

# 7.3

Réglementation des bourses, des  
chambres de compensation, des OAR et  
d'autres entités réglementées

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## 7.3. RÉGLEMENTATION DES BOURSES, DES CHAMBRES DE COMPENSATION, DES OAR ET D'AUTRES ENTITÉS RÉGLEMENTÉES

### 7.3.1 Consultation

#### Nasdaq CXC Limited et Ensoleillement Inc. – Demande de dispense coordonnée en application de l'Instruction générale 11-203 en vue d'obtenir la dispense pertinente dans les territoires

L'Autorité des marchés financiers (l'« Autorité ») publie la demande sous examen coordonné en vertu de l'Instruction générale 11-203 relative au traitement des demandes de dispense dans plusieurs territoires de dispense de reconnaissance à titre de bourse déposée le 13 octobre 2017 (la « demande de dispense »).

Concurremment à la publication de la demande de dispense initialement soumise, une demande de reconnaissance à titre de bourse a été déposée à la Commission des valeurs mobilières de l'Ontario (la « demande de reconnaissance »). La demande de reconnaissance, accompagnée d'un avis de consultation, ont été publiés par la Commission des valeurs mobilières de l'Ontario le 12 octobre 2017 et ils sont disponibles à [http://www.osc.gov.on.ca/en/SecuritiesLaw\\_bulletin\\_index.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_bulletin_index.htm)

En lien avec la demande, l'Autorité publie également certains projets de documents (présentement disponibles en anglais uniquement) :

- Demande de reconnaissance (Annexe A);
- Projet de Règles et politiques de négociation (Annexe B);
- Projet de Guide des fonctionnalités de négociation (Annexe C);
- Projet de convention d'adhésion (Annexe D).

(Les textes sont reproduits ci-après).

#### **Commentaires**

Les personnes intéressées à soumettre des commentaires doivent en transmettre une copie, au plus tard le 20 novembre 2017, à :

M<sup>e</sup> Anne-Marie Beaudoin  
Secrétaire générale  
Autorité des marchés financiers  
800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
Télécopieur : 514 864-6381  
Courrier électronique : [consultation-en-cours@lautorite.gc.ca](mailto:consultation-en-cours@lautorite.gc.ca)

#### **Information complémentaire**

Pour de plus amples renseignements, on peut s'adresser à :

Serge Boisvert  
Analyste en réglementation  
Direction des bourses et des OAR  
Autorité des marchés financiers

Téléphone : 514 395-0558, poste 4358  
Numéro sans frais : 1 877 525-0337, poste 4358  
Télécopieur : 514 873-7455  
Courrier électronique : [serge.boisvert@lautorite.qc.ca](mailto:serge.boisvert@lautorite.qc.ca)

Maxime Lévesque  
Analyste aux OAR  
Direction des bourses et des OAR  
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Téléphone : 514 395-0337, poste 4324  
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**NASDAQ CXC LIMITED**

25 York Street Suite 900, Toronto (Ontario) M5J 2V5

**Le 13 octobre 2017****PAR MESSAGERIE**

**À :** Autorité des marchés financiers, en qualité d'autorité principale  
800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3

**ET À :** British Columbia Securities Commission

Alberta Securities Commission

Financial and Consumer Affairs Authority of Saskatchewan

Commission des valeurs mobilières du Manitoba

Commission des services financiers et des services aux consommateurs,  
Nouveau-Brunswick

Nova Scotia Securities Commission

Office of the Superintendent of Securities, Île-du-Prince-Édouard

Office of the Superintendent of Securities, Terre-Neuve-et-Labrador

Bureau du surintendant des valeurs mobilières, Territoires du Nord-Ouest

Bureau du Surintendant des valeurs mobilières du Yukon

Bureau des valeurs mobilières du Nunavut

Mesdames, Messieurs,

**Objet :** Nasdaq CXC Limited (« Nasdaq Canada ») et sa société mère,  
Ensoleillement Inc. (« CXCH ») – Demande sous examen coordonné  
applicable à une demande de dispense dans plusieurs territoires aux  
termes de l'Instruction générale 11-203

**I. INTRODUCTION**

Par les présentes, Nasdaq Canada soumet en son nom et au nom de CXCH la présente demande sous examen coordonné applicable à une demande de dispense (la « **demande de dispense** »), conformément à l'*Instruction générale 11-203 relative au traitement des demandes de dispense dans plusieurs territoires* (« **IG 11-203** »), à l'Autorité des marchés financiers (l'« **Autorité** ») et à l'autorité en valeurs mobilières ou à l'agent responsable de

chacune des autres provinces et de chacun des territoires du Canada, autres que l'Ontario (collectivement, les « **autorités de dispense** » et individuellement, un « **territoire** »). La présente demande de dispense est soumise en vue de l'obtention, sous réserve des conditions qui seront énoncées dans la décision des autorités de dispense, d'une dispense de l'exigence d'être reconnue à titre de « bourse » ou, en Nouvelle-Écosse, d'« organisme d'autoréglementation » (*self-regulatory organization*) ou, à Terre-Neuve-et-Labrador, de « bourse de valeurs » (*stock exchange*), conformément aux lois sur les valeurs mobilières de chaque territoire.

## II. AUTORITÉ PRINCIPALE

Conformément au paragraphe 8 de l'article 3.6 de l'IG 11-203, Nasdaq Canada a choisi l'Autorité pour qu'elle agisse en tant qu'autorité principale dans le cadre de la présente demande de dispense.

## III. LOIS SUR LES VALEURS MOBILIÈRES PERTINENTES DANS CHACUN DES TERRITOIRES

Le tableau suivant présente les dispositions des lois sur les valeurs mobilières de chacun des territoires portant sur ce qui suit :

- a) l'obligation d'être reconnue à titre de « bourse » ou, en Nouvelle-Écosse, d'« organisme d'autoréglementation » ou, à Terre-Neuve-et-Labrador, de « bourse de valeurs » aux termes de laquelle Nasdaq Canada et CXCH souhaitent obtenir une dispense,
- b) la décision, par l'autorité du territoire, d'accorder une dispense de l'exigence d'être reconnue.

Territoire	Disposition pertinente de la loi sur les valeurs mobilières du territoire
Colombie-Britannique	a) Article 25 b) Paragraphe 33(1)
Alberta	a) Paragraphe 62(1) b) Article 213
Saskatchewan	a) Article 21.1 b) Article 147.41
Manitoba	a) Paragraphe 139(1) b) Article 167
Québec	a) Article 169 b) Article 263
Nouveau-Brunswick	a) Article 36 b) Article 195.4
Nouvelle-Écosse	a) Article 30J

	b) Article 151A
Île-du-Prince-Édouard	a) Article 70 b) Paragraphe 16(1)
Terre-Neuve-et-Labrador	a) Paragraphe 24(1) b) Articles 138.19 et 142.1
Yukon	a) Article 70 b) Paragraphe 16(1)
Territoires du-Nord-Ouest	a) Article 70 b) Paragraphe 16(1)
Nunavut	a) Article 70 b) Paragraphe 16(1)

Il n'existe aucune différence notable dans la législation en valeurs mobilières applicable de chacun des territoires.

#### IV. DEMANDE DE RECONNAISSANCE À TITRE DE BOURSE EN ONTARIO

Nasdaq Canada et CXCH ont élaboré et déposé, auprès de la Commission des valeurs mobilières de l'Ontario (la « **CVMO** »), une demande de reconnaissance à titre de bourse en Ontario (la « **demande de reconnaissance** »). La CVMO a publié la demande de reconnaissance à des fins de consultation le 12 octobre 2017. Un exemplaire de chacun des documents inclus dans la demande de reconnaissance a été fourni à chacune des autorités de dispense.

Nous demandons respectueusement aux autorités de dispense qu'elles examinent la présente demande de dispense en temps opportun afin que la dispense puisse être accordée en même temps que la reconnaissance en Ontario.

#### V. EXPOSÉ DES FAITS

Nasdaq Canada exercera des activités à titre de bourse à l'échelle du Canada. En tant que société de portefeuille de Nasdaq Canada, CXCH aura, aux termes de la décision de reconnaissance de la CVMO, l'obligation de se conformer à certaines modalités et conditions. Nasdaq Canada et CXCH déposent une demande de dispense d'être reconnue à titre de bourse par les territoires, sous le régime de l'autorité responsable. Le régime de l'autorité responsable est énoncé dans un protocole d'entente (le « **protocole d'entente** ») conclu entre certains membres des Autorités canadiennes en valeurs mobilières portant sur la surveillance des bourses<sup>1</sup>. Les principes sous-jacents du régime de l'autorité responsable sont fondés sur le fait que chaque bourse reconnue (une « bourse ») relève d'une autorité responsable (l'« autorité responsable ») chargée de sa surveillance et d'une ou de plusieurs autorités de dispense (chacune, une « autorité de dispense »). L'autorité de dispense d'une bourse dispense celle-ci d'être reconnue à titre de bourse en considération de ce qui suit :

<sup>1</sup> Le protocole d'entente actuel est entré en vigueur le 1<sup>er</sup> janvier 2010.

- a) la bourse est et continuera d'être reconnue à titre de bourse par l'autorité responsable;
- b) l'autorité responsable est chargée de la surveillance réglementaire de la bourse;
- c) l'autorité responsable informe l'autorité de dispense de ses activités de surveillance et celle-ci a l'occasion de lui faire part à l'autorité responsable de ses observations sur la surveillance de la bourse conformément au protocole d'entente.

Nasdaq Canada déclare ce qui suit aux autorités de dispense :

- a) Nasdaq Canada a l'intention d'exploiter une bourse pour la négociation des titres inscrits à la cote de la Bourse de Toronto, de la Bourse de croissance TSX et de la Bourse des valeurs canadiennes;
- b) Nasdaq Canada a des bureaux à Toronto, en Ontario, et dans aucun autre territoire;
- c) Nasdaq Canada accepte d'être assujettie au programme de surveillance établi par la CVMO conformément aux dispositions énoncées dans le protocole d'entente et de se conformer aux modalités et conditions de l'ordonnance de reconnaissance publiée par la CVMO;
- d) Nasdaq Canada offrira des services aux membres de Nasdaq Canada;
- e) Nasdaq Canada n'a commis aucun manquement à la législation en valeurs mobilières d'un territoire du Canada.

CXCH déclare ce qui suit aux autorités de dispense :

- a) CXCH accepte d'être assujettie au programme de surveillance établi par la CVMO conformément aux dispositions énoncées dans le protocole d'entente et de se conformer aux modalités et conditions de l'ordonnance de reconnaissance publiée par la CVMO;
- b) CXCH n'a commis aucun manquement à la législation en valeurs mobilières d'un territoire du Canada.

## VI. DÉCISIONS ANTÉRIEURES DE L'AUTORITÉ PRINCIPALE

À l'appui de notre demande de dispense, nous nous reportons aux décisions antérieures suivantes de l'Autorité :

- a) Décision dans l'affaire La Neo Bourse Aequitas Inc. et Aequitas Innovations Inc. (décision n° 2014-PDG-0168 en date du 2014-12-03, Bulletin de l'Autorité du 2014-12-11 Vol. 11, n°49);
- b) Décision dans l'affaire Corporation d'Acquisition Groupe Maple, Groupe TMX Inc. et TSX Inc. (décision n° 2012-PDG-0079 en date du 2012-05-02, Bulletin de l'Autorité du 2012-05-03, vol. 9, n°18);
- c) Décision dans l'affaire Corporation d'Acquisition Groupe Maple, Groupe TMX Inc. et Bourse de croissance TSX Inc. (décision n° 2012-PDG-0080 en date du 2012-05-02, Bulletin de l'Autorité du 2012-05-03, vol. 9, n° 18);

- d) Décision dans l'affaire Alpha Exchange Inc. (décision n° 2012-PDG-0024 en date du 2012-03-13, Bulletin de l'Autorité 2012-03-16, vol. 9, n° 11);
- e) Décision dans l'affaire CNSX (anciennement CNQ) (décision n° 2008-PDG-0258 en date du 2008-10-31, Bulletin de l'Autorité 2008-11-07, vol. 5, n° 44).

## VII. DÉCLARATION D'ATTESTATION DE LA VÉRACITÉ DES FAITS

Je soussigné, en qualité de chef de la direction de Nasdaq CXC Limited et non pas à titre personnel, après avoir effectué les vérifications diligentes, atteste que :

- a) le dépôt de la présente demande de dispense est autorisé par Nasdaq Canada et CXCH;
- b) les faits présentés dans la présente demande de dispense sont véridiques en date des présentes;
- c) Nasdaq Canada et CXCH n'ont commis aucun manquement à la législation en valeurs mobilières d'un territoire du Canada.

## VIII. CONCLUSION

Nous vous remercions de l'attention que vous porterez à cette affaire. Pour toute question, n'hésitez pas à communiquer avec M. Rene R. Sorell, de McCarthy Tétrault, au 416-601-7947 ou à rsorell@mccarthy.ca, ou avec M. Cristian O. Blidariu, de McCarthy Tétrault, au 416-601-8156 ou à cblidariu@mccarthy.ca.

Veillez agréer, Mesdames, Messieurs, mes salutations distinguées.

« *Dan Kessous* »

Dan Kessous  
 Chef de la direction  
 Nasdaq CXC Limited

c. c. : Matthew Thompson  
 Nasdaq CXC Limited

Rene R. Sorell  
 McCarthy Tétrault S.E.N.C.R.L., s.r.l.

Cristian O. Blidariu  
 McCarthy Tétrault S.E.N.C.R.L., s.r.l.

Dominique Martin  
 Autorité des marchés financiers

Serge Boisvert  
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Maxime Lévesque  
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Commission des valeurs mobilières de l'Ontario

Tracey Stern  
Commission des valeurs mobilières de l'Ontario

Christopher Byers  
Commission des valeurs mobilières de l'Ontario

Barb Majerski  
Commission des valeurs mobilières de l'Ontario



**ANNEXE A**

**NASDAQ CXC LIMITED**

25 York Street, Suite 900  
Toronto (Ontario) M5J 2V5

Le 2 octobre 2017

Commission des valeurs mobilières de l'Ontario  
20 Queen Street West, Suite 1903  
Toronto (Ontario)  
M5H 3S8

À l'attention de M<sup>me</sup> Susan Greenglass, directrice de la réglementation des marchés

**Objet : Demande de reconnaissance en tant que bourses de Nasdaq CXC Limited (« Nasdaq Canada ») et de sa société mère, la société de portefeuille Ensoleillement Inc. (« CXCH »)**

Mesdames, Messieurs

**I. Demande de reconnaissance de Nasdaq Canada et de CXCH**

**a) Demande de reconnaissance de Nasdaq Canada**

La présente lettre (la « **demande** ») constitue la demande faite par Nasdaq Canada auprès de la Commission des valeurs mobilières de l'Ontario (la « **Commission** ») en vue d'être reconnue en tant que bourse en vertu du paragraphe 21(2) de la *Loi sur les valeurs mobilières* (Ontario), L.R.O. 1990, c. S-5 (la « **Loi** ») et conformément aux modalités et conditions énoncées dans l'ébauche de l'ordonnance de reconnaissance en tant que bourse publiée par la Commission le • 2017 (l'« **ordonnance de reconnaissance** »).

**b) Demande de reconnaissance de CXCH**

La présente lettre constitue également la demande faite par CXCH, société de portefeuille de Nasdaq Canada, auprès de la Commission en vue d'être reconnue en tant que bourse en vertu du paragraphe 21(2) de la Loi et conformément aux modalités de l'ordonnance de reconnaissance.

**c) Demande de dispense pour les territoires canadiens autres que l'Ontario**

Nasdaq Canada exercera des activités en tant que bourse à l'échelle du Canada. Elle a déposé<sup>1</sup> une demande de dispense de reconnaissance en tant que bourse pour Nasdaq Canada et CXCH dans tous les territoires du Canada, sauf l'Ontario, selon le régime de l'autorité responsable. Le régime de l'autorité responsable est énoncé dans un protocole

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<sup>1</sup> La demande de dispense sera publiée par l'Autorité des marchés financiers.

d'entente concernant la surveillance des bourses (le « **protocole d'entente** ») intervenu entre certains membres des Autorités canadiennes en valeurs mobilières<sup>2</sup>.

Les principes qui sous-tendent le régime de l'autorité responsable reposent sur le fait que chaque bourse reconnue (une « **bourse** ») relève d'une autorité responsable (une « **autorité responsable** ») chargée de sa surveillance et d'une ou de plusieurs autorités de dispense (les « **autorités de dispense** »). Les autorités de dispense dispensent la bourse d'être reconnue en tant que bourse en considération de ce qui suit :

- A) la bourse est et demeurera reconnue par l'autorité responsable en tant que bourse;
- B) l'autorité responsable est chargée de la surveillance réglementaire de la bourse;
- C) l'autorité responsable informe les autorités de dispense de ses activités de surveillance et celles-ci ont l'occasion de lui faire part de leurs observations sur la surveillance de la bourse conformément au protocole d'entente.

## **II. Contexte de la demande de Nasdaq Canada et introduction**

### *Activités actuelles*

Depuis que Nasdaq, Inc. l'a acquise en février 2016, Nasdaq CXC Limited (le « **SNP Nasdaq** ») continue d'exploiter le système de négociation parallèle CXC (le « **CXC** ») aux fins de la négociation de titres inscrits à la cote de la Bourse de Toronto (la « **TSX** ») et de la Bourse de croissance TSX (la « **TSXV** »). Le SNP Nasdaq, société constituée sous le régime de la *Loi canadienne sur les sociétés par actions* (la « **LCSA** »), a commencé ses activités le 20 février 2008. Il compte actuellement 66 adhérents et propose la négociation de plus de 4 100 titres. Les adhérents du SNP Nasdaq doivent être membres en règle de l'Organisme canadien de réglementation du commerce des valeurs mobilières (l'« **OCRCVM** ») et avoir la capacité de compenser des opérations par règlement net continu auprès de La Caisse canadienne de dépôts de valeurs limitée.

Le SNP Nasdaq exploite une deuxième plateforme de négociation, le Nasdaq CX2 (le « **CX2** »), vouée à la négociation des mêmes titres inscrits que ceux qui sont négociés au CXC. Le CX2 est destiné aux courtiers en placement inscrits qui sont membres en règle de l'OCRCVM. Le CX2 exploite un marché distinct au moyen de la même plateforme de négociation que celle du CXC. Les principales caractéristiques de la plateforme du CX2 sont décrites sous la rubrique Négociation de la présente demande. Les adhérents du CX2 n'ont pas à être également adhérents du CXC.

Le SNP Nasdaq exploite également une troisième plateforme de négociation canadienne, le Nasdaq CXD (le « **CXD** »), qui est un registre d'ordres cachés. Le CXD est destiné aux courtiers en placement inscrits qui sont membres en règle de l'OCRCVM. Le CXD exploite un marché distinct au moyen de la même plateforme de négociation que celle du CX2. Les principales caractéristiques de la plateforme du CXD sont décrites sous la rubrique Négociation de la présente demande. Les adhérents du CXD n'ont pas à être également adhérents du CXC ou du CX2.

<sup>2</sup> On peut consulter le protocole d'entente actuel, entré en vigueur le 1<sup>er</sup> janvier 2010, en ligne au <https://lautorite.qc.ca/fileadmin/lautorite/bourses-oar-chambres/prot-entente-fr.pdf>.

Le SNP Nasdaq offre également aux « clients autorisés » canadiens, au sens attribué à ce terme dans le *Règlement 31-103 sur les obligations et dispenses d'inscription et les obligations continues des personnes inscrites* (le « **Règlement 31-103** »), l'accès au système de négociation de titres à revenu fixe Nasdaq Fixed Income (le « **système de négociation NFI** ») qui est exploité par la société américaine membre du même groupe que le SNP Nasdaq, Execution Access, LLC (« **EA** »), aux fins de la négociation de titres à revenu fixe non canadiens (les « **titres du Trésor américain** »). Les principales caractéristiques de la plateforme du système de négociation NFI sont décrites sous la rubrique Négociation de la présente demande.

À la date d'effet de l'ordonnance de reconnaissance rendue conformément à la présente demande (la « **date de reconnaissance** »), le SNP Nasdaq cessera ses activités en tant que système de négociation parallèle et Nasdaq Canada commencera ses activités en tant que bourse.

CXCH a été constituée en société le 9 décembre 2015 sous le régime de la *Loi sur les corporations commerciales* (Nouveau-Brunswick). CXCH est actuellement l'unique actionnaire de Nasdaq Canada et le demeurera à la date de reconnaissance.

#### *Participants / Membres*

Nasdaq Canada exploitera un marché électronique automatisé sur lequel les membres de l'OCRCVM qui y auront adhéré (les « **membres** ») pourront négocier des titres inscrits à la cote de la TSX, de la TSXV et de la Bourse des valeurs canadiennes (la « **CSE** »), essentiellement selon le même mode d'exploitation que celui du SNP Nasdaq. La structure de marché de Nasdaq Canada comprendra trois registres d'ordres distincts (individuellement, un « **registre d'ordres** »), à savoir le registre de Nasdaq CXC (le registre CXC), le registre de Nasdaq CX2 (le registre CX2) et le registre de Nasdaq CXD (le registre CXD). À compter de la date de reconnaissance, le registre CXC, le registre CX2 et le registre CXD offriront aux membres des services essentiellement semblables aux services offerts aux adhérents par les trois plateformes de négociation du SNP Nasdaq aujourd'hui.

On prévoit que les adhérents du CXC, du CX2 et du CXD signeront le projet de convention d'adhésion de Nasdaq Canada. Selon le projet de convention d'adhésion de Nasdaq Canada, les membres de Nasdaq Canada s'engageront à être liés par les exigences de la bourse, comme il est prévu en détail plus loin dans la présente demande.

Le projet de convention d'adhésion de Nasdaq Canada est publié en même temps que la présente demande et pourra être consulté sur le site Web de Nasdaq Canada à compter de la date de reconnaissance.

À compter de la date de reconnaissance, Nasdaq Canada continuera de fournir aux « clients autorisés » canadiens, au sens attribué à ce terme dans le Règlement 31-103, l'accès au système de négociation NFI exploité par EA aux fins de la négociation de titres du Trésor américain.

#### *Politiques de négociation*

Nasdaq Canada adoptera les Règles et politiques de négociation (Trading Rules and Policies) publiées en même temps que la présente demande, et celles-ci pourront être consultées sur le site Web de Nasdaq Canada à compter de la date de reconnaissance.

### III. Critères de reconnaissance applicables à Nasdaq Canada

Le texte qui suit présente les critères de reconnaissance qui s'appliqueront à Nasdaq Canada et la manière dont Nasdaq Canada se propose d'y répondre. Les critères portent sur les sujets suivants :

- la gouvernance;
- l'accès;
- la réglementation des participants aux marchés et des émetteurs;
- les règles et l'établissement des règles;
- les procédures équitables;
- la compensation et le règlement;
- les systèmes et la technologie;
- la viabilité financière;
- les droits;
- le partage d'information et la coopération entre organismes de réglementation.

#### A. Gouvernance

##### Critères de gouvernance

- (i) **La structure de gouvernance et les dispositions relatives à la gouvernance de Nasdaq Canada et de CXCH doivent permettre de garantir ce qui suit : a) la Bourse fait l'objet d'une surveillance efficace; b) les décisions relatives aux activités et à la réglementation respectent le mandat d'intérêt public de Nasdaq Canada et de CXCH; c) il y a une représentation juste, significative et diversifiée au conseil d'administration et à tout comité du conseil; d) des politiques et des procédures sont en place pour permettre de reconnaître et de gérer les conflits d'intérêts de manière appropriée; et e) les administrateurs sont assujettis à des dispositions appropriées en matière de compétences, de rémunération, de limite de responsabilité et d'indemnisation;**
- (ii) **Nasdaq Canada et CXCH doivent être dotées de politiques et de procédures aux termes desquelles elles seront tenues de prendre des mesures raisonnables pour s'assurer que chacun des administrateurs et des dirigeants a les qualités et les compétences requises pour exercer ses fonctions.**

#### 1. Propriété de Nasdaq Canada et de CXCH

Le SNP Nasdaq, société constituée sous le régime de la LCSA, a commencé ses activités le 20 février 2008. À la date de reconnaissance, le SNP Nasdaq cessera ses activités en tant que SNP, et Nasdaq Canada commencera ses activités en tant que bourse.

