:

the exchange or QTRS

1. Provide a description of the regulation performed by the exchange or QTRS, including the structure of the department performing regulation, how the department is funded, policies and procedures in place to ensure confidentiality and the management of conflicts of interest, and policies and procedures relating to conducting an investigation.
2. If more than one entity is performing regulation services for a type of security and the filer is conducting market regulation for itself and its members, provide a copy of the contract between the filer and the regulation services provider providing for co-ordinated monitoring and enforcement under section 7.5 of National Instrument 23-101 *Trading Rules*.

a regulation services provider other than the filer (provide a copy of the contract between the filer and the regulation services provider)

Exhibit N – Acknowledgement

The form of acknowledgement required by subsection 5.9(2) of National Instrument 21-101 *Marketplace Operation*.

CERTIFICATE OF EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20 _____

(Name of exchange or quotation and trade reporting system)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)

**FORM 21-101F2
INFORMATION STATEMENT
ALTERNATIVE TRADING SYSTEM**

TYPE OF FILING:

INITIAL OPERATION REPORT **AMENDMENT; AMENDMENT No. _____**

Identification:

1. Full name of alternative trading system:
2. Name(s) under which business is conducted, if different from item 1:
3. If this filing makes a name change on behalf of the alternative trading system in respect of the name set out in Item 1 or Item 2, enter the previous name and the new name.

Previous name:

New name:

4. Head office

Address:

Telephone:

Facsimile:

5. Mailing address (if different):

6. Other offices

Address:

Telephone:

Facsimile:

7. Website address:

8. Contact employee

Name and title:

Telephone number:

Facsimile:

E-mail address:

9. Counsel

Firm name:

Contact name:

Telephone number:

Facsimile:

E-mail address:

Notices

- 10. The ATS is
 - a member of(name of the recognized self-regulatory entity)
 - a registered dealer
- 11. If this is an initial operation report, the date the alternative trading system expects to commence operation:
- 12. The ATS has contracted with [name of regulation services provider] to perform market regulation for the ATS and its subscribers.

EXHIBITS

File all Exhibits with the Initial Operation Report. For each Exhibit, include the name of the ATS, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be ~~furnished~~included instead of ~~such~~the Exhibit.

If the ATS files an amendment to the information provided in its Initial Operation Report and the information relates to an Exhibit filed with the Initial Operation Report or a subsequent amendment, the ATS must, in order to comply with subsection 3.2(1), ~~3-2(2)~~ or ~~3-2(3)~~ of National Instrument 21-101 Marketplace Operation, provide a description of the change, and the actual or expected date of the implementation of the change, and file a complete and updated Exhibit. The ATS must provide a ~~clean and~~ blacklined version showing changes from the previous filing.

Exhibit A – Corporate Governance

- 1. Legal status:
 - Corporation
 - Partnership
 - Sole Proprietorship
 - Other (specify):
- 2. Except where the ATS is a sole proprietorship, indicate the following:
 - 1. Date (DD/MM/YYYY) of formation.
 - 2. Place of formation.
 - 3. Statute under which the ATS was organized.
- 3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.
- 4. Provide the policies and procedures to address conflicts of interest arising from the operation of the marketplace or the services it provides, including those related to the commercial interest of the marketplace, the interests of its owners and its operators, and the responsibilities and sound functioning of the marketplace.

Exhibit B – Ownership

~~In the case of an ATS that is a corporation, other than an ATS that is a reporting issuer, provide a~~ list of the ~~registered or~~ beneficial holders of 10 percent or more of any class of securities of, ~~partnership interests in, or other ownership interests in,~~ the ATS. For each ~~of the persons listed in the Exhibit, please~~security holder, provide the following:

- 1. Name.
- 2. Principal business or occupation and title, if any.
- 3. Ownership interest:
- ~~4. Nature of the ownership interest, including a description of the~~ the total number of securities held, the percentage of the ATS's issued and outstanding securities held, and the class or type of security, ~~partnership interest or other ownership interest held.~~
- ~~4.~~ 5. Whether the ~~person~~security holder has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 Marketplace Operation).

In the case of an ATS that is ~~publicly traded, if the ATS is a corporation, please only~~ a partnership, sole proprietorship or other type of organization, provide a list of ~~each shareholder that directly owns five percent or more of a class of a voting security of the registered or beneficial holders of the partnership interests or other ownership interests in the ATS. For each person or company listed, provide~~ the ATS following:

1. Name.
2. Principal business or occupation and title, if any.
3. Nature of the ownership interest, including a description of the type of partnership interest or other ownership interest.
4. Whether the person or company has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 Marketplace Operation).

Exhibit C – Organization

1. A list of partners, ~~directors,~~ officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
 1. Name.
 2. Principal business or occupation and title.
 3. Dates of commencement and expiry of present term of office or position.
 4. ~~Type of business in which each is primarily engaged and current employer.~~ [repealed]
 5. ~~Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.~~ [repealed]
 6. Whether the person is considered to be an independent director.
2. A list of the committees of the board, including their mandates.

Exhibit D – Affiliates

1. For each affiliated entity of the ATS provide the name, head office address and describe the principal business of the affiliate.
2. For each affiliated entity of the ATS
 - (i) to which the ATS has outsourced any of its key services or systems affecting the market or facility described in Exhibit E – *Operations of the Marketplace*, including order entry, trading, execution, routing and data, or
 - (ii) with which the ATS has any other material business relationship, including loans, cross-guarantees, etc.provide the following information:
 1. Name and address of the affiliate.
 2. ~~The name and title of the directors and officers, or persons performing similar functions, of the affiliate.~~ [repealed]
 3. A description of the nature and extent of the contractual and other agreement with the ATS, and the roles and responsibilities of the affiliate under the arrangement.
 4. A copy of each material contract relating to any outsourced functions or other material relationship.
 5. ~~Copies of constating documents (including corporate by laws), shareholder agreements, partnership agreements and other similar documents.~~ [repealed]

Exhibit E – Operations of the Marketplace

Describe in detail the manner of operation of the market and its associated functions. This must include, but is not limited to, a description of the following:

1. The structure of the market (e.g., call market, auction market, dealer market).
2. Means of access to the market or facility and services, ~~including a description of any co-location arrangements.~~
3. The hours of operation.
4. A description of the services offered by the marketplace including, but not limited to, order entry, co-location, trading, execution, routing and data.
5. A list of the types of orders offered, including, but not limited to, a description of the features and characteristics of orders.
6. Procedures regarding the entry, display and execution of orders. If indications of interest are used, please describe the information they include and list the types of recipients.
7. ~~A description of how orders interact, including, but not limited to, the priority of execution for all order types.~~ [\[repealed\]](#)
8. ~~A description of order routing procedures.~~ [\[repealed\]](#)
9. A description of order and trade reporting procedures.
10. A description of procedures for clearance and settlement of transactions.
11. The safeguards and procedures of the marketplace to protect trading information of marketplace participants.
12. Training provided to participants and a copy of any materials provided both with respect to systems of the marketplace, the requirements of the marketplace, and the rules of the regulation services providers, if applicable.
13. Steps taken to ensure that marketplace participants have knowledge of and comply with the requirements of the marketplace.

The filer must provide all policies, procedures and trading manuals related to the operation of the marketplace and, if applicable, the order router.

The filer must provide all material contracts relating to order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing.

Exhibit F – Outsourcing

Where the ATS has outsourced the operation of key services or systems affecting the market or facility described in Exhibit E – *Operations of the Marketplace* to an arms-length third party, including any function associated with routing, trading, execution, clearing and settlement, data and co-location, provide the following information:

1. Name and address of person or company to whom the function has been outsourced.
2. A description of the nature and extent of the contractual or other agreement with the ATS and the roles and responsibilities of the arms-length party under the arrangement.
3. A copy of each material contract relating to any outsourced function.
4. A copy of the marketplace's policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements that are established and maintained pursuant to paragraph 5.12(a) of National Instrument 21-101 *Marketplace Operation*.

5. A description of any conflicts of interest between the marketplace and the service provider to which key services and systems are outsourced and a copy of the policies and procedures to mitigate and manage such conflicts of interest that have been established pursuant to paragraph 5.12(b) of National Instrument 21-101 *Marketplace Operation*.
6. A description of the measures the marketplace has taken pursuant to paragraph 5.12(f) of National Instrument 21-101 *Marketplace Operation* to ensure that the service provider has established, maintains and periodically tests an appropriate business continuity plan, including a disaster recovery plan.
7. A description of the measures the marketplace has taken pursuant to paragraph 5.12(g) of National Instrument 21-101 *Marketplace Operation* to ensure that the service provider protects the proprietary, order, trade or any other confidential information of the participants of the marketplace.
8. A copy of the marketplace's processes and procedures to regularly review the performance of a service provider under an outsourcing arrangement that are established pursuant to paragraph 5.12(h) of National Instrument 21-101 *Marketplace Operation*.

Exhibit G – Systems and Contingency Planning

General

Provide:

1. A high llevel description of the marketplace's systems that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, co-location and if applicable, market surveillance and trade clearing.
2. An organization chart of the marketplace's information technology group unless otherwise provided as part of the report required by subsection 12.2(1) of ~~the~~ [National Instrument 21-101 *Marketplace Operation*](#).

Business Continuity Planning

Please provide a description of the marketplace's business continuity and disaster recovery plans that includes, but is not limited to, information regarding the following:

1. Where the primary processing site is located.
2. What the approximate percentage of hardware, software and network redundancy is at the primary site.
3. Any uninterruptible power source (UPS) at the primary site.
4. How frequently market data is stored off-site.
5. Any secondary processing site, the location of any such secondary processing site and whether all of the marketplace's critical business data is accessible through the secondary processing site.
6. The creation, management, and oversight of the plans, including a description of responsibility for the development of the plans and their ongoing review and updating.
7. Escalation procedures, including event identification, impact analysis, and activation of the plans in the event of a disaster or disruption.
8. Procedures for internal and external communications, including the distribution of information internally, to the securities regulatory authority, and, if appropriate, to the public, together with the roles and responsibilities of marketplace staff for internal and external communications.
9. The scenarios that would trigger the activation of the plans.
10. How frequently the business continuity and disaster recovery plans are tested.
11. Procedures for record keeping in relation to the review and updating of the plans, including the logging of tests and deficiencies.

Notices

12. The targeted time to resume operations of critical information technology systems following the declaration of a disaster by the marketplace and the service level to which such systems are to be restored.
13. Any single points of failure faced by the marketplace.

Systems Capacity

Please provide information regarding:

1. How frequently future market activity is evaluated in order to adjust processing capacity.
2. The approximate excess capacity maintained over average daily transaction volumes.
3. How often or at what point stress testing is performed.

Systems

Please provide information regarding:

1. Whether the trading engine was developed in-house or by a commercial vendor.
2. Whether the trading engine is maintained in-house or by a commercial vendor and provide the name of the commercial vendor, if applicable.
3. The marketplace's networks. Please provide a copy of a high-level network diagram of the systems referred to in section 12.1 of ~~the~~ [National Instrument 21-101 Marketplace Operation](#), as applicable, together with a description of the external points of contact for the marketplace's networks.
4. The message protocols supported by the marketplace's systems.
5. The transmission protocols used by the marketplace's systems.

IT Risk Assessment

Please describe the IT risk assessment framework, including:

1. How the probability and likelihood of IT threats are considered.
2. How the impact of risks ~~are~~^{is} measured according to qualitative and quantitative criteria.
3. The documentation process for acceptable residual risks with related offsets.
4. The development of management's action plan to implement a risk response to a risk that has not been accepted.

Exhibit H – Custody of Assets

1. If the ATS proposes to hold funds or securities of a marketplace participant on a regular basis, a description of the controls that will be implemented to ensure the safety of the funds or securities.
2. If any other person or company, other than the ATS, will hold or safeguard funds or securities of a marketplace participant on a regular basis, provide the name of the person or company and a description of the controls that will be implemented to ensure the safety of the funds or securities.

Exhibit I – Securities

List the types of securities that are traded on the ATS, indicating the exchange(s) on which such securities are listed. If this is an initial filing, list the types of securities the ATS expects to trade.

Exhibit J – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the marketplace described in Exhibit E item 4, including trading on the ATS.

2. Describe the classes of marketplace participants (i.e. dealer, institution or retail).
3. Describe the ATS's criteria for access to the services of the marketplace.
4. Describe any differences in access to the services offered by the marketplace to different groups or classes of marketplace participants.
5. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the services of the ATS.
6. Describe any procedures that will be involved in the suspension or termination of a marketplace participant.
7. Describe the ATS's arrangements for permitting clients of marketplace participants to have access to the marketplace. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit K – Marketplace Participants

Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.
2. Date of becoming a marketplace participant.
3. Describe the type of trading activities primarily engaged in by the marketplace participant (e.g., agency trading, proprietary trading, registered trading, market making).
4. The class of participation or other access. Please identify if the marketplace participant accesses the marketplace through co-location.
5. Provide a list of all persons or entities that were denied or limited access to the marketplace, indicating for each
 - (i) whether they were denied or limited access,
 - (ii) the date the marketplace took such action,
 - (iii) the effective date of such action, and
 - (iv) the nature and reason for any denial or limitation of access.

Exhibit L - Fees

A description of the fee model and all fees charged by the marketplace, or by a party to whom services have been directly or indirectly outsourced, including, but not limited to, fees relating to connecting to the market or facility, access, data, regulation (if applicable), trading, routing, and co-location, how such fees are set and any fee rebates or discounts and how the rebates or discounts are set.

Exhibit M – Regulation

The ATS has contracted with regulation services provider to perform market regulation for ATS and its subscribers. Provide a copy of the contract between the filer and the regulation services provider.

Exhibit N – Acknowledgement

The form of acknowledgement required by subsections 5.9(2) and 6.11(2) of National Instrument 21-101 *Marketplace Operation*.

CERTIFICATE OF ALTERNATIVE TRADING SYSTEM

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20 _____

(Name of alternative trading system)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)

**FORM 21-101F3
QUARTERLY REPORT OF MARKETPLACE ACTIVITIES**

A - General Marketplace Information

1. Marketplace Name:
2. Period covered by this report:
3. Identification
 - A. Full name of marketplace (if sole proprietor, last, first and middle name):
 - B. ~~Name(s) under which business is conducted, if different from item A: [repealed]~~
 - C. ~~Marketplace main street address: [repealed]~~
4. ~~A list of all amendments in the information in Form 21-101F1 or 21-101F2 that were filed with the Canadian securities regulatory authorities and implemented during the period covered by the report. The list must include a brief description of each amendment, the date filed and the date implemented. [repealed]~~
5. ~~A list of all amendments in the information in Form 21-101F1 or 21-101F2 that have been filed with the Canadian securities regulatory authorities but not implemented as of the end of the period covered by the report. The list must include a brief description of each amendment, the date filed and the reason why it was not implemented. [repealed]~~
6. ~~Systems—If any outages occurred at any time during the period for any system relating to trading activity, including trading, routing or data, provide the date, duration, reason for the outage and its resolution. [repealed]~~
7. ~~Systems Changes—A brief description of any significant changes to the systems and technology used by the marketplace that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, co-location and if applicable, market surveillance and trade clearing that were planned, under development, or implemented during the quarter. Please provide the current status of the changes that are under development. [repealed]~~

B - Marketplace Activity Information

Section 1 – Equity Marketplaces Trading Exchange-Listed Securities

1. **General trading activity** – ~~For each type of security traded on the marketplace, provide the details (where appropriate) requested in the form set out in Chart 1. The information must be provided for transactions executed at the opening of the market, during regular trading hours, and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate. [repealed]~~

Chart 1 – General trading activity for equity marketplaces trading exchange-listed securities

~~[repealed]~~

Category of Securities	Volume		Value		Number of Trades	
	Transparent	Non-transparent	Transparent	Non-transparent	Transparent	Non-transparent
Exchange-Traded Securities						
1. Equity (includes preferred shares)						
2. Exchange-traded funds (ETFs)						
3. Debt securities						
4. Options						
Foreign-Exchange-Traded Securities						

Notices

1. Equity (includes preferred shares)						
2. ETFs						
3. Debt securities						
4. Options						

2. **Crosses** – Provide the details (where appropriate) requested in the form set out in **Chart 2** below for each type of cross executed on the marketplace for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate. ~~– [repealed]~~

Chart 2 – Crosses

~~[repealed]~~

Types of Crosses	Volume	Value	Number of Trades
1. Intentional Crosses ¹			
2. Internal crosses			
3. Other crosses			

3. **Order information** – Provide the details (where appropriate) requested in the form set out in **Chart 3** below for each type of order in exchange traded securities executed on the marketplace for orders entered at the opening of the market, during regular trading and after hours during the quarter. Enter “none”, “N/A”, or “0” where appropriate. ~~[repealed]~~

Chart 3 – Order information

~~[repealed]~~

Types of Orders	Number of Orders	Orders Executed	Orders Cancelled ²
1. Anonymous ³			
2. Fully transparent			
3. Pegged Orders			
4. Fully hidden			
5. Separate dark facility of a transparent market			
6. Partially hidden (reserve)			
7. Total number of orders entered during the quarter			

4. **Trading by security** – Provide the details requested in the form set out in **Chart 4** below for the 10 most traded securities on the marketplace (based on the volume of securities traded) for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate. ~~[repealed]~~

Chart 4 – Most traded securities

~~[repealed]~~

Category of Securities	Volume	Value	Number of Trades
Exchange-Traded Securities			
1. Equity (includes preferred shares) [Name of Securities]			
1.			
2.			
3.			
4.			
5.			
6.			

Notices

<p>7. 8. 9. 10.</p>			
<p>2. ETFs [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.</p>			
<p>3. Debt [Enter issuer, maturity and coupon] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.</p>			
<p>Foreign Exchange-Traded Securities</p>			
<p>1. Equity (includes preferred shares) [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.</p>			
<p>2. ETFs [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.</p>			
<p>3. Debt [Name of Securities] 1. 2. 3. 4. 5. 6. 7. 8.</p>			

Notices

9.			
10.			

5. ~~Trading by marketplace participant~~ – Provide the details requested in the form set out in ~~Chart 5~~ below for the top 10 marketplace participants (based on the volume of securities traded). The information must be provided for the total trading volume, including for trades executed at the opening of the market, during regular trading and after hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate. Where a marketplace’s marketplace participants are dealers and non-dealers, the marketplace must complete a separate chart for each. ~~– [repealed]~~

~~Chart 5 – Concentration of trading by marketplace participant~~

Marketplace Participant Name	Total Active Volume	Total Passive Volume
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

6. ~~Routing activities~~ – Indicate the percentage of marketplace participants that used marketplace-owned or third-party or affiliated routing services during the reporting period. In addition, provide the information in ~~Chart 6~~ below. ~~– [repealed]~~

~~Chart 6 – Routing of marketplace orders~~

~~[repealed]~~

Number of orders executed on the reporting marketplace	
Number of orders routed to away marketplaces (list all marketplaces where orders were routed)	
Number of orders that are marked and treated as Directed Action Orders (DAO)	

Section 2 – Fixed Income Marketplaces

1. **General trading activity** - Provide the details (where appropriate) requested in the form set out in **Chart 7** below for each type of fixed income security traded on the marketplace for transactions executed during regular trading hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 7 – Fixed income activity

Category of Securities	Value Traded	Number of Trades
Domestic Unlisted Debt Securities - Government		
1. Federal		
2. Federal Agency		
3. Provincial and Municipal		
Domestic Unlisted Debt Securities – Corporate		
Domestic Unlisted Debt Securities - Other		
Foreign Unlisted Debt Securities – Government		
Foreign Unlisted Debt Securities – Corporate		
Foreign Unlisted Debt Securities - Other		

2. **Trading by security** – Provide the details requested in the form set out in **Chart 8** below for each fixed income security traded on the marketplace during regular trading hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 8 – Traded fixed income securities

Category of Securities	Value Traded	Number of Trades
Domestic Unlisted Debt Securities - Government		
1. Federal [Enter issuer, maturity, coupon]		
2. Federal Agency [Enter issuer, maturity, coupon]		
3. Provincial and Municipal [Enter issuer, maturity, coupon]		
Domestic Unlisted Debt Securities – Corporate [Enter issuer, maturity, coupon]		
Domestic Unlisted Debt Securities – Other [Enter issuer, maturity, coupon]		
Foreign Unlisted Debt Securities – Government [Enter issuer, maturity, coupon]		
Foreign Unlisted Debt Securities – Corporate [Enter issuer, maturity, coupon]		
Foreign Unlisted Debt Securities – Other [Enter issuer, maturity, coupon]		

3. ~~**Trading by marketplace participant** – Provide the details requested in the form set out in **Chart 9** below for the top 10 marketplace participants for trades executed during regular trading hours during the quarter. Enter “None”, “N/A”, or “0” where appropriate. If marketplace participants are dealers and non-dealer institutions, the marketplace must complete a separate chart for each. – [repealed]~~

Chart 9 – Concentration of trading by marketplace participant

~~[repealed]~~

Marketplace Participant Name	Value Traded
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Section 3 – Securities Lending Marketplaces

1. **General lending activity** – Please provide details (where appropriate) requested in the form set out in **Chart 10** below for each type of securities loaned on the marketplace. Enter “None”, “N/A” or “0” where appropriate.

Chart 10 – Lending activity

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
Domestic		
1. Corporate Equity Securities		
1.1. Common Shares		
1.2. Preferred Shares		
2. Non-Corporate Equity Securities (e.g. trust units, partnership units, etc.) (please specify)		
3. Government Debt Securities		
4. Corporate Debt Securities		
5. Other Fixed Income Securities (please specify)		
Foreign		
1. Corporate Equity Securities		
1.1. Common Shares		
1.2. Preferred Shares		
2. Non-Corporate Equity Securities (e.g. trust units, partnership units, etc.) (Please specify)		
3. Government Debt Securities		
4. Corporate Debt Securities		
5. Other Fixed Income Securities (please specify)		

2. **Trading by marketplace participant** – Provide the details requested in the form set out in **Chart 11** and **Chart 12** below for the top 10 borrowers and lenders based on their aggregate value of securities borrowed or loaned, respectively, during the quarter.

Chart 11 – Concentration of activity by borrower

Borrower Name	Aggregate Value of Securities Borrowed During the Quarter
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Chart 12 – Concentration of activity by lender

Lender Name	Aggregate Value of Securities Loaned During the Quarter
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

3. **Lending activity by security** – Provide the details requested in the form set out in **Chart 13** below for the 10 most loaned securities on the marketplace (based on the quantity of securities loaned during the quarter). Enter “None”, “N/A” or “0” where appropriate.

Chart 13 – Most loaned securities

Category of Securities	Quantity of Securities Lent During the Quarter	Aggregate Value of Securities Lent During the Quarter
Domestic		
1. Common Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Preferred Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
3. Non-Corporate Equity Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
4. Government Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
5. Corporate Debt Securities [Name of Security] 1. 2. 3. 4.		

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5. 6. 7. 8. 9. 10.		
6. Other Fixed Income Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
Foreign		
1. Common Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
2. Preferred Shares [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
3. Non-Corporate Equity Securities [Name of Security] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.		
4. Government Debt Securities [Name of Security] 1. 2. 3. 4. 5. 6.		

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7.		
8.		
9.		
10.		
5. Corporate Debt Securities [Name of Security]		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
6. Other Fixed Income Securities [Name of Security]		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Section 4 – Derivatives Marketplaces in Quebec

- General trading activity** – For each category of product traded on the marketplace, provide the details (where appropriate) requested in the form set out in **Chart 14** below. For products other than options on ETFs and equity options, provide the details on a product-by-product basis in the appropriate category. Details for options on ETFs and equity options must be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information must be provided for transactions executed in the early session, during the regular session, and in the extended session during the quarter. Enter “None”, “N/A”, or “0” where appropriate.

Chart 14 – General trading activity

Category of Product	Volume	Number of Trades	Open Interest (Number/End of Quarter)
Futures Products			
1(a) Interest rate - short term			
1(b) Interest rate – long term			
2. Index			
3. ETF			
4. Equity			
5. Currency			
6. Energy			
7. Others, please specify			
Options Products			
1(a) Interest rate -short term			
1(b) Interest rate – long term			
2. Index			
3. ETF			
4. Equity			
5. Currency			
6. Energy			
7. Others, please specify			

2. **Trades resulting from pre-negotiation discussions** - Provide the details (where appropriate) requested in the form set out in **Chart 15** below by product and for each type of trade resulting from pre-negotiation discussions. For products other than options on ETFs and equity options, provide the details on a product-by-product basis in the appropriate category. Details for options on ETFs and equity options must be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information must be provided for trades executed in the early session, during the regular session and in the extended session during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 15 – Trades resulting from pre-negotiation discussions

Type of Trade	Volume	Number of Trades
Futures Products		
A. Cross		
B. Pre-arranged		
C. Block		
D. Exchange for physical		
E. Exchange for risk		
F. Riskless basis cross		
G. Others, please specify		
Options Products		
A. Cross		
B. Pre-arranged		
C. Block		
D. Others, please specify		

3. **Order information** – Provide the details (where appropriate) requested in the form set out in **Chart 16** below by product and for each type of order in exchange traded contracts executed on the marketplace. For products other than options on ETFs and equity options, provide the details on a product-by-product basis in the appropriate category. Details for options on ETFs and equity options must be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information must be provided for orders entered in the early session, during the regular session and in the extended session during the quarter. Enter "none", "N/A", or "0" where appropriate.

Chart 16 – Order Information

Type of Orders	Volume	Number of Trades
1. Anonymous		
2. Fully transparent		
3. Pegged orders		
4. Fully hidden		
5. Separate dark facility of a transparent market		
6. Partially hidden (reserve, for example, iceberg orders)		

4. **Trading by product** – Provide the details requested in the form set out in **Chart 17** below. For each product other than options on ETFs and equity options, list the most actively-traded contracts (by volume) on the marketplace that in the aggregate constitute at least 75% of the total volume for each product during the quarter. The list must include at least 3 contracts. For options on ETFs and equity options, list the 10 most actively traded classes by volume. Details for options on ETFs and equity options must be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information must be provided for trades executed in the early session, during the regular session and in the extended session during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 17 – Most traded contracts

Category of Product	Volume	Number of Trades	Open Interest (Number/End of Quarter)
Futures Products			
1. Name of products – 3 most-traded contracts (or more as applicable)			
1.			
2.			
3.			

Notices

Options Products			
2. ETF [Classes] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
3. Equity [Classes] 1. 2. 3. 4. 5. 6. 7. 8. 9. 10.			
4. Other listed options (specify for each) – 3 most traded contracts (or more as applicable) 1. 2. 3.			

5. Concentration of trading by marketplace participant - Provide the details requested in the form set out in **Chart 18** below. For each product other than options on ETFs and equity options, list the top marketplace participants whose aggregate trading (by volume) constituted at least 75% of the total volume traded. The list must include at least 3 marketplace participants. For options on ETFs and equity options, provide the top 10 most active marketplace participants (by volume). The information must be provided on an aggregate basis (one total for options on ETFs and one for options on equities). The information must be provided for trades executed in the early session, during the regular session and in the extended session during the quarter. Enter "None", "N/A", or "0" where appropriate.

Chart 18 – Concentration of trading by marketplace participant

Product Name	Marketplace Participant Name	Volume
Futures		
Product Name (specify for each)	1. 2. 3. (more if necessary)	
Options		
ETF	1. 2. 3. 4. 5. 6. 7. 8. 9. 10.	
Equity	1. 2. 3. 4. 5.	

Notices

	6. 7. 8. 9. 10.	
Other options (specify for each)	1. 2. 3. (more if necessary)	

C - Certificate of Marketplace

The undersigned certifies that the information given in this report relating to the marketplace is true and correct.

DATED at _____ this ____ day of _____ 20__

(Name of Marketplace)

(Name of director, officer or partner – please type or print)

(Signature of director, officer or partner)

(Official capacity – please type or print)

**FORM 21-101F4
CESSATION OF OPERATIONS REPORT FOR
ALTERNATIVE TRADING SYSTEM**

1. Identification:
 - A. Full name of alternative trading system (if sole proprietor, last, first and middle name):
 - B. Name(s) under which business is conducted, if different from item 1A:
2. Date alternative trading system proposes to cease carrying on business as an ATS:
3. If cessation of business was involuntary, date alternative trading system has ceased to carry on business as an ATS:
4. Please check the appropriate box:
 - the ATS intends to carry on business as an exchange and has filed Form 21-101F1.
 - the ATS intends to cease to carry on business.
 - the ATS intends to become a member of an exchange.

Exhibits

File all Exhibits with the Cessation of Operations Report. For each exhibit, include the name of the ATS, the date of filing of the exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be furnished instead of such Exhibit.

Exhibit A

The reasons for the alternative trading system ceasing to carry on business as an ATS.

Exhibit B

A list of each of the securities the alternative trading system trades.

Exhibit C

The amount of funds and securities, if any, held for subscribers by the alternative trading system, or another person or company retained by the alternative trading system to hold funds and securities for subscribers and the procedures in place to transfer or to return all funds and securities to subscribers.

CERTIFICATE OF ALTERNATIVE TRADING SYSTEM

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20 _____

(Name of alternative trading system)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)

**FORM 21-101F5
INFORMATION STATEMENT
INFORMATION PROCESSOR**

TYPE OF FILING:

INITIAL FORM AMENDMENT ; AMENDMENT No. _____

GENERAL INFORMATION

1. Full name of information processor:
2. Name(s) under which business is conducted, if different from item 1:
3. If this filing makes a name change on behalf of the information processor in respect of the name set out in item 1 or item 2, enter the previous name and the new name:

Previous name:

New name:
4. Head office

Address:

Telephone:

Facsimile:
5. Mailing address (if different):
6. Other offices

Address:

Telephone:

Facsimile:
7. Website address:
8. Contact employee

Name and title:

Telephone number:

Facsimile:

E-mail address:
9. Counsel

Firm name:

Contact name:

Telephone number:

Facsimile:

E-mail address:

Notices

10. List of all marketplaces, dealers or other parties for which the information processor is acting or for which it proposes to act as an information processor. For each marketplace, dealer or other party, provide a description of the function(s) which the information processor performs or proposes to perform.
11. List all types of securities for which information will be collected, processed, distributed or published by the information processor. For each such marketplace, dealer or other party, provide a list of all securities for which information with respect to quotations for, or transactions in, is or is proposed to be collected, processed, distributed or published.

