

**REGULATION TO AMEND REGULATION 21-101 RESPECTING
MARKETPLACE OPERATION**

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (2), (3), (8), (32) and (34))

1. Section 1.1 of Regulation 21-101 respecting Marketplace Operation is amended:

(1) by replacing the definition of “IDA” with the following:

““IDA” means the Investment Dealers Association of Canada, or its successor;”;

(2) by adding the words “, and the person or company’s representatives” at the end of the definition of “subscriber”;

(3) in paragraph (b) of the definition of “recognized exchange”, by adding the words “or authorized by the securities regulatory authority” after the words “as a self-regulatory organization”;

(4) by replacing the definition of “member” with the following:

““member” means, for a recognized exchange, a person or company

(a) holding at least one seat on the exchange, or

(b) that has been granted direct trading access rights by the exchange and is subject to regulatory oversight by the exchange,

and the person or company’s representatives;”;

(5) by replacing the definition of “foreign exchange-traded security” with the following:

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

(6) by adding the words “, and the person or company’s representatives” at the end of the definition of “user”.

2. Subsection 7.1(1) of the Regulation is amended by deleting the words “that meets the standards set by a regulation services provider”.
3. Section 7.2 of the Regulation is amended by deleting the words “that meets the standards set by a regulation services provider”.
4. Section 7.5 of the Regulation is amended by deleting the words “and timely” and adding the words “in real-time” after the words “consolidated feed”.
5. Subsections (1) and (3) to (5) of section 8.2 of the Regulation are amended by deleting the words “that meets the standards set by a regulation services provider, as required by the regulation services provider”.
6. Section 8.3 of the Regulation is amended by replacing the word “a” after the word “produce” with the words “an accurate”.
7. Section 8.5 of the Regulation is amended:
 - (1) in subsection (1), by replacing the word “report” with the word “file” and adding, in the English text, the word “the” after the words “criteria for”;
 - (2) in subsection (2), by replacing the word “report” with the word “file”.
8. The heading of Part 10 and section 10.1 of the Regulation are amended by replacing the words “transaction fees” with the words “trading fees” wherever they appear.
9. Section 11.1 of the Regulation is amended by adding the words “in electronic form” after the word “business”.
10. Section 11.2 of the Regulation is amended:
 - (1) in subsection (1):
 - (a) by replacing the words “In addition to the records required to be maintained under section 11.1, a marketplace shall keep the following information” with the words “As part of the records required to be maintained under section 11.1, a marketplace shall include the following information in electronic form”;
 - (b) in paragraph (b), by deleting the words “, in electronic form,”;
 - (2) by deleting subsections (2) and (3).

11. The Regulation is amended by adding the following section after section 11.2:

“11.2.1 Transmission in Electronic Form

A marketplace shall transmit

(a) to a regulation services provider, if it has entered into an agreement with a regulation services provider in accordance with Regulation 23-101 respecting Trading Rules, the information required by the regulation services provider, within ten business days, in electronic form; and

(b) to the securities regulatory authority the information required by the securities regulatory authority under securities legislation, within ten business days, in electronic form.”.

12. Section 12.2 of the Regulation is amended by replacing the words “Paragraphs 12.1(b) and 12.1(c) do not apply” with the words “Paragraph 12.1(b) does not apply”.

13. The Regulation is amended by adding the following Part after Part 14:

“PART 14.1 REPORTING OF ORDER EXECUTION INFORMATION BY MARKETPLACES

14.1.1 Reporting of order execution information by marketplaces

(1) A marketplace must make publicly available a monthly report, in electronic form, on the orders, not including any excluded orders as defined in Regulation 23-101 respecting Trading Rules, that it received for execution from any marketplace participant that were not immediately routed to another marketplace and shall include the following information in the report:

Liquidity Measures:

- (a) the number of orders that the marketplace received;
- (b) the number of orders that were cancelled;
- (c) the number of orders that were executed on the marketplace;
- (d) the average volume of all orders received on the marketplace;

Trading Statistics:

- (e) the number of trades executed on the marketplace;

- (f) the volume of all trades executed on the marketplace;
- (g) the value of all trades executed on the marketplace;
- (h) the arithmetic mean and median size of trades executed on the marketplace;
- (i) the number of trades that were executed on the marketplace with a volume of:
 - (i) for securities other than options,
 1. over 5,000 shares, and
 2. over 10,000 shares, and
 - (ii) for options,
 1. over 100 options contracts; and
 2. over 250 options contracts;

Speed and Certainty of Execution Measures:

- (j) the number of orders at the best bid price and best ask price of the marketplace executed
 - (i) from 0 to 9 seconds after the time of their receipt;
 - (ii) from 10 to 59 seconds after the time of their receipt;
 - (iii) from 60 seconds to 5 minutes after the time of their receipt;
 - (iv) over 5 minutes after the time of their receipt.

(2) The reporting required in paragraphs (1)(a) through (j) shall be categorized by security and by order type.”.

14. This Regulation shall come into force on *(insert the date of coming into force of this Regulation)*.