CXCH a été constituée en société le 9 décembre 2015 sous le régime de la *Loi sur les corporations commerciales* (Nouveau-Brunswick). CXCH est actuellement et demeurera l'unique actionnaire de Nasdaq Canada à la date de reconnaissance.

Nasdaq, Inc. (le « **Nasdaq** ») a été constituée en société sous le régime des lois de l'État du Delaware, aux États-Unis, le 12 janvier 1976. Le Nasdaq est l'unique actionnaire de CXCH.

Nasdaq, Inc. est l'un des plus importants fournisseurs de services de négociation, de compensation, de technologie boursière, de réglementation, d'inscription de titres et d'information ainsi que de services aux sociétés sur six continents. L'offre du Nasdaq à l'échelle mondiale est diverse et comprend la négociation et la compensation de multiples catégories d'actifs, des services d'accès, des produits d'information, des indices financiers, des solutions pour la formation de capital, des solutions pour les sociétés et des produits et services de technologie de marché.

Le Nasdaq est une société ouverte détenue par divers actionnaires. Hormis les actionnaires figurant à l'Annexe 21-101A<sup>3</sup> déposée de façon distincte auprès de la Commission en même temps que la présente demande, et comme il est indiqué dans la circulaire de sollicitation de procurations 2017 du Nasdaq qui a été déposée auprès de la Securities and Exchange Commission des États-Unis le 29 mars 2017, aucun actionnaire connu ne détient un pourcentage important des titres du Nasdaq.

## **2. Objectifs de la structure de gouvernance**

La structure de gouvernance de Nasdaq Canada et de CXCH est conçue pour garantir ce qui suit :

- Les décisions de Nasdaq Canada relatives aux activités et à la réglementation respectent son mandat d'intérêt public;
- Il y a une représentation juste, significative et diversifiée au conseil d'administration et aux comités du conseil, notamment en ce qui a trait au nombre d'administrateurs indépendants;
- Les intérêts des personnes ou des sociétés qui accèdent aux installations de Nasdaq Canada et/ou à ses services sont pris en compte et représentés de manière appropriée;
- Nasdaq Canada et CXCH sont dotées de politiques et de procédures permettant de reconnaître et de gérer les conflits d'intérêts de manière appropriée;
- Chacun des administrateurs et des dirigeants de Nasdaq Canada et de CXCH a les qualités et les compétences requises pour exercer ses fonctions;
- Les administrateurs et les dirigeants sont assujettis à des dispositions appropriées en matière de compétences, de rémunération, de limite de responsabilité et d'indemnisation.

## **3. Structure du conseil de CXCH et de Nasdaq Canada**

### **a. Conseil et comité de CXCH**

CXCH est une société de portefeuille. On s'attend à ce que le conseil d'administration (le « conseil ») de CXCH se compose de six administrateurs, dont trois seront indépendants. Le président du conseil de CXCH sera un administrateur indépendant.

Le quorum du conseil de CXCH sera constitué de la majorité des administrateurs, dont au moins 50 % devront être des administrateurs indépendants. Les critères d'indépendance sont indiqués ci-après.

<sup>3</sup> Voir l'annexe B – *Propriété* de l'Annexe 21-101A1.



Le conseil de CXCH mettra sur pied et maintiendra un comité des candidatures, comme il est expliqué en détail ci-après. Le président du comité des candidatures de CXCH sera un administrateur indépendant.

On s'attend à ce que les premiers conseils de CXCH et Nasdaq Canada soient des conseils identiques, c'est-à-dire à ce qu'ils soient composés des mêmes administrateurs indépendants et non indépendants.

**b. Conseil et comité de Nasdaq Canada**

On s'attend à ce que le conseil de Nasdaq Canada se compose de six administrateurs, dont trois seront indépendants. Les administrateurs non indépendants devraient être Dan Kessous (chef de la direction de Nasdaq Canada), Thomas Wittman, vice-président directeur, chef mondial du marché des actions du Nasdaq (à l'heure actuelle, administrateur de CXCH et de Nasdaq Canada) et Tal Cohen, premier vice-président, chef du marché des actions nord-américaines du Nasdaq.

On s'attend à ce que les trois administrateurs indépendants de Nasdaq Canada soient des résidents du Canada qui possèdent une très vaste expérience des services financiers, de la gestion du risque de marché et de la gouvernance et qui répondent aux critères d'indépendance expliqués en détail ci-après.

Le quorum du conseil de Nasdaq Canada sera constitué de la majorité des administrateurs, dont au moins 50 % devront être des administrateurs indépendants. Le président du conseil de Nasdaq Canada sera un administrateur indépendant.

Le conseil de Nasdaq Canada mettra sur pied et maintiendra un comité de surveillance réglementaire, comme il est expliqué en détail ci-après.

**4. Structure des comités du conseil de CXCH**

**a. Comité des candidatures de CXCH**

Le comité des candidatures du conseil de CXCH se composera d'au moins trois membres, dont la majorité seront des administrateurs indépendants, et dont un des membres sera le président du conseil de CXCH. Le président du comité des candidatures de CXCH sera un administrateur indépendant. Le rôle du comité des candidatures sera de trouver et de proposer des candidats compétents afin qu'ils occupent un poste d'administrateur au sein du conseil de CXCH et du conseil de Nasdaq Canada. Le quorum du comité des candidatures est constitué de la majorité des membres, dont la majorité doivent être des administrateurs indépendants.

**5. Structure des comités du conseil de Nasdaq Canada**

**a. Comité de surveillance réglementaire de Nasdaq Canada**

Le comité de surveillance réglementaire du conseil de Nasdaq Canada se composera d'au moins trois administrateurs, dont la majorité devront être indépendants. Le quorum du comité de surveillance réglementaire sera constitué de la majorité des membres, dont la majorité devront être des administrateurs indépendants.

Le comité de surveillance réglementaire a pour mandat de surveiller l'exercice, par Nasdaq Canada, de ses responsabilités de réglementation ainsi que la gestion des conflits d'intérêts, et, entre autres attributions, il fait ce qui suit :

- il examine les projets de règlements et de règles devant être soumis à la Commission aux fins d'examen et d'approbation aux termes de l'annexe 5 de l'ordonnance de reconnaissance et il prend des décisions ou fait des recommandations au conseil de Nasdaq Canada à cet égard;
- il examine les conflits d'intérêts réels ou perçus susceptibles de survenir, y compris, sans limitation, en tenant compte de ce qui suit :
  - la représentation des participants aux marchés de Nasdaq Canada au conseil de CXCH ou au conseil de Nasdaq Canada;
  - les changements importants apportés à la propriété de Nasdaq Canada et de CXCH;
  - l'objectif de rentabilité de Nasdaq Canada et ses responsabilités en matière d'intérêt public, notamment la surveillance générale de la gestion des responsabilités de Nasdaq Canada en matière de réglementation et d'intérêt public;
- il surveille la mise en place de mécanismes visant à éviter ou à gérer de façon appropriée les conflits d'intérêts ou les conflits d'intérêts potentiels, perçus ou réels, notamment les politiques et procédures élaborées par Nasdaq Canada et CXCH;
- il surveille le fonctionnement des mécanismes de traitement des conflits d'intérêts, notamment l'établissement, par Nasdaq Canada et par CXCH, de rapports sur les conflits d'intérêts;
- il examine périodiquement, au moins une fois l'an, l'efficacité des politiques et des procédures en matière de conflits d'intérêts;
- il rédige, chaque année, un rapport sur l'évitement et la gestion des conflits d'intérêts, les mécanismes utilisés à cette fin et leur efficacité, et remet ce rapport sans délai au conseil de Nasdaq Canada, puis à la Commission, dans les 30 jours suivant sa remise au conseil de Nasdaq Canada;
- il remet directement à la Commission un rapport écrit sur toute question que le comité de surveillance réglementaire juge appropriée ou que la Commission exige, sans avoir à demander l'approbation préalable du conseil de Nasdaq Canada.

Nasdaq Canada devra obtenir l'approbation de la Commission avant d'apporter des modifications au mandat du comité de surveillance réglementaire, lequel mandat sera publié sur le site Web de Nasdaq Canada.

#### **6. Normes relatives à l'indépendance de Nasdaq Canada et de CXCH**

Nasdaq Canada et CXCH ont établi les normes qui suivent pour déterminer si un administrateur est indépendant (les « **normes d'indépendance** »). Un administrateur indépendant n'a pas de relation importante directe ou indirecte avec Nasdaq Canada ou avec CXCH, une « **relation importante** » s'entendant d'une relation dont le conseil de Nasdaq Canada ou le conseil de CXCH pourrait raisonnablement s'attendre à ce qu'elle nuise à l'indépendance du jugement de l'administrateur indépendant. L'administrateur indépendant doit être « **indépendant** » au sens attribué à ce terme à l'article 1.4 du *Règlement 52-110 sur le comité d'audit* (le « **Règlement**

**52-110** »), dans sa version modifiée à l'occasion. L'administrateur n'est pas indépendant s'il répond aux conditions suivantes :

- il est un associé, un dirigeant<sup>4</sup>, un administrateur ou un employé d'un participant à un marché de Nasdaq Canada ou d'une entité du même groupe<sup>5</sup> qu'un participant à un marché de Nasdaq Canada et a la responsabilité des activités quotidiennes de ce participant au marché ou y participe de manière active;
- il est un dirigeant ou un employé de CXCH ou d'une entité du même groupe qu'elle;
- il est un associé, un dirigeant ou un employé de Nasdaq ou est une personne qui a un lien<sup>6</sup> avec un tel associé, dirigeant ou employé;
- il est un administrateur de Nasdaq ou est une personne qui a un lien avec un tel administrateur;
- il a la propriété ou le contrôle, directement ou indirectement, de plus de 5 % des actions de CXCH ou il est un dirigeant ou un employé d'une personne ou d'une compagnie qui a la propriété ou le contrôle, directement ou indirectement, de plus de 5 % des actions de CXCH;
- il est un administrateur d'une personne ou d'une compagnie qui est propriétaire bénéficiaire, directement ou indirectement, de plus de 5 % de toute catégorie ou série d'actions avec droit de vote du Nasdaq ou qui contrôle un tel pourcentage de ces actions;
- il a avec le Nasdaq ou avec une personne ou une compagnie qui est propriétaire, directement ou indirectement, de plus de 5 % des actions de CXCH ou qui contrôle un tel pourcentage de ces actions, une relation qui, de l'avis du comité des candidatures et compte tenu de toutes les circonstances pertinentes, pourrait raisonnablement être perçue comme nuisant à l'indépendance de son jugement en tant qu'administrateur de CXCH ou de Nasdaq Canada.

L'ordonnance de reconnaissance permet au comité des candidatures de CXCH de renoncer à l'application de restrictions précises énoncées ci-dessus s'il établit que la renonciation ne nuira pas à l'indépendance des administrateurs, et si la Commission ne s'y oppose pas. Il est ainsi possible de prendre en considération la candidature de personnes indépendantes qualifiées par ailleurs à un poste d'administrateur indépendant au conseil de Nasdaq Canada ou de CXCH.

L'établissement de normes d'indépendance vise à empêcher que toute personne qui a une relation importante avec CXCH ou avec les entités du même groupe qu'elle ait la qualité d'administrateur indépendant. Le comité des candidatures de CXCH est chargé de faire des recommandations au conseil de Nasdaq Canada et à celui de CXCH, selon le cas, au sujet de l'interprétation des normes d'indépendance et de leur application aux administrateurs de Nasdaq Canada et aux administrateurs de CXCH, selon le cas.

## **7. Qualités et compétences requises des administrateurs et des dirigeants**

Nasdaq Canada et CXCH veilleront à ce que chacun de leurs administrateurs et dirigeants respectifs ait les qualités et les compétences requises pour qu'il y ait des motifs raisonnables de

<sup>4</sup> « dirigeant » a le sens qui est attribué à ce terme au paragraphe 1(1) de la Loi.

<sup>5</sup> « entité du même groupe » a le sens qui est attribué à ce terme sous l'article 1.3 du *Règlement 21-101 sur le fonctionnement du marché*.

<sup>6</sup> « personne qui a un lien » a le sens qui est attribué à ce terme au paragraphe 1(1) de la Loi.

croire que les activités de Nasdaq Canada et de CXCH seront exercées avec intégrité et d'une manière qui soit dans l'intérêt du public.

Le nom et les compétences des candidats aux postes d'administrateur seront fournis au comité des candidatures de CXCH, qui les étudiera et déterminera si la personne possède les qualifications, les qualités et les compétences requises. Le conseil de Nasdaq Canada ou celui de CXCH, selon le cas, passera en revue les dossiers des dirigeants et détermineront s'ils ont les qualités et les compétences requises.

#### **8. Gestion des conflits d'intérêts potentiels au sein de Nasdaq Canada et de CXCH**

Nasdaq Canada et CXCH adopteront individuellement une politique sur les conflits d'intérêts applicable aux membres de leur conseil respectif dans laquelle seront énoncées les obligations et les attentes imposées aux administrateurs relativement au traitement des conflits d'intérêts et des questions de confidentialité. La politique prévoira notamment que chaque administrateur de Nasdaq Canada ou de CXCH, en cette qualité, doit agir avec intégrité et de bonne foi, au mieux des intérêts de Nasdaq Canada ou de CXCH, et avec le soin, la diligence et la compétence que démontrerait, dans les mêmes circonstances, une personne raisonnablement prudente. De plus, conformément à la politique, les administrateurs devront veiller à ce qu'il n'y ait pas de conflit entre leurs intérêts personnels et leurs obligations envers Nasdaq Canada ou CXCH, selon le cas, et à ce qu'ils ne reçoivent ni n'obtiennent, directement ou indirectement, aucun profit, gain ou avantage personnel (autre que la rémunération versée au titre de leurs fonctions d'administrateur) en raison de leur relation avec Nasdaq Canada ou avec CXCH. La politique sur les conflits d'intérêts stipulera également que les administrateurs doivent déclarer la nature et la portée de leur intérêt dans une opération ou un contrat d'importance avec Nasdaq Canada ou avec CXCH.

De plus, Nasdaq Canada et CXCH établiront des politiques et des procédures portant sur les questions de conflits d'intérêts prévues dans l'ordonnance de reconnaissance, y compris les conflits découlant des interactions entre Nasdaq Canada, d'une part, et CXCH et ses actionnaires, d'autre part, et des conflits entre les fonctions réglementaires et les activités commerciales de Nasdaq Canada.

Conformément à l'ordonnance de reconnaissance, le Nasdaq aussi doit établir des politiques et des procédures pour gérer les conflits d'intérêts découlant de ses interactions avec Nasdaq Canada et avec CXCH, et pour préserver la confidentialité.

#### **B. Accès**

##### **Critères relatifs à l'accès équitable**

**Nasdaq Canada doit établir des normes écrites appropriées concernant l'accès à ses services, en exigeant notamment que les participants au marché soient adéquatement inscrits en conformité avec la législation ontarienne en valeurs mobilières, ou qu'ils soient dispensés de cette inscription. Ces normes d'accès et le processus d'obtention, de limitation et de refus de l'accès doivent être justes, transparents et appliqués de manière raisonnable.**

Nasdaq Canada a établi des normes écrites appropriées concernant l'accès à ses services de négociation et à ses services connexes. Il est en effet obligatoire pour les membres de Nasdaq Canada d'être adéquatement inscrits en conformité avec la législation en valeurs mobilières et

d'être des courtiers membres de l'Organisme canadien de réglementation du commerce des valeurs mobilières (l'« **OCRCVM** »), sauf en ce qui concerne l'accès au système de négociation NFI accordé ponctuellement à des clients autorisés canadiens, au sens attribué à ce terme dans le *Règlement 31-103 sur les obligations et dispenses d'inscription et les obligations continues des personnes inscrites*. Les normes relatives à l'accès et le processus d'obtention, de limitation et de refus de l'accès sont énoncés dans le chapitre 4 des Règles et politiques de négociation, et ces normes et processus sont justes, transparents et peuvent être appliqués raisonnablement.

Nasdaq Canada peut refuser d'approuver un demandeur si celui-ci ou une personne qui lui est liée a commis ou commet une inconduite ou si le demandeur refuse de respecter les exigences de Nasdaq Canada ou n'est pas qualifié sur les plans de l'intégrité, de la solvabilité, de la formation ou de l'expérience. Le courtier que Nasdaq Canada refuse d'approuver a un droit d'appel.

Les courtiers qui sont admissibles à devenir membres doivent suivre un processus de demande et signer la convention d'adhésion de Nasdaq Canada. Dès qu'il est approuvé, un membre doit observer toutes les exigences de la bourse qui sont énoncées dans la convention d'adhésion et dans les Règles et les politiques de négociation et qui sont communiquées aux membres à l'occasion.

Le projet de convention d'adhésion et les Règles et politiques de négociation ont été déposés en même temps que la présente demande.

### C. Réglementation des participants

#### Critères relatifs à la réglementation des participants

**Nasdaq Canada doit disposer des pouvoirs, des ressources, des capacités, des systèmes et des processus nécessaires pour s'acquitter de ses fonctions de réglementation, que ce soit directement ou indirectement par l'intermédiaire d'un fournisseur de services de réglementation, y compris établir des exigences régissant la conduite de ceux-ci, surveiller la conduite des participants et imposer des mesures disciplinaires appropriées aux participants en cas de manquement aux exigences de la bourse.**

Nasdaq Canada dispose des pouvoirs, de la capacité, des systèmes et des processus nécessaires pour s'acquitter de ses fonctions de réglementation, que ce soit directement ou indirectement par l'intermédiaire d'un fournisseur de services de réglementation, en faisant ce qui suit :

- Établir des exigences régissant la conduite de ses membres;
- Surveiller la conduite de ses membres et, s'il y a lieu, si Nasdaq Canada exerce dans l'avenir des activités d'inscription, la conduite de ses émetteurs inscrits;
- Imposer des mesures disciplinaires appropriées à ses membres en cas de manquement aux exigences de la bourse.

Nasdaq Canada conclura une entente de services de réglementation avec l'OCRCVM afin que celui-ci lui fournisse des services de réglementation du marché. Le SNP Nasdaq a conclu avec l'OCRCVM une entente de services de réglementation aux termes de laquelle l'OCRCVM fournit des services de réglementation à l'égard du SNP Nasdaq.

## 1. Négociation

### a. Sommaire des caractéristiques et des fonctions de la plateforme de négociation

Nasdaq Canada transformera ses activités de marché, qui passeront de celles d'un SNP à celles d'une bourse, sans apporter de changement important à sa plateforme de négociation ou à ses activités actuelles. Les fonctions actuellement en place afin de soutenir la plateforme de négociation du SNP Nasdaq demeureront disponibles après la date de reconnaissance. Les politiques particulières associées aux activités de négociation sont énoncées dans les Règles et politiques de négociation de Nasdaq Canada, dont une copie a été déposée avec la présente demande.

Nasdaq Canada exploitera un marché aux enchères en continu du lundi au vendredi, à l'exception des jours fériés au Canada. Il offrira la négociation des titres inscrits à la TSX, à la TSXV et à la CSE au moyen de trois registres d'ordres distincts : le CXC, le CX2 et le CXD. Les séances de négociation pour le CXC et le CX2 se dérouleront de 8 h 30 à 17 h. (HNE). Les séances de négociation pour le CXD se dérouleront de 9 h 30 à 16 h.

Le registre CXC fera l'appariement en fonction de la priorité prix/temps, les ordres visibles ayant priorité sur les ordres cachés assortis du même prix. Par défaut, les ordres du registre CXC seront anonymes. Le CXC acceptera les lots réguliers et irréguliers.

Le registre CX2 fera l'appariement en fonction de la priorité prix/courtier/temps, les ordres visibles soumis par les courtiers ayant priorité sur les ordres cachés assortis du même prix soumis par d'autres personnes que des courtiers. Les ordres anonymes et les ordres de jitney ne sont pas admissibles à la direction préférentielle. Par défaut, les ordres du registre CXC2 seront attribués. Le CXC2 acceptera les lots réguliers et irréguliers.

Le registre CXD est un registre caché qui fera l'appariement en fonction de la priorité prix/courtier/temps. Les ordres inscrits au CXD qui ne respectent pas les exigences liées à la taille minimale, au sens des *Règles universelles d'intégrité du marché* (RUIM), doivent offrir une amélioration minimale du cours aux ordres entrants. Les ordres du registre CXD sont attribués par défaut et sont automatiquement admissibles à la direction préférentielle. Les membres ne peuvent pas se soustraire à la direction préférentielle pour les ordres attribués. Les ordres anonymes et les ordres de jitney ne sont pas admissibles à la direction préférentielle. Le CXC2 acceptera les lots réguliers et irréguliers.

Les ordres qui ne sont pas immédiatement appariés seront inscrits dans les registres d'ordres.

La plateforme de négociation de Nasdaq Canada acceptera les types d'ordres suivants :

- Ordres à cours limité
- Ordres au cours du marché

Elle acceptera également les ordres ayant les types d'attributs suivants :

- Condition de validité (Jour, IOC, FOK)
- Quantité (minimum, minimum acceptable, tout ou rien)
- Attribution (anonyme/attribué)
- Ordres à cours fixé (primaire, au cours médian et selon le marché)
- Ordre à cours fixé selon une amélioration minimale du cours
- Visibilité (caché, iceberg/en réserve et X-berg)
- Prévention de l'autonégociation
- Pour affichage seulement

Nasdaq Canada permettra également aux membres d'entrer des applications intentionnelles, dont des applications hors des circuits habituels. Les membres seront tenus d'entrer les applications en conformité avec les dispositions réglementaires applicables à celles-ci.

Nasdaq Canada continuera de fournir aux « clients autorisés » canadiens, au sens attribué à ce terme dans le Règlement 31-103, l'accès au système de négociation NFI exploité par EA pour la négociation des titres du Trésor américain. Nasdaq Canada sera l'entité qui interagira avec les clients canadiens qui négocient des titres à revenu fixe. Ces clients canadiens ont conclu avec Nasdaq Canada une entente supplémentaire qui prévoit l'acheminement des ordres des clients canadiens au système de négociation NFI. EA demeurera responsable de l'exécution des ordres sur les titres du Trésor américain sur la plateforme NFI.

Nasdaq Canada et EA ont conclu une entente à l'égard de l'acheminement des ordres. Les ordres transmis par un client situé au Canada visant un titre à revenu fixe négocié aux États-Unis seront acheminés et exécutés conformément aux modalités de cette entente. Nasdaq Canada n'exécutera pas les opérations sur les titres du Trésor américain. Nasdaq Canada recevra les ordres des clients canadiens qui négocient des titres à revenu fixe et les acheminera au NFI conformément aux modalités de l'entente.

L'interface utilisateur graphique NFI offre aux clients canadiens qui négocient des titres à revenu fixe une application de négociation qui permet aux utilisateurs de personnaliser la passation d'ordres et de procéder au suivi en temps réel et à la gestion des ordres, des positions, des profits et des pertes. L'interface de programmation NFI permet aux clients canadiens de passer des ordres et leur donne accès au traitement direct. Les clients canadiens qui utilisent l'interface de programmation NFI ont également accès à des données de marché en temps réel et à des données historiques. Le protocole FIX du NFI permet aux clients canadiens de passer des ordres et leur donne accès au traitement direct. Les clients canadiens peuvent également se connecter en utilisant un système de gestion des ordres d'un fournisseur tiers.

Le NFI accepte les ordres à cours limité seulement. Les ordres à cours limité peuvent être assortis des conditions de validité Jour (« JOUR »), Immédiat ou annulation (« IOC » pour *Immediate Or Cancel*), *Good 'til Bettered* (« GTB »), ou Au mieux

(« OAB » pour *Only At Best*). Un ordre à cours limité sera exécuté seulement à un cours égal ou supérieur au cours indiqué. Il peut être apparié en partie ou en totalité. Si un ordre n'est pas exécuté intégralement, la quantité non exécutée est inscrite dans le registre d'ordre, sauf si la condition de validité est IOC.