Exhibits

File all Exhibits with the Initial Form. For each Exhibit, include the name of the information processor, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be ~~furnished~~included instead of ~~such~~the Exhibit.

If the information processor files an amendment to the information provided in its Initial Form, and the information relates to an Exhibit filed with the Initial Form or a subsequent amendment, the information processor must, in order to comply with sections 14.1 and 14.2 of National Instrument 21-101 Marketplace Operation, provide a description of the change, and the actual or expected date of the implementation of the change, and file a complete and updated Exhibit. The information processor must provide a ~~clean and a~~ blacklined version showing changes from the previous filing.

Exhibit A – Corporate Governance

1. Legal status:
 - Corporation
 - Sole Proprietorship
 - Partnership
 - Other (specify):
2. Except where the information processor is a sole proprietorship, indicate the date and place where the information processor obtained its legal status (e.g., place of incorporation, place where partnership agreement was filed or where information processor was formed):
 - a) Date (DD/MM/YYYY) of formation.
 - b) Place of formation.
 - c) Statute under which the information processor was organized.
3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent documents.
4. Provide the policies and procedures which promote independence of the information processor from the marketplaces, inter-dealer bond brokers and dealers that provide data.
5. Provide the policies and procedures which address the potential conflicts of interest between the interests of the information processor and its owners, partners, directors and officers.

Exhibit B - Ownership

List any person or company who owns 10 percent or more of the information processor's outstanding shares or who, either directly or indirectly, through agreement or otherwise, in any other manner, may control or direct the management or policies of the information processor. Provide the full name and address of each such person and attach a copy of the agreement or, if there is none written, describe the agreement or basis through which such person exercises or may exercise such control or direction.

Exhibit C - Organization

1. A list of the partners, ~~directors~~officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous

year, identifying those individuals with overall responsibility for the integrity and timeliness of data reported to and displayed by the system (the "System") of the information processor, indicating the following for each:

1. Name.
2. Principal business or occupation and title.
3. Dates of commencement and expiry of present term of office or position.
4. ~~Type of business in which each is primarily engaged and current employer.~~ [\[repealed\]](#)
5. ~~Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.~~ [\[repealed\]](#)
6. Whether the person is considered to be an independent director.
7. A list of the committees of the board, including their mandates.
8. A narrative or graphic description of the organizational structure of the information processor.

Exhibit D - Staffing

A description of the personnel qualifications for each category of professional, non-professional and supervisory employee employed by the information processor. Detail whether the personnel are employed by the information processor or a third party, identifying the employees responsible for monitoring the timeliness and integrity of data reported to and displayed by the System.

Exhibit E - Affiliates

For each affiliated entity of the information processor, and for any person or company with whom the information processor has a contractual or other agreement relating to the operations of the information processor, including loans or cross-guarantees, provide the following information:

1. Name and address of person or company.
2. Form of organization (e.g., association, corporation, partnership, etc.).
3. Name of location and statute citation under which organized.
4. Date of incorporation in present form.
5. Description of nature and extent of affiliation and/or contractual or other agreement with the information processor.
6. Description of business or functions of the affiliates.
7. If a person or company has ceased to be an affiliated entity of the information processor during the previous year or ceased to have a contractual or other agreement relating to the operation of the information processor during the previous year, provide a brief statement of the reasons for termination of the relationship.

Exhibit F - Services

A description in narrative form of each service or function performed by the information processor. Include a description of all procedures utilized for the collection, processing, distribution, validation and publication of information with respect to orders and trades in securities.

Exhibit G – System and Operations

1. Describe the manner of operation of the System of the information processor that collects, processes, distributes and publishes information in accordance with National ~~Instruments~~ [Instrument](#) 21-101 ~~and~~ [Marketplace Operation and National Instrument](#) 23-101 [Trading Rules](#). This description must include the following:
 1. The means of access to the System.
 2. Procedures governing entry and display of quotations and orders in the System including data validation processes.

3. A description of any measures used to verify the timeliness and accuracy of information received and disseminated by the System, including the processes to resolve data integrity issues identified.
 4. The hours of operation of the System.
 5. A description of the training provided to users of the System and any materials provided to the users.
2. Include a list of all computer hardware utilized by the information processor to perform the services or functions listed in Exhibit F, indicating:
 1. Manufacturer, and manufacturer's equipment and identification number.
 2. Whether purchased or leased (if leased, duration of lease and any provisions for purchase or renewal).
 3. Where such equipment (exclusive of terminals and other access devices) is physically located.
 3. Provide a description of the measures or procedures implemented by the information processor to provide for the security of any system employed to perform the functions of an information processor. This must include a general description of any physical and operational safeguards designed to prevent unauthorized access to the system.
 4. Provide a description of all backup systems which are designed to prevent interruptions in the performance of any information providing functions as a result of technical malfunctions or otherwise in the system itself, in any permitted input or output system connection or as a result of any independent source.
 5. Describe the business continuity and disaster recovery plans of the information processor, and provide any relevant documentation.
 6. List each type of interruption which has lasted for more than two minutes and has occurred within the six (6) months preceding the date of the filing, including the date of each interruption, the cause and duration. Provide the total number of interruptions which have lasted two minutes or less.
 7. Describe the procedures for reviewing system capacity, and indicate current and future capacity estimates.
 8. Quantify in appropriate units of measure the limits on the information processor's capacity to receive, collect, process, store or display the data elements included within each function.
 9. Identify the factors (mechanical, electronic or other) which account for the current limitations on the capacity to receive, collect, process, store or display the data elements included within each function described in section 8 above.
 10. Describe the procedures for conducting stress tests.

Exhibit H – Outsourcing

Where the information processor has outsourced the operation of any aspect of the services listed in Exhibit F to an arms-length third party, including any function related to the collection, consolidation, and dissemination of data, provide the following information:

1. Name and address of person or company to whom the function has been outsourced.
2. A description of the nature and extent of the contractual or other agreement with the information processor, and the roles and responsibilities of the arms-length third party under the arrangement.
3. A copy of each material contract relating to any outsourced function.

Exhibit I – Financial Viability

1. Provide a business plan with pro forma financial statements and estimates of revenue.
2. Discuss the financial viability of the information processor in the context of having sufficient financial resources to properly perform its functions.

Exhibit J – Fees and Revenue Sharing

1. Provide a complete list of all fees and other charges imposed, or to be imposed, by or on behalf of the information processor for its information services. This would include all fees to provide data and fees to receive the data from the information processor.
2. Where arrangements exist to share revenue from the sale of data disseminated by the information processor with marketplaces, inter-dealer bond brokers and dealers that provide data to the information processor in accordance with National Instrument 21-101 [Marketplace Operation](#), provide a complete description of the arrangements and the basis for these arrangements.

Exhibit K – Reporting to the Information Processor

1. List all persons and entities that provide data to the information processor in accordance with the requirements of National Instrument 21-101 [Marketplace Operation](#).
2. Provide a complete set of all forms, agreements and other materials pertaining to the provision of data to the information processor.
3. A description of any specifications or criteria required of marketplaces, inter-dealer bond brokers or dealers that provide securities information to the information processor for collection, processing for distribution or publication. Identify those specifications or criteria which limit, are interpreted to limit or have the effect of limiting access to or use of any services provided by the information processor and state the reasons for imposing such specifications or criteria.
4. For each instance during the past year in which any person or entity has been prohibited or limited to provide data by the information processor, indicate the name of each such person or entity and the reason for the prohibition or limitation.

Exhibit L – Access to the Services of the Information Processor

1. A list of all persons and entities who presently subscribe or who have notified the information processor of their intention to subscribe to the services of the information processor.
2. The form of contract governing the terms by which persons may subscribe to the services of an information processor.
3. A description of any specifications or criteria which limit, are interpreted to limit or have the effect of limiting access to or use of any services provided by the information processor and state the reasons for imposing such specifications or criteria. This applies to limits relating to providing information to the information processor and the limits relating to accessing the consolidated feed distributed by the information processor.
4. For each instance during the past year in which any person has been prohibited or limited in respect of access to services offered by the information processor, indicate the name of each such person and the reason for the prohibition or limitation.

Exhibit M – Selection of Securities for which Information Must Be Reported to the Information Processor

Where the information processor is responsible for making a determination of the data which must be reported, including the securities for which information must be reported in accordance with National Instrument 21-101 [Marketplace Operation](#), describe the manner of selection and communication of these securities. This description must include the following:

1. The criteria used to determine the securities for which information must be reported and the data which must be reported to the information processor.
2. The process for selection of the securities, including a description of the parties consulted in the process and the frequency of the selection process.
3. The process to communicate the securities selected and data to be reported to the marketplaces, inter-dealer bond brokers and dealers providing the information as required by National Instrument 21-101 [Marketplace Operation](#). The description must include where this information is located.

CERTIFICATE OF INFORMATION PROCESSOR

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20 _____

(Name of information processor)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)

**FORM 21-101F6
CESSATION OF OPERATIONS REPORT FOR INFORMATION PROCESSOR**

1. Identification:
 - A. Full name of information processor:
 - B. Name(s) under which business is conducted, if different from item 1A:
2. Date information processor proposes to cease carrying on business:
3. If cessation of business was involuntary, date information processor ceased to carry on business:

Exhibits

File all Exhibits with the Cessation of Operations Report. For each Exhibit, include the name of the information processor, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect must be furnished instead of such Exhibit.

Exhibit A

The reasons for the information processor ceasing to carry on business.

Exhibit B

A list of each of the securities the information processor displays.

CERTIFICATE OF INFORMATION PROCESSOR

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20 _____

(Name of information processor)

(Name of director, officer or partner - please type or print)

(Signature of director, officer or partner)

(Official capacity - please type or print)

COMPANION POLICY 21-101 CP**MARKETPLACE OPERATION****PART 1 INTRODUCTION**

1.1 Introduction - Exchanges, quotation and trade reporting systems and ATSS are marketplaces that provide a market facility or venue on which securities can be traded. The areas of interest from a regulatory perspective are in many ways similar for each of these marketplaces since they may have similar trading activities. The regulatory regime for exchanges and quotation and trade reporting systems arises from the securities legislation of the various jurisdictions. Exchanges and quotation and trade reporting systems are recognized under orders from the Canadian securities regulatory authorities, with various terms and conditions of recognition. ATSS, which are not recognized as exchanges or quotation and trade reporting systems, are regulated under National Instrument 21-101 Marketplace Operation (the Instrument) and National Instrument 23-101 Trading Rules (NI 23-101). The Instrument and NI 23-101, which were adopted at a time when new types of markets were emerging, provide the regulatory framework that allows and regulates the operation of multiple marketplaces.

The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters related to the Instrument, including:

- (a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument; and
- (b) the interpretation of various terms and provisions in the Instrument.

1.2 Definition of Exchange-Traded Security - Section 1.1 of the Instrument defines an "exchange-traded security" as a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of the Instrument and NI 23-101.

If a security trades on a recognized exchange or recognized quotation and trade reporting system on a "when issued" basis, as defined in IIROC's Universal Market Integrity Rules, the security would be considered to be listed on that recognized exchange or quoted on that recognized quotation and trade reporting system and would therefore be an exchange-traded security.

If no "when issued" market has been posted by a recognized exchange or recognized quotation and trade reporting system for a security, an ATS may not allow this security to be traded on a "when issued" basis on its marketplace.

A security that is inter-listed would be considered to be an exchange-traded security. A security that is listed on a foreign exchange or quoted on a foreign quotation and trade reporting system, but is not listed or quoted on a domestic exchange or quotation and trade reporting system, falls within the definition of "foreign exchange-traded security".

1.3 Definition of Foreign Exchange-Traded Security - The definition of foreign exchange-traded security includes a reference to ordinary members of the International Organization of Securities Commissions (IOSCO). To determine the current list of ordinary members, reference should be made to the IOSCO website at www.iosco.org.

1.4 Definition of Regulation Services Provider - The definition of regulation services provider is meant to capture a third party provider that provides regulation services to marketplaces. A recognized exchange or recognized quotation and trade reporting system would not be a regulation services provider if it only conducts these regulatory services for its own marketplace or an affiliated marketplace.

PART 2 MARKETPLACE**2.1 Marketplace**

- (1) The Instrument uses the term "marketplace" to encompass the different types of trading systems that match trades. A marketplace is an exchange, a quotation and trade reporting system or an ATS. Subparagraphs (a)(iii) and (a)(iv) of the definition of "marketplace" describe marketplaces that the Canadian securities regulatory authorities consider to be ATSS. A dealer that internalizes its orders for exchange-traded securities and does not execute and print the trades on an exchange or quotation and trade reporting system in accordance with the rules of the exchange or the quotation and trade reporting system (including an exemption from those rules) is considered to be a marketplace pursuant to paragraph (d) of the definition of "marketplace" and an ATS.

- (2) Two of the characteristics of a "marketplace" are
 - (a) that it brings together orders for securities of multiple buyers and sellers; and
 - (b) that it uses established, non-discretionary methods under which the orders interact with each other.
- (3) The Canadian securities regulatory authorities consider that a person or company brings together orders for securities if it
 - (a) displays, or otherwise represents to marketplace participants, trading interests entered on the system; or
 - (b) receives orders centrally for processing and execution (regardless of the level of automation used).
- (4) The Canadian securities regulatory authorities are of the view that "established, nondiscretionary methods" include any methods that dictate the terms of trading among the multiple buyers and sellers entering orders on the system. Such methods include providing a trading facility or setting rules governing trading among marketplace participants. Common examples include a traditional exchange and a computer system, whether comprised of software, hardware, protocols, or any combination thereof, through which orders interact, or any other trading mechanism that provides a means or location for the bringing together and execution of orders. Rules imposing execution priorities, such as time and price priority rules, would be "established, non-discretionary methods."
- (5) The Canadian securities regulatory authorities do not consider the following systems to be marketplaces for purposes of the Instrument:
 - (a) A system operated by a person or company that only permits one seller to sell its securities, such as a system that permits issuers to sell their own securities to investors.
 - (b) A system that merely routes orders for execution to a facility where the orders are executed.
 - (c) A system that posts information about trading interests, without facilities for execution.

In the first two cases, the criteria of multiple buyers and sellers would not be met. In the last two cases, routing systems and bulletin boards do not establish non-discretionary methods under which parties entering orders interact with each other.

- (6) A person or company operating any of the systems described in subsection (5) should consider whether the person or company is required to be registered as a dealer under securities legislation.
- (7) Inter-dealer bond brokers that conduct traditional inter-dealer bond broker activity have a choice as to how to be regulated under the Instrument and NI 23-101. Each inter-dealer bond broker can choose to be subject to IIROC Rule 36 and IIROC Rule 2100, fall within the definition of inter-dealer bond broker in the Instrument and be subject to the transparency requirements of Part 8 of the Instrument. Alternatively, the inter-dealer bond broker can choose to be an ATS and comply with the provisions of the Instrument and NI 23-101 applicable to a marketplace and an ATS. An inter-dealer bond broker that chooses to be an ATS will not be subject to Rule 36 or IIROC Rule 2100, but will be subject to all other IIROC requirements applicable to a dealer.
- (8) Section 1.2 of the Instrument contains an interpretation of the definition of "marketplace". The Canadian securities regulatory authorities do not consider a system that only routes unmatched orders to a marketplace for execution to be a marketplace. If a dealer uses a system to match buy and sell orders or pair orders with contra-side orders outside of a marketplace and route the matched or paired orders to a marketplace as a cross, the Canadian securities regulatory authorities may consider the dealer to be operating a marketplace under subparagraph (a)(iii) of the definition of "marketplace". The Canadian securities regulatory authorities encourage dealers that operate or plan to operate such a system to meet with the applicable securities regulatory authority to discuss the operation of the system and whether the dealer's system falls within the definition of "marketplace".

PART 3 CHARACTERISTICS OF EXCHANGES, QUOTATION AND TRADE REPORTING SYSTEMS AND ATSs

3.1 Exchange

- (1) Securities legislation of most jurisdictions does not define the term "exchange".
- (2) The Canadian securities regulatory authorities generally consider a marketplace, other than a quotation and trade reporting system, to be an exchange for purposes of securities legislation, if the marketplace

- (a) requires an issuer to enter into an agreement in order for the issuer's securities to trade on the marketplace, i.e., the marketplace provides a listing function;
 - (b) provides, directly, or through one or more marketplace participants, a guarantee of a two-sided market for a security on a continuous or reasonably continuous basis, i.e., the marketplace has one or more marketplace participants that guarantee that a bid and an ask will be posted for a security on a continuous or reasonably continuous basis. For example, this type of liquidity guarantee can be carried out on exchanges through traders acting as principal such as registered traders, specialists or market makers;
 - (c) sets requirements governing the conduct of marketplace participants, in addition to those requirements set by the marketplace in respect of the method of trading or algorithm used by those marketplace participants to execute trades on the system (see subsection (3)); or
 - (d) disciplines marketplace participants, in addition to discipline by exclusion from trading, i.e., the marketplace can levy fines or take enforcement action.
- (3) An ATS that requires a subscriber to agree to comply with the requirements of a regulation services provider as part of its contract with that subscriber is not setting "requirements governing the conduct of subscribers". In addition, marketplaces are not precluded from imposing credit conditions on subscribers or requiring subscribers to submit financial information to the marketplace.
- (4) The criteria in subsection 3.1(2) are not exclusive and there may be other instances in which the Canadian securities regulatory authorities will consider a marketplace to be an exchange.

3.2 Quotation and Trade Reporting System

- (1) Securities legislation in certain jurisdictions contains the concept of a quotation and trade reporting system. A quotation and trade reporting system is defined under securities legislation in those jurisdictions as a person or company, other than an exchange or registered dealer, that operates facilities that permit the dissemination of price quotations for the purchase and sale of securities and reports of completed transactions in securities for the exclusive use of registered dealers. A person or company that carries on business as a vendor of market data or a bulletin board with no execution facilities would not normally be considered to be a quotation and trade reporting system.
- (2) A quotation and trade reporting system is considered to have "quoted" a security if
- (a) the security has been subject to a listing or quoting process, and
 - (b) the issuer issuing the security or the dealer trading the security has entered into an agreement with the quotation and trade reporting system to list or quote the security.

3.3 Definition of an ATS

- (1) In order to be an ATS for the purposes of the Instrument, a marketplace cannot engage in certain activities or meet certain criteria such as
- (a) requiring listing agreements,
 - (b) having one or more marketplace participants that guarantee that a two-sided market will be posted for a security on a continuous or reasonably continuous basis,
 - (c) setting requirements governing the conduct of subscribers, in addition to those requirements set by the marketplace in respect of the method of trading or algorithm used by those subscribers to execute trades on the system, and
 - (d) disciplining subscribers.

A marketplace, other than a quotation and trade reporting system, that engages in any of these activities or meets these criteria would, in the view of the Canadian securities regulatory authorities, be an exchange and would have to be recognized as such in order to carry on business, unless exempted from this requirement by the Canadian securities regulatory authorities.

- (2) An ATS can establish trading algorithms that provide that a trade takes place if certain events occur. These algorithms are not considered to be "requirements governing the conduct of subscribers".

- (3) A marketplace that would otherwise meet the definition of an ATS in the Instrument may apply to the Canadian securities regulatory authorities for recognition as an exchange.

3.4 Requirements Applicable to ATSS

- (1) Part 6 of the Instrument applies only to an ATS that is not a recognized exchange or a member of a recognized exchange or an exchange recognized for the purposes of the Instrument and NI 23-101. If an ATS is recognized as an exchange, the provisions of the Instrument relating to marketplaces and recognized exchanges apply.
- (2) If the ATS is a member of an exchange, the rules, policies and other similar instruments of the exchange apply to the ATS.
- (3) Under paragraph 6.1(a) of the Instrument, an ATS that is not a member of a recognized exchange or an exchange recognized for the purposes of the Instrument and NI 23-101 must register as a dealer if it wishes to carry on business. Unless otherwise specified, an ATS registered as a dealer is subject to all of the requirements applicable to dealers under securities legislation, including the requirements imposed by the Instrument and NI 23-101. An ATS will be carrying on business in a local jurisdiction if it provides direct access to subscribers located in that jurisdiction.
- (4) If an ATS registered as a dealer in one jurisdiction in Canada provides access in another jurisdiction in Canada to subscribers who are not registered dealers under securities legislation, the ATS must be registered in that other jurisdiction. However, if all of the ATS's subscribers in the other jurisdiction are registered as dealers in that other jurisdiction, the securities regulatory authority in the other jurisdiction may consider granting the ATS an exemption from the requirement to register as a dealer under paragraph 6.1(a) and all other requirements in the Instrument and in NI 23-101 and from the registration requirements of securities legislation. In determining if the exemption is in the public interest, a securities regulatory authority will consider a number of factors, including whether the ATS is registered in another jurisdiction and whether the ATS deals only with registered dealers in that jurisdiction.
- (5) Paragraph 6.1(b) of the Instrument prohibits an ATS to which the provisions of the Instrument apply from carrying on business unless it is a member of a self-regulatory entity. Membership in a self-regulatory entity is required for purposes of membership in the Canadian Investor Protection Fund, capital requirements and clearing and settlement procedures. At this time, the IROC is the only entity that would come within the definition.
- (6) Any registration exemptions that may otherwise be applicable to a dealer under securities legislation are not available to an ATS, even though it is registered as a dealer (except as provided in the Instrument), because of the fact that it is also a marketplace and different considerations apply.
- (7) Subsection 6.7(1) of the Instrument requires an ATS to notify the securities regulatory authority if one of three thresholds is met or exceeded. Upon being informed that one of the thresholds is met or exceeded, the securities regulatory authority intends to review the ATS and its structure and operations in order to consider whether the person or company operating the ATS should be considered to be an exchange for purposes of securities legislation or if additional terms and conditions should be placed on the registration of the ATS. The securities regulatory authority intends to conduct this review because each of these thresholds may be indicative of an ATS having significant market presence in a type of security, such that it would be more appropriate that the ATS be regulated as an exchange. If more than one Canadian securities regulatory authority is conducting this review, the reviewing jurisdictions intend to coordinate their review. The volume thresholds referred to in subsection 6.7(1) of the Instrument are based on the type of security. The Canadian securities regulatory authorities consider a type of security to refer to a distinctive category of security such as equity securities, debt securities or options.
- (8) Any marketplace that is required to provide notice under section 6.7 of the Instrument will determine the calculation based on publicly available information.

PART 4 RECOGNITION AS AN EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM

4.1 Recognition as an Exchange or Quotation and Trade Reporting System

- (1) In determining whether to recognize an exchange or quotation and trade reporting system, the Canadian securities regulatory authorities must determine whether it is in the public interest to do so.
- (2) In determining whether it is in the public interest to recognize an exchange or quotation and trade reporting system, the Canadian securities regulatory authorities will look at a number of factors, including
- (a) the manner in which the exchange or quotation and trade reporting system proposes to comply with the Instrument;

- (b) whether the exchange or quotation and trade reporting system has fair and meaningful representation on its governing body, in the context of the nature and structure of the exchange or quotation and trade reporting system;
- (c) whether the exchange or quotation and trade reporting system has sufficient financial resources for the proper performance of its functions;
- (d) whether the rules, policies and other similar instruments of the exchange or quotation and trade reporting system ensure that its business is conducted in an orderly manner so as to afford protection to investors;
- (e) whether the exchange or quotation and trade reporting system has policies and procedures to effectively identify and manage conflicts of interest arising from its operation or the services it provides;
- (f) whether the requirements of the exchange or quotation and trade reporting system relating to access to its services are fair and reasonable; and
- (g) whether the exchange or quotation and trade reporting system's process for setting fees is fair, transparent and appropriate, and whether the fees are equitably allocated among the participants, issuers and other users of services, do not have the effect of creating barriers to access and at the same time ensure that the exchange or quotation and trade reporting system has sufficient financial resources for the proper performance of its functions.

4.2 Process - Although the basic requirements or criteria for recognition of an exchange or quotation and trade reporting system may be similar in various jurisdictions, the precise requirements and the process for seeking a recognition or an exemption from recognition in each jurisdiction is determined by that jurisdiction.

PART 5 ORDERS

5.1 Orders

- (1) The term "order" is defined in section 1.1 of the Instrument as a firm indication by a person or company, acting as either principal or agent, of a willingness to buy or sell a security. By virtue of this definition, a marketplace that displays good faith, non-firm indications of interest, including, but not limited to, indications of interest to buy or sell a particular security without either prices or quantities associated with those indications, is not displaying "orders". However, if those prices or quantities are implied and determinable, for example, by knowing the features of the marketplace, the indications of interest may be considered an order.
- (2) The terminology used is not determinative of whether an indication of interest constitutes an order. Instead, whether or not an indication is "firm" will depend on what actually takes place between the buyer and seller. At a minimum, the Canadian securities regulatory authorities will consider an indication to be firm if it can be executed without further discussion between the person or company entering the indication and the counterparty (i.e. the indication is "actionable"). The Canadian securities regulatory authorities would consider an indication of interest to be actionable if it includes sufficient information to enable it to be executed without communicating with the marketplace participant that entered the order. Such information may include the symbol of the security, side (buy or sell), size, and price. The information may be explicitly stated, or it may be implicit and determinable based on the features of the marketplace. Even if the person or company must give its subsequent agreement to an execution, the Canadian securities regulatory authorities will still consider the indication to be firm if this subsequent agreement is always, or almost always, granted so that the agreement is largely a formality. For instance, an indication where there is a clear or prevailing presumption that a trade will take place at the indicated or an implied price, based on understandings or past dealings, will be viewed as an order.
- (3) A firm indication of a willingness to buy or sell a security includes bid or offer quotations, market orders, limit orders and any other priced orders. For the purpose of sections 7.1, 7.3, 8.1 and 8.2 of the Instrument, the Canadian securities regulatory authorities do not consider special terms orders that are not immediately executable or that trade in special terms books, such as all-or-none, minimum fill or cash or delayed delivery, to be orders that must be provided to an information processor or, if there is no information processor, to an information vendor for consolidation.
- (4) The securities regulatory authority may consider granting an exemption from the pre-trade transparency requirements in sections 7.1, 7.3, 8.1 and/or 8.2 of the Instrument to a marketplace for orders that result from a request for quotes or facility that allows negotiation between two parties provided that
 - (a) order details are shown only to the negotiating parties,

- (b) other than as provided by paragraph (a), no actionable indication of interest or order is displayed by either party or the marketplace, and
 - (c) each order entered on the marketplace meets the size threshold set by a regulation services provider as provided in subsection 7.1(2) of the Instrument.
- (5) The determination of whether an order has been placed does not turn on the level of automation used. Orders can be given over the telephone, as well as electronically.

PART 6 MARKETPLACE INFORMATION AND FINANCIAL STATEMENTS

6.1 Forms Filed by Marketplaces

- (1) The definition of marketplace includes exchanges, quotation and trade reporting systems and ATSS. The legal entity that is recognized as an exchange or quotation and trade reporting system, or registered as a dealer in the case of an ATS, owns and operates the market or trading facility. In some cases, the entity may own and operate more than one trading facility. In such cases the marketplace may file separate forms in respect of each trading facility, or it may choose to file one form covering all of the different trading facilities. If the latter alternative is chosen, the marketplace must clearly identify the facility to which the information or changes apply.
- (2) The forms filed by a marketplace under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that the forms contain proprietary financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that the forms be available for public inspection.
- (3) While initial Forms 21-101F1 and 21-101F2 and amendments thereto are kept confidential, certain Canadian securities regulatory authorities may publish a summary of the information included in the forms filed by a marketplace, or information related to significant changes to the forms of a marketplace, where the Canadian securities regulatory authorities are of the view that a certain degree of transparency for certain aspects of a marketplace would allow investors and industry participants to be better informed as to how securities trade on the marketplace.
- (4) Under subsection 3.2(1) of the Instrument, a marketplace is required to file an amendment to the information provided in Form 21-101F1 or Form 21-101F2, as applicable, at least 45 days prior to implementing a significant change. The Canadian securities regulatory authorities consider a significant change to be a change that could significantly impact a marketplace, its systems, its market structure, its marketplace participants or their systems, investors, issuers or the Canadian capital markets.

A change would be considered to significantly impact the marketplace if it is likely to give rise to potential conflicts of interest, to limit access to the services of a marketplace, introduce changes to the structure of the marketplace or result in costs, such as implementation costs, to marketplace participants, investors or, if applicable, the regulation services provider.

The following types of changes are considered to be significant changes as they would always have a significant impact:

- (a) changes in the structure of the marketplace, including procedures governing how orders are entered, displayed (if applicable), executed, how they interact, are cleared and settled;
- (b) new or changes to order types, and
- (c) changes in the fees and the fee model of the marketplace.

