

B.11.2.2 Canadian Securities Exchange – Housekeeping Rule Amendments to CSE Trading Rule 5 – Notice

CANADIAN SECURITIES EXCHANGE
NOTICE OF
HOUSEKEEPING RULE AMENDMENTS TO
CSE TRADING RULE 5

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendices to the Exchange’s recognition order (the “Protocol”), CNSX Markets Inc., operator of the Canadian Securities Exchange (“CSE” or “Exchange”) has adopted housekeeping rule changes to CSE Trading Rules (the “Amendments”). The Amendments have been classified as Housekeeping Rules and as such, have not been published for comment. Staff of the British Columbia Securities Commission (“BCSC”) and the Ontario Securities Commission (“OSC”) have not disagreed with this classification.

DESCRIPTION OF THE AMENDMENTS AND RATIONALE

The amendments are necessary to reflect the industry move to a trade settlement one trading day after the trade date (“T+1”) basis.

Amendments to Rules 5-103(1), 5-103(2)(a)(i), 5-103(2)(a)(ii), 5-103(2)(b)(i), 5-103(b)(ii), 5-103(b)(iii), and 5-103(2)(c) are being made to conform to applicable amendments being made in North America to move to T+1 as set out CSA Staff Notice 24-318 – Preparing for the Implementation of T+1 Settlement (the “CSA Staff Notice”).

	CSE Rule	Amendment	Rationale
1.	5-103 Settlement of Trades	(1) Trades shall settle on the second <u>first</u> settlement day after the trade date, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement.	Amend to reflect the change to T+1.
2.	5-103(2)(a)	(2) Notwithstanding Rule 5-103(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement: (a) trades on a when issued basis made: (i) prior to the second <u>first</u> Trading Day before <u>of</u> the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security, and (ii) on or after the second <u>first</u> Trading Day before the anticipated date of issue of the security shall settle on the second <u>first</u> settlement day after the trade date, provided if the security has not been issued on the date for settlement such trades shall be settled on the date that the security is actually issued;	Amended to reflect the change to T+1.
3.	5-103(2)(b)	(b) trades for rights, warrants and installment receipts made: (i) on the second Trading Day before the expiry or payment date shall be for special settlement on the settlement day before the expiry or payment date; <u>Repealed (May 27, 2024)</u> (ii) on the second and first Trading Day before the expiry or payment date, shall be cash trades for next day settlement, and <u>Repealed (May 27, 2024)</u> (iii) on expiry or payment date shall be cash trades for immediate settlement and trading shall cease at 12:00 Noon (unless the expiry or payment time is set prior to the close of business in which case trading shall cease at the close of business on the first Trading Day preceding the expiry or payment), provided selling Dealers must have the securities that are being sold in their possession or credited to the selling account’s position prior to such sale; <u>and</u>	Amended to reflect the change to T+1.

B.11: CIRO, Marketplaces, Clearing Agencies and Trade Repositories

4.	5-103(2)(c)	(c) cash trades for next day delivery shall be settled through the facilities of the Clearing Corporation on the first settlement cycle following the date of the trade or, if applicable, over the counter, by noon of the first settlement day following the trade; and Repealed (May 27, 2024)	Amended to reflect the change to T+1.
5.	5-103(2)(d)	(d) cash trades that have been designated by the Exchange for same day settlement shall be settled by over-the-counter delivery no later than 2:00 p.m. on the trade day.	No change.

A blackline of the CSE Trading Rules showing the Amendments is attached as Appendix A to this Notice and a clean version is attached as Appendix B.

The CSE Rule can be viewed at:

[Trading Rules](#) | CSE - Canadian Securities Exchange (thecse.com)

A. Effective Date

The Housekeeping Amendments become effective May 27, 2024.

B. Classification

Amendments have been classified as housekeeping and were not published for comment.

C. Questions

Questions regarding this notice may be directed to:

Anastassia Tikhomirova
Senior Legal Counsel & Designated Privacy Officer
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APPENDIX A

BLACKLINE VERSION OF
CSE TRADING RULE 5

CSE Trading Rules

[...]

RULE 5 CLEARING AND SETTLEMENT OF TRADES

[...]

5-103 Settlement of Trades

- (1) Trades shall settle on the ~~second~~ first settlement day after the trade date, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement.
- (2) Notwithstanding Rule 5-103(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:
 - (a) trades on a when issued basis made:
 - (i) prior to the ~~second~~ first Trading Day ~~before of~~ the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security, and
 - (ii) on or after the ~~second~~ first Trading Day before the anticipated date of issue of the security shall settle on the ~~second~~ first settlement day after the trade date, provided if the security has not been issued on the date for settlement such trades shall be settled on the date that the security is actually issued;
 - (b) trades for rights, warrants and installment receipts made:
 - (i) ~~on the second Trading Day before the expiry or payment date shall be for special settlement on the settlement day before the expiry or payment date;~~ Repealed (May 27, 2024)
 - (ii) ~~on the second and first Trading Day before the expiry or payment date, shall be cash trades for next day settlement, and~~ Repealed (May 27, 2024)
 - (iii) on expiry or payment date shall be cash trades for immediate settlement and trading shall cease at 12:00 Noon (unless the expiry or payment time is set prior to the close of business in which case trading shall cease at the close of business on the first Trading Day preceding the expiry or payment), provided selling Dealers must have the securities that are being sold in their possession or credited to the selling account's position prior to such sale; and
 - (c) ~~cash trades for next day delivery shall be settled through the facilities of the Clearing Corporation on the first settlement cycle following the date of the trade or, if applicable, over the counter, by noon of the first settlement day following the trade; and~~ Repealed (May 27, 2024)
 - (d) cash trades that have been designated by the Exchange for same day settlement shall be settled by over-the-counter delivery no later than 2:00 p.m. on the trade day.

[...]

APPENDIX B
CLEAN VERSION OF
CSE TRADING RULE 5

CSE Trading Rules

[...]

RULE 5 CLEARING AND SETTLEMENT OF TRADES

[...]

5-103 Settlement of Trades

- (1) Trades shall settle on the first settlement day after the trade date, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement.
- (2) Notwithstanding Rule 5-103(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:
 - (a) trades on a when issued basis made:
 - (i) prior to the first Trading Day of the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security, and
 - (ii) on or after the first Trading Day before the anticipated date of issue of the security shall settle on the first settlement day after the trade date, provided if the security has not been issued on the date for settlement such trades shall be settled on the date that the security is actually issued;
 - (b) trades for rights, warrants and installment receipts made:
 - (i) **Repealed (May 27, 2024)**
 - (ii) **Repealed (May 27, 2024)**
 - (iii) on expiry or payment date shall be cash trades for immediate settlement and trading shall cease at 12:00 Noon (unless the expiry or payment time is set prior to the close of business in which case trading shall cease at the close of business on the first Trading Day preceding the expiry or payment), provided selling Dealers must have the securities that are being sold in their possession or credited to the selling account's position prior to such sale; and
 - (c) **Repealed (May 27, 2024)**
 - (d) cash trades that have been designated by the Exchange for same day settlement shall be settled by over-the-counter delivery no later than 2:00 p.m. on the trade day.

[...]