#### b. Accès

Nasdaq Canada utilisera une interface FIX pour accéder aux systèmes de négociation. Les spécifications seront publiées sur le site Web de Nasdaq Canada. Nasdaq Canada offrira du soutien et fournira l'accès à un environnement d'essai pour l'élaboration et la certification des interfaces des membres.

Les membres peuvent accéder à la bourse directement ou par l'intermédiaire de fournisseurs de services tiers agréés.

#### c. Contrôles opérationnels

Nasdaq Canada fournira plusieurs contrôles opérationnels afin de s'acquitter de son mandat d'exploiter un marché équitable et ordonné :

- **Arrêts de négociation** : La négociation peut être arrêtée à l'égard d'un titre ou d'un groupe de titres pour n'importe quel registre d'ordres par la bourse (« interruption des activités ») ou le fournisseur de services de réglementation (« interruption réglementaire»). L'arrêt de la négociation d'un titre est considéré comme une mesure importante et celle-ci est généralement prise par l'OCRCVM ou en collaboration avec celui-ci. Toutefois, pour assurer le maintien de marchés équitables et réagir à certains événements touchant le marché, il peut être nécessaire de disposer d'autres options dans les rares circonstances où les préjudices sont évidents et immédiats et qu'on ne peut se permettre d'attendre la réponse de l'OCRCVM. Dans cette situation, Nasdaq Canada peut annoncer un arrêt de la négociation. Le cas échéant, il est évident que les responsabilités en matière de reddition de compte et de surveillance s'appliqueront. Si Nasdaq Canada arrête la négociation d'un titre, un rapport sera soumis à l'OCRCVM et à la Commission aux fins d'examen et de suivi;
- **Seuils appliqués par le marché** : Nasdaq Canada respectera les seuils appliqués par le marché conformément aux exigences du *Règlement 23-101 sur les règles de négociation* (« **Règlement 23-101** ») et aux lignes directrices de l'OCRCVM. Ces seuils seront en vigueur de 9 h 30 à 17 h (HNE) pour le CXC et le CX2 et de 9 h 30 à 16 h (HNE) pour le CXD;
- **Protection des ordres** : Conformément au Règlement 23-101, Nasdaq Canada offrira ce qui suit :
  - Modification des cours : Les membres peuvent choisir de faire modifier automatiquement le cours des ordres qui dépasseraient le meilleur cours acheteur et vendeur national (le « NBBO » pour *National Best Bid and Offer*) et seraient exécutées dans le cadre d'une transaction hors cours aux termes d'un ordre doté d'un meilleur cours sur un marché protégé, étant donné que le NBBO est mis à jour afin de prévenir l'exécution hors cours et les marchés croisés.



- Annulation : Les membres peuvent choisir de faire annuler leurs ordres (en plus de choisir de faire modifier les cours) afin de prévenir l'exécution de transactions hors cours.
- Ordres à traitement imposé (« OTI ») : Les membres peuvent désigner un ordre comme un OTI et contourner le mécanisme de modification des cours.

#### **d. Règles et politiques de négociation de Nasdaq Canada**

Les règles applicables aux membres et les politiques relatives aux activités de négociation sont publiées dans les Règles et politiques de négociation de Nasdaq Canada. Ce document comporte les chapitres suivants :

Chapitre 1:	Définitions et interprétation
Chapitre 2:	Politiques et pouvoirs de la bourse
Chapitre 3:	Membres
Chapitre 4:	Accès à la négociation
Chapitre 5:	Négociation
Chapitre 6:	Dispositions concernant la négociation de lots irréguliers
Chapitre 7:	Compensation et règlement
Chapitre 8:	Politique en matière d'appels
Chapitre 9	Dispositions générales

#### **e. Politiques de négociation de Nasdaq Canada**

Le chapitre 5 des Règles et politiques de négociation énonce des caractéristiques et politiques clés concernant la négociation par l'intermédiaire de Nasdaq Canada. Il couvre les sujets suivants :

- Registres d'ordres
- Séances de négociation
- Arrêts de négociation
- Seuils appliqués sur le marché
- Modification et annulation des transactions
- Types d'ordres et attributs des ordres
- Traitement des ordres
- Applications
- Observation des règles de protection des ordres
- Déclaration des ordres et des opérations
- Mécanisme de négociation des lots irréguliers de Nasdaq Canada

Nasdaq Canada a également adopté un Guide des fonctionnalités de négociation (Trading Functionality Guide) qui vise à compléter les Règles et politiques de négociation de Nasdaq

Canada. Le Guide des fonctionnalités de négociation fournit divers exemples et couvre les sujets suivants :

- Opérations de négociation
- Registres d'ordres
- Priorité de l'appariement des ordres
- Types d'ordres
- Sommaire des ordres inscrits dans les registres d'ordres
- Mécanisme de négociation des lots irréguliers de Nasdaq Canada
- Traitement des ordres non affichés
- Traitement des ordres conformément aux règles de protection des ordres
- Outils de gestion des risques

## 2. Données

Actuellement, les abonnés du CXC, du CX2 et du CXD, ainsi que d'autres tiers, peuvent acheter divers produits de données destinés à l'utilisation interne ou à la redistribution en concluant une convention d'utilisation de données (Data Use Agreement) ou une convention de distribution de données (Data Distribution Agreement) avec le SNP Nasdaq. Nasdaq Canada continuera d'offrir des produits de données comme le fait actuellement le SNP Nasdaq, en apportant les modifications nécessaires afin de refléter le statut de bourse de Nasdaq Canada et tenir compte de questions connexes.

## 3. Inscription

Nasdaq Canada n'entend pas actuellement exercer d'activités d'inscription.

### D. Règles et établissement des règles

#### Critères relatifs aux règles et à l'établissement des règles

**Nasdaq Canada doit être dotée de règles, de politiques et d'autres instruments similaires conçus pour faire ce qui suit : (i) régir et réglementer de façon appropriée les opérations et les activités des participants et, lorsque Nasdaq Canada commencera à exercer des activités d'inscription, le cas échéant, des émetteurs; (ii) créer un marché équitable et ordonné; et (iii) établir un cadre pour les mesures disciplinaires et les mesures d'application.**

Nasdaq Canada établira des règles, des politiques et d'autres instruments similaires (les « **règles** ») conçus pour régir les opérations et les activités des membres et, lorsque Nasdaq Canada commencera à exercer des activités d'inscription, le cas échéant, des émetteurs et pour faire ce qui suit :

- Assurer la conformité à la législation en valeurs mobilières;
- Empêcher les pratiques et actes frauduleux et les manipulations;
- Promouvoir des principes de négociation justes et équitables;

- Prévoir des sanctions appropriées en cas de manquement aux règles de Nasdaq Canada;
- Créer un marché équitable et ordonné;
- Établir un cadre pour les mesures disciplinaires et les mesures d'application.

Nasdaq Canada conclura avec l'OCRCVM une convention de services de réglementation concernant la surveillance des exigences prévues par les RUIIM.

Nasdaq Canada respectera le processus d'examen et d'approbation des règles et de l'information contenue dans l'Annexe 21-101A1 et ses annexes, comme il est indiqué dans l'ordonnance de reconnaissance.

Le comité de surveillance réglementaire examine les projets de règlements et de règles devant être soumis à la Commission aux fins d'examen et d'approbation aux termes de l'annexe 5 de l'ordonnance de reconnaissance et il prend des décisions ou fait des recommandations au conseil de Nasdaq Canada à cet égard; en outre, périodiquement et au moins une fois par année, il rédige un rapport contenant des détails sur son examen des règlements et des règles et, en particulier, sur les problèmes ou les préoccupations découlant des changements importants, et il remet ce rapport sans délai au conseil de Nasdaq Canada, puis à la Commission, dans les 30 jours suivant sa remise au conseil de Nasdaq Canada.

## **E. Procédures équitables**

### **Critères relatifs aux procédures équitables**

**En ce qui a trait aux décisions prises par Nasdaq Canada qui ont une incidence sur un participant ou, lorsque Nasdaq Canada commencera à exercer des activités d'inscription, le cas échéant, sur un émetteur, ou sur un requérant qui souhaite devenir un participant ou un émetteur, notamment les décisions qui concernent l'accès, l'inscription, les dispenses ou les mesures disciplinaires, Nasdaq Canada doit s'assurer de ce qui suit :**

**i) les parties se voient offrir l'occasion d'être entendues ou de présenter des arguments et ii) elle consigne les motifs de ses décisions et prévoit un processus d'appel ou de révision de ses décisions.**

Les exigences de Nasdaq Canada en matière d'accès, d'inscription (au moment approprié, le cas échéant), de dispenses et de mesures disciplinaires seront équitables et raisonnables. En ce qui a trait aux décisions prises par Nasdaq Canada dans le cadre de l'administration des Règles et politiques de négociation qui ont une incidence sur un membre ou un requérant souhaitant devenir membre, Nasdaq Canada consignera les motifs de ses décisions, et la partie lésée par une décision réelle ou projetée de Nasdaq Canada aura l'occasion d'être entendue par le comité de surveillance de la réglementation. En outre, si la partie lésée souhaite interjeter appel de la décision du comité de surveillance de la réglementation, elle aura le droit de soumettre le différend à l'arbitrage (selon le cas) ou de se prévaloir de ses autres droits aux termes de la législation en valeurs mobilières, y compris de demander à ce que la Commission révise la décision.

**F. Compensation et règlement****Critères relatifs à la compensation et au règlement****Nasdaq Canada doit avoir en place des conventions appropriées concernant la compensation et le règlement des opérations.**

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Nasdaq Canada exigera de tous ses membres qu'ils concluent des conventions de compensation avec la chambre de compensation en place (à l'heure actuelle, la CDS). Nasdaq Canada fournira à la CDS un fichier quotidien des opérations effectuées à la Bourse.

**G. Systèmes et technologie****Critères relatifs aux systèmes et à la technologie ainsi qu'à la gestion des risques liés à l'information****Nasdaq Canada doit être dotée de procédures appropriées pour la gestion des risques, y compris pour le traitement des erreurs de négociation, des arrêts de négociation et des coupe-circuits.**

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Nasdaq Canada adoptera la plateforme de négociation SNP Nasdaq, qui est dotée de procédures de gestion des risques appropriées, notamment en ce qui a trait au traitement des erreurs de négociation, aux arrêts de négociation et aux coupe-circuits. La fonctionnalité qui soutient à l'heure actuelle la plateforme de négociation SNP Nasdaq continuera d'être disponible après la date de reconnaissance.

**H. Viabilité financière et communication de l'information financière****Critères relatifs à la viabilité financière****Nasdaq Canada doit disposer des ressources financières suffisantes pour bien exercer ses fonctions et s'acquitter de ses responsabilités.**

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Nasdaq Canada dispose et continuera de disposer des ressources financières suffisantes pour bien exercer ses fonctions et s'acquitter de ses responsabilités. Chaque trimestre, Nasdaq Canada fournira à la Commission ses états financiers non audités ainsi qu'un relevé de certaines mesures de liquidité, de couverture de la dette et de levier financier, telles qu'elles sont énoncées dans l'ordonnance de reconnaissance.

Nasdaq Canada déposera ses états financiers annuels audités auprès de la Commission dans les 90 jours suivant la fin de chaque exercice. En outre, elle déposera auprès de la Commission son budget financier pour l'exercice, ainsi que les hypothèses qui le sous-tendent, telles qu'elles ont été approuvées par le conseil de Nasdaq Canada, dans les 30 jours suivant le début de chaque exercice.

Sous réserve des modalités de l'ordonnance de reconnaissance, le Nasdaq doit faciliter l'affectation de ressources financières et non financières suffisantes pour s'assurer que Nasdaq Canada et CXCH soient en mesure de s'acquitter de leurs fonctions de manière conforme à l'intérêt public et à la législation en valeurs mobilières de l'Ontario.

## I. Droits

### Critères relatifs à la détermination des droits

**i) Les droits imposés par Nasdaq Canada doivent être raisonnables, répartis équitablement et conformes aux exigences de la législation en valeurs mobilières de l'Ontario; et ii) le processus d'établissement des droits doit être équitable et approprié, et le modèle de droits, transparent.**

Les droits imposés par Nasdaq Canada seront équitablement répartis et n'auront pas pour effet de créer des entraves déraisonnables à l'accès. Le processus d'établissement des droits de Nasdaq Canada sera équitable, approprié et entièrement transparent. En outre, en ce qui a trait à l'exécution des ordres, Nasdaq Canada n'imposera aucune modalité qui aurait pour effet d'exercer une discrimination entre les ordres provenant d'autres marchés qui sont acheminés vers Nasdaq Canada et ceux inscrits sur Nasdaq Canada.

#### 1. Droits de négociation

Les droits de négociation à Nasdaq Canada seront les mêmes que ceux en vigueur à l'heure actuelle au CXC, au CX2 et au CXD, respectivement, lesquels sont affichés sur le site Web du SNP Nasdaq. Le barème des droits est le suivant :

- Droits d'adhésion établis en fonction des droits d'adhésion actuels;
- Droits par action établis en fonction du type de titre et de son prix.

#### 2. Droits d'acquisition de données

Les droits imposés pour les données varieront en fonction du type de listes de données et de l'utilisation prévue de ces listes de données et seront affichés sur le site Web de Nasdaq Canada.

## J. Partage d'information et coopération entre organismes de réglementation

### Partage d'information et coopération entre organismes de réglementation

**Nasdaq Canada doit être dotée de mécanismes lui permettant d'échanger des renseignements et de coopérer avec la Commission, les organismes d'autoréglementation reconnus, les bourses reconnues ou dispensées de l'obligation d'être reconnues, les agences de compensation, les fonds de protection des investisseurs et les autres organismes de réglementation concernés.**

Nasdaq Canada maintiendra les mécanismes existants au SNP Nasdaq afin d'être en mesure de coopérer, en partageant de l'information ou autrement, avec la Commission, les organismes d'autoréglementation reconnus, les bourses reconnues ou dispensées de l'obligation d'être reconnues, les agences de compensation, les fonds de protection des investisseurs et les autres organismes de réglementation concernés.

#### **IV. Conclusion**

Nasdaq Canada fait respectueusement valoir que, sous réserve des modalités et conditions imposées par la Commission, Nasdaq Canada respecte les critères de reconnaissance et que, par conséquent, la reconnaissance de Nasdaq Canada en tant que bourse ne sera pas contraire à l'intérêt public.

Veillez agréer nos salutations distinguées.

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#### **Nasdaq CXC Limited**

c.c. : Rene Sorell, McCarthy Tétrault

Cristian O. Blidariu, McCarthy Tétrault

**ANNEXE B**



**NASDAQ CXC Limited**  
**Trading Rules and Policies**



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REVISION HISTORY

VERSION	CHANGES	DATE

# 1 Definitions and Interpretation

## 1.1 Definitions

TERM	DEFINITION
Applicable Markets	Those Canadian marketplaces listed in Schedule B of the Member Agreement, as amended from time to time, to which the Exchange provides routing services.
Approved Trader	Is either an employee of a Member or an employee of a DEA Client that has been granted access to the Exchange Systems by a Sponsoring Member, who in each case has been authorized by the Member to enter orders onto a marketplace as a trader and who has been provided with a trading identifier to be used when accessing a marketplace.
Authorized Representative	Has the meaning given it in Section 3.4.
Board	The Board of Directors of Nasdaq CXC Limited.
Board Lot	A standard trading unit as defined by UMIR.
Business Day	Any day other than a Saturday or Sunday or a day on which banks in Canada are closed.
Change of Control	The sale of all or substantially all the assets of a Member; any merger, consolidation or acquisition of a Member with, by or into another corporation, entity or person; or any change in the ownership of more than fifty percent (50%) of the voting stock of a Member in one or more related transactions.
Clearing Corporation	CDS Clearing and Depository Services Inc. and any successor corporation or other entity recognized as a clearing agency.
Confidential Information	Has the meaning given it in the Member Agreement.
Directed-action order or "DAO"	Has the meaning given it in NI 23-101.
Day	A calendar day.
DEA Client	A client of a Member who has an arrangement with that Member to electronically transmit an order relating to a security containing the identifier of the Member: a) through the systems of the Member for automatic onward transmission to a marketplace; or b) directly to a marketplace without being electronically transmitted through the systems of the Member.
Decision	Any decision, direction, order, ruling guideline or other determination of the Exchange made in the administration of these Trading Rules and Policies
Defaulter	Has the meaning given it in Section 7.2.2.
Exchange	Nasdaq CXC Limited ("Nasdaq Canada").
Exchange Market Data Products	Has the meaning given it in the Member Agreement.
Exchange Requirements	Collectively or individually these Trading Rules and Policies, Notices, Agreements between the Exchange and Members, UMIR and IIROC Rules, and applicable Canadian securities law, as amended from time to time.

TERM	DEFINITION
Exchange Systems	The electronic systems operated by the Exchange for providing access to trading on the Exchange.
Halt: Business Halt	A halt of a security or multiple securities on any Trading Book by the Exchange
Halt: Regulatory Halt	A halt of a security or multiple securities on any Trading Book by the Regulation Services Provider
IIROC	The Investment Industry Regulatory Organization of Canada and any successor thereof.
IIROC Rules	Means UMIR and IIROC's Dealer Member rules.
Intellectual Property Rights	Has the meaning given it in the Member Agreement.
IPR Claim	Has the meaning given it in the Member Agreement.
Market Regulator	Means the Memorandum of Understanding respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems among certain Canadian securities regulators which came into effect on January 1, 2010
Member	A person that has signed a Member Agreement and been approved by the Exchange to access the Exchange Systems.
Member Agreement	The agreement entered into between a Member and the Exchange which outlines the terms and conditions of membership with the Exchange.
Member Indemnified Parties	Has the meaning given it in the Member Agreement.
Mixed Lot order	An order that contains at least one Board Lot and one Odd Lot.
Protected National Best Bid and Offer or "NBBO"	The best bid and best offer of at least one Board lot displayed on all protected marketplaces.
NI 21-101	National Instrument 21-101 <i>Marketplace Operation</i> , as amended from time to time.
NI 23-101	National Instrument 23-101 <i>Trading Rules</i> , as amended from time to time.
NI 23-103	National Instrument 23-103 <i>Electronic Trading and Direct Access to Marketplaces</i> , as amended from time to time
Notice	An electronic communication or other document given, delivered, sent or served by the Exchange.
Odd Lot Member	A Member that has been approved by the Exchange to be responsible for meeting the Member's obligations as an Odd Lot Member for trading Odd Lot orders.
Odd Lot order	An order for a total volume that is less than one Board Lot.
Order Protection Rule or "OPR"	Has the meaning given it in NI 23-101.
Order Types	Means a) order types as defined in these Trading Rules and Policies; and b) if not defined in these Trading Rules and Policies, order types defined in UMIR and offered by the Exchange from time to time.
Person	An individual, corporation, incorporated, syndicated or other incorporated organization, sole proprietorship, partnership or trust.
Primary Trading Hours	The continuous trading hours of the Primary Exchange.
Primary Exchange	The listing exchange for a security.
Protected Marketplace	Has the meaning given it in UMIR.

TERM	DEFINITION
Regulation Services Provider	IIROC or such other person recognized by the Ontario Securities Commission as a Regulation Services Provider for the purposes of Ontario securities law and which has been retained by the Exchange as an acceptable Regulation Services Provider.
Regulatory Feed	The real time feed of quotes, orders and trades provided to the Regulation Services Provider
Regulatory Oversight Committee	The committee designated by the Board to oversee the performance of the Exchange's regulatory responsibilities and to oversee the management of conflicts of interest.
Related Person	Means: (i) an employee, agent or contractor of a Member; (ii) a partner, director or officer of a Member; (iii) an Approved Trader of a Member; and any other Person so designated by the Exchange.
Services	Has the meaning given it in the Member Agreement, as amended from time to time.
SOR	The order routing service offered by Nasdaq Canada as an optional service.
Sponsoring Member	A Participant who has established an arrangement with a DEA Client.
Technical Notice	A Notice published by the Exchange pertaining to technical or operational policies of the Exchange.
Trade-Through	The execution of a trade on a Protected Market at a price inferior to a price which could have been obtained on another Protected Market.
Trading Book	The CXC Book, the CX2 Book, the CXD Book, or one of them.
Trading Day	A day on which the Exchange is open for trading.
Trading Rules and Policies or "Rules"	This document, as amended from time to time.
Trading Session	The period of time during which orders may be entered onto the Exchange's Trading Books.
UMIR	The Universal Market Integrity Rules adopted by IIROC and approved by the securities regulatory authorities as amended from time to time.

## 1.2 Interpretation

1. A company is considered to be an affiliate of another company if that company is a subsidiary of the other, both companies are subsidiaries of the same company or each is a company controlled by the same company.
2. The reference to a statute includes that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that supersedes that statute or regulation.
3. The reference to any rule, policy, blanket order or instrument includes all amendments made and in force from time to time and any rule, policy blanket order or instrument that supersedes the rule, policy, blanket order or instrument.
4. The division of these Rules into separate policies, sections, subsections, clauses and commentary and the provision of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of the Rules.

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5. The use of the words, "hereof", "herein", "hereby", "hereunder" and similar expressions mean the entirety of the Rules and not the particular section of the Rules in which the expression is used.
  6. The word "or" is not exclusive.
  7. A single word includes the plural and vice versa.
  8. Any word which suggests one gender includes all other genders.
  9. The word "including" or the use of examples when following any general statement or term, does not limit the meaning of the general statement or term to the specific matter following the statement or term.
  10. If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
  11. All references to time in the Exchange Requirements refer to the time in Toronto, Ontario, Canada unless otherwise expressed.
  12. All references to currency in Exchange Requirements refer to Canadian dollars unless otherwise expressed.
  13. A term not defined in these Rules has the meaning defined in UMIR or Canadian securities law.

## **2 Policies and Authority of the Exchange**

### **2.1 Application of Policies**

1. Members and Related Persons must comply with all applicable Exchange Requirements.
2. The Exchange may take disciplinary action against a Member where the Member or any of its Related Persons have violated any Exchange Requirement.

### **2.2 Changes to Policies**

1. Any Exchange Approval and any Exchange Requirement may be changed, suspended, withdrawn or revoked by the Exchange at any time on 45 days' Notice unless otherwise provided in these Rules or by the direction of the Market Regulator.
2. Changes to Exchange Requirements will be made in accordance with the rule approval process of the Market Regulator including where applicable its public comment.
3. The conduct of a Member will, unless otherwise specified, be governed by, and subject to the Exchange Requirements in force at the time of the conduct.

### **2.3 Exercise of powers**

1. Unless otherwise expressly provided, whenever the Exchange is given any power, right, ability to exercise discretion, or entitlement to take action in respect of the Exchange Requirements, the same may be exercised by the Board, any committee of the Board, designated officers of the Exchange or any committee or person designated by the Board or the CEO of the Exchange.

### **2.4 Exemptions**

1. The Exchange may exempt a Member under such conditions as it determines, acting reasonably, from the application of any Exchange Requirement if the Exchange determines that the exemption:
  - a. Would not be contrary to the provisions of the *Securities Act* (Ontario) and UMIR



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- b. Would not be prejudicial to the maintenance of a fair and orderly market.

## 2.5 No Waiver of Rights

1. Failure by the Exchange or the Market Regulator to exercise any power, right or remedy under the Exchange Requirements or to delay in exercising any power or right is not a waiver of those powers, rights, or remedies.
2. The partial exercise of a power, right or remedy does not limit the ability of the Exchange or the Market Regulator to exercise that power, right or remedy.
3. Any waiver of a power, right or remedy by the Exchange or the Market Regulator must be made in writing and may apply generally or in particular.

## 2.6 Anti- Avoidance

1. If a Member or Related Person, in the opinion of the Exchange, has organized its business or acted in a manner to avoid the application of any Exchange Requirement, the Exchange may apply the provisions of such Exchange Requirement to the Member in the same manner as if such provision had directly applied to the Member.

# 3 Membership

## 3.1 Membership Criteria

To be accepted as a Member of the Exchange, an applicant must:

1. Be a dealer member in good standing with IIROC and registered as an investment dealer in all Canadian jurisdictions in which they do business;
2. Have the ability to clear trades on a continuous net settlement (CNS) basis with the Clearing Corporation either directly, as a participant of the Clearing Corporation or indirectly, or via an arrangement for clearing and settlement of trades with a participant of the Clearing Corporation;
3. Submit the Exchange's application forms and any other appropriate documentation or information requested by the Exchange;
4. Sign the Member Agreement.