The following may be considered by the Canadian securities regulatory authorities as significant changes, depending on whether they have a significant impact:

- (d) new or changes to the services provided by the marketplace, including the hours of operation;
- (e) new or changes to the means of access to the market or facility and its services;
- (f) new or changes to types of securities traded on the marketplace;
- (g) new or changes to types of securities listed on exchanges or quoted on quotation and trade reporting systems;

- (h) new or changes to types of marketplace participants;
 - (i) changes to the systems and technology used by the marketplace that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, co-location and, if applicable, market surveillance and trade clearing, including those affecting capacity;
 - (j) changes to the corporate governance of the marketplace, including changes to the composition requirements for the board of directors or any board committees and changes to the mandates of the board of directors or any board committees;
 - (k) changes in control over marketplaces;
 - (l) changes in affiliates that provide services to or on behalf of the marketplace;
 - (m) new or changes in outsourcing arrangements for key marketplace services or systems; and
 - (n) new or changes in custody arrangements.
- (5) Changes to information in Form 21-101F1 or Form 21-101F2 that
- (a) do not have a significant impact on the marketplace, its market structure, marketplace participants, investors, issuers or the Canadian capital markets, or
 - (b) are housekeeping or administrative changes such as
 - (i) changes in the routine processes, policies, practices, or administration of the marketplace,
 - (ii) changes due to standardization of terminology,
 - (iii) corrections of spelling or typographical errors,
 - (iv) necessary changes to conform to applicable regulatory or other legal requirements,
 - (v) minor system or technology changes that would not significantly impact the system or its capacity, and
 - (vi) changes to the list of marketplace participants and the list of all persons or entities denied or limited access to the marketplace,

would be filed in accordance with the requirements outlined in subsection 3.2(3) of the Instrument.

- (6) As indicated in subsection (4) above, the Canadian securities regulatory authorities consider a change in a marketplace's fees or fee model to be a significant change. However, the Canadian securities regulatory authorities recognize that in the current, competitive multiple marketplace environment, which may at times require that frequent changes be made to the fees or fee model of marketplaces, marketplaces may need to implement fee changes within tight timeframes. To facilitate this process, subsection 3.2(2) of the Instrument provides that marketplaces may provide information describing the change in fees or fee structure in a shorter timeframe, at least ~~seven~~¹⁵ business days before the expected implementation date of the change in fees or fee structure.
- (7) For the changes referred to in subsection 3.2(3) of the Instrument, the Canadian securities regulatory authorities may review these filings to ascertain the appropriateness of the categorization of such filings. The marketplace will be notified in writing if there is disagreement with respect to the categorization of the filing.
- (8) The Canadian securities regulatory authorities will make best efforts to review amendments to Forms 21-101F1 and 21-101F2 within the timelines specified in subsections 3.2(1) and (2) of the Instrument. However, where the changes are complex, raise regulatory concerns, or when additional information is required, the period for review may exceed these timeframes. The Canadian securities regulatory authorities will review changes to the information in Forms 21-101F1 and 21-101F2 in accordance with staff practices in each jurisdiction.
- (8.1) In order to ensure records regarding the information in a marketplace's Form 21-101F1 or Form 21-101F2 are kept up to date, subsection 3.2(4) of the Instrument requires the chief executive officer of a marketplace to certify, within 30 days after the end of each calendar year, that the information contained in the marketplace's Form 21-101F1 or Form 21-101F2 as applicable, is true, correct and complete and the marketplace is operating as described in the applicable

form. This certification is required at the same time as the updated and consolidated Form 21-101F1 or Form 21-101F2, as applicable, is required to be filed pursuant to subsection 3.2(5) of the Instrument. The certification under subsection 3.2(4) is also separate and apart from the form of certification in Form 21-101F1 and Form 21-101F2.

(8.2) The Canadian securities regulatory authorities expect that the certifications provided pursuant to subsection 3.2(4) of the Instrument will be preserved by the marketplace as part of its books and records obligation under Part 11 of the Instrument.

(9) Section 3.3 of the Instrument requires a marketplace to file Form 21-101F3 by the following dates: April 30 (for the calendar quarter ending March 31), July 30 (for the calendar quarter ending June 30), October 30 (for the calendar quarter ending September 30) and January 30 (for the calendar quarter ending December 31).

6.2 Filing of Financial Statements - Part 4 of the Instrument sets out the financial reporting requirements applicable to marketplaces. Subsections 4.1(2) and 4.2(2) respectively require an ATS to file audited financial statements initially, together with Form 21-101F2, and on an annual basis thereafter. These financial statements may be in the same form as those filed with IIROC. The annual audited financial statements may be filed with the [Canadian securities regulatory authorities at the same time as they are filed with IIROC](#).

[Section 4.3 requires recognized exchanges and recognized quotation and trade reporting systems to file interim financial reports within 60 days after the end of each interim period. In the view of the Canadian securities regulatory authorities, the term interim period means a period commencing on the first day of the recognized exchange's or quotation and trade reporting system's financial year and ending nine, six or three months before the end of the same financial year.](#)

[The Canadian securities regulatory authorities at the same time as they are filed with IIROC expect that financial statements and reports filed under subsections 4.2 and 4.3 should disclose the accounting principles used to prepare them. For clarity, financial statements and reports should include:](#)

[\(a\) in the case of annual financial statements, an unreserved statement of compliance with IFRS;](#)

[\(b\) in the case of an interim financial report, an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*.](#)

PART 7 MARKETPLACE REQUIREMENTS

7.1 Access Requirements

(1) Section 5.1 of the Instrument sets out access requirements that apply to a marketplace. The Canadian securities regulatory authorities note that the requirements regarding access for marketplace participants do not restrict the marketplace from maintaining reasonable standards for access. The purpose of these access requirements is to ensure that rules, policies, procedures, and fees, as applicable, of the marketplace do not unreasonably create barriers to access to the services provided by the marketplace.

(2) For the purposes of complying with the order protection requirements in Part 6 of NI 23-101, a marketplace should permit fair and efficient access to

(a) a marketplace participant that directly accesses the marketplace,

(b) a person or company that is indirectly accessing the marketplace through a ~~marketplace participant~~[marketplace participant](#), or

(c) another marketplace routing an order to the marketplace.

The reference to "a person or company" in paragraph (b) includes a system or facility that is operated by a person or company.

(3) The reference to "services" in section 5.1 of the Instrument means all services that may be offered to a person or company and includes all services relating to order entry, trading, execution, routing, data and includes co-location.

(4) Marketplaces that send indications of interest to a selected smart order router or other system should send the information to other smart order routers or systems to meet the fair access requirements of the Instrument.

- (5) Marketplaces are responsible for ensuring that the fees they set are in compliance with section 5.1 of the Instrument. In assessing whether its fees unreasonably condition or limit access to its services, a marketplace should consider a number of factors, including
- (a) the value of the security traded,
 - (b) the amount of the fee relative to the value of the security traded,
 - (c) the amount of fees charged by other marketplaces to execute trades in the market,
 - (d) with respect to market data fees, the amount of market data fees charged relative to the market share of the marketplace, and,
 - (e) with respect to order-execution terms, including fees, whether the outcome of their application is consistent with the policy goals of order protection.

The Canadian securities regulatory authorities will consider these factors, among others, in determining whether the fees charged by a marketplace unreasonably condition or limit access to its services. With respect to trading fees, it is the view of the Canadian securities regulatory authorities that a trading fee equal to or greater than the minimum trading increment as defined in IROC's Universal Market Integrity Rules, as amended, would unreasonably condition or limit access to a marketplace's services as it would be inconsistent with the policy goals of order protection. Trading fees below the minimum trading increment may also unreasonably condition or limit access to a marketplace's services when taking into account factors including those listed above.

- 7.2 Public Interest Rules** - Section 5.3 of the Instrument sets out the requirements applicable to the rules, policies and similar instruments adopted by recognized exchanges and recognized quotation and trade reporting systems. These requirements acknowledge that recognized exchanges and quotation and trade reporting systems perform regulatory functions. The Instrument does not require the application of these requirements to an ATS's trading requirements. This is because, unlike exchanges, ATSs are not permitted to perform regulatory functions, other than setting requirements regarding conduct in respect of the trading by subscribers on the marketplace, i.e. requirements related to the method of trading or algorithms used by their subscribers to execute trades in the system. However, it is the expectation of the Canadian securities regulatory ~~authority~~[authorities](#) that the requirement in section 5.7 of the Instrument that marketplaces take reasonable steps to ensure they operate in a manner that does not interfere with the maintenance of fair and orderly markets, applies to an ATS's requirements. Such requirements may include those that deal with subscriber qualification, access to the marketplace, how orders are entered, interact, execute, clear and settle.
- 7.3 Compliance Rules** - Section 5.4 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to have appropriate procedures to deal with violations of rules, ~~policies~~ or other similar instruments of the exchange or quotation and trade reporting system. This section does not preclude enforcement action by any other person or company, including the Canadian securities regulatory authorities or the regulation services provider.
- 7.4 Filing of Rules** - Section 5.5 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to file all rules, policies and other similar instruments and amendments as required by the securities regulatory authority. Initially, all rules, policies and other similar instruments will be reviewed before implementation by the exchange or quotation and trade reporting system. Subsequent to recognition, the securities regulatory authority may develop and implement a protocol that will set out the procedures to be followed with respect to the review and approval of rules, policies and other similar instruments and amendments.
- 7.5 Review of Rules** - The Canadian securities regulatory authorities review the rules, policies and similar instruments of a recognized exchange or recognized quotation and trade reporting system in accordance with the recognition order and rule protocol issued by the jurisdiction in which the exchange or quotation and trade reporting system is recognized. The rules of recognized exchanges and quotation and trade reporting systems are included in their rulebooks, and the principles and requirements applicable to these rules are set out in section 5.3 of the Instrument. For an ATS, whose trading requirements, including any trading rules, policies or practices, are incorporated in Form 21-101F2, any changes would be filed in accordance with the filing requirements applicable to changes to information in Form 21-101F2 set out in subsections 3.2(1) and 3.2(3) of the Instrument and reviewed by the Canadian securities regulatory authorities in accordance with staff practices in each jurisdiction.

7.6 Fair and Orderly Markets

- (1) Section 5.7 of the Instrument establishes the requirement that a marketplace take reasonable steps to ensure it operates in a way that does not interfere with the maintenance of fair and orderly markets. This applies both to the operation of the marketplace itself and to the impact of the marketplace's operations on the Canadian market as a whole.
- (2) This section does not impose a responsibility on the marketplace to oversee the conduct of its marketplace participants, unless the marketplace is an exchange or quotation and trade reporting system that has assumed responsibility for monitoring the conduct of its marketplace participants directly rather than through a regulation services provider. However, marketplaces are expected in the normal course to monitor order entry and trading activity for compliance with the marketplace's own operational policies and procedures. They should also alert the regulation services provider if they become aware that disorderly or disruptive order entry or trading may be occurring, or of possible violations of applicable regulatory requirements.
- (3) Part of taking reasonable steps to ensure that a marketplace's operations do not interfere with fair and orderly markets necessitates ensuring that its operations support compliance with regulatory requirements including applicable rules of a regulation services provider. This does not mean that a marketplace must system-enforce all regulatory requirements. However, it should not operate in a manner that to the best of its knowledge would cause marketplace participants to breach regulatory requirements when trading on the marketplace.

7.7 Confidential Treatment of Trading Information

- (0.1) The Canadian securities regulatory authorities are of the view that it is in the public interest for capital markets research to be conducted. Since marketplace participants' order and trade information may be needed to conduct this research, subsection 5.10(1.1) of the Instrument allows a marketplace to release a marketplace participant's order or trade information without obtaining its written consent, provided this information is used solely for capital markets research and only if certain terms and conditions are met. Subsection 5.10(1.1) is not intended to impose any obligation on a marketplace to disclose information if requested by a researcher and the marketplace may choose to maintain its marketplace participants' order and trade information in confidence. However, if the marketplace decides to disclose this information, it must ensure that certain terms and conditions are met to ensure that the marketplace participant's information is not misused.
- (0.2) In order for a marketplace to disclose a marketplace participant's order or trade information, subparagraphs 5.10(1.1)(a)-(b) of the Instrument require a marketplace to reasonably believe that the information will be used by the recipient solely for the purposes of capital markets research and to reasonably believe that if information identifying, directly or indirectly, a marketplace participant, or a client of the marketplace participant is released, the information is necessary for the research and that the purpose of the research is not intended to identify the marketplace participant or client or to identify a trading strategy, transactions, or market positions of the marketplace participant or client. The Canadian securities regulatory authorities expect that a marketplace will make sufficient inquiries of the recipient of the information in order for the marketplace to sustain a reasonable belief that the information will be used by the recipient only for capital markets research. Where the information to be released to the recipient could identify a marketplace participant or a client of a marketplace participant, the Canadian securities regulatory authorities also expect the marketplace to make sufficient inquiries of the recipient in order for the marketplace to sustain a reasonable belief that the information identifying, directly or indirectly, a marketplace participant or its client is required for purposes of the research and that the purpose of the research is not to identify a particular marketplace participant or a client of the marketplace participant or to identify a trading strategy, transactions, or market positions of a particular marketplace participant or a client of the marketplace participant.
- (0.3) In considering releasing order or trade information, the Canadian securities regulatory authorities expect a marketplace to exercise caution regarding information that could disclose the identity of a marketplace participant or client of the marketplace participant. In particular, a marketplace may only release information in any order entry field that would identify the marketplace participant or client, using a broker number, trader ID, or DEA client identifier, if it reasonably believes that this information is required for the research.
- (0.4) Subparagraph 5.10(1.1)(c) of the Instrument requires a marketplace that intends to provide its marketplace participants' order and trade information to a researcher to enter into a written agreement with each person or company that will receive such information. Subparagraph 5.10(1.1)(c)(i) of the Instrument requires the agreement to provide that the person or company agrees to use the order and trade information only for capital markets research purposes. In the view of the Canadian securities regulatory authorities, commercialization of the information by the recipient, for example by using the information for the purposes of trading, advising others to trade or for reverse engineering a trading strategy, would not constitute use of the information for capital markets research purposes.

- (0.5) Subparagraph 5.10(1.1)(c)(i) of the Instrument provides that the agreement must also prohibit the recipient from sharing the marketplace participants' order and trade data with any other person or company, such as a research assistant, without the marketplace's consent. The marketplace will be responsible for determining what steps are necessary to ensure the other person or company receiving the marketplace participants' data is not misusing this data. For example, the marketplace may enter into a similar agreement with each individual or company that has access to the data.
- (0.6) To protect the identity of particular marketplace participants or their customers, subparagraph 5.10(1.1)(c)(i) of the Instrument requires the agreement to provide that recipients will not publish or disseminate data or information that discloses, directly or indirectly, a trading strategy, transactions, or market positions of a marketplace participant or its clients. Also, to protect the confidentiality of the data, the agreement must require that the order and trade information is securely stored at all times and that the data is kept for no longer than a reasonable period of time following the completion of the research and publication process.
- (0.7) The agreement must also require that the marketplace be notified of any breach or possible breach of the confidentiality of the information. Marketplaces are required to notify the appropriate securities regulatory authorities of the breach or possible breach and have the right to take all reasonable steps necessary to prevent or address a breach or possible breach of the agreement or of the confidentiality of the information provided. In the view of the Canadian securities regulatory authorities, reasonable steps in the event of an actual or apparent breach of the agreement or of the confidentiality of the information may include the marketplace seeking an injunction preventing any unauthorized use or disclosure of the information by a recipient.
- (0.8) Subparagraph 5.10(1.1)(c)(ii) of the Instrument provides for a limited carve-out from the restraints on the use and disclosure of the information by a recipient for purposes of allowing those conducting peer reviews of the research to have access to the data to verify the research prior to the publication of the results of the research. In particular, clause 5.10(1.1)(c)(ii)(C) requires a marketplace to enter into a written agreement with a person or company receiving order or trade information from the marketplace that provides that the person or company may disclose information used in connection with research submitted to a publication so long as the person or company obtains a written agreement from the publisher and anyone involved in the verification of the research that provides for certain restrictions on the use and disclosure of the information by the publisher or the other person or company. A marketplace may consider requiring a person or company that proposes to disclose order or trade information pursuant to subparagraph 5.10(1.1)(c)(ii) to acknowledge that it has obtained the agreement required by clause 5.10(1.1)(c)(ii)(C) at the time that it notifies the marketplace prior to disclosing the information for verification purposes, as required by clause 5.10(1.1)(c)(ii)(B).
- (1) Subsection 5.10 (2) of the Instrument provides that a marketplace must not carry on business as a marketplace unless it has implemented reasonable safeguards and procedures to protect a marketplace participant's trading information. These include
- (a) limiting access to the trading information of marketplace participants, such as the identity of marketplace participants and their orders, to those employees of, or persons or companies retained by, the marketplace to operate the system or to be responsible for its compliance with securities legislation; and
 - (b) having in place procedures to ensure that employees of the marketplace cannot use such information for trading in their own accounts.
- (2) The procedures referred to in subsection (1) should be clear and unambiguous and presented to all employees and agents of the marketplace, whether or not they have direct responsibility for the operation of the marketplace.
- (3) Nothing in section 5.10 of the Instrument prohibits a marketplace from complying with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. This statement is necessary because an investment dealer that operates a marketplace may be an intermediary for the purposes of National Instrument 54-101, and may be required to disclose information under that Instrument.

7.8 Management of Conflicts of Interest

- (1) Marketplaces are required under section 5.11 of the Instrument to maintain and ensure compliance with policies and procedures that identify and manage conflicts of interest arising from the operation of the marketplace or the services it provides. These may include conflicts, actual, potential or perceived, related to the commercial interest of the marketplace, the interests of its owners or its operators, including partners, directors, officers, or employees of the marketplace's owners, referral arrangements and the responsibilities and sound functioning of the marketplace. For an exchange and quotation and trade reporting system, they may also include potential conflicts between the operation of the marketplace and its regulatory responsibilities.

- (2) The marketplace's policies should also take into account conflicts for owners that are marketplace participants. These may include inducements to send order flow to the marketplace to obtain a larger ownership position or to use the marketplace to trade against their clients' order flow. These policies should be disclosed as provided in paragraph 10.1(e) of the Instrument.

7.9 Outsourcing – Section 5.12 of the Instrument sets out the requirements that marketplaces that outsource any of their key services or systems to a service provider, which may include affiliates or associates of the marketplace, must meet. Generally, marketplaces are required to establish policies and procedures to evaluate and approve these outsourcing agreements. Such policies and procedures would include assessing the suitability of potential service providers and the ability of the marketplace to continue to comply with securities legislation in the event of the service provider's bankruptcy, insolvency or termination of business. Marketplaces are also required to monitor the ongoing performance of the service provider to which they outsourced key services, systems or facilities. The requirements under section 5.12 of the Instrument apply regardless of whether the outsourcing arrangements are with third- party service providers, or with affiliates of the marketplaces.

7.10 Access Arrangements with a Service Provider – If a third party service provider provides a means of access to a marketplace, section 5.13 of the Instrument requires the marketplace to ensure the third party service provider complies with the written standards for access the marketplace has established pursuant to paragraph 5.1(2)(a) of the Instrument when providing access services. A marketplace must establish written standards for granting access to each of its services under paragraph 5.1(2)(a) and the Canadian securities regulatory authorities are of the view that it is the responsibility of the marketplace to ensure that these written standards are complied with when access to its platform is provided by a third party.

PART 8 RISK DISCLOSURE TO MARKETPLACE PARTICIPANTS

8.1 Risk disclosure to marketplace participants – Subsections 5.9(2) and 6.11(2) of the Instrument require a marketplace to obtain an acknowledgement from its marketplace participants. The acknowledgement may be obtained in a number of ways, including requesting the signature of the marketplace participant or requesting that the marketplace participant initial an initial box or check a check-off box. This may be done electronically. The acknowledgement must be specific to the information required to be disclosed under the relevant subsection and must confirm that the marketplace participant has received the required disclosure. The Canadian securities regulatory authorities are of the view that it is the responsibility of the marketplace to ensure that an acknowledgement is obtained from the marketplace participant in a timely manner.

8.2 [repealed]

PART 9 INFORMATION TRANSPARENCY REQUIREMENTS FOR EXCHANGE-TRADED SECURITIES

9.1 Information Transparency Requirements for Exchange-Traded Securities

(1) Subsection 7.1(1) of the Instrument requires a marketplace that displays orders of exchange-traded securities to any person or company to provide accurate and timely information regarding those orders to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider. The Canadian securities regulatory authorities consider that a marketplace that sends information about orders of exchange-traded securities, including indications of interest that meet the definition of an order, to a smart order router is "displaying" that information. The marketplace would be subject to the transparency requirements of subsection 7.1(1) of the Instrument. The transparency requirements of subsection 7.1(1) of the Instrument do not apply to a marketplace that displays orders of exchange-traded securities to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace, as long as these orders meet a minimum size threshold set by the regulation services provider. In other words, the only orders that are exempt from the transparency requirements are those meeting the minimum size threshold. Section 7.2 requires a marketplace to provide accurate and timely information regarding trades of exchange-traded securities that it executes to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider. Some marketplaces, such as exchanges, may be regulation services providers and will establish standards for the information vendors they use to display order and trade information to ensure that the information displayed by the information vendors is timely, accurate and promotes market integrity. If the marketplace has entered into a contract with a regulation services provider under NI 23-101, the marketplace must provide information to the regulation services provider and an information vendor that meets the standards set by that regulation services provider.

(2) In complying with sections 7.1 and 7.2 of the Instrument, any information provided by a marketplace to an information processor or information vendor must include identification of the marketplace and should contain all relevant information including details as to volume, symbol, price and time of the order or trade.

(2.1) Subsections 7.1(3) and 7.2(2) prohibit a marketplace from making available order and trade information to any person or company before it makes the information available to the information processor or, if there is no information processor, to an information vendor. The Canadian securities regulatory authorities acknowledge that there may be differences between the time at which a marketplace participant that takes in market data directly from a marketplace receives the order and trade information and the time at which a marketplace participant that takes in market data from the information processor receives the information. However, in complying with subsections 7.1(3) and 7.2(2) of the Instrument, the Canadian securities regulatory authorities expect that marketplaces will release order and trade information simultaneously to both the information processor and to persons or companies that may receive order and trade information directly from the marketplace.

(3) [repealed]

(4) [repealed]

(5) It is expected that if there are multiple regulation service providers, the standards of the various regulation service providers must be consistent. In order to maintain market integrity for securities trading in different marketplaces, the Canadian securities regulatory authorities will, through their oversight of the regulation service providers, review and monitor the standards established by all regulation service providers so that business content, service level standards, and other relevant standards are substantially similar for all regulation service providers.

9.2 [repealed]

PART 10 INFORMATION TRANSPARENCY REQUIREMENTS FOR UNLISTED DEBT SECURITIES

10.1 Information Transparency Requirements for Unlisted Debt Securities

(1) The requirements for pre-trade and post-trade transparency for unlisted debt securities are set out in sections 8.1 and 8.2 of the Instrument. The detailed reporting requirements, such as who must report information, deadlines for reporting, delays in publication of information and caps on displayed volume are determined by the information processor, subject to approval by the Canadian securities regulatory authorities as described below, and may be different for different government debt securities and corporate debt securities. The information processor is also required to make the reporting requirements, deadlines, dissemination delays and volume caps publicly available.

(2) [repealed]

(3) [repealed]

(4) [repealed]

(5) [repealed]

(6) [repealed]

(7) [repealed]

(8) [repealed]

(9) The information processor may propose changes to its transparency requirements by filing an amendment to Form 21-101F5 with the Canadian securities regulatory authorities pursuant to subsection 14.2(1) of the Instrument. The Canadian securities regulatory authorities will review the amendment to Form 21-101F5 to determine whether the proposed changes are contrary to the public interest, to ensure fairness and to ensure that there is an appropriate balance between the standards of transparency and market quality (defined in terms of market liquidity and efficiency) in each area of the market. Both the initial transparency requirements and any proposed changes will be subject to consultation with market participants through a notice and comment process, prior to approval by the Canadian securities regulatory authorities.

10.2 [repealed]

10.3 [repealed]

PART 11 MARKET INTEGRATION**11.1 [repealed]****11.2 [repealed]****11.3 [repealed]****11.4 [repealed]**

11.5 Market Integration – Although the Canadian securities regulatory authorities have removed the concept of a market integrator, we continue to be of the view that market integration is important to our marketplaces. We expect to achieve market integration by focusing on compliance with fair access and best execution requirements. We will continue to monitor developments to ensure that the lack of a market integrator does not unduly affect the market.

PART 12 TRANSPARENCY OF MARKETPLACE OPERATIONS**12.1 Transparency of Marketplace Operations**

- (1) Section 10.1 of the Instrument requires that marketplaces make publicly available certain information pertaining to their operations and services. While section 10.1 sets out the minimum disclosure requirements, marketplaces may wish to make publicly available other information, as appropriate. Where this information is included in a marketplace's rules, regulations, policies and procedures or practices that are publicly available, the marketplace need not duplicate this disclosure.
- (2) Paragraph 10.1(a) requires marketplaces to disclose publicly all fees, including listing, trading, co-location, data and routing fees charged by the marketplace, an affiliate or by a third party to which services have been directly or indirectly outsourced or which directly or indirectly provides those services. This means that a marketplace is expected to publish and make readily available the schedule(s) of fees charged to any and all users of these services, including the basis for charging each fee (e.g., a per share basis for trading fees, a per subscriber basis for data fees, etc.) and would also include any fee rebate or discount and the basis for earning the rebate or discount. With respect to trading fees, it is not the intention of the Canadian securities regulatory authorities that a commission fee charged by a dealer for dealer services be disclosed in this context.
- (3) Paragraph 10.1(b) requires marketplaces to disclose information on how orders are entered, interact and execute. This would include a description of the priority of execution for all order types and the types of crosses that may be executed on the marketplace. A marketplace should also disclose whether it sends information regarding indications of interest or order information to a smart order router.
- (4) Paragraph 10.1(e) requires a marketplace to disclose its conflict of interest policies and procedures. For conflicts arising from the ownership of a marketplace by marketplace participants, the marketplace should include in its marketplace participant agreements a requirement that marketplace participants disclose that ownership to their clients at least quarterly. This is consistent with the marketplace participant's existing obligations to disclose conflicts of interest under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Requirements*. A marketplace should disclose if a marketplace or affiliated entity of a marketplace intends to trade for its own account on the marketplace against or in competition with client orders.
- (5) Paragraph 10.1(f) requires marketplaces to disclose a description of any arrangements where the marketplace refers its participants to the services of a third-party provider where the marketplace receives some benefit (fee rebate, payment, etc.) if the marketplace participant uses the services of the third- party service provider, and has a potential conflict of interest.
- (6) Paragraph 10.1(g) requires marketplaces that offer routing services to disclose a description of how routing decisions are made. The subsection applies whether routing is done by a marketplace-owned smart order router, by an affiliate of a marketplace, or by a third- party to which routing was outsourced.
- (7) Paragraph 10.1(h) applies to marketplaces that disseminate indications of interest or any information in order to attract order flow. The Instrument requires that these marketplaces make publicly available information regarding their practices regarding the dissemination of information. This would include a description of the type of information included in the indication of interest displayed, and the types of recipients of such information. For example, a marketplace would describe whether the recipients of an indication of interest are the general public, all of its subscribers, particular categories of subscribers or smart order routers operated by their subscribers or by third party vendors.

PART 13 RECORDKEEPING REQUIREMENTS FOR MARKETPLACES

- 13.1 Recordkeeping Requirements for Marketplaces** – Part 11 of the Instrument requires a marketplace to maintain certain records. Generally, under provisions of securities legislation, the securities regulatory authorities can require a marketplace to deliver to them any of the records required to be kept by them under securities legislation, including the records required to be maintained under Part 11.
- 13.2 Synchronization of Clocks** – Subsections 11.5(1) and (2) of the Instrument require the synchronization of clocks with a regulation services provider that monitors the trading of the relevant securities on marketplaces, and by, as appropriate, inter-dealer bond brokers or dealers. The Canadian securities regulatory authorities are of the view that synchronization requires continual synchronization using an appropriate national time standard as chosen by a regulation services provider. Even if a marketplace has not retained a regulation services provider, its clocks should be synchronized with any regulation services provider monitoring trading in the particular securities traded on that marketplace. Each regulation services provider will monitor the information that it receives from all marketplaces, dealers and, if appropriate, inter-dealer bond brokers, to ensure that the clocks are appropriately synchronized. If there is more than one regulation services provider, in meeting their obligation to coordinate monitoring and enforcement under section 7.5 of NI 23-101, regulation services providers are required to agree on one standard against which synchronization will occur. In the event there is no regulation services provider, a recognized exchange or recognized quotation and trade reporting system are also required to coordinate with other recognized exchanges or recognized quotation and trade reporting systems regarding the synchronization of clocks.

PART 14 MARKETPLACE SYSTEMS AND BUSINESS CONTINUITY PLANNING

- 14.1 Systems Requirements** - This section applies to all the systems of a particular marketplace that are identified in the introduction to section 12.1 of the Instrument whether operating in-house or outsourced.
- (1) Paragraph 12.1(a) of the Instrument requires the marketplace to develop and maintain ~~an adequate system of internal control controls~~ over the systems specified. As well, the marketplace is required to develop and maintain adequate general computer controls. These are the controls which are implemented to support information technology planning, acquisition, development and maintenance, computer operations, information systems support, cyber resilience, and security. Recognized guides as to what constitutes adequate information technology controls may include ~~'Information Technology Control Guidelines' from the Canadian Institute of~~ guidance, principles or frameworks published by the Chartered Professional Accountants (CICA) and 'COBIT' @ 5 Management Guidelines, from the IT Governance of Canada (CPA Canada), American Institute, © 2012 ISACA, IT Infrastructure Library (ITIL) — Service Delivery best practices, ISO/IEC 27002:2005 — Information technology — Code of practice for information security management, of Certified Public Accountants (AICPA), Information Systems Audit and Control Association (ISACA), International Organization for Standardization (ISO) or the National Institute of Standards and Technology (U.S. Department of Commerce) (NIST).
- (2) ~~Paragraph~~ Capacity management requires that a marketplace monitor, review, and test (including stress test) the actual capacity and performance of its systems on an ongoing basis. Accordingly, paragraph 12.1(b) of the Instrument requires a marketplace to meet certain systems capacity, ~~performance processing capability~~ and disaster recovery standards. These standards are consistent with prudent business practice. The activities and tests required in this paragraph are to be carried out at least once ~~a year every 12 months~~. In practice, continuing changes in technology, risk management requirements and competitive pressures will often result in these activities being carried out or tested more frequently.
- (2.1) Paragraph 12.1(c) of the Instrument ~~refers to a material security breach. A material~~ requires a marketplace to promptly notify the regulator or, in Québec, the securities regulatory authority of any systems failure, malfunction, delay or security incident that is material. A failure, malfunction, delay or security incident is considered "material" if the marketplace would, in the normal course of operations, escalate the matter to or inform senior management ultimately accountable for technology. Such events would not generally include those that have or would have little or no impact on the marketplace's operations or on participants. Non-material events may become material if they recur or have a cumulative effect.
- (2.2) For purposes of paragraph 12.1(c) of the Instrument, a security ~~breach or systems intrusion~~ incident is considered to be any ~~unauthorized entry into~~ event that actually or potentially jeopardizes the confidentiality, integrity or availability of any of the systems that support the functions listed in section 12.1 of the Instrument or any system that shares network resources with one or more of these systems. ~~Virtually any security breach or the information the system processes, stores or transmits, or that constitutes a violation or imminent threat of violation of security policies, security procedures or acceptable use policies. Any security incident that requires non-routine measures or resources by the marketplace~~ would be considered material and thus reportable to the regulator or, in Québec, the securities regulatory authority. The onus would be on the marketplace to document the reasons for any security ~~breach~~ incident it did not consider material.

Marketplaces should also have documented criteria to guide the decision on when to publicly disclose a security ~~breach~~incident. The criteria for public disclosure of a security ~~breach~~incident should include, but not be limited to, any instance in which client data could be compromised. Public disclosure should include information on the types and number of participants affected.

~~(2.3)~~ With respect to the prompt notification requirement in paragraph 12.1(c), the Canadian securities regulatory authorities expect that a marketplace will provide notification of a systems failure, malfunction, delay or security incident that is material, orally or in writing, upon escalating the matter to its senior management. It is expected that, as part of the required notification, the marketplace will provide updates on the status of the failure, malfunction, delay or incident and the resumption of service. The marketplace should also have comprehensive and well-documented procedures in place to record, report, analyze, and resolve all incidents. In this regard, the marketplace should undertake a “post-incident” review to identify the causes and any required improvement to the normal operations or business continuity arrangements. Such reviews should, where relevant, include the marketplace’s participants. The results of such internal reviews are required to be communicated to the regulator or, in Québec, the securities regulatory authority as soon as practicable. We note that CSA Staff Notice 21-326 *Guidance for Reporting Material Systems Incidents* provides marketplaces with additional guidance and a comprehensive set of guidelines for reporting material systems incidents under paragraph 12.1(c).

~~(2.4)~~ Paragraph 12.1(d) of the Instrument requires a marketplace to keep a record of any systems failure, malfunction, delay or security incident and identify whether or not it is material. We note that a marketplace may be asked to provide the regulator or, in Québec, the securities regulatory authority, with additional information, such as but not limited to reports, logs or other documents related to a systems failure, malfunction, delay, security incident or any other system or process-related data.

~~(2.5)~~ A marketplace should also refer to the guidance in (2.2), (2.3) and (2.4) regarding security incidents that arise in connection with a marketplace’s auxiliary systems under section 12.1.1 of the Instrument. A marketplace may be asked to provide the regulator or, in Québec, the securities regulatory authority, with additional information, such as but not limited to reports, logs or other documents related to a security incident.

(3) Subsection 12.2(1) of the Instrument requires a marketplace to engage ~~a one or more~~ qualified ~~party~~external auditors to conduct an annual independent ~~assessment~~systems review to ~~ensure that~~assess the marketplace ~~is in’s~~ compliance with paragraph 12.1(a), section 12.1.1 and section 12.4 of the Instrument. The review must be conducted and reported on at least once in each 12-month period by a qualified external auditor in accordance with established audit standards and best industry practices. We consider that best industry practices include the “Trust Services Criteria” developed by the American Institute of CPAs and CPA Canada. The focus of the assessment of any systems that share network resources with trading-related systems required under ~~subsection~~paragraph 12.2(1)(b) would be to address potential threats from a security ~~breach~~incident that could negatively impact a trading-related system. ~~A~~For purposes of subsection 12.2(1), we consider a qualified ~~party is~~external auditor to be a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal controls in a complex information technology environment, ~~such as external auditors or third party information system consultants.~~ Before engaging a qualified ~~party~~external auditor to conduct the independent systems review, a marketplace ~~should~~is expected to discuss its choice of external auditor and the scope of the systems review mandate with the regulator or, in Québec, the securities regulatory authority. We further expect that the report prepared by the external auditor include, to the extent applicable, an audit opinion that (i) the description included in the report fairly presents the systems and controls that were designed and implemented throughout the reporting period, (ii) the controls stated in the description were suitably designed, and (iii) the controls operated effectively throughout the reporting period.

~~(3.1) The Canadian securities regulatory authorities also note the critical importance of an appropriate system of cyber-security controls over the systems described in section 12.1 of the Instrument. We further note that, as a matter of best practices, marketplaces may also conduct a vulnerability assessment of these controls in addition to the independent systems review required by subsection 12.2(1) of the Instrument. To the extent that a marketplace carries out, or engages an independent party to carry out on its behalf, a vulnerability assessment and prepares a report of that assessment as part of the development and maintenance of the controls required by section 12.1 of the Instrument, we expect a marketplace to provide that report to the regulator or, in Québec, the securities regulatory authority in addition to the report required to be provided by subsection 12.2(2) of the Instrument.~~

~~(3.1)~~ Section 12.1.2 of the Instrument requires a marketplace to engage one or more qualified parties to perform appropriate assessments and testing to identify security vulnerabilities and measure the effectiveness of information security controls. We would expect a marketplace to implement appropriate improvements where necessary. For the purposes of section 12.1.2, we consider a qualified party to be a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal systems or controls in a complex information technology environment. We consider that qualified parties may include external auditors or third-party information system consultants, as well as employees of the marketplace or an affiliated entity of the marketplace but may not be persons responsible for the development or operation of the systems or capabilities being tested. The

regulator or, in Québec, the securities regulatory authority may, in accordance with securities legislation, require the marketplace to provide a copy of any such assessment.

- (4) ~~Paragraph 12.1(c) of the Instrument requires the marketplace to notify the regulator or, in Québec, the securities regulatory authority of any material systems failure. The Canadian securities regulatory authorities consider a failure, malfunction or delay to be "material" if the marketplace would in the normal course of operations escalate the matter to or inform its senior management ultimately accountable for technology. The Canadian securities regulatory authorities also expect that, as part of this notification, the marketplace will provide updates on the status of the failure, the resumption of service and the results of its internal review of the failure. [repealed]~~

- (5) Under section 15.1 of the Instrument, ~~at~~ the regulator or, in Québec, the securities regulatory authority may consider granting a marketplace an exemption from the requirements to engage ~~a one or more~~ qualified party external auditors to conduct an annual independent systems review and prepare a report under subsection 12.2(1) of the Instrument provided that the marketplace prepare a control self-assessment and file this self-assessment with the regulator or, in Québec, the securities regulatory authority. The scope of the self-assessment would be similar to the scope that would have applied if the marketplace underwent an independent systems review. Reporting of the self-assessment results and the timeframe for reporting would be consistent with that established for an independent systems review.

In determining if the exemption is in the public interest and the length of the exemption, the regulator or, in Québec, the securities regulatory authority may consider a number of factors including: the market share of the marketplace, the timing of the last independent systems review, changes to systems or staff of the marketplace and whether the marketplace has experienced material systems failures, malfunction or delays.

14.2 Marketplace Technology Specifications and Testing Facilities

- (1) Subsection 12.3(1) of the Instrument requires marketplaces to make their technology requirements regarding interfacing with or accessing the marketplace publicly available in their final form for at least three months. If there are material changes to these requirements after they are made publicly available and before operations begin, the revised requirements should be made publicly available for a new three month period prior to operations. The subsection also requires that an operating marketplace make its technology specifications publicly available for at least three months before implementing a material change to its technology requirements.

The Canadian securities regulatory authorities consider a material change to a marketplace's technology requirements to include a change that would require a person or company interfacing with or accessing the marketplace to incur a significant amount of systems-related development work or costs in order to accommodate the change or to fully interact with the marketplace as a result of the change. Such material changes could include changes to technology requirements that would significantly impact a marketplace participant's trading activities, such as the introduction of an order type, or significant changes to a regulatory feed that a regulation services provider takes in from the marketplace.

- (2) Subsection 12.3(2) of the Instrument requires marketplaces to provide testing facilities for interfacing with or accessing the marketplace for at least two months immediately prior to operations once the technology requirements have been made publicly available. Should the marketplace make its specifications publicly available for longer than three months, it may make the testing available during that period or thereafter as long as it is at least two months prior to operations. If the marketplace, once it has begun operations, proposes material changes to its technology systems, it is required to make testing facilities publicly available for at least two months before implementing the material systems change.

- (2.1) Paragraph 12.3(3)(c) of the Instrument prohibits a marketplace from beginning operations before the chief information officer of the marketplace, or an individual performing a similar function, has certified in writing that all information technology systems used by the marketplace have been tested according to prudent business practices and are operating as designed. This certification may be based on information provided to the chief information officer from marketplace staff knowledgeable about the information technology systems of the marketplace and the testing that was conducted.

- (2.2) In order to help ensure that appropriate testing procedures for material changes to technology requirements are being followed by the marketplace, subsection 12.3(3.1) of the Instrument requires the chief information officer of the marketplace, or an individual performing a similar function, to certify to the regulator or securities regulatory authority, as applicable, that a material change has been tested according to prudent business practices and is operating as designed. This certification may be based on information provided to the chief information officer from marketplace staff knowledgeable about the information technology systems of the marketplace and the testing that was conducted.

- (3) Subsection 12.3(4) of the Instrument provides that if a marketplace must make a change to its technology requirements regarding interfacing with or accessing the marketplace to immediately address a failure, malfunction or material delay of its systems or equipment, it must immediately notify the regulator or, in Québec, the securities regulatory authority,

and, if applicable, its regulation services provider. We expect the amended technology requirements to be made publicly available as soon as practicable, either while the changes are being made or immediately after.

14.2.1 Uniform Test Symbols

- (1) Section 12.3.1 of the Instrument requires a marketplace to use uniform test symbols for the purpose of performing testing in its production environment. In the view of the Canadian securities regulatory authorities, the use of uniform test symbols is in furtherance to a marketplace's obligations at section 5.7 of the Instrument to take all reasonable steps to ensure that its operations do not interfere with fair and orderly markets.
- (2) The use of uniform test symbols is intended to facilitate the testing of functionality in a marketplace's production environment; it is not intended to enable stress testing by marketplace participants. The Canadian securities regulatory authorities are of the view that a marketplace may suspend access to a test symbol where its use in a particular circumstance reasonably represents undue risk to the operation or performance of the marketplace's production environment. The Canadian securities regulatory authorities also note that misuse of the test symbols by marketplace participants could amount to a breach of the fair and orderly markets provisions of National Instrument 23-103 Electronic Trading and Direct Electronic Access to Marketplaces.

14.3 Business Continuity Planning

- (1) [Business continuity management is a key component of a marketplace's operational risk-management framework.](#) Section 12.4 of the Instrument requires that marketplaces develop and maintain reasonable business continuity plans, including disaster recovery plans. Business continuity planning should encompass all policies and procedures to ensure uninterrupted provision of key services regardless of the cause of potential disruption. In fulfilling the requirement to develop and maintain reasonable business continuity plans, the Canadian securities regulatory authorities expect that marketplaces are to remain current with best practices for business continuity planning and to adopt them to the extent that they address their critical business needs.
- (2) Paragraph 12.4(1)(b) of the Instrument also requires a marketplace to test its business continuity plans, including disaster recovery plans, according to prudent business practices on a reasonably frequent basis and, in any event, at least annually.
- (3) Section 12.4 of the Instrument also establishes requirements for marketplaces meeting a minimum threshold of total dollar value of trading volume, recognized exchanges or quotation and trade reporting systems that directly monitor the conduct of their members, and regulation services providers that have entered into a written agreement with a marketplace to conduct market surveillance to establish, implement, and maintain policies and procedures reasonably designed to ensure that critical systems can resume operation within certain time limits following the declaration of a disaster. In fulfilling the requirement to establish, implement and maintain the policies and procedures prescribed by section 12.4, the Canadian securities regulatory authorities expect that these policies and procedures will form part of the entity's business continuity and disaster recovery plans and that the entities subject to the requirements at subsections 12.4(2) to (4) of the Instrument will be guided by their own business continuity plans in terms of what constitutes a disaster for purposes of the requirements.

14.4 Industry-Wide Business Continuity Tests - Section 12.4.1 of the Instrument requires a marketplace, recognized clearing agency, information processor, and participant dealer to participate in all industry-wide business continuity tests, as determined by a regulation services provider, regulator, or in Québec, the securities regulatory authority. The Canadian securities regulatory authorities expect that marketplaces will make their production environments available for purposes of all industry-wide business continuity tests.

PART 15 CLEARING AND SETTLEMENT

15.1 Clearing and Settlement - Subsection 13.1(1) of the Instrument requires all trades executed through a marketplace to be reported and settled through a clearing agency. Subsections 13.1(2) and (3) of the Instrument require that an ATS and its subscriber enter into an agreement that specifies which entity will report and settle the trades of securities. If the subscriber is registered as a dealer under securities legislation, the ATS, the subscriber or an agent for the subscriber that is a member of a clearing agency may report and settle trades. If the subscriber is not registered as a dealer under securities legislation, either the ATS or an agent for the subscriber that is a clearing member of a clearing agency may report and settle trades. The ATS is responsible for ensuring that an agreement with the subscriber is in place before any trade is executed for the subscriber. If the agreement is not in place at the time of the execution of the trade, the ATS is responsible for clearing and settling that trade if a default occurs.

15.2 Access to Clearing Agency of Choice – As a general proposition, marketplace participants should have a choice as to the clearing agency that they would like to use for the clearing and settlement of their trades, provided that such

clearing agency is appropriately regulated in Canada. Subsection 13.2(1) of the Instrument thus requires a marketplace to report a trade in a security to a clearing agency designated by a marketplace participant.

The Canadian securities regulatory authorities are of the view that where a clearing agency performs only clearing services (and not settlement or depository services) for equity or other cash-product marketplaces in Canada, it would need to have access to the existing securities settlement and depository infrastructure on non-discriminatory and reasonable commercial terms.

Subsection 13.2(2) of the Instrument provides that subsection 13.2(1) does not apply to trades in standardized derivatives or exchange-traded securities that are options.

PART 16 INFORMATION PROCESSOR

16.1 Information Processor

- (1) The Canadian securities regulatory authorities believe that it is important for those who trade to have access to accurate information on the prices at which trades in particular securities are taking place (i.e., last sale reports) and the prices at which others have expressed their willingness to buy or sell (i.e., orders).
- (2) An information processor is required under subsection 14.4(2) of the Instrument to provide timely, accurate, reliable and fair collection, processing, distribution and publication of information for orders for, and trades in, securities. The Canadian securities regulatory authorities expect that in meeting this requirement, an information processor will ensure that all **persons and companies** that are required to provide information are given access to the information processor on fair and reasonable terms. In addition, it is expected that an information processor will not give preference to the information of any **person or company** when collecting, processing, distributing or publishing that information.
- (3) An information processor is required under subsection 14.4(5) of the Instrument to provide prompt and accurate order and trade information, and to not unreasonably restrict fair access to the information. As part of the obligation relating to fair access, an information processor is expected to make the disseminated and published information available on terms that are reasonable and not discriminatory. For example, an information processor will not provide order and trade information to any single person or company or group of persons or companies on a more timely basis than is afforded to others, and will not show preference to any single person or company or group of persons or companies in relation to pricing.

16.2 Selection of an Information Processor

- (1) The Canadian securities regulatory authorities will review Form 21-101F5 to determine whether it is contrary to the public interest for the person or company who filed the form to act as an information processor. In Québec, a person or company may carry on the activity of an information processor only if it is recognized by the securities regulatory authority and in Ontario and Saskatchewan, only if it is designated by the securities regulatory authority. The Canadian securities regulatory authorities will look at a number of factors when reviewing the form filed, including,
 - (a) the performance capability, standards and procedures for the collection, processing, distribution, and publication of information with respect to orders for, and trades in, securities;
 - (b) whether all marketplaces may obtain access to the information processor on fair and reasonable terms;
 - (c) personnel qualifications;
 - (d) whether the information processor has sufficient financial resources for the proper performance of its functions;
 - (e) the existence of another entity performing the proposed function for the same type of security;
 - (f) the systems report referred to in paragraph 14.5(c) of the Instrument.
- (2) The Canadian securities regulatory authorities request that the forms and exhibits be filed in electronic format, where possible.
- (3) The forms filed by an information processor under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that they contain intimate financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that all forms be available for public inspection.

16.3 Change in Information - Under subsection 14.2(1) of the Instrument, an information processor is required to file an amendment to the information provided in Form 21-101F5 at least 45 days before implementing a significant change involving a matter set out in Form 21-101F5, in the manner set out in Form 21-101F5. The Canadian securities regulatory authorities would consider significant changes to include:

- (a) changes to the governance of the information processor, including the structure of its board of directors and changes in the board committees and their mandates;
- (b) changes in control over the information processor;
- (c) changes affecting the independence of the information processor, including independence from the **persons and companies** that provide their data to meet the requirements of the Instrument;
- (d) changes to the services or functions performed by the information processor;
- (e) changes to the data products offered by the information processor;
- (f) changes to the fees and fee structure related to the services provided by the information processor;
- (g) changes to the revenue sharing model for revenues from fees related to services provided by the information processor;
- (h) changes to the systems and technology used by the information processor, including those affecting its capacity;
- (i) new arrangements or changes to arrangements to outsource the operation of any aspect of the services of the information processor;
- (j) changes to the means of access to the services of the information processor; and
- (k) **in the case of an information processor for government debt securities or corporate debt securities, changes to the information transparency requirements referred to in paragraph 14.8(b) of the Instrument.**

These would not include housekeeping or administrative changes to the information included in Form 21-101F5, such as changes in the routine processes, practice or administration of the information processor, changes due to standardization of terminology, or minor system or technology changes that do not significantly impact the system of the information processor or its capacity. Such changes would be filed in accordance with the requirements outlined in subsection 14.2(2) of the Instrument.

16.3.1 Filing of Financial Statements – Subsection 14.4(6) of the Instrument requires an information processor to file annual audited financial statements within 90 days after the end of its financial year. However, where an information processor is operated as a division or unit of a person or company, which may be a marketplace, clearing agency, issuer or any other person or company, the person or company must file an income statement, a statement of cash flow and any other information necessary to demonstrate the financial condition of the information processor. In this case, the income statement, statement of cash flow and other necessary financial information pertaining to the operation of the information processor may be unaudited.

16.4 System Requirements – The guidance in section 14.1 of this Companion Policy applies to the systems requirements for an information processor.

ANNEX G

**LOCAL MATTERS
ONTARIO SECURITIES COMMISSION**

The Amendments and other required materials were delivered to the Minister of Finance on June 17, 2020. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments will come into force on September 14, 2020.

1.4 Notices from the Office of the Secretary

1.4.1 0984750 B.C. Ltd. et al.

FOR IMMEDIATE RELEASE
June 11, 2020

0984750 B.C. LTD.
(d/b/a QUADRIGA CX and
QUADRIGA COIN EXCHANGE),
WHITESIDE CAPITAL CORPORATION, and
QUADRIGA FINTECH SOLUTIONS CORP.,
File No. 2020-15

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated June 10, 2020 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

1-877-785-1555 (Toll Free)
inquiries@osc.gov.on.ca

1.4.2 Jonathan Cartu et al.

FOR IMMEDIATE RELEASE
June 11, 2020

JONATHAN CARTU,
DAVID CARTU,
AND
JOSHUA CARTU,
File No. 2020-14

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated June 11, 2020 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Slate Office REIT and BMO Nesbitt Burns Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for exemptive relief to permit issuer and underwriter, acting as agent for the issuer, to enter into an equity distribution agreement to make “at the market” (ATM) distributions of trust units over the facilities of the TSX or another marketplace – ATM distributions to be made pursuant to shelf prospectus procedures in Part 9 of NI 44-102 Shelf Distributions – issuer will issue a press release and file agreements on SEDAR – application for relief from prospectus delivery requirement – delivery of prospectus not practicable in circumstances of an ATM distribution – relief from prospectus delivery requirement has effect of removing two-day right of withdrawal and remedies of rescission or damages for non-delivery of the prospectus – application for relief from certain prospectus form requirements – relief granted to permit modified forward-looking certificate language – relief granted on terms and conditions set out in decision document – decision will terminate 25 months after the issuance of a receipt for the shelf prospectus – decision and application also held in confidence by decision makers until the earlier of the entering into of an equity distribution agreement, waiver of confidentiality or 90 days from the date of the decision.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 71, 147.

National Instrument 44-101 Short Form Prospectus Distributions, Part 8 and Item 20 of Form 44-101F1.

National Instrument 44-102 Shelf Distributions, ss. 6.3, 6.7, Part 9 and ss. 2.1, 2.2 of Appendix A.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

March 10, 2020

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
SLATE OFFICE REIT
(the Issuer)

AND

BMO NESBITT BURNS INC.
(the Agent and, together with the Issuer, the Filers)

DECISION

Background

The Ontario Securities Commission (the **Decision Maker**), being the principal regulator in the Jurisdiction, has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the following relief (the **Exemption Sought**) that:

- (a) the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement applies, send or deliver to the purchaser the latest prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus), and any amendment to the prospectus (the **Prospectus Delivery Requirement**) does not apply to the Agent or any other TSX participating organization or other marketplace participant acting on behalf of the Agent as a selling agent (each, a **Selling Agent**) in connection with any “at-the-market distribution” (each, an **ATM Distribution** and collectively, an **ATM Offering**), as defined in National Instrument 44-102 *Shelf Distributions (NI 44-102)*, of trust units (**Units**) of the Issuer pursuant to one or more substantially identical equity distribution agreements (each, an **Equity Distribution Agreement**) to be entered into by the Issuer and the Agent; and
- (b) the requirements to include in a prospectus supplement or an amendment thereto, each of the following:
- (i) a forward-looking issuer certificate of the Issuer in the form specified in section 2.1 or section 2.4, as applicable, of Appendix A to NI 44-102;
 - (ii) a forward-looking underwriter certificate in the form specified in section 2.2 or section 2.4, as applicable, of Appendix A to NI 44-102; and
 - (iii) a statement respecting purchasers’ statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed by Item 20 of Form 44-101F1 *Short Form Prospectus*,
- (collectively, the **Prospectus Form Requirements**) do not apply to the Prospectus Supplement (as defined below) or an amendment thereto provided that the Issuer includes in the Prospectus Supplement or an amendment thereto the form of issuer certificate and form of underwriter certificate and include in the Prospectus Supplement or an amendment thereto the revised description of a purchaser’s statutory rights of withdrawal and remedies for rescission or damages described below, in each case (other than with respect to the underwriter certificate) superseding and replacing the corresponding language in the Shelf Prospectus (as defined below) solely with regards to an ATM Offering.

The Decision Maker has also received a request from the Filers for a decision that the Application and this decision (together, the **Confidential Material**) be kept confidential and not be made public until the earliest of: (i) the date on which the Filers first enter into an Equity Distribution Agreement; (ii) the date the Filers advise the Decision Maker that there is no longer any need for the Confidential Material to remain confidential; and (iii) the date that is 90 days after the date of this decision (the **Confidentiality Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) pursuant to subsection 3.6(3)(b) National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*, as the Issuer’s head office is located in Ontario, the Ontario Securities Commission is the principal regulator for the Application;
- (b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon Territory (collectively and together with the Jurisdiction, the **Reporting Jurisdictions**); and
- (c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority.

Interpretation

Terms defined in MI 11-102, National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, National Instrument 14-101 *Definitions* or NI 44-102 have the same meaning if used in this decision, unless otherwise defined herein. All dollar figures in this decision refer to Canadian dollars.

Representations

This decision is based on the following facts represented by the Filers:

The Issuer

1. The Issuer is an unincorporated open-end limited purpose real estate investment trust established under and governed by the laws of the Province of Ontario. The head office of the Issuer is located in Toronto, Ontario.
2. The Issuer is a reporting issuer in each of the provinces and territories of Canada and is not in default of any requirements under applicable securities legislation in any jurisdiction of Canada.
3. The Units are listed on the Toronto Stock Exchange (the **TSX**) under the trading symbol "SOT.UN".

The Agent

4. The Agent is a corporation incorporated under the laws of Canada with its head office located in Toronto, Ontario.
5. The Agent is registered as an investment dealer under the securities legislation of each of the provinces and territories of Canada, is a member of the Investment Industry Regulatory Organization of Canada, and is a participating organization of the TSX.
6. The Agent is not in default of any requirements under applicable securities legislation in any jurisdiction of Canada.

Proposed ATM Distribution

7. Subject to mutual agreement on terms and conditions, the Filers propose to enter into one or more substantially identical Equity Distribution Agreements for the purpose of ATM Offerings involving the periodic sale of Units by the Issuer through the Agent, as agent, under the shelf prospectus procedures prescribed by Part 9 of NI 44-102.
8. The Issuer filed a short form base shelf prospectus in each of the Reporting Jurisdictions on January 24, 2019 providing for the distribution from time to time of Units and such other securities as the Issuer deems appropriate (the **Shelf Prospectus**). Prior to making an ATM Distribution, the Issuer will have filed in each of the Reporting Jurisdictions a prospectus supplement describing the terms of the applicable ATM Offering, including the terms of the applicable Equity Distribution Agreement, and otherwise supplementing the disclosure in the Shelf Prospectus (the **Prospectus Supplement**, and together with the Shelf Prospectus as supplemented or amended and including any documents incorporated by reference therein (which shall include any Designated News Release as defined below), the **Prospectus**).
9. Upon entering into an Equity Distribution Agreement, the Issuer will immediately:
 - (a) issue and file a news release pursuant to section 3.2 of NI 44-102 announcing the applicable Equity Distribution Agreement and indicating that the Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and disclosing where and how purchasers under the applicable ATM Offering may obtain copies; and
 - (b) file the Equity Distribution Agreement on SEDAR.
10. Under an Equity Distribution Agreement, the Issuer may conduct one or more ATM Distributions subject to the 10% limitation set out in subsection 9.1(1) of NI 44-102.
11. The Issuer will conduct ATM Distributions only through the Agent, as agent, directly, or through a Selling Agent, and only through the methods constituting "at-the-market distributions" within the meaning of NI 44-102, including sales made on the facilities of the TSX or another "marketplace" within the meaning of National Instrument 21-101 *Marketplace Operation* upon which the Units are listed, quoted or otherwise traded (each, a **Marketplace**).
12. The Agent will act as the sole agent of the Issuer in connection with an ATM Distribution directly or through one or more Selling Agents on a Marketplace, and will be the sole entity paid an agency fee or commission by the Issuer in connection with such sales. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller's commission for effecting the trades on behalf of the Agent. The Agent will sign an underwriter certificate, in the form set out in paragraph 28 below, in the Prospectus Supplement. A purchaser's rights and remedies under applicable securities legislation against the Agent, as agent of an ATM Distribution through a Marketplace, will not be affected by a decision to effect the sale directly or through a Selling Agent.
13. The aggregate number of Units sold on one or more Marketplaces pursuant to an ATM Distribution on any trading day will not exceed 25% of the aggregate trading volume of the Units traded on all Marketplaces in Canada on that day.

14. Each Equity Distribution Agreement will provide that, at the time of each sale of Units pursuant to an ATM Distribution, the Issuer will represent to the Agent that the Prospectus contains full, true and plain disclosure of all material facts relating to the Issuer and Units being distributed. The Issuer will, therefore, be unable to proceed with sales pursuant to an ATM Distribution when it is in possession of undisclosed information that would constitute a material fact or a material change in respect of the Issuer or the Units.
15. During the period after the date of the applicable Prospectus Supplement and before the termination of any ATM Distribution, if the Issuer disseminates a news release disclosing information that, in the Issuer's determination, constitutes a "material fact" (as such term is defined in the Legislation), the Issuer will identify such news release as a "designated news release" for the purposes of the Prospectus. This designation will be made on the face page of the version of such news release filed on SEDAR (any such news release, a **Designated News Release**). Each Prospectus Supplement will provide that any such Designated News Release will be deemed to be incorporated by reference into the Prospectus. A Designated News Release will not be used to update disclosure in the Prospectus by the Issuer in the event of a "material change" (as such term is defined in the Legislation).
16. If, after the Issuer delivers a sell notice to the Agent directing the Agent to sell Units on the Issuer's behalf pursuant to the applicable Equity Distribution Agreement (a **Sell Notice**), the sale of Units specified in the Sell Notice, taking into consideration prior sales under an ATM Offering, would constitute a material fact or material change, the Issuer will suspend sales under the Equity Distribution Agreement until either: (i) it has filed a Designated News Release or material change report, as applicable, or amended the Prospectus; or (ii) circumstances have changed such that the sales would no longer constitute a material fact or material change.
17. In determining whether the sale of the number of Units specified in a Sell Notice would constitute a material fact or material change, the Issuer will take into account a number of factors, including, without limitation: (i) the parameters of the Sell Notice, including the number of Units proposed to be sold and any price or timing restrictions that the Issuer may impose with respect to the particular ATM Distribution; (ii) the percentage of the outstanding Units that the number of Units proposed to be sold pursuant to the Sell Notice represents; (iii) the trading volume and volatility of the Units; (iv) recent developments in the business, affairs and capital structure of the Issuer; (v) sales under earlier Sell Notices; and (vi) prevailing market conditions generally.
18. In addition, the Agent will monitor closely the market's reaction to trades made on any Marketplace pursuant to an ATM Distribution in order to evaluate the likely market impact of future trades. The Agent has experience and expertise in managing sell orders to limit downward pressure on trading prices. If the Agent has concerns as to whether a particular sell order placed by the Issuer may have a significant effect on the market price of the Units, the Agent will recommend against effecting the trades pursuant to the applicable Sell Notice at that time. It is in the interest of both the Issuer and the Agent to minimize the market impact of sales under an ATM Distribution.