## 3.2 Terms of Membership

1. Membership cannot be transferred or assigned without prior approval of the Exchange.
2. Membership is solely an authorization to have access to the Exchange Systems and to trade on the Exchange. No additional ownership or shareholder rights are associated with membership.
3. Members must conduct their trading activities in compliance with:
  - a. Exchange Requirements and;
  - b. UMIR.

## 3.3 Approval

The Exchange may:

1. grant membership unconditionally;
2. grant membership subject to certain terms and conditions that the Exchange considers appropriate or necessary to ensure compliance with the Exchange Requirements;

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3. deny membership based on factors that the Exchange considers relevant, including, without limitation:
    - a. past or present conduct by the applicant or a Related Person;
    - b. applicant's refusal or inability to comply with the Exchange Requirements;
    - c. lack of qualification by reason of integrity, solvency, training or experience; or
    - d. the Exchange's determination that approval is not in the public interest.
  4. Applicants who have been denied membership may appeal the denial pursuant to Section 8.
  5. An applicant whose application has been denied may not apply for membership for six months following the date of the denial.

### **3.4 Authorized Representative**

1. Each Member shall appoint a senior officer, director or partner ("Authorized Representative") as its authorized representative, who shall be named in the Member Agreement.
2. The Authorized Representative shall:
  - a. represent the Member in all dealings with the Exchange, with full authority to speak for and on behalf of the Member;
  - b. serve as the primary contact person for the Exchange on matters related to the Member's compliance with Exchange Requirements;
  - c. ensure that the Member and Related Persons comply with Exchange Requirements.
3. A Member must notify the Exchange of changes to its Authorized Representatives within 10 days of the change.

### **3.5 Continuation of Membership Qualifications**

1. To maintain its membership, a Member shall:
  - a. Remain a dealer member of IIROC in good standing;
  - b. Pay all fees and charges levied by the Exchange in accordance with its agreements with the Exchange; and
  - c. Comply with the Exchange Requirements.
2. If a Member loses its membership with IIROC, its membership with the Exchange shall be terminated immediately.
3. If a Member is under investigation by, or subject to an enforcement action by IIROC, any recognized self-regulatory organization or a securities regulatory authority in or outside Canada, the Exchange may suspend the Member pending the outcome of the enforcement action.
4. If the Exchange determines that a Member is in non-compliance with any IIROC requirement, the Exchange may impose such terms and conditions on the Member as the Exchange deems appropriate, including suspension or termination of its membership;

### **3.6 Training**

1. The Member is responsible for providing comprehensive training and documentation for Approved Traders and Related Persons regarding any regulatory requirements and the Exchange Requirements.

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### 3.7 Recordkeeping

1. The Member must maintain records relating to orders entered onto the Exchange or trades executed on the Exchange in accordance with IIROC Rules.

### 3.8 Notifications

#### 3.8.1 Immediate Notification

A Member must notify the Exchange immediately if:

1. It ceases to meet the qualifications for continuing membership;
2. It is, or becomes aware that it is likely to be, under investigation by, or subject to an enforcement action by IIROC, any recognized self-regulatory organization or a securities regulatory authority in or outside Canada;
3. It has given notice to IIROC that it is withdrawing its membership or ceases to be a member of IIROC.

### 3.9 Changes to Membership

#### 3.9.1 Legal Entity Information

A Member must notify the Exchange in writing at least 10 business days prior to:

1. A change of name
2. A change of address

#### 3.9.2 Change of Control

1. A Member must notify the Exchange in writing at least 30 days prior to a Change of Control.
2. Upon receipt of such notice, the Exchange may:
  - a. Approve the Change of Control as per the Member approval process set out in Section 3;
  - b. Require the Member to re-submit its application.

### 3.10 Termination and Suspension

#### 3.10.1 Termination by Member

1. A Member may terminate its membership by providing the Exchange with written notice not less than 30 days prior to the effective date of the termination.
2. The Exchange may postpone the termination if at the effective date of termination the Member:
  - a. Is the subject of a disciplinary proceeding or is under investigation for failure to comply with the Exchange Requirements;
  - b. Has any trades outstanding; or
  - c. Has outstanding fees payable to the Exchange.

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### 3.10.2 Suspension by the Exchange

1. The Exchange may suspend the Member, with or without prior notice, under the following conditions:
  - a. If the Member commits an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada);
  - b. The Member has ceased paying its current obligations or for any reason is unable to meet its obligations as they generally come due;
  - c. The Member no longer meets the criteria for membership or the qualifications for continuing membership;
  - d. The Member has not paid all fees and charges levied by the Exchange in accordance with its agreements with the Exchange
  - e. Continued access by the Member raises risk to the operations of the Exchange, its other Members, or the market in general;
  - f. The Member is engaged in conduct, business or affairs that is unbecoming or inconsistent with just and equitable principles of trade or detrimental to the interests of the Exchange;
  - g. It has given notice to IIROC that it is withdrawing its membership or ceases to be a member of IIROC.
2. The Exchange may suspend the Member's access for such period as the Exchange in its sole discretion believes is advisable. Where practical, the Exchange shall provide prior written notification of such suspension and the reasons for suspension. Where prior written notification is not practical, the Exchange shall promptly notify the Member of its suspension.
3. A Member that has been suspended may request a hearing pursuant to the policies defined in these Rules.

### 3.10.3 Reinstatement following Suspension

1. A Member may be reinstated, at the Exchange's discretion, upon providing satisfactory evidence to the Exchange that the cause of the suspension has been remedied.

### 3.10.4 Termination by the Exchange

1. The Exchange may terminate a membership where a suspension has occurred or is warranted, and in the Exchange's discretion, reinstatement is not timely, possible or likely.

### 3.10.5 Effect of Suspension or Termination

1. A Member that has been suspended or terminated shall not use, exercise or enjoy any of the rights or privileges of a Member.
2. Upon suspension or termination, the Exchange may at its discretion cancel the Member's or former Member's open orders or impose any other restrictions and/or conditions on the Member's rights until the Member has been reinstated.
3. A Member that has been suspended or terminated does not for that reason alone forfeit any rights to claims it may have against another Member unless such rights are the subject of the suspension or termination.
4. A Member that has had its membership terminated may reapply for membership with the Exchange six (6) months after the date of the termination of membership or earlier, with the written approval of the Exchange.

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## 4 Access to Trading

### 4.1 Approved Traders

1. A Member must provide the Exchange with the full names, contact information (e-mail address and telephone number) and unique identifiers of all Approved Traders and any additions, deletions or modifications to the list or the details of Approved Traders immediately, but in any event, no later than 10 days of such change.
2. A Member must maintain a list of all Approved Traders and their identifiers for a period of seven years.
3. Members must provide the mandatory UMIR account and trader ID fields in all orders entered onto the Exchange.

### 4.2 Access

1. A Member must not allow a person to be an Approved Trader without that person being properly qualified in accordance with the Exchange Requirements and the requirements of a Market Regulator or securities regulatory authority.
2. The Exchange may suspend an Approved Trader's access to the Exchange Systems without notice if it concludes that the Approved Trader is misusing the Exchange Systems or is causing a disorderly market.
3. Subject to Section 4.2(2) of these Rules, the Exchange may suspend an Approved Trader's access to the Exchange Systems by giving not less than 5 days' prior written notice if the Exchange has concluded after reasonable investigation that the Approved Trader has failed to comply or is not in compliance with the Exchange Requirements.
4. A Member must terminate an Approved Trader's access to the Exchange Systems immediately upon receiving notice from the Exchange and must not reinstate access for the Approved Trader without written approval from the Exchange. If there is any failure to comply with this provision by the Member, the Exchange shall have the right to take such action as it considers necessary, in its sole discretion, to prevent access to the Exchange Systems by any person, including the termination of the Member's right to access the Exchange Systems in its entirety.
5. Upon termination of an Approved Trader's access, the Exchange may in its sole discretion cancel all open orders entered by that trader.
6. A Member shall cease use of the Exchange Systems as soon as practicable after it is notified by the Exchange of, or it otherwise becomes aware of or suspects, a technical failure or security breach of the Exchange Systems and shall immediately notify the Exchange of such failure or breach of security in accordance with the notice provisions set out in these Rules.

## 5 Trading

Members must conduct their trading on the Exchange in an open and fair manner, as prescribed under the just and equitable principles of UMIR.

### 5.1 Trading Books

1. Nasdaq Canada operates three Trading Books:
  - CXC – lit Trading Book
  - CX2 – lit Trading Book
  - CXD – dark Trading Book

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## 5.2 Trading Sessions

1. The Exchange shall be open for Trading Sessions on each Business Day.
2. Unless otherwise changed, the hours of the Trading Session for CXC and CX2 Trading Books are 8:30 a.m. through 5:00 p.m. (Eastern Time). The hours of the Trading Session for CXD are 9:30 a.m. through 4:00 p.m.
3. Changes to Trading Sessions are published by Notice on the Exchange website.

## 5.3 Trading Halts

1. Trading may be halted on any Trading Book by the Exchange ("Business Halt") or the Regulation Services Provider ("Regulatory Halt") without prior notice.
2. In the event of a Business Halt, the Exchange will provide notification as soon as practicable to the Regulation Services Provider and the Members.
3. In the event of a Regulatory Halt, notification will be provided by the Regulation Services Provider.
4. Where harm is obvious and immediate, and there may not be sufficient time to notify the Regulation Services Provider, the Exchange may effect a halt, and follow up as soon as practicable with a report to the Regulation Services Provider and the securities regulatory authority.
5. During a halt, the Exchange will not accept new orders or modifications to existing orders. Cancellation of orders is allowed. No matching of orders may occur during a halt.
6. Once the halt is lifted, new orders, cancellations and modifications to orders are allowed and matching resumes.

## 5.4 Marketplace Thresholds

The Exchange maintains marketplace thresholds in accordance with those established by IIROC:

1. Price thresholds apply to all Trading Books during the Primary Trading Hours of 9:30 am to 4:00 pm Eastern Time and between 4:00 pm and 5:00 pm on CXC and CX2.
2. Price thresholds are based on price bands. The price bands are defined based upon the price of the security.
3. Orders are assessed against two reference prices;
  - a. The national last sale price
  - b. The national last sale price established at one-minute intervals
4. The price threshold is applied to all orders (including Directed Action Orders) except a Basis Order, a Special Terms Order, and a Volume-Weighted Average Price Order
5. Orders entered on a Trading Book that exceed the price thresholds are rejected and returned back to the Approved Trader with a message explaining the rejection.
6. A Market Order that is entered without a limit price will be assigned a limit price upon entry and will post any remaining shares at the price of the most conservative reference price.

## 5.5 Trade Amendments and Cancellations

### 5.5.1 Policy for Trade Amendments and Cancellations

The Exchange shall cancel or amend a trade under the following conditions:

1. When the Market Regulator instructs the Exchange to do so;

2. When both counterparties to the trade agree to the cancellation or amendment, followed by notification through the Regulatory Feed being made to the Market Regulator;
3. With the consent of the Market Regulator, as a result of a system error or malfunction.

### 5.5.2 Procedures for Requesting a Trade Amendment or Cancellation

1. Requests for trade cancellations or amendments must be submitted to the Exchange as soon as possible, but no later than the close of the Exchange's Trading Session by a Member's Authorized Representative or a Member's Approved Trader (excluding any Approved Traders of a DEA Client).
2. If a trade has been reported to the Clearing Corporation, such requests must be submitted to the Clearing Corporation pursuant to its policies for trade cancellations or amendments.
3. The Exchange shall confirm the request as soon as is practicable, but not later than the close of business on the Trading Day of the submission of the request.

## 5.6 Order Types and Attributes

Order types and attributes conform to those definitions used in UMIR.

### 5.6.1 Order Types

ORDER TYPE	DEFINITION
Limit Order	"Limit order", as defined in UMIR, means an order to: <ol style="list-style-type: none"> <li>a) buy a security to be executed at a specified (or better) maximum price; or</li> <li>b) sell a security to be executed at a specified (or better) minimum price.</li> </ol>
Market Order	"Market order", as defined in UMIR, means an order to: <ol style="list-style-type: none"> <li>a) buy a security to be executed upon entry to a marketplace at the best ask price; or</li> <li>b) sell a security to be executed upon entry to a marketplace at the best bid price.</li> </ol>

### 5.6.2 Time in Force Attributes

The Exchange supports the following time in force attributes:

ATTRIBUTE	DEFINITION
Day	A Limit Order that is valid until it is fully filled or cancelled. The order expires at the end of the Trading Session.
Immediate or Cancel (IOC)	An order that must be filled immediately in full or in part. Any unfilled part of the order will be cancelled.
Fill or Kill (FOK)	An order that will be fully filled immediately at the Exchange or cancelled.

### 5.6.3 Instructional Attributes

The Exchange supports the following instructional attributes:

ATTRIBUTE		INSTRUCTION
Quantity	Minimum Quantity	The minimum quantity of the order that can be executed against all orders in the order book.

ATTRIBUTE		INSTRUCTION
	Minimum Acceptable Quantity	The minimum quantity of the order that can be executed against a single order in the order book.
	All or None (AON)	The order must be fully filled against all orders in the order book.
Attribution	Anonymous/Attributed	<p>The CXC Book default attribution is that orders and executions are anonymous.</p> <p>The CX2 Book default attribution is that orders and executions are attributed.</p> <p>The CXD Book default attribution is that orders and executions are attributed.</p> <p>Traders can instruct the Exchange to attribute CXC executions, or hide the attribution for CX2 and CXD orders and executions.</p>
Pricing	Pegged	<p>A pegged order is pegged to the best bid, best asked, or midpoint of the NBBO. Traders have the option of entering a limit price with a pegged order. The order can also contain instructions for a price offset, which will adjust the price of the pegged order in the book by the number of tick increments specified. A pegged order with a positive price offset will be priced in the book more aggressively, while a pegged order with a negative offset will be priced more passively.</p> <p>The Exchange supports the following types of Pegged orders:</p> <ul style="list-style-type: none"> <li>• Primary: A Primary Pegged buy/sell order will peg to the consolidated best bid/ask price. Primary Pegged orders can be displayed or hidden.</li> <li>• Mid-Point: A Mid-Point Pegged order is an order that is priced at the midpoint of the NBBO. When the NBBO spread is an odd increment, Mid-Point orders will execute at their half-tick increments. Mid-Point Pegged orders are hidden. Mid-Point Pegged orders will not execute if the NBBO is locked or crossed.</li> <li>• Market: A Market Pegged buy/sell order will peg to the consolidated best bid/ask adjusted by a trading increment as defined by UMIR. Market Pegged orders can be displayed or hidden.</li> </ul>
	Minimum Price Improvement Order (MPI)	Passive MPI orders act like a primary peg order with an offset that is one tick increment more aggressive than the NBBO or will trade at the NBBO if the spread is one tick wide. Active MPI orders are treated as IOC orders with an execution price that is one tick increment less than the NBO in the case of a buy order or one tick increment more than the NBB in the case of a sell order. .
Visibility	Hidden	A non-displayed limit order. Hidden orders have lower priority than visible orders at the same price level.
	Iceberg/Reserve	A partially hidden order where the trader determines the number of shares to be displayed, while the remainder is hidden in reserve. Once the visible portion is fully executed, the visible display size is refreshed, drawing from the amount of the reserve.
	X-berg	Similar to an Iceberg/Reserve order, an X-berg order displays part of the order. However, in an X-berg order, the display size is a random quantity within a pre-specified range set by the Member.



ATTRIBUTE		INSTRUCTION
Execution	Self- Trade Prevention	Prevents an order from a Member from executing with a contra-order from the same Member. The Member can select from the following behaviors: <ul style="list-style-type: none"> <li>• Cancel the newest order (the active order is cancelled)</li> <li>• Cancel the oldest order (the resting order is cancelled and the new order is booked)</li> <li>• Decrement and Cancel (the quantity of the larger order will be reduced, and the smaller order is cancelled)</li> <li>• Execute trade (the trade is executed, but not distributed on the public market data feed)</li> </ul>
	Post only	An order that will post into the Exchange's order book. If a displayed post-only order, upon entry, would result in a trade, the order will be re-priced one tick increment inferior to the relevant side of the NBBO and booked.

## 5.7 Order Processing

### 5.7.1 CXC Book

CXC is a lit book with matching based on price/time priority. Visible orders are given a higher priority over hidden orders that are at the same price. Orders that are not immediately matched are posted in the CXC Book.

CXC orders are anonymous by default. Members may elect post-trade attribution as an option

CXC supports round lot and odd lot orders.

### 5.7.2 CX2 Book

CX2 is a lit book with matching based on price/broker/time priority. Visible broker orders have a higher priority over visible non-broker orders at the same price. Orders that are not immediately matched are posted in the CX2 Book.

CX2 orders are attributed by default and are automatically eligible for broker preferencing. Members may opt-out of broker preferencing for attributed orders.

Anonymous orders and jitney orders are not eligible for broker preferencing.

CX2 supports round lot and odd lot orders.

### 5.7.3 CXD Book

CXD is a dark book with matching based on price/broker/time priority. Orders entered on CXD that do not meet the minimum size requirements as defined by UMIR must provide incoming orders with minimum price improvement.

CXD Orders are attributed by default and are automatically eligible for broker preferencing. Members may opt-out of broker preferencing for attributed orders.

Anonymous orders and jitney orders are not eligible for broker preferencing.

CXD supports round lot and odd lot orders.

## 5.8 Crossing

### 5.8.1 Trading Sessions

Trade crossing is available during the Exchange's Trading Sessions.

### 5.8.2 Entering Crosses

Members may enter intentional crosses, including specialty crosses. Members are required to enter crosses in compliance with regulatory provisions for crosses.

### 5.8.3 Cross Types

#	ORDER TYPE	MEANING
1.	Intentional Cross	The simultaneous entry of both an order to buy and sell the same amount of a security at the same price entered by the same Member. The Exchange will accept intentional crosses at a price equal to or better than the NBBO.
2.	Internal Cross	An intentional cross between two accounts that are managed by a single firm acting as a portfolio manager with discretionary authority in managing the investment portfolio.
3.	Basis Cross	A cross of at least 80% of the component share weighting of the basket of securities, index participation unit, or derivative instrument that is the subject of the basis trade. In accordance with UMIR, the Member shall report details of the transaction to IROC prior to entering the cross onto the Exchange.
4.	VWAP Cross	A cross of a security at the volume weighted average price of multiple trades on a marketplace or on a combination of marketplaces over a specified time period. In accordance with UMIR, the Member shall report details of the transaction to IROC prior to entering the cross onto the Exchange.
5.	Contingent Cross	A cross resulting from a paired order placed by a Member on behalf of a client to execute an order on a security that is contingent on the execution of a second order placed by the same client for an offsetting volume of a related security.
6.	Bypass Cross	An order that is: (a) part of a Designated Trade (as defined by UMIR); or (b) to satisfy an obligation to fill an order imposed on a Member by any provision of UMIR or a Rule.  and that is entered on a Protected Marketplace to execute against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order.

## 5.9 Order Protection Rule Compliance

In accordance with NI 23-101, the Exchange provides the following OPR prevention features available to Members in order to comply with the Order Protection Rule.

1. **Cancelation:** Orders that are sent to the Exchange that would lock or cross the NBBO and would trade-through a better priced order on a protected market will be automatically cancelled back to the Member to prevent a trade-through.

2. **Repricing:** Orders that are sent to the Exchange that would lock or cross the National Best Bid/Offer (NBBO) and would trade-through a better priced order on a protected market will be automatically re-priced as the NBBO updates to prevent a trade-through or locked market from occurring.
3. **DAO orders:** In addition, Directed Action Orders sent by members to the Exchange will by-pass the repricing mechanism.

### 5.10 Order and Trade Reporting

1. Order acknowledgement, trade execution reports, and drop copy reports are provided through the Exchange's order entry interface.
2. All orders and trades are reported to IROC in real-time in accordance with its responsibilities as the designated Regulatory Services Provider.
3. All trades are reported to CDS at the end of the Trading Day.
4. All orders and trades are reported to the TMX Information Processor in accordance with the requirements stated in NI 21-101.

### 5.11 Odd Lot Trading

Each Nasdaq Canada Trading Book provides Members with guaranteed fills at the NBBO for Odd Lot IOC marketable orders. Odd Lot trading has the following features:

1. Odd Lot orders that are not IOC or immediately marketable are canceled back.
2. Odd Lot execution is available between 9:30 am and 4:00 pm ET or as otherwise determined by the Exchange.
3. The Exchange System will accept either Mixed Lots or Odd Lots that are marked IOC.
4. Odd Lot execution is not allowed when a security is in a locked or crossed market condition.
5. Members are not permitted to send two or more orders that would trigger auto-execution by Odd Lot Members as this would violate the just and equitable principles imposed by UMIR Policy 2.1. This would include, for example, shredding a Board Lot order.
6. Members may not enter the Odd Lot portion of a Mixed Lot order immediately prior to entering the Board Lot portion.
7. Odd Lot trading is subject to the policies imposed by UMIR prohibiting unfair trading practices, including but not limited to the following activities:
  - c. Effecting pre-arranged wash sales in Odd Lots, which are trades in which an offer to buy is coupled with an offer to sell back at the same or advanced price (or vice versa).
  - d. Entering orders for the purpose of affecting the execution price of the Odd Lot trades.
8. If a Member is engaged in Odd Lot trading activity that is unfair, the Exchange may restrict the Member or suspend the Approved Trader from Odd Lot Activity or take other action that is appropriate under the circumstances.

## 6 Provisions Regarding Odd Lot Members

### 6.1 Criteria for approval

Exchange Members are designated as Odd Lot Members at the sole discretion of the Exchange. There is one Odd Lot Member assigned responsibility for guaranteeing automatic fills per security across all Trading Books. To be eligible for designation as an Odd Lot Member, a Member shall:

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1. Execute the Odd Lot Addendum to the Member Agreement;
  2. Have policies and procedures in place to ensure compliance with UMIR and other regulatory requirements;
  3. Have policies and procedures in place to monitor its' conduct for compliance with its' Odd Lot Member obligations;
  4. Carry out all obligations of an Odd Lot Member in compliance with UMIR and other regulatory requirements;
  5. Have necessary resources (both training and technology) to carry out the obligations of an Odd Lot Member.

## 6.2 Ongoing Responsibilities

1. The Odd Lot Member is responsible for guaranteeing automatic immediate fills for incoming marketable IOC odd lot orders.
2. The inventory of securities traded in Odd Lots is considered the property and the responsibility of the Odd Lot Member.
3. The Odd Lot Member may assign one or more of its Approved Traders as its Odd Lot trader(s). The Odd Lot Member may assign its obligations as an Odd Lot Member to DEA Eligible Clients (as defined by NI 23-103) or Approved Traders of DMA Eligible Clients.

## 6.3 Termination of Odd Lot Members

1. **Termination by the Exchange:** The Exchange may terminate an Odd Lot Member designation by giving the Odd Lot Member not less than 30 days' notice.
2. **Termination by the Odd Lot Member:** An Odd Lot Member may terminate its Odd Lot Member designation by giving the Exchange not less than 30 days' notice.

## 6.4 Allocation of Odd Lot Inventory

1. The Exchange will determine the allocation and reallocation of Odd Lot securities among Odd Lot Members.
2. A name change and/or symbol change of an issue will not be considered, for purposes of odd lot inventory allocation, as a new security.

# 7 Clearing and Settlement

## 7.1 Clearing and Settlement Process

1. All Exchange trades shall be reported, confirmed and settled through the Clearing Corporation in accordance with the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by the Exchange.
2. Members must clear and settle all trades either by:
  - a. Self-clearing as a participant of the Clearing Corporation; or
  - b. Through an arrangement with a participant of the Clearing Corporation.
3. Members shall promptly provide to their clients a written confirmation of the purchase or sale of a security transacted by the Member on behalf of the client.
4. Members shall obtain agreement from each client that the client will provide the Member with instructions regarding the receipt or delivery of the securities to the settlement agency promptly upon receipt by the client of any trade confirmation and that the client will ensure

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that its settlement agent affirms the transaction in accordance with National Instrument 24-101.

## **7.2 Actions by the Exchange**

### **7.2.1 Settlement Delays**

The Exchange may take such action it considers appropriate, if in the opinion of the Exchange, settlement of a trade appears to be unreasonably or improperly delayed.

### **7.2.2 Defaulters**

1. If a Member fails to meet or discloses an inability to meet its liabilities or obligations to the Exchange, the Clearing Corporation, to another Member or to the public, the Exchange may deem such Member to be a Defaulter. Notice of such default shall be provided by the Exchange to each Member.
2. If a Member fails to make delivery to the Clearing Corporation of securities and/or a certified cheque within the time limits stated in the rules governing the Clearing Corporation, the Exchange may deem such Member to be a Defaulter.

## **8 Appeals Policy**

1. A Member or a Related Person shall be afforded an opportunity to be heard with respect to a decision of the Exchange within 30 days from the date of such decision, by submitting a request in writing.
2. The Member or Related Person must make written submissions in support of an opportunity to be heard under this section.
3. The matter will be considered by the Regulatory Oversight Committee.
4. A Member or a Related Person may appeal a decision by the ROC by following the arbitration procedures set out in the Member Agreement and/or by appeal to the Market Regulator.

## **9 General**

### **9.1 Notifications**

1. Notifications to Members, including but not limited to Technical Notices, notices related to the Trading Rules and Policies and operations of the Exchange, and notifications concerning fee adjustments shall be made by posting such notice on the Exchange's web site [business.nasdaq.com/trade/canadian-equities/Overview](http://business.nasdaq.com/trade/canadian-equities/Overview) or any successor web site. Where practicable, Members will also receive email notices of such notifications for convenience of Members.
2. Technical Notices may be published on the Exchange's web site as required.
3. Unless otherwise stated in the Exchange Requirements, notifications will be provided not less than 30 days prior to changes.
4. Notices with respect to membership status, including but not limited to approval, suspension and termination will be given to the affected Member in writing as soon as is practicable.

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## 9.2 Method of Giving Notice

1. Unless otherwise specifically provided in any Exchange Requirement, notice shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the last address of such person as recorded by the Exchange or any recognized self-regulatory organization or if mailed by pre-paid ordinary or air mail addressed to such person at the said address or if sent to the said address by any other form of transmitted or recorded communication if given in any manner which may, in all the circumstances, be reasonably expected to come to the attention of such person.
2. The Exchange may change the address of any person on the records of the Exchange in accordance with any information believed by the Exchange to be reliable.
3. A notice delivered in accordance with this Rule shall be deemed to have been given when it is delivered personally or at the address aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means by any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication company or agency or its representatives for dispatch.

## 9.3 Computation of Time

1. Where the time limit for a proceeding or the doing of anything under any provision of an Exchange Requirement expires or falls upon a day which is not a Trading Day, the time limit for such action extends to and the thing may be done on the next Trading Day following.

## 9.4 Omission or Errors in Giving Notice

1. The accidental omission to give any Notice to any person or the non-receipt of any Notice by any person or any error in any Notice not affecting the substance thereof shall not invalidate any action or proceeding founded thereon or taken at any hearing held pursuant thereto.

**ANNEXE C**



**NASDAQ CXC Limited**

**Trading Functionality Guide**



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REVISION HISTORY

VERSION	DESCRIPTION	DATE
1.0	Initial Guide for Exchange Application	July 2017

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## 1 Purpose

This Trading Functionality Guide (Guide) serves as companion guide to the Nasdaq CXC Limited Trading Rules and Policies. The Guide provides additional details with examples around the trading features offered by Nasdaq CXC Limited (Nasdaq Canada) including order types, risk controls and order handling to ensure compliance with regulations including the Order Protection Rule (OPR) and the Investment Industry Organization of Canada (IIROC) Dark Rule Framework. The document will be updated periodically when new functionalities are introduced or amended. Unless otherwise defined or interpreted, every term that is defined in the Trading Rules has the same meaning in this Guide.

## 2 Overview

Nasdaq Canada operates three independent trading books; CXC, CX2 and CXD. CXC is a lit book offering Members the benefits of anonymous trading with the option to elect post trade attribution. CX2 is a lit book offering Members the benefits of order attribution and price/broker/time execution priority. CXD is a dark book offering Members opportunities for price improvement and reduced information leakage. CXD offers post trade attribution and price/broker/time execution priority. Each book operates independently of one another supporting its own market data feed. Order entry instructions for each book use the Financial Information Exchange protocol (FIX).

Trading Book	Securities Traded	Market Data	Order Entry
CXC - an anonymous continuous auction market based on strict price/time priority.	Listed Securities on the TSX, TSX-V, and the CSE	The CXC market data feed offers full depth of book (price/volume) as well as trade data.	Industry-standard FIX protocol order entry via third-party and proprietary execution management systems.
CX2 – a continuous auction market offering on-exchange internalization opportunities through broker preferencing for attributed orders.		The CX2 market data feed offers full depth of book (price/volume) as well as trade data.	
CXD – a continuous auction dark market offering price improvement opportunities and broker preferencing.		The CXD market data feed only publishes trade data.	

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## 3 Trading Operations

### 3.1 Trading Sessions

#### 3.1.1 Time

The Trading Sessions for the CXC and CX2 Trading Books are from 8:30 a.m. to 5:00 p.m. (EST).

The Trading Session for the CXD Trading Book is from 9:30 a.m. to 4:00 p.m. (EST)

#### 3.1.2 Opening

CXC and CX2: The CXC and CX2 Trading Books do not accept orders before the open at 8:30 a.m. At 8:30 a.m. each Trading Book uses a shotgun style open where orders are processed in the sequence they are received.

CXD: The CXD Trading Book accepts orders at 8:30 which are held by the system in price/time priority until the open at 9:30 a.m. At 9:30 a.m. all orders are entered into the CXD order book in the context of the NBBO. Any buy order that has a price above the NBO will be repriced one tick increment below the NBO. Any sell order that has a price below the NBB will be repriced one tick increment above the NBB. All other orders will enter the book at the price that the order is entered.

#### 3.1.3 Close

CXC and CX2: At 5:00 p.m. the CXC and CX2 Trading Books close. At this time matching no longer takes place and orders in the book are cancelled back to the Members.

CXD: At 4:00 p.m. the CXD Trading Book close. At this time matching no longer takes place and orders in the book are cancelled back to the Members.

### 3.2 Eligible Securities

Securities listed on the following Canadian Exchanges are available for trading on each Nasdaq Canada Trading Book:

- TSX
- TSX-V
- CSE

### 3.3 Minimum Price Increment

All Trading Books only permit orders to be entered in the minimum tick increments allowed by UMIR. These increments are as follows:

- For securities with a price  $\geq$  \$.50 a minimum price increment of \$.01 CAD
- For stocks with a price  $<$  \$.50 a minimum price increment of \$.005 CAD

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### 3.4 Board Lot Sizes

Each Trading Book permits orders to be entered in Board Lots that are defined as Standard Trading Units (defined by UMIR) and Odd Lots. Odd lot and Mix Lot orders are accepted and handled by each Trading Book as described in the Odd Lot Trading section of this Guide.

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## 4 Trading Books of Nasdaq Canada

### 4.1 CXC Trading Book

CXC is a lit Trading Book offering a continuous auction market matching orders based on price/time priority.<sup>1</sup> All orders entered on CXC are anonymous by default. Members may elect to have post-trade attribution on an order by order basis. CXC supports the entry of round lot and odd lot orders.

CXC supports a suite of orders that are visible and hidden. All visible orders are given priority over hidden orders at the same price. All CXC non-display orders are handled in compliance with IIROC's Dark Rule Framework<sup>2</sup> which is enforced by the Nasdaq Canada trading system (Nasdaq Canada System).

### 4.2 CX2 Trading Book

CX2 is a lit Trading Book offering a continuous auction market matching orders based on price/broker/time priority.<sup>3</sup> Members may elect to have their orders be entered without attribution by selecting the anonymous order marker. All attributed orders are eligible for broker preferencing automatically whereas anonymous orders are not. Jitney orders are not eligible to participate in broker preferencing.

CX2 supports a suite of orders that are visible and hidden. All visible orders are given priority over hidden orders at the same price. All CX2 non-display orders are handled in compliance with IIROC's Dark Rule Framework which is enforced by the Nasdaq Canada System.

### 4.3 CXD Trading Book

CXD is a dark Trading Book (no pre-trade transparency) offering a continuous auction market that matches orders based on price/broker/time priority.<sup>4</sup> Members may elect to have their orders be entered without attribution by selecting the anonymous order marker. All attributed orders are eligible for broker preferencing automatically whereas anonymous orders are not. Jitney orders are not eligible to participate in broker preferencing.

As a dark book, all CXD non-display orders are handled in compliance with IIROC's Dark Rule Framework which is enforced by the Nasdaq Canada System.

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<sup>1</sup> For a description of trade matching priority see Section 5.

<sup>2</sup> See Section 10 for a description of Nasdaq Canada's handling of non-displayed orders in accordance with IIROC's Dark Rule Framework.

<sup>3</sup> For a description of trade matching priority see Section 5.

<sup>4</sup> For a description of trade matching priority see Section 5.



## 5 Order Matching Priority

The sequence of priority for matching orders in the order book with eligible marketable orders is determined by the several characteristics; price, time, and the broker number of the order if the order that is entered is attributed.

### 5.1 Price Priority

Priority is given to an order with the best price (highest bid or lowest offer).

Priority	Broker ID #	Size	Bid	Offer	Size	Broker ID #
<b>P1</b>	<b>09</b>	<b>300</b>	<b>10.00</b>	<b>10.01</b>	<b>500</b>	<b>85</b>
P2	07	100	9.99	10.02	600	63
P3	05	100	9.98	10.03	100	07

The buy order for 300 shares entered by broker #09 has execution priority because it is the highest price bid. Likewise, the sell order for 500 shares entered by broker #85 has execution priority because it is the lowest price offer.

### 5.2 Time Priority

Priority is given to an order at a price that was entered first.

Priority	Broker ID #	Size	Arrival Time	Bid
<b>P1</b>	<b>09</b>	<b>300</b>	<b>9:30:01</b>	<b>10.00</b>
P2	07	100	9:31:00	10.00
P3	05	100	9:32:00	10.00

In this example, the buy order for 300 shares by broker #09 entered at 9:30:01 has execution priority because it was entered before the other two orders for 100 shares at the same price.

### 5.3 Broker Priority

Priority is given to an order at the same price with the same broker ID before orders at that price which were entered first.

Priority	Broker ID #	Size	Arrival Time	Bid
P1	09	300	9:31:00	10.00
P2	07	100	9:31:00	10.00
P3	05	100	9:31:00	10.00

This snapshot of the bid side of the protected market is identical to the example provided in 5.2 for time priority. However, unlike the 300 share order that was entered first and had priority in the aforementioned example, broker priority allows for a contra-side sell order entered by a Member to execute against a buy order entered by that same Member first. In this example, if a sell order

is entered at 10.00 by either broker #07 or broker #05, it will first match with the buy order entered by the same Member before proceeding to execute with other orders in priority.

This is demonstrated when broker #07 enters a sell order for 100 shares at 10.00.

Action: #07 enters a sell order for 100 shares.

Priority	Broker ID #	Size	Arrival Time	Bid
P1	09	300	9:31:00	10.00
<b>P2</b>	<b>07</b>	<b>100</b>	<b>9:31:00</b>	<b>10.00</b>
P3	05	100	9:31:00	10.00

Although broker #09 had time priority in the book, broker priority oversteps the time priority of this order and instead priority is given to the buy order entered by broker #07.

Action: #07's buy order (P2) executes against the incoming sell order by #07 for 100 shares.

#### 5.3.1 Trade Matching Priority of Nasdaq Canada Trading Books

Orders are matched based on the following sequence of priority for each of Nasdaq Canada Trading Books:

CXC: Price/Time

CX2: Price/Broker/Time

CXD: Price/Broker/Time

## 6 Order types

### 6.1 Traditional Order Types

#### 6.1.1 Market Order

A Market Order is an order to buy or sell a security at the best available price on a trading book but will not trade at a price outside the NBBO<sup>5</sup>. If there are no orders resting in the Trading Book that the order is entered, the Market Order is converted to a Market Peg Order.

#### 6.1.2 Limit Order

A Limit Order is an order to buy or sell a security at a price equal to, or better than, the specified limit price.

#### 6.1.3 Short Sell Order

A Short Sell Order is an order to sell a security that the seller does not own (either directly or through an agent or trustee) at the time of the order.

#### 6.1.4 Short Marking Exempt Order

A Short Marking Exempt Order is an order entered by an account to buy or sell a security that meets the definition of a short-marking exempt as defined by UMIR.

### 6.2 Specialized Order Types/Markers

#### 6.2.1 Bypass Order

A Bypass order marker indicates that the Member does not want the order to interact with non-displayed orders or non-displayed portions of Iceberg or X-berg orders on a Nasdaq Canada Trading Book. Orders marked with the Bypass marker are treated as Immediate-or-Cancel (IOC).

#### Example 1

		BID	ASK	
NBBO		10.10	10.15	
CXC Quote	100	10.13 (hidden)		
CXC Quote	100	10.12 (hidden)		
CXC Quote	100	10.10		

Action: A Bypass order is entered to sell 100 shares on CXC at 10.10

<sup>5</sup> Consistent with NXCL's Trading Polices the NBBO represents the best protected bid and offer throughout this Guide.

Result: The Bypass order will execute against the 100 share lit bid at 10.10 bypassing the 100 share hidden bid at 10.13 and the 100 share bid at 10.12

#### Example 2

		BID	ASK	
NBBO		10.10	10.15	
CXC Quote			10.13 (hidden)	100
CXC Quote			10.14 (iceberg)	100 (900)
CXC Quote			10.15	100

Action: A Bypass order is entered to buy 200 shares at 10.15 on CXC

Result: The Bypass order will bypass the 100 share hidden limit at 10.13 and execute 100 shares against the 100 visible portion of the 1000 share iceberg order (bypassing the 900 shares hidden in reserve) and 100 shares at 10.15 against the lit offer.

#### 6.2.2 Directed Action Order (DAO)

The DAO order marker indicates that the user has already checked the quotes of all other markets before routing the order to a Nasdaq Canada Trading Book. DAO orders are not re-priced by the Nasdaq Canada system. DAO orders will trade with the best priced contra-side order(s) or book (and potentially lock/cross the market) without consideration of prices on other markets. The DAO is designated in accordance with the Order Protection Rule that permits a Member using a DAO to opt-out of Nasdaq Canada's OPR solution and take responsibility for preventing trade-throughs and locked or crossed markets.

#### Example 1

		BID	ASK	
NBBO		10.12	10.14	
CX2 Book	100	10.11	10.14	100

Action: A DAO order is entered to sell 100 shares at 10.11 on CX2

Result: The DAO order executes at 10.11 according to its order instructions trading through the 10.12 NBB on another market.

#### Example 2

		BID	ASK	
NBBO		10.12	10.14	
CX2 Book	100	10.12	10.15	100

Action: A DAO limit order is entered to buy 100 shares at 10.14 on CX2

Result: The DAO order posts 10.14 according to its order instructions locking the market with the 10.14 NBO on market.

		BID	ASK	
NBBO		10.12	10.14	
CX2 Book	100	10.14	10.15	100

### 6.2.3 Post Only Orders

A Post Only Order is an order that will post in a Nasdaq Canada Trading Book with the intention to provide liquidity. If a displayed Post Only Order upon entry will result in a trade, the order is re-priced one tick increment more passively and booked. This order will not interact with hidden liquidity. Post Only Orders may be combined with any other order type including non-displayed orders. Two contra-side Post Only non-displayed orders eligible to match will not execute. Instead, both orders will maintain their price until executing against an active order. In addition, no execution will take place between a resting dark Limit Order and an incoming contra-order marked Post Only with the same price as the resting order. Instead, both orders will remain in the book at the locked price unless a subsequent amendment or automated re-pricing of the first resting dark order causes that order to become active and executable against the contra-resting dark Post Only order.

#### Example 1 A marketable Post Only Order is entered on CXC

		BID	ASK	
NBBO		10.12	10.14	
CXC Book	100	10.12	10.14	100

Action: A Post Only Order is entered to buy 100 shares at 10.14 on CXC

Result: The marketable Post Only Order that would otherwise trade is re-priced one tick increment more passively and booked at 10.13

		BID	ASK	
NBBO		10.12	10.14	
CXC Book	100	10.13	10.14	100

#### Example 2 Two Post Only Orders are entered on CXD resulting in a locked book

		BID	ASK	
NBBO		10.12	10.14	
CXD Book	100	10.12	10.14	100

Action: A Post Only Order hidden limit order is entered to buy 100 shares at 10.13 on CXD

Result: The Post Only Hidden Limit Order rests at 10.13

#### Updated Book

		BID	ASK	
NBBO		10.12	10.14	
CXD Book	100	10.13 (Hidden)	10.14	100

Action: A Post Only Order hidden limit order to sell 100 shares is entered at 10.13 on CXD

Result: The Post Only Hidden Limit Order that would otherwise trade with the 10.13 Hidden Limit Order locks the book at 10.13

#### Updated Book

		BID	ASK	
NBBO		10.12	10.14	
CXD Book	100	10.13 (Hidden)	10.13 (Hidden)	100

### 6.2.4 Iceberg/Reserve Order

An Iceberg Order is an order where a Member determines the number of shares to be displayed, while the remaining shares are hidden in reserve. When the visible portion is fully executed, a new visible displayed size is refreshed, drawing from the amount of the reserve. New displayed sizes will refresh until the amount of the reserve is less than the displayed amount. At that point, the remaining reserve quantity will be displayed. An example of how priority is determined for Iceberg orders is provided below:

#### Example

Display	Reserve	Arrival Time	Bid
100	(900)	9:30:00	10.00
200	(300)	9:31:00	10.00
100	0	9:35:00	10.00

In the example above, there are three buy orders posted with a 10.00 limit price. These are: an Iceberg Order displaying 100 shares with 900 shares undisplayed in reserve; a second Iceberg Order displaying 200 shares with 300 shares in reserve; and a Limit Order for 100 shares posted at 10.00.

The displayed buy orders with share sizes of 100, 200, and 100 will be executed against matching sell orders based on the order matching priority sequence of the Nasdaq Canada Trading Book where they are posted. The reserve quantities of 900 and 300 will not become eligible for matching until all displayed shares at that price level have been exhausted. In the

circumstance where all visible orders and visible portions of Iceberg Orders are displaced, the hidden portion of multiple Iceberg or X-Berg (see below) orders will execute in order following the order matching priority sequence of the applicable Nasdaq Canada Trading Book.

Hidden portions of Iceberg Orders are given order matching priority before any fully hidden order.

### 6.2.5 X-Berg Order

The X-Berg Order is an order that is similar to an Iceberg order. However, instead of the Member determining the number of shares to be displayed each time the order is refreshed, the displayed quantity is chosen at random by the Nasdaq Canada System within a pre-specified range set by the Member. A Member sets the amount of shares to be displayed and the amount of shares to be held in reserve when first entering the order.

#### Example

Quantity	Price	Display Quantity	Reserve	Random Refresh Range
50000	10.00	1000	49000	+/- 500

Possible Display QTY Refreshes (STU = 100)	
<b>1500</b>	<b>Random (Maximum 1000 + 500)</b>
1400	Random
1300	Random
1200	Random
1100	Random
<b>1000</b>	<b>Random (Original Display Quantity)</b>
900	Random
800	Random
700	Random
600	Random
<b>500</b>	<b>Random (Minimum 1000 – 500)</b>

Similar to the Iceberg Order outlined previously, the hidden portion of multiple Iceberg or X-Berg orders will execute in the order matching priority sequence of the Nasdaq Canada Trading Book it is entered on.

Hidden portions of X-Berg orders are given order matching priority before any fully hidden order.

## 6.3 Crosses

### 6.3.1 Intentional Crosses

An Intentional Cross is the simultaneous entry of both an order to buy and sell the same amount of a security at the same price entered by the same Member. Intentional crosses are not subject to cross interference. In accordance with IIROC guidance, Nasdaq Canada Trading Books

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accept better priced intentional crosses including those entered with a price of one half trading increment.

### **6.3.2 Internal Cross**

An Internal Cross is an Intentional Cross between two accounts that are managed by a single firm acting as a portfolio manager with discretionary authority in managing the investment portfolio. Similar to Intentional Crosses, Internal Crosses are not subject to cross interference.

### **6.3.3 Basis Cross**

A Basis Cross is an Intentional Cross of at least 80% of the component share weighting of the basket of securities, index participation unit, or derivative instrument that is the subject of the basis trade. In accordance with UMIR, prior to execution, the Member shall report details of the transaction to IIROC.

### **6.3.4 VWAP Cross**

A VWAP Cross is an Intentional Cross of a security at the volume weighted average price of multiple trades on a marketplace or on a combination of marketplaces over a specified time period. The volume weighted average price is the ratio of value traded to total volume. In accordance with UMIR, where applicable, prior to execution, the Member shall report details of the transaction to IIROC.

### **6.3.5 Contingent Cross**

A Contingent Cross is an Intentional Cross resulting from a paired order placed by a Member on behalf of a client to execute an order on a security that is contingent on the execution of a second order placed by the same client for an offsetting volume of a Related Security as defined in UMIR

## **6.4 Pegged Orders**

### **6.4.1 Primary Peg**

A Primary Peg Order is a buy or sell order that will peg to the passive side of the NBBO. Primary Peg orders can be entered as either displayed or non-displayed in a Nasdaq Canada Trading Book. Members have the option of entering a limit price with the order at which price the order will stay if the NBBO moves above or below the limit price.



**Example 1 Primary Peg Buy Order**

		BID	ASK	
NBBO		10.12	10.15	
CXC Book	100	10.12		

Action: A Primary Peg Buy Order for 100 shares is entered on CXC.

Result: The Primary Peg Buy Order is given the NBB price of 10.12 and rests in the CXC Book

Updated Book

		BID	ASK	
NBBO		10.13	10.15	
CXC Book	100	10.13		

Action: The NBB moves from 10.12 to 10.13

Result: The Primary Peg Buy Order is given the new NBB price of 10.13 and rests in the CXC Book

**Example 2 Primary Peg Sell Order**

		BID	ASK	
NBBO		10.12	10.15	
CXC Book			10.15	300

Action: A Primary Peg Sell Order for 300 shares is entered on CXC.

Result: The Primary Peg Sell Order is given the NBO price of 10.15 and rests in the CXC Book

Updated Book

		BID	ASK	
NBBO		10.12	10.14	
CXC Book			10.14	300

Action: The NBO moves from 10.15 to 10.14

Result: The Primary Peg Sell Order is given the new NBO price of 10.14 and rests in the CXC Book.

### 6.4.2 Mid Peg

A Mid Peg Order is described in Subsection 6.5 of this Guide.

### 6.4.3 Market Peg

A Market Peg buy/sell order will peg to the best protected ask/bid adjusted by a trading increment as defined by UMIR.

In order to prevent locked markets, Market Peg orders will book at the best protected bid/ask adjusted passively by a tick increment.

Market Peg Orders can be entered as either displayed or non-displayed. Members have the option of entering a limit price with the order.

#### Example 1 Market Peg Buy Order

		BID	ASK	
NBBO		10.12	10.15	
CX2 Book	100	10.14		

Action: A Market Peg Buy Order for 100 shares is entered on CX2

Result: The Market Peg Buy Order is given the NBO price minus one trading increment (10.14) and rests in the CX2 Book

Updated Book

		BID	ASK	
NBBO		10.14	10.17	
CX2 Book	100	10.16		

Action: The NBO moves from 10.15 to 10.17

Result: The Market Peg Buy Order is given the new NBO price minus one trading increment (10.16) and rests in the CX2 Book

**Example 2 Market Peg Sell Order**

		BID	ASK	
NBBO		10.12	10.15	
CX2 Book			10.13	200

Action: A Market Peg Sell Order for 200 shares is entered on CX2.