Disclosure of Units Sold in an ATM Offering

19. The Issuer will disclose in its annual and interim financial statements and management discussion and analysis filed on SEDAR in respect of that financial period, the number and average price of Units sold pursuant to an ATM Offering during that annual or interim financial period, as well as total gross proceeds, commissions and net proceeds.

Prospectus Delivery Requirement

20. Pursuant to the Prospectus Delivery Requirement, a dealer effecting a trade of securities offered under a prospectus is required to deliver a copy of the prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) to the purchaser within prescribed time limits.
21. The delivery of a prospectus is not practicable in the circumstances of ATM Distributions, as neither the Agent nor a Selling Agent effecting the trade will know the identity of the purchasers.
22. The Prospectus will be filed and readily available to all purchasers electronically via SEDAR. As stated in paragraph 9 above, the Issuer will issue a news release that specifies where and how copies of the Prospectus can be obtained.
23. The liability of an issuer or an underwriter (or others) for a misrepresentation in a prospectus pursuant to the civil liability provisions of the Legislation will not be affected by the grant of an exemption from the Prospectus Delivery Requirement, because purchasers of securities offered by a prospectus during the period of distribution have a right of action for damages or rescission, without regard to whether the purchaser relied on the misrepresentation or in fact received a copy of the prospectus.

Withdrawal Right and Right of Action for Non-Delivery

24. Pursuant to the Legislation, an agreement to purchase securities in respect of a distribution to which the prospectus requirement applies is not binding on the purchaser if a dealer receives, not later than midnight on the second day (exclusive of Saturdays, Sundays and holidays) after receipt by the purchaser of the latest prospectus or any amendment to the prospectus, a notice in writing that the purchaser does not intend to be bound by the agreement of purchase (the **Withdrawal Right**).
25. Pursuant to the Legislation, a purchaser of securities to whom a prospectus was required to be sent or delivered in compliance with the Prospectus Delivery Requirement, but was not so sent or delivered, has a right of action for rescission or damages against the dealer who did not comply with the Prospectus Delivery Requirement (the **Right of Action for Non-Delivery**).
26. Neither the Withdrawal Right nor the Right of Action for Non-Delivery is workable in the context of ATM Distributions because of the impracticability of delivering the Prospectus to a purchaser of Units thereunder.

Prospectus Form Requirements

27. To reflect the fact that an ATM Offering is a continuous distribution, the Prospectus Supplement and any amendment thereto will include the following issuer certificate in substitution for the certificate prescribed by the Prospectus Form Requirements (with appropriate modifications in respect of the filing of an amendment prescribed by section 2.4 of Appendix A to NI 44-102), such issuer certificate to supersede and replace the issuer certificate in the Shelf Prospectus, solely with regards to an ATM Offering:

“The short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.”

28. To reflect the fact that an ATM Offering is a continuous distribution, the Prospectus Supplement and any amendment thereto will include the following underwriter certificate in substitution for the certificate prescribed by the Prospectus Form Requirements:

“To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement, as required by the securities legislation of each of the provinces and territories of Canada.”

29. A different statement of purchasers' rights than that required by the Legislation is necessary so that the Prospectus Supplement will accurately reflect the relief granted from the Prospectus Delivery Requirement. Accordingly, the Prospectus Supplement will state the following, with the date reference completed, in substitution for the language prescribed by the Prospectus Form Requirements:

“Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Units under an at-the-market distribution by the REIT will not have the right to withdraw from an agreement to purchase the Units and will not have remedies of rescission or, in some jurisdictions, revision of the price, or damages for non-delivery of the prospectus, because the prospectus and prospectus supplements relating to the Units purchased by the purchaser and any amendment relating to Units purchased by such purchaser will not be delivered as permitted under a decision dated [●], 2020 and granted pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Securities legislation in certain of the provinces and territories of Canada also provides purchasers with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and prospectus supplements relating to securities purchased by a purchaser and any amendment contains a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Units under an at-the-market distribution by the REIT may have against the REIT or the Agent for rescission or, in some

jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery and the decision referred to above.

Purchasers should refer to any applicable provisions of securities legislation and the decision referred to above for the particulars of these rights or consult with a legal adviser.”

30. The Prospectus Supplement will disclose that, solely with regards to an ATM Offering, the statement in paragraph 29 above supersedes and replaces the statement of purchasers’ rights contained in the Shelf Prospectus.

Decision

The Decision Maker is satisfied that this decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted provided that:

- (a) during the 60-day period ending not earlier than 10 days prior to the commencement of an ATM Offering, the Units have traded, in total, on one or more Marketplaces, as reported on a consolidated market display:
 - (i) an average of at least 100 times per trading day; and
 - (ii) with an average trading value of at least \$1,000,000 per trading day;
- (b) the Issuer complies with the disclosure requirements set out in paragraphs 19, 27, 28, 29 and 30; and
- (c) the Issuer and the Agent respectively comply with the representations made in paragraphs 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18.

This decision will terminate on February 24, 2021 (being the date that is 25 months from the date of the receipt for the Shelf Prospectus.

The further decision of the Decision Maker is that the Confidentiality Relief in respect of the Exemptions Sought is granted.

As to the Exemption Sought from the Prospectus Delivery Requirement and the Confidentiality Relief:

“Craig Hayman”
Commissioner
Ontario Securities Commission

“Garnet Fenn”
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the Prospectus Delivery Requirement, the Prospectus Form Requirements and the Confidentiality Relief:

“Lina Creta”
Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Algonquin Power & Utilities Corp. – s. 5.1 of OSC Rule 48-501

Headnote

Application for a decision, pursuant to section 5.1 of OSC Rule 48-501, exempting the applicant from trading restrictions imposed by section 2.2(a) of OSC Rule 48-501. Decision granted. Decision and application also held in confidence by the decision makers until the earlier of (i) the date on which the applicant publicly announces the ATM Offering; (ii) the date on which the applicant enters into an Equity Distribution Agreement as described below, (iii) the date on which the applicant advises the Decision Maker that there is no longer any need for the Confidential Material to remain confidential, and (iv) the date that is 90 days after the date of this decision.

Rule Cited

Ontario Securities Commission Rule 48-501 – Trading During Distributions, Formal Bids and Share Exchange Transactions.

May 22, 2020

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5,
AS AMENDED
(the Act)

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 48-501
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS
(the Rule)

AND

IN THE MATTER OF
ALGONQUIN POWER & UTILITIES CORP.
(the Filer)

DECISION
(Section 5.1 of the Rule)

(a) Background

The securities regulator in the Jurisdiction (the **Decision Maker**) has received an application (the **Application**) from the Filer pursuant to the procedures set forth in OSC Policy 2.1 – *Applications to the Ontario Securities Commission* for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the requirement in section 2.2(a) of the Rule do not apply to insiders of the Filer (the **Insiders**) in connection with any ATM Distributions (as defined below) made by the Filer under an Equity Distribution Agreement (the **Exemptive Relief Sought**).

The Decision Maker has also received a request from the Filer for a decision that the Application and this decision (together, the **Confidential Material**) be kept confidential and not be made public until the earliest of: (i) the date on which the Filer publicly announces the ATM Offering; (ii) the date on which the Filer enters into an Equity Distribution Agreement as described below, (iii) the date on which the Filer advises the Decision Maker that there is no longer any need for the Confidential Material to remain confidential, and (iv) the date that is 90 days after the date of this decision (together, the **Confidentiality Relief**).

(b) Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102, National Instrument 21-101 – *Marketplace Operation* and National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval (SEDAR)* have the same meaning if used in this decision, unless otherwise defined herein. All dollar figures in this decision refer to Canadian dollars.

(c) Representations

This decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation existing under the *Canada Business Corporations Act*. The head office of the Filer is located in Oakville, Ontario.
2. The Filer is a reporting issuer in each province of Canada and to its knowledge is not in default of securities legislation in any jurisdiction of Canada.
3. The Filer's common shares (the **Common Shares**) are listed on the Toronto Stock Exchange (the **TSX**) under the trading symbol "AQN" and on the New York Stock Exchange (the **NYSE**) under the trading symbol "AQN".
4. The Common shares meet the requirements in the Rule to be considered a "highly-liquid security".

Proposed ATM Distributions

5. The Filer intends to conduct one or more "at-the-market distributions" of Common Shares in Canada and the United States (**ATM Distributions**) within the meaning of, and pursuant to the shelf prospectus procedures prescribed in, Part 9 of National Instrument 44-102 – *Shelf Distributions (NI 44-102)*, to be made pursuant to the terms and conditions of one or more substantially identical equity distribution agreements (each, an **Equity Distribution Agreement**) to be entered into between the Filer and certain agents (the **Agents**).
6. Subject to mutual agreement on terms and conditions, the Filer is proposing to enter into one or more Equity Distribution Agreements with the Agents, providing for the periodic sale of Common Shares by the Filer through the Agents, pursuant to an ATM Distribution under the base shelf prospectus procedures prescribed by Part 9 of NI 44-102 (an **ATM Program**), after the filing of a base shelf prospectus and a prospectus supplement in respect of a particular ATM Distribution (together, the **Prospectus**).
7. Each Equity Distribution Agreement will provide that, at the time of each sale of Common Shares pursuant to an ATM Distribution, the Filer will represent to the Agents that the Prospectus contains full, true and plain disclosure of all material facts relating to the Filer and the Common Shares being distributed. It is therefore likely that the bulk of the sales activity under the ATM Program will occur during periods commencing on the second business day after the public announcement of the Filer's quarterly or annual earnings and continuing for 45 calendar days thereafter.

Share Ownership Guidelines

8. Under the Filer's current share ownership guidelines (the **Ownership Guidelines**), directors of the Filer must hold at least four times their annual retainer in Common Shares and/or deferred share units, the chief executive officer and vice chair of the Filer each must hold seven times his or her base salary in Common Shares or share equivalents, the president of the Filer must hold four times his or her base salary in Common Shares or share equivalents, the chief financial officer of the Filer must hold three times his or her base salary in Common Shares or share equivalents, and each other named executive officer or certain designated executives of the Filer must hold two times his or her base salary in Common Shares or share equivalents, each having five years to attain such levels once the Ownership Guidelines apply to them. Notwithstanding the foregoing, executives must satisfy at least 33% of the required ownership through direct or indirect holdings of Common Shares and each member of the executive management team is expected to hold Common Shares and or vested or unvested share equivalents valued at a minimum of 10% of their base salary within the first year of joining the Filer or transitioning to an executive management position.
9. The Filer believes that the Ownership Guidelines are in-line with best corporate governance practices and that it is in the Filer's best interest to avoid imposing any unnecessary restrictions on the ability of Insiders to increase their equity stake in the Filer.
10. Under the terms of the Filer's trading policy for employees and Insiders (the **Trading Policy**), directors and officers of the Filer, as well as certain other individuals, are limited in trading Common Shares while the Filer is not in blackout (a **Trading Window**). Blackout periods commence on the first trading day after the end of each fiscal quarter and end at the conclusion of the second trading day following the issuance of a news release in respect of the Filer's interim or annual financial results. If the Filer intends to commence an ATM Distribution, any such ATM Distributions by the Filer may occur during a Trading Window.
11. Pursuant to section 2.2(a) of the Rule, an insider of a reporting issuer is prohibited from bidding on or purchasing securities of that reporting issuer during the period commencing on the date that is two trading days prior to the day the offering price is determined for a prospectus offering of that reporting issuer, and ending on the date the selling process ends and all stabilization arrangements relating to the offered security are terminated (the **Insider Purchasing Restriction**).

12. These restrictions in the Rule were not designed in contemplation of ATM Distributions. Section 1.2(5)(a)(i) of the Rule provides the following interpretative guidance:

the selling process shall be considered to end, in the case of a prospectus distribution, if a receipt has been issued for the final prospectus, the dealer has allocated all of its portion of the securities to be distributed under the prospectus and all selling efforts have ceased

however such guidance does not apply in the context of an ATM Distribution, where the receipt is obtained before the distribution begins, the dealers do not allocate a position (but rather simply trade on a “marketplace”, within the meaning of National Instrument 21-101 – *Marketplace Operation*) and no selling efforts are made (only ordinary trading activity).

13. Similarly, the exemption in section 3.2(e) of the Rule, in respect of “a subscription for or purchase of an offered security pursuant to a prospectus distribution”, is not possible to apply in the context of an ATM Distribution, given that insiders purchasing on a marketplace during an ATM Distribution would have no knowledge as to whether they are purchasing under the ATM Distribution or otherwise from a counterparty unrelated to the Filer.

14. The stated policy rationale for the Rule is to prohibit “purchases of or bids for restricted securities in circumstances where there is heightened concern over the possibility of manipulation by those with an interest in the outcome of the distribution or transaction”.¹

15. In the case of the Filer, given that:

- (a) the Common Shares constitute a “highly liquid security” and are liquid to such a degree that it would be virtually impossible for an Insider to manipulate the trading price of the Common Shares through purchases;
- (b) most Insiders will, in any event, be unaware of when each ATM Distribution begins and ends and discrete sales of Common Shares thereunder occur; and
- (c) any Insider that is purchasing Common Shares on the market during an ATM Distribution will not know whether it is purchasing under the ATM Distribution or from another counterparty unrelated to the Filer;

there is no policy rationale for applying the Insider Purchasing Restriction to Insiders in the context of an ATM Distribution.

16. In the absence of an exemption from the Insider Purchasing Restriction, Insiders would be restricted from bidding on and purchasing Common Shares during a period of time prior to and during each ATM Distribution by the Filer, which could overlap with the Trading Windows and unduly and unnecessarily impede directors and officers of the Filer from making purchases of Common Shares, including for the purposes of complying with the Ownership Guidelines.

Confidentiality

17. The Filer submits that the Confidentiality Relief is warranted in the circumstances as there is otherwise a risk of the public being misled into believing, on the basis of the Confidential Material being available to the public before the earliest of the proposed expiration dates, that implementation of the contemplated ATM Distribution arrangement by the Filer is imminent when in fact the parties have not yet come to a definitive agreement and the Filer may decide not to proceed with an ATM Distribution in the near term, or at all, depending on market conditions and other factors outside of the Filer’s control. Such premature disclosure could cause confusion and uncertainty in the market and would be contrary to the public interest.
18. In recognition of the general principles of access under the Act, however, the Filer proposes that the Confidentiality Relief be limited to a maximum duration of 90 days from the date of this decision. This period is believed to provide the Filer with sufficient time within which to negotiate a definitive Equity Distribution Agreement or otherwise make a final determination on the matter, and strikes an appropriate balance between the Filer’s legitimate concerns about premature disclosure and principles of public access to filed materials.
19. Upon a definitive Equity Distribution Agreement being settled between the Filer and the Agents, the Filer’s ordinary disclosure obligations will apply and news of the proposed ATM Distribution arrangement would be disseminated in the ordinary course.

¹ OSC Request for Comment on Changes to Proposed OSC Rule 48-501 - Trading During Distributions, Formal Bids and Share Exchange Transactions (2nd Publication) and Proposed Companion Policy 48-501CP to OSC Rule 48-501 and Proposed Rescission of OSC Policy 5.1, Paragraph 26 and OSC Policy 62-601 – Securities Exchange Take-Over Bids – Trades in the Offeror’s Securities (September 10, 2004).

(d) Decision

The Decision Maker is satisfied that the decision meets the test set out in the Legislation.

The decision of the Decision Maker under the Legislation is that the Exemptive Relief Sought is granted.

DATED this 22nd day of May, 2020.

“Tracey Stern”
Manager, Market Regulation Branch
Ontario Securities Commission

2.1.3 Slate Retail REIT and BMO Nesbitt Burns Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for exemptive relief to permit issuer and underwriter, acting as agent for the issuer, to enter into an equity distribution agreement to make “at the market” (ATM) distributions of trust units over the facilities of the TSX or another marketplace – ATM distributions to be made pursuant to shelf prospectus procedures in Part 9 of NI 44-102 Shelf Distributions – issuer will issue a press release and file agreements on SEDAR – application for relief from prospectus delivery requirement – delivery of prospectus not practicable in circumstances of an ATM distribution – relief from prospectus delivery requirement has effect of removing two-day right of withdrawal and remedies of rescission or damages for non-delivery of the prospectus – application for relief from certain prospectus form requirements – relief granted to permit modified forward-looking certificate language – relief granted on terms and conditions set out in decision document – decision will terminate 25 months after the issuance of a receipt for the shelf prospectus – decision and application also held in confidence by decision makers until the earlier of the entering into of an equity distribution agreement, waiver of confidentiality or 90 days from the date of the decision.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 71, 147.

National Instrument 44-101 Short Form Prospectus Distributions, Part 8 and Item 20 of Form 44-101F1.

National Instrument 44-102 Shelf Distributions, ss. 6.3, 6.7, Part 9 and ss. 2.1, 2.2 of Appendix A.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

March 10, 2020

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
SLATE RETAIL REIT
(the Issuer)

AND

BMO NESBITT BURNS INC.
(the Agent and, together with the Issuer, the Filers)

DECISION

Background

The Ontario Securities Commission (the **Decision Maker**), being the principal regulator in the Jurisdiction, has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the following relief (the **Exemption Sought**) that:

- (a) the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement applies, send or deliver to the purchaser the latest prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus), and any amendment to the prospectus (the **Prospectus Delivery Requirement**) does not apply to the Agent or any other TSX participating organization or other marketplace participant acting on behalf of the Agent as a selling agent (each, a **Selling Agent**) in connection with any “at-the-market distribution” (each, an **ATM Distribution** and collectively, an **ATM Offering**), as defined in National Instrument 44-102 *Shelf Distributions* (NI 44-102), of class U trust units (**Units**) of the Issuer pursuant to one or more substantially

identical equity distribution agreements (each, an **Equity Distribution Agreement**) to be entered into by the Issuer and the Agent; and

- (b) the requirements to include in a prospectus supplement or an amendment thereto, each of the following:
- (i) a forward-looking issuer certificate of the Issuer in the form specified in section 2.1 or section 2.4, as applicable, of Appendix A to NI 44-102;
 - (ii) a forward-looking underwriter certificate in the form specified in section 2.2 or section 2.4, as applicable, of Appendix A to NI 44-102; and
 - (iii) a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed by Item 20 of Form 44-101F1 *Short Form Prospectus*,

(collectively, the **Prospectus Form Requirements**) do not apply to the Prospectus Supplement (as defined below) or an amendment thereto provided that the Issuer includes in the Prospectus Supplement or an amendment thereto the form of issuer certificate and form of underwriter certificate and include in the Prospectus Supplement or an amendment thereto the revised description of a purchaser's statutory rights of withdrawal and remedies for rescission or damages described below, in each case (other than with respect to the underwriter certificate) superseding and replacing the corresponding language in the Shelf Prospectus (as defined below) solely with regards to an ATM Offering.

The Decision Maker has also received a request from the Filers for a decision that the Application and this decision (together, the **Confidential Material**) be kept confidential and not be made public until the earliest of: (i) the date on which the Filers first enter into an Equity Distribution Agreement; (ii) the date the Filers advise the Decision Maker that there is no longer any need for the Confidential Material to remain confidential; and (iii) the date that is 90 days after the date of this decision (the **Confidentiality Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) pursuant to subsection 3.6(3)(b) National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*, as the Issuer's head office is located in Ontario, the Ontario Securities Commission is the principal regulator for the Application;
- (b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon Territory (collectively and together with the Jurisdiction, the **Reporting Jurisdictions**); and
- (c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority.

Interpretation

Terms defined in MI 11-102, National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, National Instrument 14-101 *Definitions* or NI 44-102 have the same meaning if used in this decision, unless otherwise defined herein. All dollar figures in this decision refer to Canadian dollars.

Representations

This decision is based on the following facts represented by the Filers:

The Issuer

1. The Issuer is an unincorporated open-end limited purpose real estate investment trust established under and governed by the laws of the Province of Ontario. The head office of the Issuer is located in Toronto, Ontario.
2. The Issuer is a reporting issuer in each of the provinces and territories of Canada and is not in default of any requirements under applicable securities legislation in any jurisdiction of Canada.
3. The Units are listed on the Toronto Stock Exchange (the **TSX**) under the trading symbols "SRT.UN" (quoted in Canadian dollars) and "SRT.U" (quoted in U.S. dollars).

The Agent

4. The Agent is a corporation incorporated under the laws of Canada with its head office located in Toronto, Ontario.
5. The Agent is registered as an investment dealer under the securities legislation of each of the provinces and territories of Canada, is a member of the Investment Industry Regulatory Organization of Canada, and is a participating organization of the TSX.
6. The Agent is not in default of any requirements under applicable securities legislation in any jurisdiction of Canada.

Proposed ATM Distribution

7. Subject to mutual agreement on terms and conditions, the Filers propose to enter into one or more substantially identical Equity Distribution Agreements for the purpose of ATM Offerings involving the periodic sale of Units by the Issuer through the Agent, as agent, under the shelf prospectus procedures prescribed by Part 9 of NI 44-102.
8. The Issuer filed a short form base shelf prospectus in each of the Reporting Jurisdictions on March 2, 2020 providing for the distribution from time to time of Units and such other securities as the Issuer deems appropriate (the **Shelf Prospectus**). Prior to making an ATM Distribution, the Issuer will have filed in each of the Reporting Jurisdictions a prospectus supplement describing the terms of the applicable ATM Offering, including the terms of the applicable Equity Distribution Agreement, and otherwise supplementing the disclosure in the Shelf Prospectus (the **Prospectus Supplement**, and together with the Shelf Prospectus as supplemented or amended and including any documents incorporated by reference therein (which shall include any Designated News Release as defined below), the **Prospectus**).
9. Upon entering into an Equity Distribution Agreement, the Issuer will immediately:
 - (a) issue and file a news release pursuant to section 3.2 of NI 44-102 announcing the applicable Equity Distribution Agreement and indicating that the Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and disclosing where and how purchasers under the applicable ATM Offering may obtain copies; and
 - (b) file the Equity Distribution Agreement on SEDAR.
10. Under an Equity Distribution Agreement, the Issuer may conduct one or more ATM Distributions subject to the 10% limitation set out in subsection 9.1(1) of NI 44-102.
11. The Issuer will conduct ATM Distributions only through the Agent, as agent, directly, or through a Selling Agent, and only through the methods constituting “at-the-market distributions” within the meaning of NI 44-102, including sales made on the facilities of the TSX or another “marketplace” within the meaning of National Instrument 21-101 *Marketplace Operation* upon which the Units are listed, quoted or otherwise traded (each, a **Marketplace**).
12. The Agent will act as the sole agent of the Issuer in connection with an ATM Distribution directly or through one or more Selling Agents on a Marketplace, and will be the sole entity paid an agency fee or commission by the Issuer in connection with such sales. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller's commission for effecting the trades on behalf of the Agent. The Agent will sign an underwriter certificate, in the form set out in paragraph 29 below, in the Prospectus Supplement. A purchaser's rights and remedies under applicable securities legislation against the Agent, as agent of an ATM Distribution through a Marketplace, will not be affected by a decision to effect the sale directly or through a Selling Agent.
13. The aggregate number of Units sold on one or more Marketplaces pursuant to an ATM Distribution on any trading day will not exceed 25% of the aggregate trading volume of the Units traded on all Marketplaces in Canada on that day.
14. Each Equity Distribution Agreement will provide that, at the time of each sale of Units pursuant to an ATM Distribution, the Issuer will represent to the Agent that the Prospectus contains full, true and plain disclosure of all material facts relating to the Issuer and Units being distributed. The Issuer will, therefore, be unable to proceed with sales pursuant to an ATM Distribution when it is in possession of undisclosed information that would constitute a material fact or a material change in respect of the Issuer or the Units.
15. During the period after the date of the applicable Prospectus Supplement and before the termination of any ATM Distribution, if the Issuer disseminates a news release disclosing information that, in the Issuer's determination, constitutes a “material fact” (as such term is defined in the Legislation), the Issuer will identify such news release as a “designated news release” for the purposes of the Prospectus. This designation will be made on the face page of the

version of such news release filed on SEDAR (any such news release, a **Designated News Release**). Each Prospectus Supplement will provide that any such Designated News Release will be deemed to be incorporated by reference into the Prospectus. A Designated News Release will not be used to update disclosure in the Prospectus by the Issuer in the event of a “material change” (as such term is defined in the Legislation).

16. If, after the Issuer delivers a sell notice to the Agent directing the Agent to sell Units on the Issuer’s behalf pursuant to the applicable Equity Distribution Agreement (a **Sell Notice**), the sale of Units specified in the Sell Notice, taking into consideration prior sales under an ATM Offering, would constitute a material fact or material change, the Issuer will suspend sales under the Equity Distribution Agreement until either: (i) it has filed a Designated News Release or material change report, as applicable, or amended the Prospectus; or (ii) circumstances have changed such that the sales would no longer constitute a material fact or material change.
17. In determining whether the sale of the number of Units specified in a Sell Notice would constitute a material fact or material change, the Issuer will take into account a number of factors, including, without limitation: (i) the parameters of the Sell Notice, including the number of Units proposed to be sold and any price or timing restrictions that the Issuer may impose with respect to the particular ATM Distribution; (ii) the percentage of the outstanding Units that the number of Units proposed to be sold pursuant to the Sell Notice represents; (iii) the trading volume and volatility of the Units; (iv) recent developments in the business, affairs and capital structure of the Issuer; (v) sales under earlier Sell Notices; and (vi) prevailing market conditions generally.
18. In addition, the Agent will monitor closely the market’s reaction to trades made on any Marketplace pursuant to an ATM Distribution in order to evaluate the likely market impact of future trades. The Agent has experience and expertise in managing sell orders to limit downward pressure on trading prices. If the Agent has concerns as to whether a particular sell order placed by the Issuer may have a significant effect on the market price of the Units, the Agent will recommend against effecting the trades pursuant to the applicable Sell Notice at that time. It is in the interest of both the Issuer and the Agent to minimize the market impact of sales under an ATM Distribution.

Disclosure of Units Sold in an ATM Offering

19. For each month during which Units are distributed over the TSX or any other Marketplace by the Issuer pursuant to an ATM Offering under the Prospectus, the Issuer will file on SEDAR, within seven calendar days after the end of the month with respect to sales during the prior month, and make publicly available, as a notice of proceeds, a report disclosing the number and average price of Units so distributed during that month, as well as total gross proceeds, agent’s commission and net proceeds.
20. The Issuer will also disclose in its annual and interim financial statements and management discussion and analysis filed on SEDAR in respect of that financial period, the number and average price of Units sold pursuant to an ATM Offering during that annual or interim financial period, as well as total gross proceeds, commissions and net proceeds.

Prospectus Delivery Requirement

21. Pursuant to the Prospectus Delivery Requirement, a dealer effecting a trade of securities offered under a prospectus is required to deliver a copy of the prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) to the purchaser within prescribed time limits.
22. The delivery of a prospectus is not practicable in the circumstances of ATM Distributions, as neither the Agent nor a Selling Agent effecting the trade will know the identity of the purchasers.
23. The Prospectus will be filed and readily available to all purchasers electronically via SEDAR. As stated in paragraph 9 above, the Issuer will issue a news release that specifies where and how copies of the Prospectus can be obtained.
24. The liability of an issuer or an underwriter (or others) for a misrepresentation in a prospectus pursuant to the civil liability provisions of the Legislation will not be affected by the grant of an exemption from the Prospectus Delivery Requirement, because purchasers of securities offered by a prospectus during the period of distribution have a right of action for damages or rescission, without regard to whether the purchaser relied on the misrepresentation or in fact received a copy of the prospectus.

Withdrawal Right and Right of Action for Non-Delivery

25. Pursuant to the Legislation, an agreement to purchase securities in respect of a distribution to which the prospectus requirement applies is not binding on the purchaser if a dealer receives, not later than midnight on the second day (exclusive of Saturdays, Sundays and holidays) after receipt by the purchaser of the latest prospectus or any

amendment to the prospectus, a notice in writing that the purchaser does not intend to be bound by the agreement of purchase (the **Withdrawal Right**).

26. Pursuant to the Legislation, a purchaser of securities to whom a prospectus was required to be sent or delivered in compliance with the Prospectus Delivery Requirement, but was not so sent or delivered, has a right of action for rescission or damages against the dealer who did not comply with the Prospectus Delivery Requirement (the **Right of Action for Non-Delivery**).
27. Neither the Withdrawal Right nor the Right of Action for Non-Delivery is workable in the context of ATM Distributions because of the impracticability of delivering the Prospectus to a purchaser of Units thereunder.

Prospectus Form Requirements

28. To reflect the fact that an ATM Offering is a continuous distribution, the Prospectus Supplement and any amendment thereto will include the following issuer certificate in substitution for the certificate prescribed by the Prospectus Form Requirements (with appropriate modifications in respect of the filing of an amendment prescribed by section 2.4 of Appendix A to NI 44-102), such issuer certificate to supersede and replace the issuer certificate in the Shelf Prospectus, solely with regards to an ATM Offering:

“The short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.”

29. To reflect the fact that an ATM Offering is a continuous distribution, the Prospectus Supplement and any amendment thereto will include the following underwriter certificate in substitution for the certificate prescribed by the Prospectus Form Requirements:

“To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement, as required by the securities legislation of each of the provinces and territories of Canada.”