Result: The Market Peg Sell Order is given the NBB price plus one trading increment (10.13) and rests in the CX2 Book

Updated Book

		BID	ASK	
NBBO		10.10	10.13	
CX2 Book			10.11	200

Action: The NBB moves to 10.10

Result: The Market Peg Sell Order is given the new NBB price plus one trading increment (10.11) and rests in the CX2 Book

**6.4.4 Peg Offset**

A Peg Offset is an increment/decrement offset of the peg price that allows a pegged order to become more passive or aggressive than the quote to which it is pegged. In the case of Buy Peg Order a peg offset of plus 2 means that the order will peg to the bid plus two cents. In the case of a Sell Peg Order a peg offset of plus 2 means that the order will peg to the offer minus two cents. Peg offsets are not permitted to be added to Mid Peg orders.

**Example 1 Primary Peg Buy with a +0.01 increment offset**

		BID	ASK	
NBBO		10.10	10.15	
CXC Book	100	10.11		

Action: A Primary Peg Buy Order with a +0.01 offset for 100 shares is entered on CXC.

Result: The Primary Peg Buy Order is given the NBB price plus +0.01 or 10.11 and rests in the CXC Book

**Example 2 Primary Peg Sell with a -0.01 decrement offset**

		BID	ASK	
NBBO		10.10	10.15	
CXC Book	100		10.14	

Action: A Primary Peg Sell Order with a -0.01 offset for 100 shares is entered on CXC.

Result: The Primary Peg Sell Order is given the NBO price - 0.01 or 10.14 and rests in the CXC Book

**6.4.5 Pegged Order Handling**

- **Between 8:30 a.m. and 9:30 a.m.:** Pegged orders are accepted by the Nasdaq Canada System but held until 9:30 a.m. when the orders are booked and become eligible to trade. Multiple pegged orders that are eligible to trade are matched in time priority determined by the time the order was accepted by the Nasdaq Canada System. At 9:30 each Nasdaq Canada Trading Book uses a shotgun style open where orders are processed in the sequence they are received.
- **From 4:00 p.m. to 5:00 p.m.** All pegged orders entered after 4:00 p.m. are rejected. All pegged orders entered in the book before 4:00 p.m. are cancelled.
- When the NBBO is locked or crossed, no pegged order executions are permitted.

**6.5 Non-Displayed Orders****6.5.1 Hidden Limit Order**

A Hidden Limit Order is a non-displayed limit order that adheres to the same execution priority conditions as other non-displayed order types.

**6.5.2 Mid Peg Orders**

A Mid Peg Order is a non-displayed order that floats at the midpoint of the NBBO which is calculated and updated in real-time by the Nasdaq Canada System. Unique to this order type, when the NBBO spread is an odd increment, Mid Peg orders will execute at half-tick increments. Mid Peg orders provide Members the option to enter a limit price with the order which can be either a full or half-tick increment. Limit prices entered with Mid Peg orders have no impact on an order's priority standing. A limit price only determines whether or not an order is eligible to trade at a particular price point. The Mid Peg order is an ideal tool for Members to reduce market impact while receiving price improvement opportunities. Adding a pegged offset is not permitted for Mid Peg orders.

**Example 1 Mid Peg Buy Orders**

		BID	ASK	
NBBO		10.10	10.15	
CX2 Book	100	10.125		

Action: A Mid Peg Buy Order for 100 shares is entered on CX2.

Result: The Mid Peg Buy Order is given the midpoint price of the NBBO or 10.125

Updated Book

		BID	ASK	
NBBO		10.11	10.17	
CX2 Book	100	10.14		

Action: The NBBO moves from 10.10/10.15 to 10.11/10.17

Result: The Mid Peg Buy Order is given the new midpoint price of the NBBO or 10.14 and rests in the CX2 Book

Updated Book

		BID	ASK	
NBBO		10.16	10.17	
CX2 Book	100	10.165		

Action: The NBBO moves from 10.11/10.17 to 10.16/10.17

Result: The Mid Peg Buy Order is given the new midpoint price of the NBBO or 10.165 and rests in the CX2 Book

**Repricing Sequence of two Locking Mid Peg Orders**

Because Mid Peg Orders peg to the midpoint price of the NBBO, two contra-side locking Mid Peg orders (as a result of either two contra-side Post Only Mid Peg Orders being entered or a non-Post Only Mid Peg Order being entered followed by a contra-side Post Only Mid Peg Order) will be repriced when there is a change in the NBBO.

The following sequence of events occurs when the midpoint of the NBBO changes to a lower price:

- A buy Mid Peg Order will be repriced before a sell Mid Peg Order to the lower midpoint price;
- A sell Mid Peg Order will then be repriced after the buy Mid Peg Order to the lower midpoint price.

Similarly the following sequence of events occurs by the Nasdaq Canada System when the midpoint of the NBBO changes to a higher price:

- A sell Mid Peg Order will be repriced before a buy Mid Peg Order to the higher midpoint price;
- The buy Mid Peg Order will then be repriced after the sell Mid Peg Order to the higher midpoint price.

This sequence of logic can result in a non-Post Only Mid Peg order entered before a contra-side Post Only Mid Peg executing against this order.

The following sequence of event has occurred for each of the examples below:

- The midpoint of the NBBO is 10.025
- A Mid Peg buy order is entered as non-Post Only
- A Mid Peg sell Post-Only order is entered following the entry of the Mid Peg buy order locking the market at the midpoint price

#### Example 1 – Changes in the NBBO resulting in a more passively priced midpoint

Original Order Book and Midpoint

	BID	ASK	MidPoint Price
NBBO	10.00	10.05	10.025
	Mid Peg Buy 10.025	10.025 Mid Peg sell Post Only	

Action: Protected Best Bid moves to a lower price of 9.99 resulting in a new midpoint price of 10.02

New Order Book and Midpoint

	BID	ASK	MidPoint Price
NBBO	9.99	10.05	10.02

Actions The Mid Peg buy order is repriced first at the new midpoint price of 10.02

The Mid Peg sell Post Only order is repriced second at the new midpoint price of 10.02

Result No trade (and resulting locked market) as the Mid Peg sell Post Only order will not become active after being repriced at the new midpoint after the Mid Peg buy order

**Example 2 – Changes in the NBBO resulting in a more aggressively priced midpoint**

Original Order Book and Midpoint

	BID	ASK	MidPoint Price
NBBO	10.00	10.05	10.025
	Mid Peg Buy 10.025	10.025 Mid Peg sell Post Only	

Action: Protected Best Offer moves to a higher price of 10.06 resulting in a new midpoint price of 10.03

New Order Book and Midpoint

	BID	ASK	MidPoint Price
NBBO	10.00	10.06	10.03

Actions The Mid Peg sell Post Only order is repriced first at the new midpoint of 10.03

The Mid Peg buy order is repriced second at the new midpoint of 10.03

Result An execution occurs as the Mid Peg buy Post Only order becomes active after being repriced at the new midpoint after the Mid Peg sell Post Only.

**6.5.3 Minimum Quantity**

A Minimum Quantity Order (MQ), such as All-or-None (AON), is an order that will only execute if there is sufficient demand or supply to satisfy the minimum quantity instruction or the entire order in the case of AON. If the remaining shares of a partially-filled MQ is less than the original MQ instruction the remaining quantity will become the new MQ instruction.

**Example 1**

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12		
CXD Buy Order 2	1,000	10.12		
CXD Buy Order 3	500	10.12		
<b>Total Bid Size</b>	<b>(2,500)</b>			

Action: A MQ sell order for 5,500 shares is entered on CXD at 10.12 with a minimum quantity specified of 2,500 shares.

Result: The aggregate of all buy orders on CXD at 10.12 (2,500 shares) meets the minimum quantity specified for the MQ order therefore resulting in a trade of 2,500 shares at 10.12. The remaining size of the MQ order is offered at 10.12.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	3,000 (MQ)

**Example 2**

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12		
CXD Buy Order 2	1,000	10.12		
<b>Total Bid Size</b>	<b>(2,000)</b>			

Action: A MQ order for 5,500 shares is entered at 10.12 with a minimum quantity specified of 2,500 shares.

Result: The aggregate of all buy orders on CXD at 10.12 (2,000 shares) does not meet the minimum quantity specified for the MQ order. Consequently no trade occurs and the MQ order locks the market at 10.12 in the dark.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12	10.12	5,500 (MQ)
CXD Buy Order 2	1,000	10.12		
<b>Total Bid Size</b>	<b>(2,000)</b>			

**Example 3**

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12	10.12	5,500 (MQ)
CXD Buy Order 2	1,000	10.12		
<b>Total Bid Size</b>	<b>(2,000)</b>			

Action: Using the order book from Example 2 reproduced above a buy order is entered on CXD for 1,000 at 10.12.

Result: The aggregate of all buy orders on CXD at 10.12 (3,000 shares) now exceeds the 2,500 minimum quantity specified for the MQ order resulting in a trade of 3,000 shares at 10.12. This leaves a quantity of 2,500 remaining for the MQ order which is offered at 10.12.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	2,500 (MQ)



**Example 4**

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	2,500 (MQ)

Action: Using the order book from Example 3 and reproduced above a buy order is entered for 2,500 on CXD at 10.12.

Result: The buy order for 2,500 meets the 2,500 minimum quantity specified for the MQ order resulting in an execution of the remaining 2,500 shares at 10.12.

**6.5.4 Minimum Acceptable Quantity**

A Minimum Acceptable Quantity Order (MAQ) is an order which specifies a minimum size quantity to trade against. For example a MAQ to buy 10,000 shares with a 1,000 share minimum size quantity will only trade against contra side orders of 1,000 shares or more. If the remaining amount of shares of a MAQ is less than the minimum size quantity specified, the minimum quantity will become the remaining amount of shares. MAQ orders are hidden on a Trading Book.

**Example**

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXD	10,000	10.12	10.15	

Action: A MAQ order for 10,000 shares is entered at 10.12 with a minimum quantity specified of 1,000 shares

Action: A sell order for 2,000 shares is entered at 10.10.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXD	8,000	10.12	10.15	

Result: The sell order for 2,000 shares executes against the MAQ because the order size exceeds the minimum size quantity specified with the MAQ order. The remaining shares of the order decrease to 8,000 shares.

Action: A sell order for 900 shares is entered at 10.11.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXD	8,000	10.12	10.11	900

**Result:** The sell order for 900 shares does not meet the minimum size quantity specified with the MAQ order so the order does not execute. The sell order is posted at 10.11 (crossing the hidden MAQ order).

**Action:** A sell order for 10,000 shares is entered at 10.11.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXD			10.11	2900

**Result:** The sell order for 10,000 exceeds the minimum size quantity specified with the MAQ order so the order trades against the 8,000 shares at 10.12 with the remaining 2,000 shares posted at 10.11 alongside the 900 shares previously entered.

### 6.5.5 Minimum Price Improvement Order

A Minimum Price Improvement Order (MPI) is an order designed to assist Members in capturing the largest amount of the bid/ask spread. The behavior of an MPI Order differs whether it is passive or active.

#### MPI (Passive)

A MPI Passive Order is a primary peg order with an offset that is one tick increment more aggressive than the NBBO or will trade at the midpoint of the NBBO if the spread is one tick wide. The order can be entered with a Limit.

#### Example

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	

**Action:** A 100 share MPI Passive buy order is entered on CXD.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXD	100	10.11	10.15	

**Result:** Because the NBBO is 5 cents or 5 standard trading increments wide, the MPI Passive buy order will float at one tick increment better than the NBB or 10.11 in this example.

**Action:** The NBB moves from 10.10 to 10.12.

	BID Size	BID	ASK	Ask Size
NBBO		10.12	10.15	
CXD	100	10.13	10.15	

Result: Because the NBB has moved to 10.12, the MPI passive order is re-priced by one tick increment more aggressive or 10.13

Action: The NBB moves from 10.12 to 10.14.

	BID Size	BID	ASK	Ask Size
NBBO		10.14	10.15	
CXD	100	10.145	10.15	

Result: Because the NBB has moved to 10.14, the MPI Passive order re-priced by one half of one tick increment because the NBBO is at a minimum.

### MPI IOC (Active)

A MPI Order combined with an IOC instruction is an active market peg order with an offset that is one tick increment more passive than the NBBO. A MPI Active Order is designed to seek all available dark liquidity in the book in order to maximize price improvement opportunities without crossing the spread.

#### Example 1

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXC	100	10.10	10.14 (Hidden Limit)	100

Action: A 100 share MPI Active buy order is entered on CXC. The order is sent to the book as an IOC order at a price that is one tick more passive than the NBO, or 10.14.

Result: A trade for 100 shares occurs at 10.14 against the Hidden Limit Order offered at 10.14.

#### Example 2

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CX2		10.10	10.125 (Mid Peg)	100

Action: A 100 share MPI active buy order is entered on CX2. The order is sent to the book as an IOC order at a price that is one tick more passive than the NBO, or 10.14.

Result: A trade for 100 shares occurs at 10.125 against the Mid-Point Order offered at 10.125.

### Example 3

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXC	100	10.10	10.13 (Mid Peg)	100
CXC			10.14 (Hidden Limit)	100

Action: A 200 share MPI Active buy order is entered on CXC. The order is sent to the book as an IOC order at a price that is one tick more passive than the NBO, or 10.14.

Result: A trade for 100 shares occurs at 10.13 against the Mid-Point Order offered at 10.13. A second trade for 100 share occurs at 10.14 against the Hidden Limit Order.

## 6.6 Time in Force Conditions

### 6.6.1 Day

A Day Order will remain posted on the Nasdaq Canada Trading Book where it is entered for the duration of the Trading Day or until cancelled. At the end of the Trading Day all outstanding, unfilled Day orders will be cancelled.

### 6.6.2 Immediate or Cancel (IOC)

An IOC Order is an order for which any portion of the order that is not filled immediately is cancelled.

### 6.6.3 Fill or Kill (FOK)

A FOK Order must execute immediately in its entirety otherwise, the entire order is cancelled. No partial fills are allowed.

## 7 Summary of Trading Book Orders

Trading Book Features				
Category	Order Type	CXC	CX2	CXD
Traditional	Market	✓	✓	✓
	Limit	✓	✓	✓
	Short Sell	✓	✓	✓
	Short Marking Exempt	✓	✓	✓
Specialized	Bypass	✓	✓	✗
	DAO	✓	✓	✗
	Post Only	✓	✓	✓
	Iceberg/Reserve	✓	✓	✗
	X-Berg	✓	✓	✗
Cross	Intentional	✓	✓	✓
	Internal	✓	✓	✓
	Basis	✓	✓	✓
	VWAP	✓	✓	✓
	Contigent	✓	✓	✓
	Special Settlement	✓	✓	✓
Non-Displayed	Hidden	✓	✓	✓
	Mid-Peg	✓	✓	✓
	Minimum Quantity	✓	✓	✓
	Minimum Acceptable Quantity	✓	✓	✓
	Minimum Price Improvement (MPI)	✓	✓	✓
Time-in-Force	IOC	✓	✓	✓
	FOK	✓	✓	✓
	DAY	✓	✓	✓
	GTD	✓	✓	✓
	GTC	✓	✓	✓

## 8 Odd Lot Trading

### 8.1 Overview

Each Nasdaq Canada Trading Book enables Nasdaq Canada Members to trade Odd Lot orders with guaranteed fills for orders that are marked IOC and are immediately marketable against the NBBO. Odd Lot Members meet their responsibility for guaranteeing executions against incoming IOC marketable Odd Lot orders on the passive side of the NBBO through orders generated automatically by the Nasdaq Canada System (auto-execution). Odd Lot orders that are not immediately marketable or not marked IOC are rejected. When a match occurs, Nasdaq Canada will send an unsolicited trade report to the Odd Lot Member and an execution message to the incoming participant. Odd Lot execution messages are included in the CX2 market data feed and provided to the TMX Information Processor in accordance with NI 21-101.

### 8.2 How it Works

#### Example 1 Auto-Execution of a Marketable Buy Order

	BID	ASK
NBBO	10.10	10.13
Odd Lot Order	Volume	Price
BUY	9	10.13

Action: An Odd Lot IOC buy order is entered at the NBO (10.13)

Result: Auto-Execution of the Odd Lot Order

#### Example 2 Auto-Execution of a Marketable Sell Order

	BID	ASK
NBBO	10.10	10.13
Odd Lot Order	Volume	Price
SELL	21	10.10

Action: An Odd Lot IOC sell order is entered at the NBB (10.10)

Result: Auto-Execution of the Odd Lot Order

**Example 3 Non-Marketable Buy Order**

	BID	ASK
NBBO	10.10	10.13
Odd Lot Order	Volume	Price
BUY	9	10.13

Action: An Odd Lot IOC buy order is entered with a limit price of 10.12

Result: Cancelled back

**Example 4 Marketable Mixed Lot Sell Order**

	BID	ASK
NBBO	10.10	10.13
Odd Lot Order	Volume	Price
Buy	121	10.13

Action: A Mixed Lot IOC buy order is entered with a limit price of 10.10

Result: Auto-Execution of the Odd Lot portion and execution against available liquidity at 10.10 with any remaining unexecuted portion cancelled.

**Example 5 Marketable Odd Lot Buy Order during a Locked Market**

	BID	ASK
NBBO	10.11	10.11
Odd Lot Order	Volume	Price
BUY	9	10.11

Action: An Odd Lot IOC buy order is entered with a limit price of 10.11 when the market is locked.

Result: Cancelled back

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**Example 6 Marketable Odd Lot Buy Order during a Crossed Market**

	BID	ASK
NBBO	10.12	10.11
Odd Lot Order	Volume	Price
BUY	21	10.11

Action: An Odd Lot IOC buy order is entered with a limit price of 10.11 when the market is crossed.

Result: Cancelled back



## 9 Non-Display Order Handling in Compliance with IROC Dark Rule Framework

### 9.1 Overview

Each Nasdaq Canada Trading Book supports non-displayed orders. In accordance with IROC's Dark Rule Framework, all visible orders must be executed before a non-displayed order at the same price level irrespective of whether the non-displayed order was entered first. In addition, non-displayed orders that do not meet the minimum size requirements<sup>6</sup> set by IROC must provide minimum price improvement to the order defined as one trading increment or a half trading increment if the bid-ask spread is at a minimum. Non-displayed orders that meet the minimum size requirements may trade at the NBBO. Compliance with the IROC Dark Rule Framework is enforced by the Nasdaq Canada System.

### 9.2 How it Works

#### Example #1 IROC Dark Rule Framework

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXC	100 (HL)	10.12	10.15	100

**Action:** A market order to sell 100 shares (does not meet IROC's minimum size requirement) is entered on CXC.

**Result:** The sell order executes against the buy hidden limit (HL) order posted at 10.12 which is permitted because the 10.12 price is more than one full tick increment better than the NBB.

#### Example #2 IROC Dark Rule Framework

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CX2	100	10.10	10.15	100 (HL)

**Action:** An IOC market order to buy 100 shares (does not meet IROC's minimum size requirement) is entered on CX2.

**Result:** The buy order is cancelled back to the Member as the order does not meet IROC's minimum size requirement and the 10.15 hidden limit offer does not represent a full tick increment better than the NBO.

<sup>6</sup> IROC's Minimum Size Requirements is defined as an order for more than 50 standard trading units or has a value of more than \$100,000.

**Example #3 IIROC Dark Rule Framework**

	BID Size	BID	ASK	Ask Size
NBBO		10.12	10.13	
CXD	100(Mid-Peg)	10.125	10.13	100 HL

Action: A market order to sell 100 shares (does not meet IIROC's minimum size requirement) is entered on CXD.

Result: The sell order executes against the dark midpoint buy order floating at 10.125 which is permitted because the spread is one tick wide and because 10.125 provides price improvement over the NBBO.

**Example #4 IIROC Dark Rule Framework**

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.15	
CXD	5100 HL	10.10	10.15	100 HL

Action: A market order to sell 5100 shares (meets IIROC's minimum size requirement) is entered on CXD.

Result: The sell order executes at the NBB or 10.10 because the size of the order meets the minimum size requirement.

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## 10 Order Handling Compliance with the Order Protection Rule

### 10.1.1 The Order Protection Rule

The Order Protection Rule requires all visible, immediately accessible, better-priced protected limit orders to be filled before other protected limit orders at inferior prices, regardless of the market where the order is entered. The purpose of OPR is to ensure that if a protected order is entered on a marketplace with the best price, it will be executed ahead of inferior priced protected orders irrespective of where the order is posted.

### 10.1.2 Nasdaq Canada Order Protection rule

Nasdaq Canada consumes external market data from all markets.. Order and trade information from protected markets are consolidated with market data from Nasdaq Canada Trading Books to provide the Nasdaq Canada System with real-time market price information.

When an order is received on a Nasdaq Canada Trading Book, the order is compared to the current NBBO. Members may elect from one of the following OPR solutions that will instruct the Nasdaq Canada System how to handle any order that would cross the NBBO and either trade-through or quote-through a better priced protected order:

- **Cancelation:** orders that would otherwise trade-through will be rejected;
- **Repricing:** orders that would otherwise trade-through will automatically be re-priced one trading increment more passively to prevent a trade-through or a crossed market from occurring. In addition, orders that are entered at the NBBO on the CXC or CX2 Trading Books that would lock the market will also be re-priced.

Members are provided Nasdaq Canada's order re-pricing OPR solution on both the CXC and CX2 books by default. When an order is re-priced, its price priority after each re-pricing is determined by the price level to which it has been re-priced, while its time priority is determined by the time each re-pricing occurs. When re-pricing multiple orders to the same price level, the time sequence for the re-pricing will be determined by each order's original timestamp or by the timestamp associated with the last re-pricing, whichever is more recent.

Nasdaq Canada Members are able to opt-out of Nasdaq Canada's OPR solutions by using a DAO Order. The DAO Order marker indicates that the Member entering an order has already checked the quotes of all other markets before routing the order to either CXC or CX2<sup>7</sup>. When using the DAO marker, the obligation to not have policies and procedures to prevent a trade through falls on the Member.

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<sup>7</sup> CXD does not support DAO Orders.

### 10.1.3 How it Works

The following Market Conditions should be used for the examples below.

	BID	ASK
NBBO	10.10	10.13
CXC Trading Book	10.09	10.14

#### Example 1 Trade-Through Prevention Rejection – Market Order

Action: A market order to sell 100 shares is entered on CXC

Result: The order is rejected to prevent a trade below the NBB of 10.10

#### Example 2 Trade-Through Prevention Repricing – Market Order

Action: A market order to sell 100 shares is entered on CXC

Result: The order is re-priced one trading increment more passively than the NBB or 10.11

	BID	ASK
NBBO	10.10	10.13
CXC Trading Book	10.09	<b>10.11</b>

#### Example 3 Trade-Through Prevention Rejection – Aggressive Limit Order

Action: A limit order to buy 100 shares is entered on CXC at 10.13

Result: The order is rejected to prevent a locked market occurring on CXC at 10.13

#### Example 4 Trade-Through Prevention Repricing – Aggressive Limit Order

Action: A limit order to buy 100 shares is entered on CXC at 10.13

Result: The order is re-priced one trading increment more passively than the NBO or 10.12

	BID	ASK
NBBO	10.10	10.13
CXC Trading Book	<b>10.12</b>	

#### Example 5 Trade-Through Prevention – Market Order on CXD

Action: A market order to sell 100 shares is entered on CXD

Result: The order is re-priced to the NBB locking the market in the dark at 10.10

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	BID	ASK
NBBO	10.10	10.13
CXD Trading Book		<b>10.10</b>

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## 11 Nasdaq Canada Risk Management Tools

All of the following risk management tools are supported on each Nasdaq Canada Trading Book.

### 11.1 Cancel on Disconnect

Members are given the option to have all open orders cancelled in the event that a FIX session between Nasdaq Canada and the member is disconnected.

### 11.2 No-Self Trade

The Nasdaq Canada No – Self Trade feature is enabled on an order by order basis through the use of two FIX tags; the first FIX tag denotes a Member generated key to prevent orders with the same key value from the same Member trading against each other, and the second informs Nasdaq Canada which No – Self Trade option should be applied.

Members can choose from one of the following No – Self Trade options:

- Cancel the Active order (Cancel Active);
- Cancel the Passive order (Cancel Passive);
- If the orders are different in share quantity, reduce the larger order and cancel the other one (Decrement and Cancel);
- Send a fill to both orders that is not included as a trade on the public market data feed (Execute Match).

The unique key provided by a Member using this option is intended for use only on buy and sell orders for accounts that may result in trades where there is no change in beneficial or economic ownership.

### 11.3 Order Entry Parameters

#### 11.3.1 Price Thresholds

Nasdaq Canada supports Marketplace Thresholds described in the following section.

#### 11.3.2 Share Limit

Members are able to set the maximum number of shares permitted per order per security. If an order is entered which exceeds the share limit, the order will be rejected and sent back to the Member.

#### 11.3.3 Notional Limit

Members are able to set the maximum notional value per order per security. The notional value of a trade is calculated by the number of shares multiplied by the price of the security. If an order is entered which exceeds the notional limit the order will be rejected and sent back to the Member.

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## 11.4 Marketplace Thresholds

### 11.4.1 Overview

Marketplace Thresholds operate as part of a multi-tiered approach to preventing erroneous orders and controlling short term, unexplained price volatility. In accordance with IIROC Guidance, Nasdaq Canada supports Marketplace Thresholds on all of its trading books. Orders are prevented from executing outside of two reference prices; the national last sale price (NLSP) and the national last sale price established at one-minute intervals (OMLSP) (each a Reference Price, taken together Reference Prices). Marketplace Thresholds are applicable during regular trading hours (9:30 a.m. and 4:00 p.m.) on all Trading Books and from 4:00 p.m. to 5:00 p.m. on CXC and CX2 and apply to all orders including DAO with the exception of a Basis Order, a Closing Price Order, a Special Terms Order, a Volume-Weighted Average Price Order, an Opening Order, a Market-on Close Order and an order that participates in an auction following the resumption of trading after a trading halt.

### 11.4.2 Marketplace Threshold Levels

IIROC has prescribed different threshold levels for different classes of securities. Please see IIROC Notice 15-0186 *Guidance Notice on Marketplace Thresholds* (August 25, 2015) and IIROC Notice 16-0138 *Additional Guidance Respecting Single-Stock Circuit Breakers and Marketplace Thresholds* (June 20, 2016) for a list of prescribed thresholds for each asset class. Members should refer to any new IIROC Guidance as it becomes available and is amended from time to time.

### 11.4.3 Nasdaq Canada Marketplace Thresholds

An order that is entered on a Nasdaq Canada Trading Book at a price that exceeds either Reference Price will be rejected upon entry. If a rejection occurs, the order will be returned to the Member with a message describing that reason for the rejection. An order can be rejected as a single order or as part of a series of orders. In addition, in the rare circumstance where an order is resting in the order book at a price that, if executed would exceed a Reference Price, the order will be repriced to within the threshold parameter based on the most recent Reference Price. Finally, a market order that is entered without a limit price will be assigned a limit price upon entry and will post any remaining shares at the price of the most conservative Reference Price adjusted for the applicable threshold level. For example, a buy order that is entered as a market order on a security that has a 10% thresholds will be assigned a price that is 110% of the lowest Reference Price.

#### 11.4.4 How it Works

The following Reference Prices are used for all examples.

NLSP	OMLSP	Marketplace Threshold
\$10.00	\$10.05	10% from each Reference Price

##### Example 1 Violation of the NLSP

Action: Buy order entered at \$11.02

Outcome: Order is rejected because it exceeds the NLSP by greater than 10%. ( $\$11.02 > 110\%$  of \$10.00 or \$11.00)

##### Example 2 Violation of the OMLSP

Action: Sell order at \$9.02

Outcome: Order is rejected because it exceeds the OMLP by greater than 10%. ( $\$9.02 < 90\%$  of \$10.05 or \$9.045)

##### Example 3 Resting order repriced to prevent a potential trade outside the allowable threshold level

Action: Resting buy order at \$11.00.  
NLSP changes to \$9.50

Outcome: Resting order is re-priced to \$10.45. ( $\$10.45 = 110\%$  of \$9.50, or \$10.45)

##### Example 4 – Unpriced (market) order re-priced

Quantity	BID	ASK	Quantity	NLSP	OMLSP
100	8.90	10.10	500	10.00	10.05
200	8.89	10.11	2000		

Action: Sell order entered as a market order.

Outcome: Order Re-priced to \$9.05. ( $\$9.05 = 90\%$  of \$10.05).



**ANNEXE D**



This Member Agreement and its schedules (this "**Agreement**") effective as of the last date of signature hereof is by and between Nasdaq CXC Limited, a Canadian corporation ("**Exchange**") located at 9th Floor, 25 York Street, Toronto, Ontario M5J 2V5 and the member whose name is set out on the signature page (the "**Member**").

## 1 Definitions

Capitalized words and phrases used but not defined in this Agreement have the respective meanings given to them in Nasdaq CXC Limited Trading Rules and Policies ("**Trading Rules**").

## 2 Incorporation of Trading Rules

The Trading Rules are incorporated by reference into and are a part of this Agreement. The Member agrees that it will comply with and be bound by the Trading Rules that are in force from time to time. In the event of a conflict between the Trading Rules and this Agreement, the Trading Rules shall prevail.

## 3 Services

- 3.1 Subject to the terms and conditions of this Agreement, Exchange shall provide the following "Services":
  - 3.1.1 Access to the Exchange Systems to enter, view, change and cancel orders, execute trades and receive execution reports and status updates in respect of the selected Exchange books as identified in Schedule A, as amended from time to time; and
  - 3.1.2 Trade reporting.
- 3.2 Member acknowledges and agrees that:
  - 3.2.1 nothing in this Agreement constitutes an agreement by Exchange to continue any aspect of the Services in its current form;
  - 3.2.2 Exchange may from time to time make additions, deletions or modifications to the Services;
  - 3.2.3 Exchange may temporarily or permanently, unilaterally condition, modify or terminate the right of any individuals or entities to access, receive or use the Exchange Systems in accordance with the Exchange Requirements.
- 3.3 The Exchange shall notify Member of the modification or change in accordance with the Trading Rules. Member's continued use of the Services of the Exchange following the implementation of any modification will constitute Member's acceptance of the modification of the Services.



## 4 Fees

- 4.1 Member agrees to make timely payment of the fees for Services as displayed from time to time on Exchange's website [business.nasdaq.com/trade/Canadian-equities/Overview](http://business.nasdaq.com/trade/Canadian-equities/Overview) or any successor web site.
- 4.2 Fees are due and payable within 30 days of the invoice date. If the Member fails to make such payment within 30 days of the invoice date, the Exchange may in its sole discretion suspend or terminate Member's Services and access to Exchange Systems without notice to Member and without Exchange incurring any liability.
- 4.3 Member agrees to pay Exchange a late fee calculated as 1.5% above the prime rate of the Royal Bank of Canada applicable at the time the obligation comes due, or, if less, the maximum rate allowed by law, on all past due amounts. The late fee does not apply to a past due amount if Member has notified Exchange in writing that it is disputing such amount invoiced by Exchange before such amount becomes due, provided Exchange, in its sole discretion, considers such dispute to be a legitimate *bona fide* dispute made in good faith.
- 4.4 Member will be solely responsible for any and all telecommunications costs and all other expenses incurred in linking to, and maintaining its link to, Exchange.
- 4.5 Exchange reserves the right to change the fees by providing Member not less than 15 days' notice, by posting such notice on Exchange's web site.
- 4.6 Exchange shall have the right to set off any sums due from Member to Exchange against any sums due from Exchange to Member.

## 5 Representations and Warranties of Member

Member represents and warrants that:

- 5.1 it has the power and capacity to enter into, and perform its obligations under, this Agreement and all necessary corporate and other actions and approvals have been taken or obtained to authorize the execution and delivery of this Member Agreement;
- 5.2 this Agreement is a valid and binding obligation of Member, enforceable against Member in accordance with its terms;
- 5.3 it has the authority to engage in the activities contemplated by this Agreement and will promptly notify the Exchange if it ceases to be so authorized, or if it has reason to believe it will cease to be so authorized;
- 5.4 it is, and during the term of this Agreement will be, a dealer member in good standing of IIROC and will promptly notify the Exchange if it ceases to be so qualified, if it has reason to believe it will cease to be so authorized, and if any restriction on its status as an IIROC dealer member in good standing is imposed or threatened;



Member Agreement/

- 5.5 it is a person or company registered under the securities legislation of the applicable province of Canada as an investment dealer;
- 5.6 it has received and reviewed the Exchange Requirements and will use reasonable efforts to ensure that it has adopted, and enforces, procedures to monitor changes thereto;
- 5.7 it will be bound by the Exchange Requirements and will only use the Services and access the Exchange Systems in compliance therewith;
- 5.8 that all information contained herein and attached as Schedule A, and all other information provided to or to be provided to, and statements made to, the Exchange is, or will be at the time made, current, true and complete, and will be updated in a timely manner, as applicable;
- 5.9 it has notified each Person for whom personal information has been or is being collected, used and disclosed to the Exchange: (i) that such personal information is being collected, used and disclosed for the purposes of this Agreement and the administration and enforcement of the Exchange Requirements and such Person has authorized such collection, use and disclosure; and (ii) of information regarding how to obtain the title, business address and business telephone number of the privacy officer at the Exchange who can answer questions about the Exchange's collection, use and disclosure of such personal information.
- 5.10 it will not: (i) unless otherwise required by applicable law, sell, rent, lease, license or sublicense, furnish, distribute, retransmit, redistribute, disseminate, divert, release or otherwise permit or provide access to the Services or Exchange Systems, or any part thereof, to any other entity or to any individual that is not Member's employee, customer, or Related Person (and then, only if and as expressly permitted pursuant to this Agreement or the Exchange Requirements); (ii) copy, modify, reverse engineer, decode, decompile, attempt to tamper with, evade, or discover the method of operations of the Services or Exchange Systems; (iii) use the Services in violation of this Agreement, the Exchange Requirements, or applicable law; or (iv) introduce any harmful data, computer code, or viruses to the Services or Exchange Systems or otherwise damage, disrupt, disable, or harm the Services or Exchange Systems.
- 5.11 The use of the Services and the Exchange Systems by Member's employees, customers and Related Persons shall be in compliance with Exchange Requirements and the Member's obligations under this Agreement.
- 5.12 Member is and will remain responsible for the use of the Services by Member and by any Member employees, customers and Related Persons.
- 5.13 Member will take reasonable security precautions to prevent unauthorized use of or access to Exchange, including unauthorized entry of information into Exchange, or use of the information and data made available therein. Member understands and agrees that Member is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Member's authorized traders, and for the trading and other consequences thereof, except in the event of willful misconduct, fraud or a breach of this Agreement by Exchange that results in unauthorized access by other parties.

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## 6 Member Compliance

Member certifies that:

- 6.1 it has appropriate resources, policies and procedures in place to ensure compliance with all Exchange Requirements and the requirements of any Clearing Corporation used by the Exchange when undertaking any activity on the Exchange Systems and has the capacity to settle all trades executed on or through the use of the Exchange Systems;
- 6.2 it has established, maintains and enforces policies and procedures designed to achieve trade matching in accordance with National Instrument 24-101 - *Institutional Trade Matching and Settlement* ("NI 24-101");
- 6.3 it will maintain, keep current, and provide upon request to Exchange a list of all of its Approved Traders who may use the Services and obtain access to the Exchange Systems on behalf of Member;
- 6.4 it will familiarize its Approved Traders with all of its obligations under this Member Agreement and will ensure that they receive appropriate training before any use of the Services or access to or use of the Exchange Systems.

## 7 Connectivity

Member is solely responsible for providing and maintaining all necessary electronic communications with the Exchange Systems, including, wiring, computer hardware, software, communication line access, and networking devices. If Member chooses to seek to directly connect to the Exchange Systems, Member shall sign a separate connectivity services agreement with Exchange.

## 8 Settlement of Transactions

Member agrees that it is Member's absolute, unconditional, and unassignable obligation, in connection with each securities transaction effected by Member on Exchange to ensure the timely delivery of the subject securities and/or funds as well as any required remittance of interest, dividend payments and/or other distributions in compliance with applicable laws and rules, including, without limitation, relevant rules under the NI 24-101 as well as the rules of the Clearing Corporation. Member will promptly notify Exchange in writing upon becoming aware of any material change in or to Member's clearing arrangements. Exchange retains the right to cancel or amend any trade without liability to Member or any of Member's customers in accordance with the Exchange Requirements as may be amended or re-numbered from time to time. Any cancellation or amendment made to a trade by the Exchange will be in accordance with National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces*.

## 9 Confidentiality

- 9.1 Confidentiality. Both parties acknowledge that: (i) the Services and the information and data made available in connection therewith, incorporate confidential and proprietary information developed, acquired by or licensed to Exchange; and (ii) each party may receive or have access to other proprietary or confidential information disclosed and reasonably understood as confidential by the disclosing party (collectively, the "Confidential Information"). The receiving party will use the disclosing party's Confidential



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Information solely to perform its obligations under this Agreement. The receiving party will take all precautions necessary to safeguard the confidentiality of the disclosing party's Confidential Information, including without limitation: (i) those taken by the receiving party to protect its own confidential information; and (ii) those that the disclosing party may reasonably request from time to time. Exchange will not disclose the identity of Member or Member's customers to any of its other members or to any third parties in connection with orders, trades and other messages and instructions entered or executed by Member on Exchange, except as required by a court or regulatory or self-regulatory authority with jurisdiction over Exchange or Member, or to facilitate the clearance and settlement of a trade, on an aggregate basis for analytical or reporting purposes, or to a third party for the purpose of capital markets research unless such disclosure to a third party for the purposes of capital markets research is in compliance with National Instrument 21-101 – *Marketplace Operation*.

- 9.2 Disclosure. The receiving party will not disclose, in whole or in part, the disclosing party's Confidential Information to any person, except as specifically authorized under this Agreement. Member may not disclose any data or compilations of data made available to Member by Exchange without the express, prior written authorization of Exchange. The receiving party may also disclose Confidential Information in accordance with the requirements of a regulatory or self-regulatory authority with jurisdiction over Exchange or Member.
- 9.3 Unauthorized Use or Disclosure. The parties acknowledge that any unauthorized use or disclosure of the disclosing party's Confidential Information may cause irreparable damage to the disclosing party. If an unauthorized use or disclosure occurs, the receiving party will immediately notify the disclosing party and take at its expense all steps necessary to recover the disclosing party's Confidential Information and to prevent its subsequent unauthorized use or dissemination, including availing itself of actions for seizure and injunctive relief. If the receiving party fails to take these steps in a timely and adequate manner, the disclosing party may take them at the receiving party's expense, and the receiving party will provide the disclosing party with its reasonable cooperation in such actions that the disclosing party may request.
- 9.4 Limitation. The receiving party will have no confidentiality obligation with respect to any portion of the disclosing party's Confidential Information that: (i) the receiving party independently developed before receiving the Confidential Information from the disclosing party; (ii) the receiving party lawfully obtained from a third party under no obligation of confidentiality; (iii) is or becomes available to the public other than as a result of an act or omission of the receiving party or any of its employees; or (iv) the receiving party is compelled to disclose by law, regulation or legal process provided by a court of competent jurisdiction or other governmental entity to whose jurisdiction the receiving party is subject.

## 10 Data

- 10.1 Member represents and warrants that, with respect to information and data that Member or Member's Related Person(s) enter into Exchange Systems ("**Member's Data**"): (i) Member owns or has sufficient rights in and to Member's Data to authorize Exchange to use Member's Data to perform all obligations and exercise all rights under this Agreement with respect thereto; (ii) use or delivery of Member's Data by Member, Member Related Persons or Exchange will not violate the proprietary rights (including, without limitation, any privacy rights) of any party; and (iii) use or delivery of Member's Data by Member, Member Related Persons or Exchange will not violate any applicable law or regulation. Member hereby grants Exchange a worldwide, perpetual, irrevocable, royalty free, fully paid up

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Member Agreement/

license to use, reproduce, modify, distribute, sublicense and otherwise exercise any intellectual property rights in the Member Data for the purposes of: (a) performing all obligations and exercising all rights under this Agreement with respect thereto; and (b) for use within Exchange (or its affiliates) market data products (including, for certainty, disclosure, publication, or distribution to third parties).

- 10.2 Member may not sell, lease, furnish or otherwise permit or provide access to any data feed containing quotation or trade information from Exchange ("**Exchange Data**") to any other person or to any other office or place unless it signs and complies with separate Exchange Data Use Agreement and/or Data Distribution Agreement.

## 11 Exchange Systems

- 11.1 Ownership. As between Member and Exchange, Exchange retains ownership of the Exchange Systems and all rights, title and interest therein, including all inventions, patents, copyrights, trade secrets and other intellectual property rights associated with the Exchange Systems, and Member's sole rights in relation thereto are those granted under this Agreement.
- 11.2 Each party shall install and maintain at all times during the term of this Agreement a corporate "firewall" protecting its computer network in accordance with commercially reasonable specifications and standards.

## 12 Use of Marks

Exchange and Member each acknowledge and agree that Exchange and Member each have proprietary rights in their respective trade names, trademarks, service marks, logos, copyrights and patents, registered or unregistered (collectively, the "**Marks**"). Exchange and Member each agree that they shall not use the other party's Marks in any way that would infringe upon the rights of the other Party. Further, this Agreement shall not grant either party the right to use the other party's Marks in any marketing, promotional or other materials without the prior review and written consent of the other party.

## 13 DISCLAIMER OF WARRANTY

THE SERVICES AND EXCHANGE SYSTEM ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. NONE OF EXCHANGE, ITS AFFILIATES, DIRECTORS, EMPLOYEES, AGENTS, OR ANY THIRD PARTY PROVIDER MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO UNINTERRUPTED AVAILABILITY, SECURITY, TIMELINESS, OR THE ACCURACY, CORRECTNESS, OR COMPLETENESS OF ANY INFORMATION OR AS TO RESULTS TO BE ATTAINED BY MEMBER OR ANYONE ELSE FROM THE USE OF THE SERVICES OR EXCHANGE SYSTEM. EXCEPT AS OTHERWISE STATED IN THIS AGREEMENT, EXCHANGE, ITS AFFILIATES AND ALL THIRD PARTY PROVIDERS DISCLAIM ALL WARRANTIES, CONDITIONS, GUARANTEES OR REPRESENTATIONS, WHETHER EXPRESS OR IMPLIED, IN LAW OR IN FACT, ORAL OR IN WRITING, OR THAT ARISE FROM STATUTE OR FROM A COURSE OF DEALING, USAGE OR TRADE INCLUDING WITHOUT LIMITATION ANY WARRANTIES, CONDITIONS, GUARANTEES OR REPRESENTATIONS OF FITNESS FOR PURPOSE, MERCHANTABILITY OR MERCHANTABLE OR SATISFACTORY QUALITY, OR NON-INFRINGEMENT. NONE OF EXCHANGE, ITS AFFILIATES OR ANY THIRD PARTY PROVIDER SHALL HAVE ANY RESPONSIBILITY TO MAINTAIN THE SERVICES OR EXCHANGE SYSTEM OR TO SUPPLY ANY CORRECTIONS, UPDATES OR RELEASES IN CONNECTION THEREWITH. NONE OF EXCHANGE, ITS AFFILIATES OR ANY THIRD PARTY PROVIDER IS SOLICITING ANY ACTION BASED UPON THE USE OF THE

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SERVICES OR EXCHANGE SYSTEM. THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE SERVICES AND THE EXCHANGE SYSTEM ARE WITH THE MEMBER AND THERE IS NO GUARANTEE THAT THE SERVICES PROVIDED BY EXCHANGE WILL MEET THE MEMBER'S REQUIREMENTS, BE ERROR FREE, OR OPERATE WITHOUT INTERRUPTION.

## 14 LIMITATION ON LIABILITY

### 14.1 Limitations

MEMBER AGREES THAT NONE OF EXCHANGE, ITS PARENT COMPANY, ITS HOLDING COMPANY, SHAREHOLDERS, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR ANY RELATED PERSONS OR ENTITIES, WILL BE LIABLE FOR ANY LOSS OR CLAIM, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOSS OF OPPORTUNITY, LOSS OF USE, TRADING LOSSES, LOSS OF OTHER COSTS OR SAVINGS, OR FOR ANY DAMAGES SUFFERED, OR COST AND EXPENSES INCURRED, BY MEMBER, ANY INTERNAL USER, ANY CUSTOMER OR ACCOUNT OF MEMBER, ANY SERVICE FACILITATOR OR ANY OTHER THIRD-PARTY, OF ANY NATURE, OR FROM ANY CAUSE WHATSOEVER, WHETHER, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL, ARISING OUT OF THE FURNISHING, PERFORMANCE, MAINTENANCE OR USE OF, OR INABILITY TO USE, THE SERVICES OR THE EXCHANGE SYSTEMS OR ANY OTHER MATERIAL FURNISHED BY OR ON BEHALF OF EXCHANGE, NOTWITHSTANDING THAT EXCHANGE MAY HAVE BEEN ADVISED OF THE POSSIBILITY THAT DAMAGES MAY OR WILL ARISE IN ANY GIVEN SITUATION. NEITHER PARTY NOR ANY OF THEIR OFFICERS, EMPLOYEES AND/OR AGENTS ARE EMPLOYEES, OFFICERS, AGENTS OR PERSONS WHO HAVE THE AUTHORITY OR CAPACITY TO ACT FOR OR ON BEHALF OF THE OTHER PARTY. NONE OF EXCHANGE, ITS PARENT COMPANY, ITS HOLDING COMPANY, SHAREHOLDERS, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR ANY RELATED PERSONS OR ENTITIES WILL BE LIABLE IN ANY WAY FOR ANY DIRECT OR ANY INDIRECT DAMAGES CAUSED OR BASED UPON ANY INACCURACY, ERROR, OR DELAY IN, OR OMISSION OF THE TRANSMISSION OR DELIVERY OF THE SERVICE.

### 14.2 Monetary Damages

EXCHANGE'S ENTIRE AGGREGATE LIABILITY ARISING FROM OR RELATED TO THIS MEMBER AGREEMENT AND ITS OBLIGATIONS HEREUNDER SHALL NOT EXCEED THE FEES CHARGED, NET OF ANY FEE REBATES, AND RECEIVED BY EXCHANGE FROM MEMBER IN THE TWO MONTHS PRECEDING THE DATE THAT THE FIRST CAUSE OF ACTION AROSE, EVEN IF A CONTINUING ONE.

## 15 Indemnities

### 15.1 Indemnification by Member

Member agrees to indemnify and hold harmless and at Member's expense defend Exchange, its officers, directors, employees, agents, members, successors and assigns ("**Exchange Indemnified Parties**") from and against any cost, expense, liability claim, loss or damage (collectively, "**Losses**") which any Exchange Indemnified Party may incur as a result of: (i) the use or misuse of, or the inability to use, the Services or the Exchange Systems by Member or any Member agent, customer or employee, or defects or deficiencies with the Services or the Exchange Systems; or (ii) any breach by Member or any Member agent, customer or employee of any of the terms of this Agreement, except to the extent caused by the gross negligence, willful misconduct or fraud of Exchange or any Exchange Indemnified Parties. Exchange will use reasonable efforts to promptly notify Member of any claim falling under the foregoing indemnity, provided however that failure to provide timely notice will not negate the right of indemnity

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hereunder. Member may elect to assume the defense of any third party claim to which this Section applies, and upon receipt by Exchange of notice of such election, Member shall not be liable to Exchange under this Section for any legal expenses of additional counsel or any other additional expenses provided Member carries out such defense with reasonable diligence.