30. A different statement of purchasers’ rights than that required by the Legislation is necessary so that the Prospectus Supplement will accurately reflect the relief granted from the Prospectus Delivery Requirement. Accordingly, the Prospectus Supplement will state the following, with the date reference completed, in substitution for the language prescribed by the Prospectus Form Requirements:

“Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Units under an at-the-market distribution by the REIT will not have the right to withdraw from an agreement to purchase the Units and will not have remedies of rescission or, in some jurisdictions, revision of the price, or damages for non-delivery of the prospectus, because the prospectus and prospectus supplements relating to the Units purchased by the purchaser and any amendment relating to Units purchased by such purchaser will not be delivered as permitted under a decision dated [●], 2020 and granted pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Securities legislation in certain of the provinces and territories of Canada also provides purchasers with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and prospectus supplements relating to securities purchased by a purchaser and any amendment contains a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Units under an at-the-market distribution by the REIT may have against the REIT or the Agent for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery and the decision referred to above.

Purchasers should refer to any applicable provisions of securities legislation and the decision referred to above for the particulars of these rights or consult with a legal adviser.”

31. The Prospectus Supplement will disclose that, solely with regards to an ATM Offering, the statement in paragraph 30 above supersedes and replaces the statement of purchasers’ rights contained in the Shelf Prospectus.

Decision

The Decision Maker is satisfied that this decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted provided that:

- (a) the Issuer complies with the disclosure requirements set out in paragraphs 19, 20, 28, 29, 30 and 31; and
- (b) the Issuer and the Agent respectively comply with the representations made in paragraphs 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18.

This decision will terminate on April 2, 2022 (being the date that is 25 months from the date of the receipt for the Shelf Prospectus).

The further decision of the Decision Maker is that the Confidentiality Relief in respect of the Exemptions Sought is granted.

As to the Exemption Sought from the Prospectus Delivery Requirement and the Confidentiality Relief:

“Craig Hayman”
Commissioner
Ontario Securities Commission

“Garnet Fenn”
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the Prospectus Delivery Requirement, the Prospectus Form Requirements and the Confidentiality Relief:

“Lina Creta”
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 CI Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds for extensions of lapse dates of their prospectuses – Filer will incorporate offering of the funds under the same offering documents when they are renewed – Extensions of lapse dates will not affect the currency or accuracy of the information contained in the current prospectuses.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

May 29, 2020

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CI INVESTMENTS INC.
(the Filer)

AND

CI CANADIAN DIVIDEND PRIVATE POOL,
CI GLOBAL EQUITY CORE PRIVATE POOL
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the simplified prospectus of the Funds dated June 13, 2019 be extended to the time limits that would apply if the lapse date of the simplified prospectus of the Funds was August 2, 2020 (the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation incorporated under the laws of Ontario. The Filer's head office is located in Toronto, Ontario.
2. The Filer is registered as follows:
 - a. under the securities legislation of all Jurisdictions as a portfolio manager and exempt market dealer;
 - b. under the securities legislation of Ontario, Québec, and Newfoundland and Labrador as an investment fund manager; and
 - c. under the *Commodity Futures Act* (Ontario) as a commodity trading counsel and a commodity trading manager.
3. Each of the Funds is a mutual fund established under the laws of Ontario. Each of the Funds is a reporting issuer as defined in the securities legislation of each of the Jurisdictions.
4. Neither the Filer nor any of the Funds is in default of securities legislation in any of the Jurisdictions.
5. Securities of the Funds are currently qualified for distribution in each of the Jurisdictions under the current simplified prospectus of the Funds dated June 13, 2019 (the **Current Prospectus**).
6. The lapse date for the Current Prospectus is June 13, 2020 (the **Current Lapse Date**). Accordingly, under the Legislation, the distribution of securities of each of the Funds would have to cease on the Current Lapse Date unless: (i) the Funds file a pro forma simplified prospectus at least 30 days prior to its Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after its Current Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after its Current Lapse Date.
7. The Filer is the investment fund manager of the Funds and also the investment fund manager of approximately 142 other mutual funds as listed in Schedule A (the **Affiliated Funds**) that currently distribute their securities to the public under a simplified prospectus that has a lapse date of August 2, 2020 (the **Affiliated Funds' Prospectus**).
8. The Filer wishes to combine the Current Prospectus with the Affiliated Funds' Prospectus in order to reduce renewal and related costs. Offering the Funds under the same renewal simplified prospectus, annual information form and fund facts documents (collectively **Renewal Documents**) as the Affiliated Funds' would assist in disseminating information with respect to the Funds and the Affiliated Funds in matters such as switching between the Funds and the Affiliated Funds, facilitate the distribution of the Funds in the Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. The Affiliated Funds also share many common operational and administrative features with the Funds and combining them in the same Renewal Documents will allow investors to more easily compare their features.
9. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the Renewal Documents of the Affiliated Funds, and unreasonable to incur the costs and expenses associated therewith, so that the Renewal Documents of the Affiliated Funds can be filed earlier with the Renewal Documents of the Funds on or before the Current Lapse Date.
10. The Filer may make changes to the features of the Affiliated Funds as part of the process of renewing the Affiliated Funds' Renewal Documents. The ability to file the Renewal Documents of the Funds with those of the Affiliated Funds will ensure that the Filer can make the operational and administrative features of the Funds and the Affiliated Funds consistent with each other, if necessary.
11. If the Requested Relief is not granted, it will be necessary to renew the Renewal Documents of the Funds twice within a short period of time in order to consolidate the Renewal Documents of the Funds with the Affiliated Funds' Renewal Documents, and it would be unreasonable for the Filer to incur the costs and expenses associated therewith, given that investors would not be prejudiced by the Requested Relief.
12. There have been no material changes in the affairs of the Funds since the date of the Current Prospectus. Accordingly, the Current Prospectus, current annual information form and current fund facts documents of the Funds represents current information regarding the Funds.
13. Given the disclosure obligations of the Filer and the Funds, should any material change in the business, operations or affairs of the Funds occur, the Current Prospectus and current fund facts document(s) of the applicable Fund(s) will be amended as required under the Legislation.

Decisions, Orders and Rulings

14. New investors of the Funds will receive delivery of the most recently filed fund facts document(s) of the applicable Fund(s). In addition, the Current Prospectus of each of the Funds will remain available to investors upon request.
15. The Requested Relief will not affect the accuracy of the information contained in the Current Prospectus or the respective fund facts documents of each of the Funds and will therefore not be prejudicial to the public interest.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Requested Relief is granted.

"Darren McCall"
Manager, Investment Funds & Structured Products Branch
Ontario Securities Commission

SCHEDULE A

Black Creek Global Leaders Fund
Black Creek Global Leaders Corporate Class
Black Creek International Equity Fund
Black Creek International Equity Corporate Class
Cambridge Canadian Dividend Fund
Cambridge Canadian Dividend Corporate Class
Cambridge Canadian Equity Fund
Cambridge Canadian Equity Corporate Class
Cambridge Global Dividend Fund
Cambridge Global Dividend Corporate Class
Cambridge Global Equity Fund
Cambridge Global Equity Corporate Class
Cambridge Global Smaller Companies Fund (*formerly Cambridge Growth Companies Fund*)
Cambridge Global Smaller Companies Corporate Class (*formerly Cambridge Growth Companies Corporate Class*)
Cambridge Pure Canadian Equity Fund
Cambridge Pure Canadian Equity Corporate Class
Cambridge U.S. Dividend Fund
Cambridge U.S. Dividend Registered Fund
Cambridge U.S. Dividend US\$ Fund
Sentry U.S. Growth and Income Corporate Class (*formerly CI American Equity Corporate Class*)
CI American Managers® Corporate Class
CI American Small Companies Fund
CI American Small Companies Corporate Class
CI American Value Fund
CI American Value Corporate Class
CI Canadian Investment Fund
CI Canadian Investment Corporate Class
CI Canadian Small/Mid Cap Fund
CI Global Health Sciences Corporate Class
CI Global High Dividend Advantage Fund
CI Global High Dividend Advantage Corporate Class
CI Global Value Fund
CI Global Value Corporate Class
CI International Value Fund
CI International Value Corporate Class
CI Global Stock Selection Fund (*formerly Harbour Global Analyst Fund*)
Munro Global Growth Equity Fund
Signature Asian Opportunities Fund
Signature Asian Opportunities Corporate Class
Signature Emerging Markets Fund
Signature Emerging Markets Corporate Class
Signature Global Dividend Fund
Signature Global Dividend Corporate Class
Signature Global Energy Corporate Class
Signature Global Equity Fund
Signature Global Equity Corporate Class
Signature Global Resource Fund
Signature Global Resource Corporate Class
Signature Global Technology Corporate Class
Signature Select Canadian Fund
Signature Select Canadian Corporate Class
Synergy American Fund
Synergy American Corporate Class
Synergy Canadian Corporate Class
Synergy Global Corporate Class
Black Creek Global Balanced Fund
Black Creek Global Balanced Corporate Class
Cambridge Asset Allocation Fund
Cambridge Asset Allocation Corporate Class
Signature Canadian Balanced Corporate Class (*formerly Harbour Growth & Income Corporate Class*)
Signature Canadian Balanced Fund

Decisions, Orders and Rulings

Signature Global Income & Growth Fund
Signature Global Income & Growth Corporate Class
Signature Income & Growth Fund
Signature Income & Growth Corporate Class
Cambridge Bond Fund
Cambridge Canadian Long-Term Bond Pool
Cambridge Canadian Short-Term Bond Pool
Cambridge Global High Income Fund
Cambridge Monthly Income Fund
Cambridge Monthly Income Corporate Class
Cambridge Put Write Pool
CI Income Fund
CI Investment Grade Bond Fund
CI Money Market Fund
CI Short-Term Corporate Class
CI Short-Term US\$ Corporate Class
CI U.S. Income US\$ Pool
CI US Money Market Fund
Marret Short Duration High Yield Fund
Signature Canadian Bond Fund
Signature Canadian Bond Corporate Class
Signature Core Bond Plus Fund
Signature Corporate Bond Fund
Signature Corporate Bond Corporate Class
Signature Diversified Yield Corporate Class
Signature Diversified Yield Fund (*formerly Signature Diversified Yield II Fund*)
Signature Dividend Fund
Signature Dividend Corporate Class
Signature Floating Rate Income Fund (*formerly Signature Floating Rate Income Pool*)
Signature Global Bond Fund
Signature Global Bond Corporate Class
Signature Gold Corporate Class
Signature High Income Fund
Signature High Income Corporate Class
Signature High Yield Bond Corporate Class
Signature High Yield Bond Fund (*formerly Signature High Yield Bond II Fund*)
Signature Preferred Share Fund (*formerly Signature Preferred Share Pool*)
Signature Short-Term Bond Fund
Signature Systematic Yield Pool
Portfolio Series Balanced Fund
Portfolio Series Balanced Growth Fund
Portfolio Series Conservative Balanced Fund
Portfolio Series Conservative Fund
Portfolio Series Growth Fund
Portfolio Series Income Fund
Portfolio Series Maximum Growth Fund
Select 80i20e Managed Portfolio Corporate Class
Select 70i30e Managed Portfolio Corporate Class
Select 60i40e Managed Portfolio Corporate Class
Select 50i50e Managed Portfolio Corporate Class
Select 40i60e Managed Portfolio Corporate Class
Select 30i70e Managed Portfolio Corporate Class
Select 20i80e Managed Portfolio Corporate Class
Select 100e Managed Portfolio Corporate Class
Select Canadian Equity Managed Corporate Class
Select Income Managed Corporate Class
Select International Equity Managed Corporate Class
Select U.S. Equity Managed Corporate Class
Select Staging Fund
CI Canadian Equity Private Pool
CI Global Concentrated Equity Private Pool
CI Global Equity Alpha Private Pool
CI Global Equity Momentum Private Pool

Decisions, Orders and Rulings

CI Global Smaller Companies Private Pool
CI International Equity Alpha Private Pool
CI International Equity Growth Private Pool
CI International Equity Value Private Pool
CI North American Small / Mid Cap Equity Private Pool
CI U.S. Equity Private Pool
CI Global Asset Allocation Private Pool
CI Global Balanced Yield Private Pool
CI Canadian Fixed Income Private Pool
CI Global Enhanced Government Bond Private Pool
CI Global High Yield Credit Private Pool
CI Global Investment Grade Credit Private Pool
CI Global Unconstrained Bond Private Pool
CI Mosaic Income ETF Portfolio
CI Mosaic Balanced Income ETF Portfolio
CI Mosaic Balanced ETF Portfolio
CI Mosaic Balanced Growth ETF Portfolio
CI Mosaic Growth ETF Portfolio

2.2 Orders

2.2.1 0984750 B.C. Ltd. et al. – s. 17(1)

IN THE MATTER OF
0984750 B.C. LTD.
(d/b/a QUADRIGA CX and
QUADRIGA COIN EXCHANGE),
WHITESIDE CAPITAL CORPORATION, and
QUADRIGA FINTECH SOLUTIONS CORP.

File No. 2020-15

Timothy Moseley, Vice Chair and Chair of the Panel

June 10, 2020

ORDER
(Subsection 17(1) of the
Securities Act, RSO 1990, c S.5)

WHEREAS the Ontario Securities Commission held a confidential hearing in writing to consider an Application made by Staff of the Commission (**Staff**) requesting an Order pursuant to s. 17(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**), to authorize public disclosure of a report entitled *Quadriga CX: A Review by Staff of the Ontario Securities Commission*, that was provided to the Chair of the Commission pursuant to s. 15(1) of the Act (the **Report**);

ON READING the materials filed by Staff and considering that there is no objection to the relief sought raised by the persons and companies who were entitled to, and received, notice of this Application pursuant to s. 17(2) of the Act;

IT IS ORDERED THAT:

1. Pursuant to s. 17(1)(c) of the Act, Staff is authorized to publicly disclose the Report; and
2. Pursuant to s. 2(2) of the *Tribunal Adjudicative Records Act, 2019*, SO 2019, c 7, and Rule 22(4) of the *Ontario Securities Commission Rules of Procedure and Forms*, (2019) 42 OSCB 9714, all materials filed with the Commission in connection with this Application shall be kept confidential.

“Timothy Moseley”

2.2.2 Jonathan Cartu et al.

IN THE MATTER OF
JONATHAN CARTU,
DAVID CARTU,
AND
JOSHUA CARTU

File No. 2020-14

M. Cecilia Williams, Commissioner and Chair of the Panel

June 11, 2020

ORDER

WHEREAS on June 11, 2020, the Ontario Securities Commission held a hearing by teleconference with respect to an attendance in this proceeding;

ON HEARING the submissions of Staff of the Commission, and the representatives for each of David Cartu and Joshua Cartu, and no one appearing for Jonathan Cartu, although properly served;

IT IS ORDERED THAT a further attendance in this proceeding is scheduled for August 7, 2020 at 10:00 a.m. or on such other date and time as may be agreed by the parties and set by the Office of the Secretary.

“M. Cecilia Williams”

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.2 Director's Decisions

3.2.1 PACE Securities Corp.

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C. S.5,
AS AMENDED

AND

IN THE MATTER OF
THE REGISTRATION OF
PACE SECURITIES CORP.

DECISION OF THE DIRECTOR

1. PACE Securities Corp. (**PSC**) was registered under the Ontario *Securities Act* (the **Act**) as an investment dealer effective June 28, 2013 and as an investment fund manager effective September 27, 2016.
2. On May 21, 2020, a Hearing Panel of the Investment Industry Regulatory Organization of Canada (**IIROC**) suspended the membership of PSC. IIROC staff sought the suspension of PSC's IIROC membership as a result of an order granted on May 14, 2020 by the Ontario Superior Court of Justice authorizing the wind-up of PSC and appointing Ernst & Young Inc. to oversee the liquidation of PSC.
3. Pursuant to subsection 29(1)(2) of the Act, the registration of PSC in the category of investment dealer was automatically suspended upon the suspension of PSC's membership with IIROC. However, subsection 29(1)(2) does not automatically suspend PSC's registration as an investment fund manager.
4. On May 27, 2020, on behalf of Staff of the Ontario Securities Commission (**OSC Staff**), Michael Denyszyn, Manager, Registrant Conduct, notified Ernst & Young Inc. and the registered ultimate designated person of PSC in writing that OSC Staff had recommended to the Director that the registration of PSC be suspended.
5. Staff did not receive notice from anyone acting on behalf of PSC objecting to Staff's recommendation or requesting an opportunity to be heard.
6. Pursuant to section 28 of the Act, in considering whether to continue the registration, the Director is required to consider whether, among other things, a registration is otherwise objectionable.
7. I am of the view that it would be inconsistent with the OSC's mandate to provide investor protection, and to foster fair and efficient capital markets and confidence in the capital markets, to permit PSC to continue to be registered as an investment fund manager when PSC's registration as an investment dealer has been suspended and in light of the court ordered wind-up of PSC. Accordingly, it would be objectionable for PSC to continue to be registered as an investment fund manager in these circumstances.

Decision

8. My decision is that the registration of PSC be suspended effective June 5, 2020.

"Jeff Scanlon"
Registration Manager, Compliance and Registrant Regulation Branch
June 5, 2020

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Lydian International Limited	June 9, 2020	
Enablence Technologies Inc.	June 9, 2020	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
DATA Communications Management Corp.	May 15, 2020	June 10, 2020
DATA Communications Management Corp.	May 29, 2020	June 10, 2020

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
THERE IS NOTHING TO REPORT THIS WEEK.		

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Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 24-102 Clearing Agency Requirements and Changes to Companion Policy 24-102CP Clearing Agency Requirements

AMENDMENTS TO NATIONAL INSTRUMENT 24-102 CLEARING AGENCY REQUIREMENTS

1. **National Instrument 24-102 Clearing Agency Requirements is amended by this Instrument.**

2. **Section 1.2 is amended**

(a) **in subsection (2),**

(i) **by replacing “company if” with “company if any of the following apply:”;**

(ii) **by replacing “fifty percent” with “50%” wherever the expression occurs,**

(iii) **by replacing “by way of security” with “by way of a security interest” in subparagraph (a)(i), and**

(iv) **by deleting “or” at the end of paragraph (b), and**

(b) **in subsection (3),**

(i) **by replacing “company if” with “company if either of the following applies:”, and**

(ii) **by replacing paragraph (a) with the following:**

(a) it is a controlled entity of any of the following:

(i) that other;

(ii) that other and one or more persons or companies, each of which is a controlled entity of that other;

(iii) two or more persons or companies, each of which is a controlled entity of that other;.

3. **Section 1.3 is replaced with the following:**

1.3 Interpretation – meaning of affiliate for the purposes of the PFMI principles – For the purposes of the PFMI Principles, a person or company is considered to be an affiliate of a participant, the person or company and the participant each being subsequently referred to in this section as a “party”, if any of the following apply:

(a) a party holds, otherwise than by way of a security interest only, voting securities of the other party carrying more than 20% of the votes for the election of directors of the other party;

(b) a party holds, otherwise than by way of a security interest only, an interest in the other party that allows it to direct the management or operations of the other party;

(c) financial information in respect of both parties is consolidated for financial reporting purposes..

4. **Subparagraph 2.1(1)(b) is replaced with the following:**

(b) sufficient information to demonstrate that the applicant is

(i) in compliance with applicable provincial and territorial securities legislation, or

- (ii) subject to and in compliance with the regulatory requirements of the foreign jurisdiction in which the applicant's head office or principal place of business is located that are comparable to the applicable requirements under this Instrument;

5. Subsection 2.1(2) is amended

- (a) **by replacing** "books and records" **with** "books, records and other documents", **wherever the expression occurs, and**
- (b) **in paragraph (b) by replacing** "such" **with** "the".

6. Subsection 2.1(3) is amended by replacing "Submission to Jurisdiction and Appointment of Agent for Service" **with** "Clearing Agency Submission to Jurisdiction and Appointment of Agent for Service of Process".

7. Subsection 2.1(4) is amended by replacing "material change to the information provided in its application" **with** "change to the information provided in its application that is material".

8. Subsection 2.2(1) is amended

- (a) **by adding** "any of the following:" **immediately after** "in relation to a clearing agency," **at the end of the first sentence, and**
- (b) **in paragraph (h) by replacing** "recognition terms and conditions." **with** "terms and conditions of a decision to recognize the clearing agency under securities law.".

9. Subsection 2.2(3) is replaced with the following:

(3) The written notice referred to in subsection (2) must include an assessment of how the significant change is consistent with the PFMI Principles applicable to the recognized clearing agency. .

10. Subsection 2.3(1) is replaced with the following:

2.3(1) A recognized clearing agency or exempt clearing agency that intends to cease carrying on business in the local jurisdiction as a clearing agency must file a report on Form 24-102F2 *Cessation of Operations Report for Clearing Agency* with the securities regulatory authority at least 90 days before ceasing to carry on business. .

11. Subsection 2.5(2) is amended by adding "of the recognized clearing agency's or exempt clearing agency's financial year" **immediately after** "each interim period".

12. Section 3.1 is amended

- (a) **by replacing the first paragraph with the following:**

3.1 A recognized clearing agency must establish, implement and maintain rules, procedures, policies or operations designed to ensure that it meets or exceeds PFMI Principles 1 to 3, 10, 13 and 15 to 23, other than key consideration 9 of PFMI Principle 20 and the following:, **and**

- (b) **by deleting** "and" **at the end of paragraph (b).**

13. Section 4.1 is amended in paragraph (2)(b) by replacing "not employees or executive officers of a participant or" **with** "neither employees nor officers of a participant nor".

14. Section 4.3 is amended

- (a) **in subsection (1), by deleting** "or, if determined by the board of directors, to the chief executive officer",
- (b) **in paragraph (2)(a),**
 - (i) **by deleting** "full", **and**
 - (ii) **replacing** "maintain, implement" **with** "implement, maintain",
- (c) **by replacing the** " ," **with a** " ," **at the end of each of subparagraphs (3)(c)(i) and (ii),**

- (d) *in subparagraph (3)(c)(iii) by replacing “non-compliance, or” with “non-compliance;”, and*
- (e) *in paragraph (3)(f) by replacing “such” with “the”.*

15. Section 4.4 is amended

- (a) *in paragraph (4)(b) by replacing “not employees or executive officers of a participant or” with “neither employees nor officers of a participant nor”, and*
- (b) *by adding the following subsection:*

(5) For the purpose of this section, an individual is independent of a clearing agency if the individual has no relationship with the agency that could, in the reasonable opinion of the clearing agency’s board of directors, be expected to interfere with the exercise of the individual’s independent judgment. .

16. Section 4.6 is amended

- (a) *in paragraph (a)*
 - (i) *in subparagraph (i) by replacing “an adequate system of internal controls” with “adequate internal controls”, and*
 - (ii) *in subparagraph (ii) by adding “cyber resilience and” immediately before “information technology”,*
- (b) *in subparagraph (b)(ii) by replacing “ability” with “processing capability”, “process transactions” with “perform” and by deleting “and”,*
- (c) *by replacing paragraph (c) with the following:*
 - (c) promptly notify the regulator or, in Québec, the securities regulatory authority of any systems failure, malfunction, delay or security incident that is material, and provide timely updates to the regulator or, in Québec, the securities regulatory authority regarding the following:
 - (i) any change in the status of the failure, malfunction, delay or security incident;
 - (ii) the resumption of service, if applicable;
 - (iii) the results of any internal review, by the clearing agency, of the failure, malfunction, delay or security incident; and, **and**
- (d) *by adding the following paragraph:*
 - (d) keep a record of any systems failure, malfunction, delay or security incident and whether or not it is material. .

17. The Instrument is amended by adding the following section:

Auxiliary systems

4.6.1 (1) In this section, “**auxiliary system**” means a system, other than a system referred to in section 4.6, operated by or on behalf of a recognized clearing agency that, if breached, poses a security threat to another system operated by or on behalf of the recognized clearing agency that supports the recognized clearing agency’s clearing, settlement or depository functions.

(2) For each auxiliary system, a recognized clearing agency must

- (a) develop and maintain adequate information security controls that address the security threats posed by the auxiliary system to the system that supports the clearing, settlement or depository functions,
- (b) promptly notify the regulator or, in Québec, the securities regulatory authority of any security incident that is material and provide timely updates to the regulator or, in Québec, the securities regulatory authority on

- (i) any change in the status of the incident,
 - (ii) the resumption of service, if applicable, and
 - (iii) the results of any internal review, by the clearing agency, of the security incident, and
- (c) keep a record of any security incident and whether or not it is material. .

18. Subsection 4.7(1) is replaced with the following:

4.7(1) A recognized clearing agency must

- (a) on a reasonably frequent basis and, in any event, at least annually, engage a qualified external auditor to conduct an independent systems review and prepare a report, in accordance with established audit standards and best industry practices, that assesses the clearing agency's compliance with paragraphs 4.6(a) and 4.6.1(2)(a) and section 4.9, and
- (b) on a reasonably frequent basis and, in any event, at least annually, engage a qualified party to perform assessments and testing to identify any security vulnerability and measure the effectiveness of information security controls that assess the clearing agency's compliance with paragraphs 4.6(a) and 4.6.1(2)(a) . .

19. Subsection 4.7(2) is amended by replacing "subsection (1)" with "paragraph (1)(a)".

20. Paragraph 4.10(g) is amended by replacing "an appropriate" with "a reasonable".

21. Subsection 5.1(1) is amended by deleting "and must keep those other books, records and documents as may otherwise be required under securities legislation".

22. Section 5.2 is amended

(a) by replacing subsection (1) with the following:

5.2(1) In this section, "Global Legal Entity Identifier System" means the system for unique identification of parties to financial transactions.,

(b) in subsection (2), by replacing "a single" with "the", and

(c) by adding the following subsection:

(2.1) During the period that a clearing agency is a recognized clearing agency or is exempt from the requirement to be recognized as a clearing agency, the clearing agency must maintain and renew the legal entity identifier referred to in subsection (2)..

23. Subsection 6.1(3) is amended by adding "Alberta and" immediately before "Ontario".

24. Form 24-102F1 is amended

(a) in paragraph 7, by replacing "[province of local jurisdiction]" with "[name of local jurisdiction]",

(b) in paragraph 10, by replacing "be a recognized" with "be recognized", and

(c) after the heading "AGENT CONSENT TO ACT AS AGENT FOR SERVICE" by deleting "insert" wherever it occurs.

25. Form 24-102F2 is amended

(a) under the heading "Exhibit B" by replacing "ceasing business" with "ceasing to carry on business",

(b) by replacing "the cessation of" with "ceasing to carry on" in Exhibits C and D, and

(c) after the heading "CERTIFICATE OF CLEARING AGENCY"

- (i) **by deleting the round brackets immediately before and after** “Name of clearing agency”,
- (ii) **by replacing** “(Name of director, officer or partner – please type or print)” **with** “Name of director, officer or partner (please type or print)”,
- (iii) **by deleting the round brackets immediately before and after** “Signature of director, officer or partner”, **and**
- (iv) **by replacing** “(Official capacity – please type or print)” **with** “Official capacity (please type or print)”.

26. (1) ***This Instrument comes into force on June 19, 2020.***

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after June 19, 2020, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

CHANGES TO COMPANION POLICY 24-102CP CLEARING AGENCY REQUIREMENTS

1. **Companion Policy 24-102CP Clearing Agency Requirements is changed by this Document.**
2. **Subsection 1.1(2) is changed by replacing** “this Part 1 of the CP, section 3.2 and 3.3 of Part 3 of this CP, and the text boxes in Annex I” **with** “this section, sections 1.2 and 1.3 of this CP, and Annexes I and II”.
3. **Subsection 1.2(3) is changed by replacing** “Annex I to this CP includes supplementary guidance in text boxes that applies” **with** “Annexes I and II to this CP include supplementary guidance that applies”.
4. **Part 1 is changed by adding the following section:**

1.5 Section 1.5 provides clarity on the application of the different parts of the Instrument to a clearing agency that has been recognized by a securities regulatory authority, or exempted from recognition, as is further described in section 2.0 of this CP. Unless otherwise specified, Parts 1, 2, and 5 to 7 generally apply to both a recognized clearing agency and one that is exempted from recognition..
5. **Subsection 2.0 is changed:**
 - (a) **in subsection (2) by replacing** “will generally” **with** “would generally need to”, **and**
 - (b) **in subsection (4) by replacing** “certain material changes to information provided to the securities regulatory authority” **with** “certain changes to information provided to the securities regulatory authority that are material”.
6. **Section 2.1 is changed:**
 - (a) **by adding** “in both substance and process, though its oversight program may differ” **immediately after** “agency is similar”,
 - (b) **by adding** “comprehensive and” **immediately after** “completion of”, **and**
 - (c) **by adding** “for either recognition or exemption” **immediately after** “application materials”.
7. **Subsection 2.2(2) is changed:**
 - (a) **by replacing the first sentence with the following:**

The written notice should provide a reasonably detailed description of the significant change (as defined in subsection 2.2(1)), the expected date of the implementation of the change, and an assessment of how the significant change is consistent with the PFMI Principles applicable to the clearing agency (see subsection 2.2(3))., **and**
 - (b) **by deleting the last sentence.**
8. **Section 2.3 is changed by deleting** “within the appropriate timelines”.
9. **Part 2 is changed by adding the following section:**

Financial statements

2.4 Financial statements filed under sections 2.4 and 2.5 must disclose the accounting principles used to prepare them. For clarity, financial statements prepared either in accordance with Canadian GAAP applicable to publicly accountable enterprises or in accordance with IFRS should include:

 - (a) in the case of annual financial statements, an unreserved statement of compliance with IFRS;
 - (b) in the case of interim financial statements, an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*.
10. **Part 2 is changed by adding the following section:**

Filing of interim financial statements

2.5 The term “interim period” in subsection 2.5(2) means a period commencing on the first day of the recognized or exempt clearing agency’s financial year and ending nine, six or three months before the end of the same financial year, or otherwise in accordance with the regulatory requirements of the jurisdiction in which the clearing agency’s head office or principal place of business is located..

11. Part 3 is changed

(a) in section 3.1

(i) by adding “and other reports or explanatory material published by CPMI and IOSCO that provide supplementary guidance to FMIs on the application of the PFMI Principles” **immediately after** “explanatory notes in the PFMI Report”, **and**

(ii) by deleting “separate text boxes in”,

(b) in current section 3.2 by deleting “(see Box 5.1 in Annex I to this CP)”,

(c) in current section 3.3 by deleting the “:” after the words “domestic cash markets because” **in the paragraph immediately after the subheading** “- Customers of IIROC dealer members”, **and**

(d) by deleting the numbering of sections 3.2 and 3.3.

12. Section 4.0 is changed by adding “recognized” **immediately before** “clearing agency”.

13. Subsection 4.1(4) is changed

(a) by replacing “reasonably” **with** “, absent exceptional circumstances,”,

(b) by deleting “executive” **immediately before** “officer” **in paragraph (a), (b) and (e), and**

(c) by replacing “ten per cent” **with** “10%” **wherever it occurs.**

14. Section 4.2 is deleted.

15. Section 4.3 is changed by adding the following paragraph immediately after the first paragraph:

Consistent with PFMI Principle 2, Key Consideration 6, subsection 4.3(1) is not intended to prevent the CRO and the CCO from reporting to both management and the board, provided that there are adequate safeguards in place to ensure that the CRO and the CCO have sufficient independence from the other members of management in performing their functions as CRO and CCO, particularly their obligations under subsections 4.3(2) and 4.3(3)..

16. Subsection 4.3(3) is changed by adding “(or certain aspects of the role)” **immediately after** “role of a CCO”.

17. Section 4.6 is changed

(a) by replacing paragraph (a) with the following:

(a) The intent of these provisions is to ensure that controls are implemented to support cyber resilience, information technology planning, acquisition, development and maintenance, computer operations, information systems support and security. Recognized guides as to what constitutes adequate information technology controls may include guidance, principles or frameworks published by the Chartered Professional Accountants - Canada (CPA Canada), American Institute of Certified Public Accountants (AICPA), Information Systems Audit and Control Association (ISACA), International Organization for Standardization (ISO), or the National Institute of Standards and Technology (U.S. Department of Commerce) (NIST). We are of the view that internal controls include controls which support the processing integrity of the models used to quantify, aggregate, and manage the clearing agency’s risks.

(b) in paragraph (b), by replacing “subsection 4.6(b)” **with** “paragraph 4.6(b)” **and** “once a year” **with** “once in each 12-month period”,

(c) by replacing paragraph (c) with the following:

- (c) A security incident is considered to be any event that actually or potentially jeopardizes the confidentiality, integrity or availability of an information system or the information the system processes, stores or transmits, or that constitutes a violation or imminent threat of violation of security policies, security procedures or acceptable use policies. A failure, malfunction, delay or security incident is considered to be “material” if the clearing agency would, in the normal course of operations, escalate the matter to or inform its senior management ultimately accountable for technology. Such events would not generally include those that have or would have little or no impact on the clearing agency’s operations or on participants, although non-material events may become material if they recur or have a cumulative effect. Any event that requires non-routine measures or resources by the clearing agency would also be considered material and thus reportable to the securities regulatory authority. The onus would be on the clearing agency to document the reasons for any security incident it did not consider material. It is expected that, as part of the notification required under paragraph 4.6(c), the clearing agency will provide updates on the status of the event and the resumption of service. Further, the clearing agency should have comprehensive and well-documented procedures in place to record, analyze, and resolve all systems failures, malfunctions, delays and security incidents. In this regard, the clearing agency should undertake a “post-mortem” review to identify the causes and any required improvement to the normal operations or business continuity arrangements. Such reviews should, where relevant, include the clearing agency’s participants. The results of such internal reviews are required to be communicated to the securities regulatory authority as soon as practicable.¹, **and**

(d) adding the following paragraph:

- (d) Pursuant to section 5.1, a recognized clearing agency may be asked to provide the regulator or, in Quebec, the securities regulatory authority, with additional information, such as but not limited to reports, logs or other documents related to a systems failure, malfunction, delay, security incident or any other system or process related data..

18. Part 4 is changed by adding the following subsection:

Auxiliary systems

4.6.1(2) A recognized clearing agency should also refer to the considerations for paragraph 4.6(c) above with regards to security incidents that arise in connection with auxiliary systems. Pursuant to section 5.1, a recognized clearing agency may be asked to provide the regulator or, in Quebec, the securities regulatory authority, with additional information, such as but not limited to reports, logs or other documents related to a security incident.

19. Subsection 4.7(1) is replaced with the following:

4.7 (1)(a) An independent systems review must be conducted and reported on at least once in each 12-month period by a qualified external auditor in accordance with established audit standards and best industry practices. We consider that best industry practices include the ‘Trust Services Criteria’ developed by the American Institute of CPAs and CPA Canada. For the purposes of paragraph 4.7(1)(a), we consider a qualified external auditor to be a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal systems or controls in a complex information technology environment. Before engaging a qualified external auditor to conduct the independent systems review, a clearing agency is expected to discuss its choice of external auditor and the scope of the systems review mandate with the regulator or, in Québec, the securities regulatory authority. We further expect that the report prepared by the external auditor include, to the extent applicable, an audit opinion that (i) the description included in the report fairly presents the systems and controls that were designed and implemented throughout the reporting period, (ii) the controls stated in the description were suitably designed, and (iii) the controls operated effectively throughout the reporting period.

(1)(b) The clearing agency must also establish and perform effective assessment and testing methodologies and practices and would be expected to implement appropriate improvements where necessary. The assessments and testing required in this section, such as vulnerability assessments and penetration tests, are to be carried out by a qualified party on a reasonably frequent basis and, in any event, at least once in each 12-month period. For the purposes of paragraph 4.7(1)(b), we consider a qualified party to be a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal systems or controls in a complex information technology environment. We consider that qualified parties may include external

¹ Adapted from the NIST definition of “incident”. See <https://csrc.nist.gov/Glossary/?term=4730#AlphaIndexDiv>.

auditors or third party information system consultants, as well as employees of the clearing agency or an affiliated entity of the clearing agency, but may not be persons responsible for the development or operation of the systems or capabilities being tested. The securities regulatory authority may, in accordance with securities legislation, require the clearing agency to provide a copy of any such assessment..

20. **Section 4.9 is changed by replacing “annually” with “at least once in each 12-month period”.**

21. **Subsection 5.2(1) is replaced with the following:**

5.2 (1) The Global Legal Entity Identifier System defined in subsection 5.2(1) is a G20 endorsed system² that is intended to serve as a public-good utility responsible for overseeing the issuance of legal entity identifiers (LEIs) globally in order to uniquely identify parties to transactions. It was designed and implemented under the direction of the LEI Regulatory Oversight Committee, a governance body endorsed by the G20.

22. **Subsection 5.2(3) is deleted.**

23. **Annex I is replaced with the following:**

ANNEX I

TO COMPANION POLICY 24-102CP

JOINT SUPPLEMENTARY GUIDANCE

DEVELOPED BY THE BANK OF CANADA AND CANADIAN SECURITIES ADMINISTRATORS

ON THE PFMI PRINCIPLES

Joint Supplementary Guidance has been developed by the BOC and the securities regulatory authorities to provide additional clarity on certain aspects of selected PFMI Principles within the Canadian context. It is found on the BOC website and in annexes to the Companion Policy (to the CSA National Instrument 24-102 *Clearing Agency Requirements*).

The Joint Supplementary Guidance applies in respect of recognized domestic clearing agencies that are designated as systemically important by the BOC and jointly overseen by the BOC and one or more securities regulatory authorities (referred to in this Joint Supplementary Guidance as an “FMI”).

Beyond observation of the PFMI Principles, an FMI is expected to take into account the “Explanatory Notes” for each applicable PFMI Principle, other reports and explanatory materials published by CPMI and IOSCO that supplement the PFMI Report and that provide guidance to FMIs on the application of the PFMI Principles, as well as this Joint Supplementary Guidance or any future guidance published jointly by the BOC and the securities regulatory authorities.

The Joint Supplementary Guidance below appears under the relevant headings for each applicable PFMI Principle (referred to by the BOC as its “Risk-Management Standards for Designated FMIs”).

PFMI Principle 3: Framework for the comprehensive management of risks

- a. Joint Supplementary Guidance for PFMI Principle 3 has been developed by the BOC and CSA pertaining to FMI recovery planning. This guidance can be found separately on the BOC website and in Annex II to the Companion Policy.

PFMI Principle 5: Collateral

- a. An FMI should not rely solely on external opinions to determine collateral eligibility.
- b. In general, most of the FMI’s collateral pools should be composed of cash and debt securities issued or guaranteed by the Government of Canada, a provincial government or the U.S. Treasury.
- c. Additional asset classes may be acceptable as collateral if they are subject to conservative haircuts and concentration limits. An FMI should limit such assets to a maximum of 40% of the total collateral posted from each participant. It should also limit securities issued by a single issuer to a maximum of 5% of total collateral from each participant. Such assets are:

² See http://www.financialstabilityboard.org/list/fsb_publications/tid_156/index.htm for more information.

- ❖ Securities issued by a municipal government;
 - ❖ Bankers' acceptances;
 - ❖ Commercial paper;
 - ❖ Corporate bonds;
 - ❖ Asset-backed securities that meet the following criteria:
 - 1) sponsored by a deposit-taking financial institution that is prudentially-regulated at either the federal or provincial level;
 - 2) part of a securitization program supported by a liquidity facility; and
 - 3) backed by assets of an acceptable credit quality;
 - ❖ Equity securities traded on marketplaces regulated by a member of the CSA; and
 - ❖ Other securities issued or guaranteed by a government, central bank or supranational institution classified as Level 1 high-quality assets by the Basel Committee on Banking Supervision.
- d. Since it is highly likely that the value of debt and equity securities issued by companies operating in the financial sector would be adversely affected by the default of an FMI participant – introducing wrong-way risk for an FMI that has accepted such securities as collateral – an FMI should:
- ❖ Limit the collateral from financial sector issuers to a maximum of 10% of total collateral pledged from each participant; and
 - ❖ Not allow a participant to pledge as collateral securities issued by itself or an affiliate.

PFMI Principle 7: Liquidity risk

- a. Liquidity facilities should include at least three independent liquidity providers to ensure the FMI has access to sufficient liquid resources even in the event one of its liquidity providers defaults.
- b. Uncommitted liquidity facilities are considered qualifying liquid resources for liquidity exposure in Canadian dollars if they meet all of the following additional criteria:
 - ❖ The liquidity provider has access to the Bank of Canada's Standing Liquidity Facility (SLF);
 - ❖ The facility is fully-collateralized with SLF-eligible collateral; and
 - ❖ The facility is denominated in Canadian dollars.

PFMI Principle 15: General business risk

- a. Liquid net assets funded by equity must be held at the level of the FMI legal entity to ensure they are unencumbered and can be accessed quickly.

PFMI Principle 16: Custody and investment risks

- a. It is paramount that an FMI have prompt access to assets held for risk-management purposes with minimal price impact. For the purposes of PFMI Principle 16, financial instruments can be considered to have minimal credit, market and liquidity risk if they are debt instruments that are:
 - ❖ Securities issued or guaranteed by the Government of Canada;
 - ❖ Marketable securities issued by the U.S. Treasury;
 - ❖ Securities issued or guaranteed by a provincial government;
 - ❖ Securities issued by a municipal government;

- ❖ Bankers' acceptances;
 - ❖ Commercial paper;
 - ❖ Corporate bonds; and
 - ❖ Asset-backed securities that are:
 - 1) sponsored by a deposit-taking financial institution that is prudentially regulated at either the federal or provincial level;
 - 2) part of a securitization program supported by a liquidity facility; and
 - 3) backed by assets of an acceptable credit quality.
- b. Investments should also, at a minimum, observe the following:
- ❖ To reduce concentration risk, no more than 20% of total investments should be invested in any combination of municipal and private sector securities. Investment in a single private sector or municipal issuer should be no more than 5% of total investments.
 - ❖ To mitigate specific wrong-way risk, investments should, as much as possible, be inversely related to market events that increase the likelihood of those assets being required. Investment in financial sector securities should be no more than 10% of total investments. An FMI should not invest assets in the securities of its own affiliates.
 - ❖ For investments that are subject to counterparty credit risk, an FMI should set clear criteria for choosing investment counterparties and setting exposure limits.

24. The Companion Policy is changed by adding the following Annex II:

ANNEX II

TO COMPANION POLICY 24-102CP

JOINT SUPPLEMENTARY GUIDANCE

DEVELOPED BY THE BANK OF CANADA AND CANADIAN SECURITIES ADMINISTRATORS

ON RECOVERY PLANS

Context

In 2012, to enhance the safety and efficiency of payment, clearing and settlement systems, CPMI and IOSCO released a set of international risk-management standards for FMIs, known as the PFMI.¹ The PFMI provide standards regarding FMI recovery planning and orderly wind-down, which were adopted by the Bank of Canada as Standard 24 of the Bank's *Risk-Management Standards for Systemic FMIs*² and by the CSA as part of the Instrument.³ In the context of recovery planning,

An FMI is expected to identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down. This entails preparing appropriate plans for its recovery or orderly wind-down based on the results of that assessment.

In October 2014, CPMI and IOSCO released its report, "Recovery of Financial Market Infrastructures" (the Recovery Report), providing additional guidance specific to the recovery of FMIs.⁴ The Recovery Report explains the required structure and components of an FMI recovery plan and provides guidance on FMI critical services and recovery tools at a level sufficient to accommodate possible differences in the legal and institutional environments of each jurisdiction.

¹ Available at <http://www.bis.org/cpmi/publ/d101a.pdf>.

² See key consideration 4 of PFMI Principle 3 and key consideration 3 of PFMI Principle 15 which are adopted in the Instrument, section 3.1.

³ The Bank of Canada's *Risk-Management Standards for Systemic FMIs* is available at <http://www.bankofcanada.ca/core-functions/financial-system/bank-canada-risk-management-standards-systemic-fmis/>.

⁴ Available at <http://www.bis.org/cpmi/publ/d121.pdf>.

For the purpose of this guidance, FMI recovery is defined as the set of actions that an FMI can take, consistent with its rules, procedures and other ex ante contractual agreements, to address any uncovered loss, liquidity shortfall or capital inadequacy, whether arising from participant default or other causes (such as business, operational or other structural weakness), including actions to replenish any depleted pre-funded financial resources and liquidity arrangements, as necessary, to maintain the FMI's viability as a going concern and the continued provision of critical services.^{5,6}

Recovery planning is not intended as a substitute for robust day-to-day risk management or for business continuity planning. Rather, it serves to extend and strengthen an FMI's risk-management framework, enhancing the resilience of the FMI against financial risks and bolstering confidence in the FMI's ability to function effectively even under extreme but plausible market conditions and operating environments.

Key Components of Recovery Plans

Overview of existing risk-management and legal structures

As part of their recovery plans, FMIs should include overviews of their legal entity structure and capital structure to provide context for stress scenarios and recovery activities.

FMIs should also include an overview of their existing risk-management frameworks – i.e., their **pre-recovery** risk-management frameworks and activities. As part of this overview, and to determine the relevant point(s) where standard pre-recovery risk-management frameworks are exhausted, FMIs should identify all the material risks they are exposed to and explain how they use their existing pre-recovery risk-management tools to manage these risks to a high degree of confidence.

Critical services⁷

In their recovery plans, FMIs should identify, in consultation with Canadian authorities and stakeholders, the services they provide that are critical to the smooth functioning of the markets that they serve and to the maintenance of financial stability. FMIs may find it useful to consider the degree of **substitutability** and **interconnectedness** of each of these critical services, specifically

- ❖ the degree of criticality of an FMI's service is likely to be high if there are no, or only a small number of, alternative service providers. Factors related to the substitutability of a service could include (i) the size of a service's market share, (ii) the existence of alternative providers that have the capacity to absorb the number of customers and transactions the FMI maintains, and (iii) the FMI participants' capability to transfer positions to the alternative provider(s).
- ❖ the degree of criticality of an FMI's service may be high if the service is significantly interconnected with other market participants, both in terms of breadth and depth, thereby increasing the likelihood of contagion if the service were to be discontinued. Potential factors to consider when determining an FMI's interconnectedness are (i) what services it provides to other entities and (ii) which of those services are critical for other entities to function

Stress scenarios⁸

In their recovery plans, FMIs should identify scenarios that may prevent them from being able to provide their critical services as a going concern. Stress scenarios should be focused on the risks an FMI faces from its payment, clearing and settlement activity. An FMI should then consider stress scenarios that cause financial stress in excess of the capacity of its existing pre-recovery risk controls, thereby placing the FMI into recovery. An FMI should organize stress scenarios by the types of risk it faces; for each stress scenario, the FMI should clearly explain the following:

- ❖ the assumptions regarding market conditions and the state of the FMI within the stress scenario, accounting for the differences that may exist depending on whether the stress scenario is systemic or idiosyncratic;
- ❖ the estimated impact of a stress scenario on the FMI, its participants, participants' clients and other stakeholders; and
- ❖ the extent to which an FMI's existing pre-recovery risk-management tools are insufficient to withstand the impacts of realized risks in a recovery stress scenario and the value of the loss and/or of the negative shock

⁵ Recovery Report, Paragraph 1.1.1.

⁶ For a precise definition of orderly wind-down, see the Recovery Report, Paragraph 2.2.2.

⁷ Recovery Report, Paragraphs 2.4.2–2.4.4.

⁸ Recovery Report, Paragraph 2.4.5.

required to generate a gap between existing risk-management tools and the losses associated with the realized risks.

Triggers for recovery

For each stress scenario, FMIs should identify the triggers that would move them from their pre-recovery risk-management activities (e.g., those found in a CCP's default waterfall) to recovery. These triggers should be both qualified (i.e., outlined) and, where relevant, quantified to demonstrate a point at which recovery plans will be implemented without ambiguity or delay.

While the boundary between pre-recovery risk-management activities and recovery can be clear (for example, when pre-funded resources are fully depleted), judgment may be needed in some cases. When this boundary is not clear, FMIs should lay out in their recovery plans how they will make decisions.⁹ This includes detailing in advance their communication plans, as well as the escalation process associated with their decision-making procedures. They should also specify the decision-makers responsible for each step of the escalation process to ensure that there is adequate time for recovery tools to be implemented if required.

More generally, it is important to identify and place the triggers for recovery early enough in a stress scenario to allow for sufficient time to implement recovery tools described in the recovery plan. Triggers placed too late in a scenario will impede the effective rollout of these tools and hamper recovery efforts. Overall, in determining the moment when recovery should commence, and especially where there is uncertainty around this juncture, an FMI should be prudent in its actions and err on the side of caution.

Selection and Application of Recovery Tools¹⁰

A comprehensive plan for recovery

The success of a recovery plan relies on a comprehensive set of tools that can be effectively applied during recovery. The applicability of these tools and their contribution to recovery varies by system, stress event and the order in which they are applied.

A robust recovery plan relies on a range of tools to form an adequate response to realized risks. Canadian authorities will provide feedback on the comprehensiveness of selected recovery tools when reviewing an FMI's complete recovery plan.

Characteristics of recovery tools

In providing this guidance, Canadian authorities used a broad set of criteria (described below), including those from the Recovery Report, to determine the characteristics of effective recovery tools.¹¹ FMIs should aim for consistency with these criteria in the selection and application of tools. In this context, recovery tools should be:

- ❖ Reliable and timely in their application and have a strong legal and regulatory basis. This includes the need for FMIs to mitigate the risk that a participant may be unable or unwilling to meet a call for financial resources in a timely manner, or at all (i.e., performance risk), and to ensure that all recovery activities have a strong legal and regulatory basis.
- ❖ Measurable, manageable and controllable to ensure that they can be applied effectively while keeping in mind the objective of minimizing their negative effects on participants and the broader financial system. To this end, using tools in a manner that results in participant exposures that are determinable and fixed provides better certainty of the tools' impacts on FMI participants and their contribution to recovery. Fairness in the allocation of uncovered losses and shortfalls, and the capacity to manage the associated costs, should also be considered.
- ❖ Transparent to participants: this should include a predefined description of each recovery tool, its purpose and the responsibilities and procedures of participants and the FMIs subject to the recovery tool's application to effectively manage participants' expectations. Transparency also mitigates performance risk by detailing the obligations and procedures of FMIs and participants beforehand to support the timely and effective rollout of recovery tools.
- ❖ Designed to create appropriate incentives for sound risk management and encourage voluntary participation in recovery to the greatest extent possible. This may include distributing post-recovery proceeds to participants that supported the FMI through the recovery process.

⁹ Recovery Report, Paragraph 2.4.8.

¹⁰ Recovery Report, Paragraph 2.3.6 – 2.3.7 and 2.5.6 and Paragraphs 3.4.1 – 3.4.7.

¹¹ Recovery Report, Paragraph 3.3.1.

Systemic stability

Certain tools may have serious consequences for participants and for the stability of financial markets more generally. FMIs should use prudence and judgment in the selection of appropriate tools. Canadian authorities are of the view that FMIs should be cautious in using tools that can create uncapped, unpredictable or ill-defined participant exposures, and which could create uncertainty and disincentives to participate in an FMI. Any such use would need to be carefully justified. Participants' ability to predict and manage their exposures to recovery tools is important, both for their own stability and for the stability of the indirect participants of an FMI.

In assessing FMI recovery plans, Canadian authorities are concerned with the possibility of systemic disruptions from the use of certain tools or tools that pose unquantifiable risks to participants. When determining which recovery tools should be included in a recovery plan, and selecting and applying such tools during the recovery phase, FMIs should keep in mind the objective of minimizing their negative impacts on participants, the FMI and the broader financial system.

Recommended recovery tools

This section outlines recommended recovery tools for use in FMI recovery plans. Not all tools are applicable for the different types of FMIs (e.g., a payment system versus a central counterparty), nor is this an exhaustive list of tools that may be available for recovery. Each FMI should use discretion when determining the most appropriate tools for inclusion in its recovery plan, consistent with the considerations discussed above.

❖ **Cash calls**

Cash calls are recommended for recovery plans to the extent that the exposures they generate are fixed and determinable; for example, capped and limited to a maximum number of rounds over a specified period, established in advance. In this context, participant exposures should be linked to each participant's risk-weighted level of FMI activity.

By providing predictable exposures pro-rated to a participant's risk-weighted level of activity, FMIs create incentives for better risk management on the part of participants, while giving the FMI greater certainty over the amount of resources that can be made available during recovery.

Since cash calls rely on contingent resources held by FMI participants, there is a risk that they may not be honoured, reducing their effectiveness as a recovery tool. The management of participants' expectations, especially through the placement of clear limits on participant exposure, can mitigate this concern.

Cash calls can be designed in multiple ways to structure incentives, vary their impacts on participants and respond to different stress scenarios. When designing cash calls, FMIs should, to the greatest extent possible, seek to minimize the negative consequences of the tool's use.

❖ **Variation margin gains haircutting (VMGH)**

VMGH is recommended for recovery plans because participant exposure under this tool can be measured with reasonable confidence, as it is tied to the level of risk held in the variation margin (VM) fund and the potential for gains. Where recovery plans allow for multiple rounds of VMGH, Canadian authorities will consider the impact of each successive round of haircutting with increasing focus on systemic stability.

VMGH relies on participant resources posted at the FMI as variation margin (VM). Where the price movements of underlying instruments create sufficient VM gains for use in recovery, VMGH provides an FMI with a reliable and timely source of financial resources without the performance risk that is associated with tools reliant on resources held by participants.

VMGH assigns losses and shortfalls only to participants with net position gains; as a result, the pro rata financial burden is higher for these participants. The negative effects of VMGH can also be compounded for participants who rely on variation margin gains to honour obligations outside the FMI. FMIs should seek to minimize these negative effects to the greatest extent possible.

❖ **Voluntary contract allocation**

To recover from an unmatched book caused by a participant default, a CCP can use its powers to allocate unmatched contracts.¹² In the context of recovery, contract allocation is encouraged on a voluntary basis—for example, by auction.

¹² A CCP "matched book" occurs when a position taken on by the CCP with one clearing member is offset by an opposite position taken on with a second clearing member. A matched book must be maintained for the CCP to complete a trade. An unmatched book occurs when one participant defaults on its position in the trade, leaving the CCP unable to complete the transaction.

Voluntary contract allocation addresses unmatched positions while taking participant welfare into account, since only participants who are willing to take on positions will participate.

The reliance on a voluntary process, such as an auction, introduces the risk that not all positions will be matched or that the auction process is not carried out in a timely manner. Defining the responsibilities and procedures for voluntary contract allocation (e.g., the auction rules) in advance will mitigate this risk and increase the reliability of the tool. To ensure that there is adequate participation in an auction process, FMIs should create incentives for participants to take on unmatched positions. FMIs may also wish to consider expanding the auction beyond direct participants to increase the chances that all positions will be matched.

❖ **Voluntary contract tear-up**

Since eliminating positions can help re-establish a matched book, Canadian authorities view voluntary contract tear-up as a potentially effective tool for FMI recovery. To this end, FMIs may want to consider using incentives to encourage voluntary tear-up during recovery.¹³ While contract tear-up undertaken on a voluntary basis is a recommended tool, the forced termination of an incomplete trade may represent a disruption of a critical FMI service, and can be intrusive to apply (see the section “Tools requiring further justification” for a discussion of forced contract tear-up).

To the extent that voluntary contract tear-up may disrupt critical FMI services, it can produce disincentives to participate in an FMI. There should be a strong legal basis for the relevant processes and procedures when voluntary contract tear-up is included in a recovery plan. This will help to manage participant expectations for this tool and ensure that confidence in the FMI is maintained.

Other tools available for FMI recovery include standing third-party liquidity lines, contractual liquidity arrangements with participants, insurance against financial loss, increased contributions to pre-funded resources, and use of an FMI's own capital beyond the default waterfall. These and other tools are often already found in the pre-recovery risk-management frameworks of FMIs. Canadian authorities encourage their use for recovery as well, provided they are in keeping with the criteria for effective recovery tools as found in the Recovery Report and in this guidance.¹⁴ Where system-specific recovery needs necessitate, FMIs can also design recovery tools not explicitly listed in this guidance. The applicability of such tools will be examined by the Canadian authorities when they review the proposed recovery plan.

To the extent that the costs of recovery are shared less equally under some tools (e.g., VMGH), if it is financially feasible, FMIs could consider post-recovery actions to restore fairness where participants have been disproportionately affected. Such actions may include the repayment of participant contributions used to address liquidity shortfalls and other instruments that aim to redistribute the burden of losses allocated during recovery. It is important to note that these actions in the post-recovery period should not impair the financial viability of the FMI as a going concern.

Tools requiring further justification

Due to their uncertain and potentially negative effects on the broader financial system, tools that are more intrusive or result in participant exposures that are difficult to measure, manage or control, must be carefully considered and justified with strong rationale by the FMI when they are included in a recovery plan. Canadian authorities will provide their views on the suitability of any such tools as part of their review of recovery plans.

For example, uncapped and unlimited cash calls and unlimited rounds of VMGH can create ambiguous participant exposures, the negative effects of which must be prudently considered when including them in a recovery plan. In addition, when applied during the recovery process, Canadian authorities will monitor the application of each successive round of cash calls and VMGH with increased focus on systemic stability.

Tools such as involuntary (forced) contract allocation and involuntary (forced) contract tear-up create exposures that are difficult to manage, measure and control. To the extent that these tools are even more intrusive, they have the ability to pose greater risk to systemic stability. Canadian authorities acknowledge that such tools have potential utility when other recovery options are ineffective, and could possibly be used by a resolution authority, but expect FMIs to carefully assess the potential impact of such tools on participants and the stability of the broader financial system.

Canadian authorities do not encourage the use of non-defaulting participants' initial margin in FMI recovery plans considering the potential for significant negative impacts.¹⁵ Similarly, a recovery plan should not assume any extraordinary form of public or central bank support.¹⁶

¹³ Recovery Report, Paragraph 4.5.3.

¹⁴ Recovery Report, Paragraph 3.3.1.

¹⁵ Recovery Report, Paragraph 4.2.26.

¹⁶ Recovery Report, Paragraph 2.3.1.

Recovery from non-default-related losses and structural weaknesses

Consistent with a defaulter-pays principle, an FMI should rely on FMI-funded resources to address recovery from non-default-related losses (i.e., operational and business losses on the part of an FMI), including losses arising from structural weakness.¹⁷ To this end, FMIs should examine ways to increase the loss absorbency between the FMI's pre-recovery risk-management activities and participant-funded resources (e.g., by using FMI-funded insurance against operational risks).

Structural weakness can be an impediment to the effective rollout of recovery tools and may itself result in non-default-related losses that are a trigger for recovery. An FMI recovery plan should identify procedures detailing how to promptly detect, evaluate and address the sources of underlying structural weakness on a continuous basis (e.g., unprofitable business lines, investment losses).

The use of participant-funded resources to recover from non-default-related losses can lessen incentives for robust risk management within an FMI and provide disincentives to participate. If, despite these concerns, participants consider it in their interest to keep the FMI as a going concern, an FMI and its participants may agree to include a certain amount of participant-funded recovery tools to address some non-default-related losses. Under these circumstances, the FMI should clearly explain under what conditions participant resources would be used and how costs would be distributed.

Defining full allocation of uncovered losses and liquidity shortfalls

Principles 4 (credit risk)¹⁸ and 7 (liquidity risk)¹⁹ of the PFMI require that FMIs should specify rules and procedures to fully allocate both uncovered losses and liquidity shortfalls caused by stress events. To be consistent with this requirement, **Canadian FMIs should consider various stress scenarios and have rules and procedures that allow them to fully allocate any losses or liquidity shortfalls arising from these stress scenarios, in excess of the capacity of existing pre-recovery risk controls.** Tools used to address full allocation should reflect the Recovery Report's characteristics of effective recovery tools, including the need to have them measurable, manageable and controllable to those who will bear the losses and liquidity shortfalls in recovery, and for their negative impacts to be minimized to the greatest extent possible.