## 15.2 Indemnification by Exchange

- 15.2.1 Exchange agrees to indemnify and hold harmless Member and its officers, directors, employees, agents, members, successors and assigns ("**Member Indemnified Parties**") from or against any action or claim that the Member's use of the Services infringes the Intellectual Property Rights (and, for the purpose of this Agreement, "Intellectual Property Rights" means all rights and inventions, copyrights, design rights, trade names, service marks, trade secrets, know-how and any other intellectual property or proprietary rights of a third party, whether registered or unregistered) of a third party ("**IPR Claim**") and shall indemnify the Member from and against any Losses incurred by or awarded against the Member Indemnified Parties as a result of any IPR Claim. The Member agrees to (i) notify Exchange in writing of any IPR Claim of which it has notice as soon as reasonably practicable, provided however that failure to provide timely notice will not negate the right of indemnity hereunder; (ii) maintain reasonable consultation with Exchange in relation to the IPR Claim; and (iii) provide Exchange with all the information reasonably requested by Exchange for the purpose of enabling Exchange to assess the claim.
- 15.2.2 Exclusions. Exchange shall have no obligation to indemnify, defend or hold harmless for any and all Losses imposed on, incurred by or asserted against Member Indemnified Parties as a result of any allegation of infringement or misappropriation: (i) if the Services or Exchange Systems have not been accessed or used in accordance with this Agreement which resulted in such infringement or misappropriation; (ii) if any Member Indemnified Party uses the Services or the Exchange Systems after the Exchange notifies Member of an infringement claim; (iii) if the infringement or misappropriation claim, action, proceeding or allegation is the result of the combination, operation or use of the Services or the Exchange Systems as furnished by the Exchange with hardware, software or materials other than those provided by the Exchange; or (iv) in relation to Member's Data.
- 15.2.3 Remedies. In the event of a claim, action, proceeding or allegation of infringement or misappropriation or if, in the Exchange's reasonable opinion, such claim, action, proceeding or allegation is likely to occur or the use of Services or access or use of the Exchange Systems is enjoined because of infringement or misappropriation, the Exchange may, at its sole option and expense: (i) procure for Member the right to continue using the Services and the Exchange Systems without infringement or misappropriation; (ii) replace or modify that portion of the Services or the Exchange Systems, as the case may be, to be non-infringing without liability to Member or any other Person; or (iii) terminate this Agreement immediately without liability to Member (other than indemnification by the Exchange in accordance with this section) or any other Person.
- 15.2.4 Exclusivity. This Section 15 sets forth the entire liability of the Exchange and the exclusive remedy of Member in respect of any infringement or misappropriation of any intellectual property right of a third party by the Exchange.

## 16 Term and Termination



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- 16.1 Term. This Agreement will continue until terminated pursuant to the terms of this Agreement.
- 16.2 Member or Exchange may terminate this Agreement or any part of the Services upon 30 days written notice to the other party.
- 16.3 Exchange may suspend or terminate the Services to Member immediately and without notice if it determines, acting reasonably, that: (i) Member has breached any material term of this Agreement; (ii) Member is engaged in activities that Exchange determines to be detrimental to Exchange or its members; (iv) Member is selling, leasing, licensing, furnishing or otherwise permitting or providing access to Exchange Data without the prior approval of Exchange; (v) Member has violated any Exchange Requirements; or (vi) Member ceases to be a member in good standing with Exchange. Upon the termination of this Agreement for any reason, all rights granted to Member hereunder will cease.
- 16.4 In no event will termination of this Agreement relieve Member of any obligations incurred prior to the termination or through its use of or connection to Exchange.

## 17 Audit

- 17.1 During the term of this Agreement and for a period of two (2) years thereafter, Exchange may, upon five (5) days' notice, audit Member's use of the Services in order to: (i) confirm Member's compliance with this Agreement, the Exchange Requirements, and applicable law; or (ii) establish and verify pricing eligibility. For purposes of conducting any such audit, Member shall grant, during Member's normal business hours, Exchange access to its facilities, offices, and equipment, including at any locations where the Services are accessed, and shall make available to Exchange its appropriate employees, agents, and representatives. Exchange's employees, agents and representatives shall comply with Member's reasonable security requirements provided in advance in writing while located at Member's premises. Exchange shall be entitled to audit Member pursuant to this Section 17.1 once during any consecutive twelve (12) month period, provided, that Exchange may conduct an additional audit during such period in the event that an audit reveals noncompliance with this Agreement, the Exchange Requirements or applicable law.
- 17.2 If, as a result of any such audit, Exchange determines that Member has without authorization diverted, repackaged, or disseminated data from the Services, Exchange shall have the right to (i) disable all unauthorized accounts, users, and login information, if such unauthorized accounts, users, and login information is not authorized by Member for use of the Services within five (5) days of receipt of written notice thereof from Exchange (email to suffice), and (ii) retroactively bill Member for the appropriate amount that Member should have paid.
- 17.3 If, as a result of any such an audit, Exchange determines that any payments made by Member were made at a price that Member was not eligible to receive at the time of such payment, Exchange shall have the right to charge Member retroactively for the appropriate price at the rate that was in effect at the time the Services were accessed and/or provided.
- 17.4 Member shall promptly pay any additional amounts assessed by Exchange as a result of any such audit, which amounts shall be paid in accordance with the terms of this Agreement.

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- 17.5 Notwithstanding Section 9, Exchange shall have the right to disclose the audit findings to the extent that: (i) the findings are used in the aggregate with other information and such aggregation does not specifically identify Member; and (ii) Exchange needs to disclose the findings in order to enforce its rights under this Agreement.

## 18 Disputes

Exchange and the Member irrevocably agree that they shall submit all disputes arising from or relating to this Agreement to binding arbitration, which shall be conducted in accordance with the UNCITRAL Model Law on International Commercial Arbitration. Any such arbitration shall take place in the English language, in the City of Toronto. The arbitral tribunal shall apply the substantive laws of the Province of Ontario, save and except its conflicts of laws rules. Any adjudicator so appointed shall be satisfactory to Exchange.

## 19 Governing Law

This Agreement shall be governed by the laws of the Province of Ontario without regard to its choice of law provisions. Subject to Section 17, the parties consent to arbitration in relation to any legal action or proceedings arising out of or in connection with this Agreement (“**Proceedings**”). The Member agrees that this Section operates for the benefit of Exchange and accordingly, notwithstanding this Section, Exchange shall be entitled to take Proceedings in any other court or courts having jurisdiction. The parties agree that any remedy at law for any breach of Member's obligations under this Agreement will be inadequate and Exchange will be entitled to seek temporary and permanent injunctive relief (without the necessity of proving actual damages) to restrain the breach or threatened breach of, or otherwise to specifically enforce Member's obligations under this Member Agreement. In addition to seeking injunctive relief, Exchange retains the right to commence an action for any other relief and nothing contained herein shall be construed as limiting Exchange's right to any other remedies at law, including but not limited to the recovery of damages. The terms and conditions of this Section shall survive any termination, cancellation, replacement, expiration, modification, rejection or cessation of effectiveness of this Agreement.

## 20 Notices

With respect to notices concerning the Trading Rules or operations of the Exchange (including but not limited to notices given under Clause 3 to adjust the fees) Exchange may give notices to the Members by means of posting notices on its web site [business.nasdaq.com/trade/Nasdaq-CX/Overview](http://business.nasdaq.com/trade/Nasdaq-CX/Overview) or any successor web site. Exchange shall provide email notification for convenience of Members, provided however, that Member shall be responsible for providing and updating as necessary Member's email address for such email notifications. Such email notification shall be for communication purposes only. Exchange's official notification shall be posted on its website. Except as otherwise expressly provided, any other notice which either party is required or authorized by this Agreement to give or make to the other shall be given or made either by prepaid first class post or hand delivery addressed to the other at their last known business address. In the case of Exchange such notice is to be addressed to the Chief Compliance Officer. Notice shall be deemed for the purposes of this Agreement to have been given or made, in the case of hand delivery, at the time of delivery or if by prepaid first class post 48 hours after posting (excluding Saturdays, Sundays and public holidays in Canada).

## 21 Assignment

Member's license to use the Services and to access and use the Exchange Systems during the term of this Member Agreement is personal, non-exclusive and non-transferable. Member shall not assign, delegate or otherwise transfer this Member Agreement or any of its rights or



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obligations hereunder without the Exchange's prior approval. Exchange may, upon notice to Member (which notice may be provided by way of a notice to members generally and posted to the Exchange's website), assign or transfer this Member Agreement or any of its rights or obligations hereunder to another Person that is controlled by the Exchange, controls the Exchange or is under common control with the Exchange.

## 22 Force Majeure

Neither Party hereunder shall be liable for any delay or failure to perform its obligations hereunder so long as that delay or failure is the result of an event beyond its reasonable control, provided that such Party uses commercially reasonable efforts to fulfill its obligations under this Member Agreement. Notwithstanding the foregoing, Member agrees and acknowledges that its settlement obligations cannot be waived under this, or any other, provision in this Agreement and that Member's absolute and unconditional settlement obligations as defined herein shall remain in full force and effect.

## 23 Time Limit on Claims

Member will not bring any claim or legal action arising out of or related to this Agreement (including under Section 18, any claim for indemnification under Section 15.2, or any Proceedings) more than two months after the claim or cause of action arose, unless otherwise provided by applicable law without the possibility of contractual waiver or limitation.

## 24 Waiver and Severability

Any waiver by the other Party in writing of any of the other Party's obligation hereunder, or any failure to insist upon strict compliance with any obligation shall not operate as a waiver of, or estoppel with respect to any subsequent or other failure. If any provision of this Agreement shall be held invalid, the remaining portions shall remain in full force and effect.

## 25 Amendments

Exchange may amend any term or condition of this Agreement on 45 days' written notice to Member (which notice may be provided by way of a circular issued to Members generally).

## 26 Entire Agreement

This Agreement and the Trading Rules state the entire understanding between the Parties with respect to its subject matter and supersedes all prior proposals, marketing materials, negotiations and other written, oral or electronic communications between the Parties with respect to the subject matter hereof, except that neither Party limits or excludes its liability to the other for fraudulent misrepresentation.

## 27 Language

The parties confirm that it is their wish that this Agreement be written in the English language only. *Les parties confirment leur volonté que la présente convention de membre soit rédigée en anglais seulement.*

## 28 Counterparts

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument and may be delivered by facsimile or e-mail transmission of a Portable Document Format (PDF) file.



Member Agreement/

**29 Survival**

The following Sections will survive the termination or expiration of this Agreement for any reason: 4, 5, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 22, 23, 24, 26. In no event will termination of this Agreement relieve Member of any obligations incurred prior to the termination or through its use of or connection to Exchange.

*[Signature Page Follows]*

Page 12 of 13



Member Agreement/

IN WITNESS WHEREOF, the parties have caused this Member Agreement to be executed by duly authorized representatives of the parties.

Name of Applicant/Member (please print): \_\_\_\_\_

---

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

---

Member's second signature (if required by Member)

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

---

**Nasdaq CXC Limited**

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_



**SCHEDULE A**  
**I. COMPANY AND CONTACT INFORMATION**

Member Information	
Name of Legal Entity:	
Address of Head Office:	
Street Address	
Suite/Floor	
City	
Province/State	
Postal Code	
Country (if not Canada)	
Telephone Number:	
Fax Number:	
Web Address/URL:	
Principal Business Activities:	
Regulatory Authorization	
Member Number:	
CUID:	
Sub ID:	
Organizational Structure	
Type of Organization	
	<input type="checkbox"/> Corporation
	<input type="checkbox"/> Partnership
	<input type="checkbox"/> Other, please specify: _____
Access to Nasdaq CXC Limited Trading Books	
Nasdaq CXC Book	<input type="checkbox"/>
Nasdaq CX2 Book	<input type="checkbox"/>
Nasdaq CXD Book	<input type="checkbox"/>
Odd Lot Dealer	
Odd Lot Dealer <sup>(1)</sup>	<input type="checkbox"/>
<sup>(1)</sup> Odd Lot Dealers must complete the Odd Lot Dealer addendum.	
Guaranteed Execution Facility (GEF) Member	
GEF Member <sup>(2)</sup>	<input type="checkbox"/>
<sup>(2)</sup> GEF Members must complete the Guaranteed Execution Facility addendum.	



**SCHEDULE A**  
**II. AUTHORIZED REPRESENTATIVES AND CONTACTS**

<b>Member Name:</b>	_____
Primary Authorized Representative	Name:
	Title:
	Email:
	Telephone:
	Receive Incident notifications and resolution alerts: Y/N
Secondary Authorized Representative (optional)	Name:
	Title:
	Email:
	Telephone:
	Receive Incident notifications and resolution alerts: Y/N
Trading Contact*	Name:
	Title:
	Email:
	Telephone:
	Receive Incident notifications and resolution alerts: Y/N
Compliance Contact	Name:
	Title:
	Email:
	Telephone:
	Receive Incident notifications and resolution alerts: Y/N
Billing Contact	Name:
	Title:
	Email:
	Telephone:
	Receive Incident notifications and resolution alerts: Y/N
Technical Contact*	Name:
	Title:
	Email:
	Telephone:
	Receive Incident notifications and resolution alerts: Y/N
*Unless otherwise designated, will receive Incident Notification and Resolution alerts.	





**SCHEDULE A**  
**III. APPROVED TRADERS**

<b>Member Name:</b>	
Name:	
UMIR User ID	
Email:	
Telephone:	
Odd Lot Trader :	
GEF Trader	
Name:	
UMIR User ID	
Email:	
Telephone:	
Odd Lot Trader :	
GEF Trader	
Name:	
UMIR User ID	
Email:	
Telephone:	
Odd Lot Trader :	
GEF Trader	
Name:	
UMIR User ID	
Email:	
Telephone:	
Odd Lot Trader :	
Name:	
UMIR User ID	
Email:	
Telephone:	
Odd Lot Trader :	
GEF Trader	



**SCHEDULE B**  
**ADDITIONAL TRADING SERVICE OPTIONS**

<b>Member Name:</b>	_____
<b>1. OPTIONAL TRADING SERVICE OFFERINGS</b>	
Smart Routing <sup>(1)</sup>	<input type="checkbox"/>
<sup>(1)</sup> Smart Routing customers must complete the Order Routing Services addendum.	

<b>2. TECHNOLOGY ACCESS</b> (Please complete if selected above)	
Access to Nasdaq Canada Test Environment	Yes (First session is provided as part of membership)
Additional sessions	<input type="checkbox"/>

<b>3. SMART ROUTING: APPLICABLE MARKETS</b> (Please complete if selected above)	
Aequitas Neo Exchange Inc.	
Lit Book	<input type="checkbox"/>
Neo Book	<input type="checkbox"/>
TMX Group	
TSX/TSX Venture	<input type="checkbox"/>
Alpha Exchange	<input type="checkbox"/>
Omega Securities Inc.	
Omega ATS	<input type="checkbox"/>
Lynx ATS	<input type="checkbox"/>
Canadian Securities Exchange	<input type="checkbox"/>
TriAct MatchNow	<input type="checkbox"/>
Instinet Canada Cross	<input type="checkbox"/>
Liquidnet Canada	<input type="checkbox"/>
Note: Routing to CXC, CX2 and CXD is included.	

Note: By selecting these marketplaces, Member represents and acknowledges that it is a participant in good standing of each of the Applicable Markets. Member shall immediately notify Nasdaq CXC Limited if there is any termination or restriction of its status as a subscriber or participating organization in any Applicable Market.



## SCHEDULE C

### CONNECTIVITY

1. DIRECT CONNECT ACCESS <sup>(1)</sup>	
Please indicate how you connect to the Exchange's trading platform:	
Direct Circuit	<input type="checkbox"/>
Customer of Equinix (TR2 or CH4)	<input type="checkbox"/>
<sup>(1)</sup> Direct Connect customers must complete the Direct Connectivity Services addendum.	

2. CONNECTION VIA EXTRANET PROVIDER	
Please indicate which service provider you use:	
TNS	<input type="checkbox"/>
Century Link	<input type="checkbox"/>
BT Radianz	<input type="checkbox"/>
TMX Atrium	<input type="checkbox"/>
Other (please specify): _____	<input type="checkbox"/>

3. CONNECTION VIA THIRD PARTY SERVICE PROVIDER	
Please indicate which service provider you use:	
Fidessa	<input type="checkbox"/>
FlexTrade	<input type="checkbox"/>
IRESS	<input type="checkbox"/>
ITS	<input type="checkbox"/>
Realtick	<input type="checkbox"/>
Sterling Trader	<input type="checkbox"/>
Other (please specify): _____	<input type="checkbox"/>



## **ORDER ROUTING SERVICES (“SOR”) ADDENDUM**

### **1 Definitions**

Capitalized words and phrases used but not defined in this Addendum have the respective meanings given to them in the Nasdaq CXC Limited (Nasdaq Canada) Trading Rules and Policies (“Trading Rules”) and the Exchange Requirements.

### **2 Routing Services**

- 2.1 Nasdaq Canada agrees to route orders entered into the System to Applicable Markets in accordance with Member’s standing instructions or the Member’s order by order authorizations.
- 2.2 Member acknowledges that Nasdaq Canada does not act as agent for Member in respect of transactions effected through the System.
- 2.3 Orders will be conveyed to the Applicable Markets when better priced contra-side orders are available at those markets.
- 2.4 The Member acknowledges and agrees that Nasdaq Canada will not route conditional orders and certain other order types to an Applicable Market if such order types are not supported by the Applicable Market.
- 2.5 The Member acknowledges and agrees that Nasdaq Canada will not route any orders that are not eligible for order routing in accordance with UMIR or the Nasdaq Canada Rules.
- 2.6 Nasdaq Canada does not guarantee best execution. The entire risk as to the quality and performance of this service is with the Member. There is no guarantee that the routing services provided by Nasdaq Canada will meet the Member’s requirements or be error free.
- 2.7 Applicable Markets are listed in Schedule B of the Member Agreement and may be amended from time to time by a Technical Notice.

### **3 Cancellation and Modification of Orders**

- 3.1 Member acknowledges and agrees that all cancellations and modifications of orders that have been routed shall be in accordance with UMIR and the rules of the Applicable Market to which the orders were routed.
- 3.2 Member acknowledges that orders routed away from an Applicable Market may execute after Nasdaq Canada has received notification of the cancellation or modification of the original order.
- 3.3 Member acknowledges and agrees that Nasdaq Canada may be unable to cancel or modify orders routed away from an Applicable Market due to technical reasons or other issues beyond Nasdaq Canada’s control at the destination marketplace and that Nasdaq



Canada does not take responsibility for such orders or any errors or losses resulting, even if Nasdaq Canada could have prevented such error or loss.

#### **4 Clearing and Settlement**

Member acknowledges and agrees that all transactions executed on an Applicable Market shall be cleared and settled by the Applicable Market in accordance with its rules.

#### **5 Member Qualification Acknowledgement**

- 5.1 Member represents and acknowledges that it is a participating organization in good standing of each of the Applicable Markets.
- 5.2 Member shall immediately notify Nasdaq Canada if there is any termination or restriction of its status as a subscriber or participating organization in any Applicable Market.

#### **6 Termination**

- 6.1 This Addendum will continue until:
  - 6.1.1 the Member Agreement is terminated for any reason.
  - 6.1.2 it is terminated by either party upon 30 days written notice to the other party.

#### **7 Acknowledgement**

By executing this Addendum, the Customer acknowledges and agrees that:

- 7.1 this Addendum is effective on the date of signature by Nasdaq CXC Limited and forms part of and is governed by the terms of the Member Agreement and the Exchange Requirements;
- 7.2 this Addendum replaces and supersedes all earlier versions of this Addendum;
- 7.3 in the event of a conflict between the terms of this Addendum and the terms of the Member Agreement, the Addendum will control.
- 7.4 the person executing this Addendum on behalf of the Member has authority to bind the Member to the terms of the Addendum.

*[Signature Page Follows]*



Name of Applicant/Member (please print): \_\_\_\_\_

---

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

---

Member's second signature (if required by Member)

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

---

**Nasdaq CXC Limited**

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

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## ODD LOT DEALER ADDENDUM

### 1 Definitions

Capitalized words and phrases used but not defined in this Odd Lot Dealer Addendum (this “**Addendum**”) have the respective meanings given to them in the Nasdaq CXC Limited Trading Rules and Policies (“**Trading Rules**”) and the Exchange Requirements.

### 2 Odd Lot Dealer Obligations

- 2.1 With respect to the securities for which it is responsible, Member shall carry out all obligations of an odd-lot dealer as set out in the Trading Rules and the Exchange Requirements.
- 2.2 The Odd Lot Dealer will guarantee automatic immediate fills for incoming marketable IOC odd lot orders.

### 3 Nasdaq Canada Obligations

- 3.1 Nasdaq Canada agrees to allocate securities to Odd Lot Dealers in a fair and equitable manner and shall notify Member of its assigned securities in writing.

### 4 Termination

- 4.1 This Addendum will continue until:
  - 4.1.1 the Member Agreement is terminated for any reason.
  - 4.1.2 it is terminated by either party upon 30 days written notice to the other party.

### 5 Acknowledgement

By executing this Addendum, the Customer acknowledges and agrees that:

- 5.1 this Addendum is effective on the date of signature by Nasdaq CXC Limited and forms part of and is governed by the terms of the Member Agreement and the Exchange Requirements;
- 5.2 this Addendum replaces and supersedes all earlier versions of this Addendum;
- 5.3 in the event of a conflict between the terms of this Addendum and the terms of the Member Agreement the Addendum will control.
- 5.4 the person executing this Addendum on behalf of the Member has authority to bind the Member to the terms of the Addendum.

*[Signature Page Follows]*



Name of Applicant/Member (please print): \_\_\_\_\_

---

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

---

Member's second signature (if required by Member)

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

---

**Nasdaq CXC Limited**

By: \_\_\_\_\_  
Signature of Authorized Officer

Name of Signatory (please print): \_\_\_\_\_

Title (please print): \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_





Guaranteed Execution Facility Member Addendum to the Member Agreement

### 7.3.2 Publication

#### **La Caisse canadienne de dépôt de valeurs limitée et Services de dépôt et de compensation CDS inc.**

Vu la décision n° 2012-PDG-0142 prononcée le 4 juillet 2012 par l'Autorité des marchés financiers (l'« Autorité ») reconnaissant Groupe TMX Limitée, anciennement Corporation d'Acquisition Groupe Maple, La Caisse canadienne de dépôt de valeurs limitée et sa filiale à part entière Services de dépôt et de compensation CDS inc. (« Compensation CDS ») (ces deux dernières, collectivement désignées, la « CDS »), à titre de chambre de compensation en vertu de l'article 169 de la Loi sur les valeurs mobilières, RLRQ, c. V-1.1 (la « décision de reconnaissance »), telle que modifiée par la suite;

Vu l'obligation, pour Compensation CDS, d'obtenir l'approbation de l'Autorité de tout projet de modification de ses documents constitutifs, de son règlement intérieur ou de ses règles de fonctionnement, aux termes de l'article 74 de la Loi sur l'Autorité des marchés financiers, RLRQ, c. A-33.2 (la « Loi »);

Vu l'obligation, pour Compensation CDS, de déposer à l'Autorité toute modification importante à ses règles et de se conformer au protocole d'examen et d'approbation des règles de Compensation CDS joint à l'annexe A de la décision de reconnaissance, le tout en vertu du paragraphe 32.2 de la décision de reconnaissance;

Vu la demande, déposée le 31 juillet 2017 par Compensation CDS, afin d'obtenir l'approbation par l'Autorité des modifications importantes aux Procédés et méthodes de la CDS relatives à la gestion des garanties en espèces en devise canadienne (les « modifications »);

Vu l'avis de publication publié au Bulletin de l'Autorité le 17 août 2017 [B.A.M.F., vol. 14, n°32, section 7.3] et la consultation d'une durée de trente (30) jours tenue en vertu des paragraphes b) et d) de l'article 4 de l'annexe A de la décision de reconnaissance;

Vu la déclaration de la CDS selon laquelle les modifications ont été dûment approuvées par son comité d'analyse du développement stratégique le 27 juillet 2017;

Vu les pouvoirs délégués conformément à l'article 24 de la Loi;

Vu la subdélégation de pouvoirs faite par Gilles Leclerc, surintendant des marchés de valeurs, en date du 3 octobre 2017 en faveur de Élane Lanouette, directrice principale de l'encadrement des structures de marché, laquelle est valable pour la période allant du 4 au 13 octobre 2017 inclusivement;

Vu l'analyse effectuée par la Direction des chambres de compensation et sa recommandation d'approuver les modifications du fait qu'elles favoriseront le bon fonctionnement du marché.

En conséquence, l'Autorité approuve les modifications.

Fait à Montréal, le 5 octobre 2017.

Élane Lanouette  
Directrice principale de l'encadrement des structures de marché

Décision n°: 2017-SMV-0052