Legal consideration for full allocation

An FMI's rules for allocating losses and liquidity shortfalls should be supported by relevant laws and regulations. There should be a high level of certainty that rules and procedures to fully allocate all uncovered losses and liquidity shortfalls are enforceable and will not be voided, reversed or stayed.²⁰ This requires that Canadian FMIs design their recovery tools in compliance with Canadian laws. For example, if the FMI's loss-allocation rules involve a guarantee, Canadian law generally requires that the guaranteed amount be determinable and preferably capped by a fixed amount.²¹

FMIs should consider whether it is appropriate to involve indirect participants in the allocation of losses and shortfalls during recovery. To the extent that it is permitted, such arrangements should have a strong legal and regulatory basis; respect the FMI's frameworks for tiered participation, segregation and portability; and involve consultation with indirect participants to ensure that all relevant concerns are taken into account.

Overall, FMIs are responsible for seeking appropriate legal advice on how their recovery tools can be designed and for ensuring that all recovery tools and activities are in compliance with the relevant laws and regulations.

Additional Considerations in Recovery Planning

Transparency and coherence²²

An FMI should ensure that its recovery plan is coherent and transparent to all relevant levels of management within the FMI, as well as to its regulators and overseers. To do so, a recovery plan should

- ❖ contain information at the appropriate level and detail; and

¹⁷ Structural weakness can be caused by factors such as poor business strategy, poor investment and custody policy, poor organizational structure, IM/IT-related obstacles, poor legal or regulatory risk frameworks, and other insufficient internal controls.

¹⁸ Under key consideration 7 of PFMI Principle 4, an FMI should establish explicit rules and procedures that fully address any credit losses it may face as a result of any individual or combined default among its participants with respect to any of their obligations to the FMI.

¹⁹ Under key consideration 10 of PFMI Principle 7, FMIs should establish rules and procedures that address unforeseen and potentially uncovered liquidity shortfalls and should aim to avoid unwinding, revoking or delaying the same-day settlement of payment obligations.

²⁰ PFMI Report, Paragraph 3.1.10.

²¹ The Bank Act, Section 414(1) and IROC Rule 100.14 prohibit banks and securities dealers, respectively, from providing unlimited guarantees to an FMI or a financial institution.

²² Recovery Report, Section 2.3.

- ❖ be sufficiently coherent to relevant parties within the FMI, as well as to the regulators and overseers of the FMI, to effectively support the application of the recovery tools.

An FMI should ensure that the assumptions, preconditions, key dependencies and decision-making processes in a recovery plan are transparent and clearly identified.

Relevance and flexibility²³

An FMI's recovery plan should thoroughly cover the information and actions relevant to extreme but plausible market conditions and other situations that would call for the use of recovery tools. An FMI should take into account the following elements when developing its recovery plan:

- ❖ the nature, size and complexity of its operations;
- ❖ its interconnectedness with other entities;
- ❖ operational functions, processes and/or infrastructure that may affect the FMI's ability to implement its recovery plan; and
- ❖ any upcoming regulatory reforms that may have the potential to affect the recovery plan.

Recovery plans should be sufficiently flexible to address a range of FMI-specific and market-wide stress events. Recovery plans should also be structured and written at a level that enables the FMI's management to assess the recovery scenario and initiate appropriate recovery procedures. As part of this expectation, the recovery plan should demonstrate that senior management has assessed the potential two-way interaction between recovery tools and the FMI's business model, legal entity structure, and business and risk-management practices.

Implementation of Recovery Plan²⁴

An FMI should have credible and operationally feasible approaches to recovery planning in place and be able to act upon them in a timely manner, under both idiosyncratic and market-wide stress scenarios. To this end, recovery plans should describe

- ❖ potential impediments to applying recovery tools effectively and strategies to address them; and
- ❖ the impact of a major operational disruption.²⁵

This information is important to strengthen a recovery plan's resilience to shocks and ensure that the recovery tools are actionable.

A recovery plan should also include an escalation process and the associated communication procedures that an FMI would take in a recovery situation. Such a process should define the associated timelines, objectives and key messages of each communication step, as well as the decision-makers who are responsible for it.

Consulting Canadian authorities when taking recovery actions

While the responsibility for implementing the recovery plan rests with the FMI, Canadian authorities consider it critical to be informed when an FMI triggers its recovery plan and before the application of recovery tools and other recovery actions. To the extent an FMI intends to use a tool or take a recovery action that might have significant impact on its participants (e.g. tools requiring further justification), the FMI should consult Canadian authorities before using such tools or taking such actions to demonstrate how it has taken into account potential financial stability implications and other relevant public interest considerations. Authorities include those responsible for the regulation, supervision and oversight of the FMI, as well as any authorities who would be responsible for the FMI if it were to be put into resolution.

Relevant Canadian authorities should be informed (or consulted as appropriate) early on and interaction with authorities should be explicitly identified in the escalation process of a recovery plan. Acknowledging the speed at which an FMI may enter recovery, FMIs are encouraged to develop formal communications protocols with authorities in the event that recovery is triggered and immediate action is required.

²³ Recovery Report, Section 2.3.

²⁴ Recovery Report, Paragraph 2.3.9.

²⁵ This is also related to the FMI's backup and contingency planning, which are distinct from recovery plans.

Review of Recovery Plan²⁶

An FMI should include in its recovery plan a robust assessment of the recovery tools presented and detail the key factors that may affect their application. It should recognize that, while some recovery tools may be effective in returning the FMI to viability, these tools may not have a desirable effect on its participants or the broader financial system.

A framework for testing the recovery plan (for example, through scenario exercises, periodic simulations, back-testing and other mechanisms) should be presented either in the plan itself or linked to a separate document. This impact assessment should include an analysis of the effect of applying recovery tools on financial stability and other relevant public interest considerations.²⁷ Furthermore, an FMI should demonstrate that the appropriate business units and levels of management have assessed the potential consequences of recovery tools on FMI participants and entities linked to the FMI.

Annual review of recovery plan

An FMI should review and, if necessary, update its recovery plan on an annual basis. The recovery plan should be subject to approval by the FMI's Board of Directors.²⁸ Under the following circumstances, an FMI is expected to review its recovery plan more frequently:

- ❖ if there is a significant change to market conditions or to an FMI's business model, corporate structure, services provided, risk exposures or any other element of the firm that could have a relevant impact on the recovery plan;
- ❖ if an FMI encounters a severe stress situation that requires appropriate updates to the recovery plan to address the changes in the FMI's environment or lessons learned through the stress period; and
- ❖ if the Canadian authorities request that the FMI update the recovery plan to address specific concerns or for additional clarity.

Canadian authorities will also review and provide their views on an FMI's recovery plan before it comes into effect. This is to ensure that the plan is in line with the expectations of Canadian authorities.

Orderly Wind-Down Plan as Part of a Recovery Plan²⁹

Canadian authorities expect FMIs to prepare, as part of their recovery plans, for the possibility of an orderly wind-down. However, developing an orderly wind-down plan may not be appropriate or operationally feasible for some critical services. In this instance, FMIs should consult with the relevant authorities on whether they can be exempted from this requirement.

Considerations when developing an orderly wind-down plan

An FMI should ensure that its orderly wind-down plan has a strong legal basis. This includes actions concerning the transfer of contracts and services, the transfer of cash and securities positions of an FMI, or the transfer of all or parts of the rights and obligations provided in a link arrangement to a new entity.

In developing orderly wind-down plans, an FMI should elaborate on

- ❖ the scenarios where an orderly wind-down is initiated, including the services considered for wind-down;
- ❖ the expected wind-down period for each scenario, including the timeline for when the wind-down process for critical services (if applicable) would be complete; and
- ❖ measures in place to port critical services to another FMI that is identified and assessed as operationally capable of continuing the services.

Disclosure of recovery and orderly wind-down plans

An FMI should disclose sufficient information regarding the effects of its recovery and orderly wind-down plans on FMI participants and stakeholders, including how they would be affected by (i) the allocation of uncovered losses and liquidity shortfalls and (ii) any measures the CCP would take to re-establish a matched book. In terms of disclosing the degree of discretion an FMI has in applying recovery tools, an FMI should make it clear to FMI participants and all other stakeholders

²⁶ Recovery Report, Paragraph 2.3.8.

²⁷ This is in line with key consideration 1 of PFMI Principle 2 (Governance), which states that an FMI should have objectives that place a high priority on the safety and efficiency of the FMI and explicitly support financial stability and other relevant public interest considerations.

²⁸ Recovery Report, Paragraph 2.3.3.

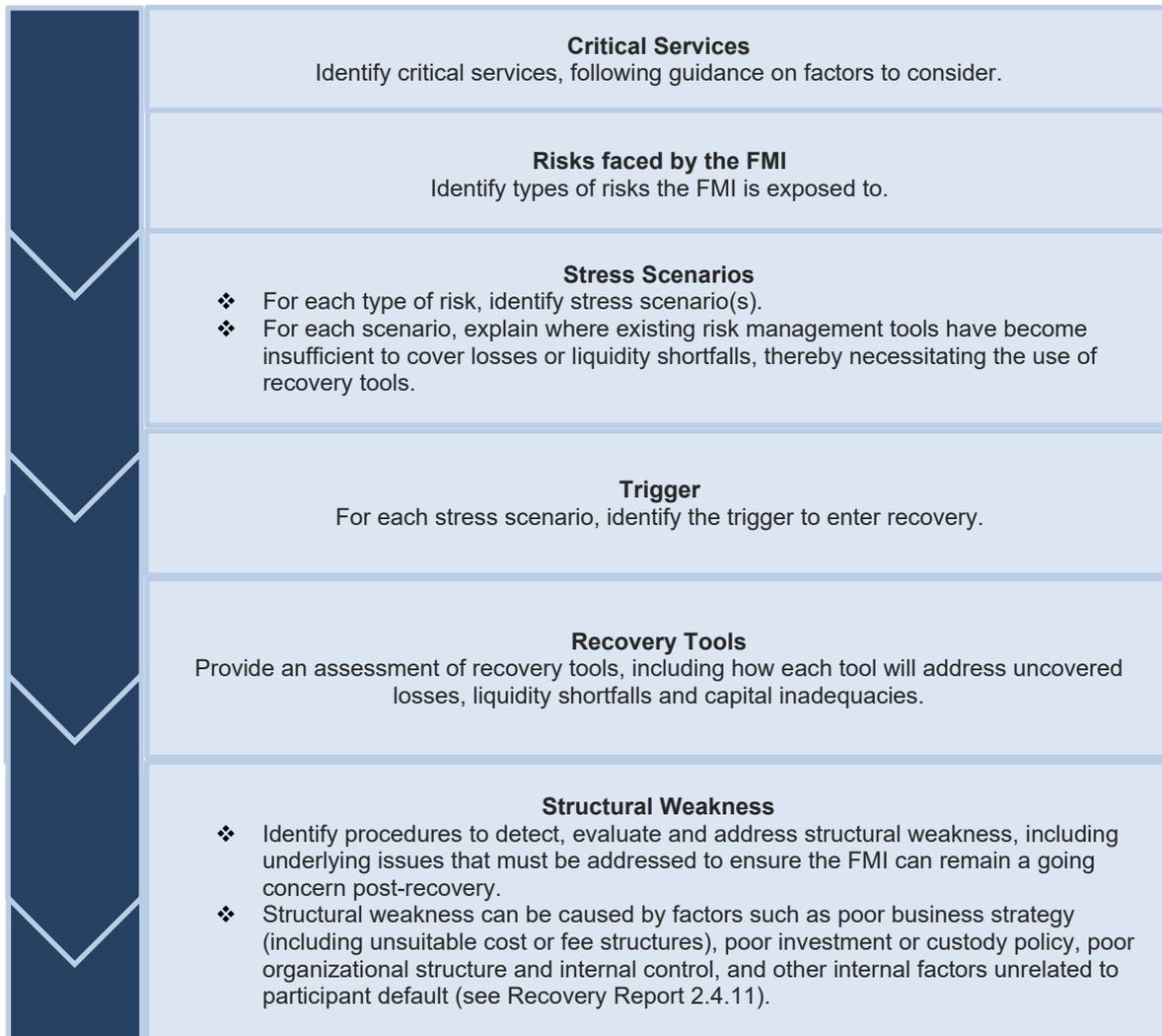
²⁹ Recovery Report, Paragraph 2.2.2.

ahead of time that all recovery tools and orderly wind-down actions that an FMI can apply will only be employed after consulting with the relevant Canadian authorities.

Note that recovery and orderly wind-down plans need not be two separate documents; the orderly wind-down of critical services may be a part or subset of the recovery plan. Furthermore, Canadian FMIs may consider developing orderly wind-down plans for non-critical services in the context of recovery if winding down non-critical services could assist in or benefit the recovery of the FMI.

Appendix: Guidelines on the Practical Aspects of FMI Recovery Plans

The following example provides suggestions on how an FMI recovery plan could be organized.



25. These changes become effective on June 19, 2020.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:

TD One-Click Aggressive ETF Portfolio
TD One-Click Conservative ETF Portfolio
TD One-Click Moderate ETF Portfolio
Principal Regulator – Ontario

Type and Date:

Preliminary Long Form Prospectus dated Jun 10, 2020
NP 11-202 Preliminary Receipt dated Jun 10, 2020

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3070481

Issuer Name:

Mawer Canadian Money Market Fund
Mawer Canadian Bond Fund
Mawer Global Bond Fund
Principal Regulator - Alberta

Type and Date:

Amendment #1 to Final Annual Information Form dated
June 5, 2020

NP 11-202 Final Receipt dated Jun 9, 2020

Offering Price and Description:

Series A and Series O Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3044384

Issuer Name:

Fidelity Emerging Markets Equity Income Multi-Asset Base
Fund
Principal Regulator – Ontario

Type and Date:

Preliminary Simplified Prospectus dated Jun 9, 2020
NP 11-202 Preliminary Receipt dated Jun 10, 2020

Offering Price and Description:

Series O units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3070313

Issuer Name:

IA Clarington Loomis Global Multisector Bond Fund
IA Wealth Enhanced Bond Pool
Principal Regulator – Quebec

Type and Date:

Preliminary Simplified Prospectus dated Jun 8, 2020
NP 11-202 Preliminary Receipt dated Jun 10, 2020

Offering Price and Description:

Series B Units

Series I Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3069805

NON-INVESTMENT FUNDS

Issuer Name:

Alcanna Inc. (formerly Liquor Stores N.A. Ltd.)
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated June 9, 2020
NP 11-202 Preliminary Receipt dated June 9, 2020

Offering Price and Description:

\$27,600,000.00 - 9,200,000 Common Shares
\$3.00 per Common Share

Underwriter(s) or Distributor(s):

CORMARK SECURITIES INC.
ALTACORP CAPITAL INC.
CIBC WORLD MARKETS INC.

Promoter(s):

-

Project #3070015

Issuer Name:

Antibe Therapeutics Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated June 15, 2020
NP 11-202 Preliminary Receipt dated June 15, 2020

Offering Price and Description:

\$25,000,000.00 - 62,500,000 Units
\$0.40 per Unit

Underwriter(s) or Distributor(s):

BLOOM BURTON SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
STIFEL NICOLAUS CANADA INC.
INDUSTRIAL ALLIANCE SECURITIES INC.

Promoter(s):

-

Project #3072141

Issuer Name:

Endeavour Mining Corporation
Principal Regulator - British Columbia

Type and Date:

Amendment dated June 15, 2020 to Preliminary Shelf
Prospectus dated May 25, 2020
NP 11-202 Preliminary Receipt dated June 15, 2020

Offering Price and Description:

US\$2,000,000,000.00 - Endeavour Shares, Preferred
Shares, Debt Securities, Warrants, Subscription Receipts,
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3062442

Issuer Name:

HAVN Life Sciences Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated June 9, 2020
NP 11-202 Preliminary Receipt dated June 9, 2020

Offering Price and Description:

33,906,667 Common Shares on deemed exercise of
33,906,667 Special Warrants at a price of \$0.02 per
Special Warrant

249,000 Common Shares on deemed exercise of 249,000
Special Warrants at a price of \$0.10 per Special Warrant

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3070227

Issuer Name:

Hut 8 Mining Corp. (formerly, Oriana Resources
Corporation)

Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated June 10, 2020
NP 11-202 Preliminary Receipt dated June 10, 2020

Offering Price and Description:

Minimum Offering: \$7,500,000.00

• Units

Price: \$• per Unit

Underwriter(s) or Distributor(s):

STIFEL NICOLAUS CANADA INC.
CANACCORD GENUITY CORP.
ECHELON WEALTH PARTNERS INC.
GRAVITAS SECURITIES INC.
HAYWOOD SECURITIES INC.
RICHARDSON GMP LIMITED

Promoter(s):

-

Project #3070541

Issuer Name:

Hut 8 Mining Corp. (formerly, Oriana Resources Corporation)

Principal Regulator - Ontario

Type and Date:

Amended and Restated Short Form Prospectus dated June 11, 2020 to Preliminary Short Form Prospectus dated June 10, 2020

NP 11-202 Preliminary Receipt dated June 12, 2020

Offering Price and Description:

\$7,500,125.00 - 5,172,500 Units

Price: \$1.45 per Unit

Underwriter(s) or Distributor(s):

STIFEL NICOLAUS CANADA INC.

CANACCORD GENUITY CORP.

ECHELON WEALTH PARTNERS INC.

GRAVITAS SECURITIES INC.

HAYWOOD SECURITIES INC.

RICHARDSON GMP LIMITED

Promoter(s):

-

Project #3070541

Issuer Name:

National Bank of Canada

Principal Regulator - Quebec

Type and Date:

Preliminary Shelf Prospectus dated June 11, 2020

NP 11-202 Preliminary Receipt dated June 12, 2020

Offering Price and Description:

\$5,000,000,000.00 - Medium Term Notes – Debt Securities (Unsubordinated Indebtedness)

Underwriter(s) or Distributor(s):

NATIONAL BANK FINANCIAL INC.

CIBC WORLD MARKETS INC.

DESJARDINS SECURITIES INC.

LAURENTIAN BANK SECURITIES INC.

RBC DOMINION SECURITIES INC.

RAYMOND JAMES LTD.

RICHARDSON GMP LIMITED

WELLINGTON-ALTUS PRIVATE WEALTH INC.

Promoter(s):

-

Project #3071084

Issuer Name:

Northland Power Inc.

Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus dated June 9, 2020

NP 11-202 Preliminary Receipt dated June 10, 2020

Offering Price and Description:

\$1,000,000,000.00 - Common Shares, Preferred Shares, Warrants, Debentures (unsecured), Subscription Receipts, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3070279

Issuer Name:

Perk Labs Inc. (formerly Glance Technologies Inc.)

Principal Regulator - British Columbia

Type and Date:

Preliminary Shelf Prospectus dated June 10, 2020

NP 11-202 Preliminary Receipt dated June 10, 2020

Offering Price and Description:

\$100,000,000.00 - COMMON SHARES, DEBT SECURITIES, SUBSCRIPTION RECEIPTS, WARRANTS, UNITS

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3070675

Issuer Name:

Prismo Metals Inc.

Principal Regulator - British Columbia

Type and Date:

Amended and Restated Long Form Prospectus dated June 5, 2020 to Preliminary Long Form Prospectus dated March 10, 2020

NP 11-202 Preliminary Receipt dated June 9, 2020

Offering Price and Description:

Common Shares

2,400,000

\$0.125

Underwriter(s) or Distributor(s):

HAYWOOD SECURITIES INC.

Promoter(s):

Craig Gibson

Project #3027865

Issuer Name:

Sangoma Technologies Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus dated June 12, 2020
NP 11-202 Preliminary Receipt dated June 15, 2020

Offering Price and Description:

C\$150,000,000.00 - Common Shares, Debt Securities,
Warrants, Subscription Receipts , Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3071735

Issuer Name:

Troilus Gold Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated June 8, 2020
NP 11-202 Preliminary Receipt dated June 9, 2020

Offering Price and Description:

\$22,050,000.00 - 21,000,000 Units

Underwriter(s) or Distributor(s):

CORMARK SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
HAYWOOD SECURITIES INC.
CANACCORD GENUITY CORP.
RED CLOUD SECURITIES INC.

Promoter(s):

-

Project #3068276

Issuer Name:

urban-gro, Inc.
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Long Form Prospectus
dated June 15, 2020 to Preliminary Long Form Prospectus
dated March 16, 2020

NP 11-202 Preliminary Receipt dated June 15, 2020

Offering Price and Description:

0.00

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3029176

Issuer Name:

Xebec Adsorption Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated June 10, 2020
NP 11-202 Preliminary Receipt dated June 10, 2020

Offering Price and Description:

\$25,002,000.00 - 6,945,000 Common Shares
\$3.60 per Common Share

Price: \$3.60 per Common Share

Underwriter(s) or Distributor(s):

DESJARDINS SECURITIES INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
BEACON SECURITIES LIMITED
STIFEL NICOLAUS CANADA INC.

Promoter(s):

-

Project #3069270

Issuer Name:

Algernon Pharmaceuticals Inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated June 11, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

\$6,861,850.00 - 19,605,285 Units Issuable upon Exercise
of 19,605,285 Special Warrants

Price per Special Warrant: \$0.35

Underwriter(s) or Distributor(s):

Mackie Research Capital Corporation

Promoter(s):

-

Project #3068014

Issuer Name:

Ascot Resources Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated June 10, 2020
NP 11-202 Receipt dated June 10, 2020

Offering Price and Description:

C\$25,000,200.00 - 29,412,000 Common Shares
Price: C\$0.85 per Offered Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3064036

Issuer Name:

Ballard Power Systems Inc.
Principal Regulator - British Columbia

Type and Date:

Final Shelf Prospectus dated June 12, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

US\$750,000,000

Common Shares

Preferred Shares

Warrants

Debt Securities

Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3069483

Issuer Name:

Brookfield Property Finance ULC
Brookfield Property Partners L.P.
Brookfield Property Preferred Equity Inc.
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated June 10, 2020
NP 11-202 Receipt dated June 10, 2020

Offering Price and Description:

US\$1,500,000,000.00

Limited Partnership Units

Preferred Limited Partnership Units

Debt Securities

Class A Preference Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

BROOKFIELD PROPERTY PARTNERS L.P.
BROOKFIELD PROPERTY L.P.
BROOKFIELD BPY HOLDINGS INC.
BROOKFIELD BPY RETAIL HOLDINGS II INC.
BPY BERMUDA HOLDINGS LIMITED
BPY BERMUDA HOLDINGS II LIMITED
BPY BERMUDA HOLDINGS IV LIMITED
BPY BERMUDA HOLDINGS V LIMITED
BPY BERMUDA HOLDINGS VI LIMITED

Project #3030440

Issuer Name:

Brookfield Property Partners L.P.
Brookfield Property Preferred Equity Inc.

Brookfield Property Finance ULC

Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated June 10, 2020
NP 11-202 Receipt dated June 10, 2020

Offering Price and Description:

US\$1,500,000,000

Limited Partnership Units

Preferred Limited Partnership Units

Debt Securities

Class A Preference Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

BROOKFIELD PROPERTY PARTNERS L.P.
BROOKFIELD PROPERTY L.P.
BROOKFIELD BPY HOLDINGS INC.
BROOKFIELD BPY RETAIL HOLDINGS II INC.
BPY BERMUDA HOLDINGS LIMITED
BPY BERMUDA HOLDINGS II LIMITED
BPY BERMUDA HOLDINGS IV LIMITED
BPY BERMUDA HOLDINGS V LIMITED
BPY BERMUDA HOLDINGS VI LIMITED

Project #3030434

Issuer Name:

Brookfield Property Preferred Equity Inc.

Brookfield Property Finance ULC

Brookfield Property Partners L.P.

Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated June 10, 2020
NP 11-202 Receipt dated June 10, 2020

Offering Price and Description:

US\$1,500,000,000.00

Limited Partnership Units

Preferred Limited Partnership Units

Debt Securities

Class A Preference Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

BROOKFIELD PROPERTY PARTNERS L.P.
BROOKFIELD PROPERTY L.P.
BROOKFIELD BPY HOLDINGS INC.
BROOKFIELD BPY RETAIL HOLDINGS II INC.
BPY BERMUDA HOLDINGS LIMITED
BPY BERMUDA HOLDINGS II LIMITED
BPY BERMUDA HOLDINGS IV LIMITED
BPY BERMUDA HOLDINGS V LIMITED
BPY BERMUDA HOLDINGS VI LIMITED

Project #3030445

Issuer Name:

dynaCERT Inc. (formerly Dynamic Fuel Systems Inc.)
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 15, 2020
NP 11-202 Receipt dated June 15, 2020

Offering Price and Description:

\$7,276,000.00 - 10,700,000 Units
Price: \$0.68 per Unit

Underwriter(s) or Distributor(s):

Eight Capital
PI Financial Corp.

Promoter(s):

-

Project #3068182

Issuer Name:

Equitable Group Inc.
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated June 12, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

\$1,000,000,000
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants

Share Purchase Contracts

Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3044165

Issuer Name:

Galiano Gold Inc. (formerly Asanko Gold Inc.)
Principal Regulator - British Columbia

Type and Date:

Final Shelf Prospectus dated June 11, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

US\$300,000,000.00 - Common Shares, Warrants,
Subscription Receipts, Units, Debt Securities, Share
Purchase Contracts

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3057709

Issuer Name:

Inflection Resources Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Long Form Prospectus dated June 12, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

A minimum of \$2,000,000.00 and a maximum of
\$3,500,000.00

A minimum of 8,000,000 and a maximum of 14,000,000
Units

Price: \$0.25 per Unit

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Promoter(s):

ALISTAIR WADDELL

ALAIN VOISIN

Project #3048371

Issuer Name:

INV Metals Inc.
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated June 10, 2020
NP 11-202 Receipt dated June 11, 2020

Offering Price and Description:

\$300,000,000.00 - Common Shares, Warrants,
Subscription Receipts, Units, Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3058173

Issuer Name:

Isracann Biosciences Inc. (formerly, Atlas Blockchain
Group Inc.)

Principal Regulator - British Columbia

Type and Date:

Final Shelf Prospectus dated June 9, 2020
NP 11-202 Receipt dated June 10, 2020

Offering Price and Description:

\$10,000,000.00 - Common Shares, Warrants, Subscription
Receipts, Debt Securities, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3029774

Issuer Name:

Oncolytics Biotech Inc.
Principal Regulator - Alberta

Type and Date:

Final Shelf Prospectus dated June 12, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

Cdn.\$150,000,000.00 - Common Shares, Subscription Receipts, Warrants, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3069475

Issuer Name:

Qusitive Technology Solutions, Inc.
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated June 12, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

\$100,000,000.00 - Common Shares, Debt Securities, Subscription Receipts, Warrants, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3059059

Issuer Name:

Spectral Medical Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 12, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

Up to \$5,000,040.00 - Up to 8,333,400 Units
Price: \$0.60 per Offered Unit

Underwriter(s) or Distributor(s):

PARADIGM CAPITAL INC

Promoter(s):

-

Project #3063522

Issuer Name:

SugarBud Craft Growers Corp. (formerly Relentless Resources Ltd.)
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated June 12, 2020
NP 11-202 Receipt dated June 12, 2020

Offering Price and Description:

Minimum Offering of \$3,000,000.00 and Maximum Offering of \$4,000,000.00
12.0% Secured Convertible Debenture Units
\$1,000 per Debenture Unit

Underwriter(s) or Distributor(s):

MACKIE RESEARCH CAPITAL CORPORATION

Promoter(s):

-

Project #3048825

Issuer Name:

The Green Organic Dutchman Holdings Ltd.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated June 9, 2020
NP 11-202 Receipt dated June 9, 2020

Offering Price and Description:

\$15,000,000.00 - 37,500,000 Units
Price: \$0.40 per Unit

Underwriter(s) or Distributor(s):

CANACCORD GENUITY CORP.

Promoter(s):

-

Project #3063271

Issuer Name:

WSP Global Inc.
Principal Regulator - Quebec

Type and Date:

Final Shelf Prospectus dated June 10, 2020
NP 11-202 Receipt dated June 10, 2020

Offering Price and Description:

\$3,000,000,000.00 - Common Shares Preferred Shares
Debt Securities Warrants Subscription Receipts Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3068002

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	PineBridge Investments Canada Inc.	Portfolio Manager and Exempt Market Dealer	May 28, 2020
New Registration	Bluewater Technologies Inc.	Commodity Trading Manager	June 10, 2020
New Registration	Portage Capital Corporation	Exempt Market Dealer	June 12, 2020
New Registration	Downing Street Financial Inc.	Exempt Market Dealer	June 12, 2020

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 Investment Industry Regulatory Organization of Canada (IIROC) – Housekeeping Amendments to Dealer Member Rule 200.2 and Equivalent IIROC Rule on Trade-Confirmation Suppression Requirements – Notice of Commission Deemed Approval

NOTICE OF COMMISSION DEEMED APPROVAL

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

HOUSEKEEPING AMENDMENTS TO DEALER MEMBER RULE 200.2 AND EQUIVALENT IIROC RULE ON TRADE-CONFIRMATION SUPPRESSION REQUIREMENTS

The Ontario Securities Commission did not object to the classification of IIROC's proposed housekeeping amendments to Dealer Member Rule 200.2 and equivalent IIROC Rule on trade-confirmation suppression requirements, which were to align with the recent relief provided by CSA jurisdictions from reporting under National Instrument 24-101 *Institutional Trade Matching and Settlement*. As a result, the proposed housekeeping amendments are deemed to be approved and will be effective on July 1, 2020.

In addition, the Alberta Securities Commission, the Autorité des marchés financiers, the British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Financial and Consumer Services Commission of New Brunswick, the Manitoba Securities Commission, the Northwest Territories Office of the Superintendent of Securities, the Nova Scotia Securities Commission, the Nunavut Securities Office, the Office of the Superintendent of Securities, Service Newfoundland and Labrador, the Office of the Yukon Superintendent of Securities, and the Prince Edward Island Office of the Superintendent of Securities did not object to the amendments.

A copy of IIROC's Notice of Approval/Implementation and the text of the approved amendments can be found at www.osc.gov.on.ca.

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