

28. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

102647

M.O., 2016-11

Order number V-1.1-2016-11 of the Minister of Finance dated 9 June 2016

Securities Act
(chapter V-1.1)

CONCERNING the Regulation to amend Regulation 23-101 respecting trading rules

WHEREAS subparagraphs 1, 3.1, 4.1, 9.1, 32, 32.0.1 and 34 of section 331.1 of the Securities Act (chapter V-1.1) stipulate that the *Autorité des marchés financiers* may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (chapter R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS the Regulation 23-101 respecting trading rules was made by decision no. 2001-C-0411 dated August 28, 2001 (*Bulletin hebdomadaire*, vol. 32, no 35, dated August 31, 2001);

WHEREAS there is cause to amend this regulation;

WHEREAS the draft Regulation to amend Regulation 23-101 respecting trading rules was published in the *Bulletin de l'Autorité des marchés financiers*, vol. 11, no. 19 of May 15, 2014;

WHEREAS the Authority made, on May 18, 2016, by the decision no. 2016-PDG-0070, Regulation to amend Regulation 23-101 respecting trading rules;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment Regulation to amend Regulation 23-101 respecting trading rules appended hereto.

June 9, 2016

CARLOS LEITÃO,
Minister of Finance

REGULATION TO AMEND REGULATION 23-101 RESPECTING TRADING RULES

Securities Act

(chapter V-1.1, s. 331, par. (1), (3.1), (4.1), (9.1), (32), (32.0.1) and (34))

1. Section 1.1 of Regulation 23-101 respecting Trading Rules (chapter V-1.1, r. 6) is amended:

(1) by replacing, in the definition of the expression “automated functionality”, the words “automated functionality” with the words “automated trading functionality”;

(2) by replacing the definition of the expression “directed action order” with the following:

““directed-action order” means an order for the purchase or sale of an exchange-traded security, other than an option, that,

(a) when entered on or routed to a marketplace, is to be immediately

(i) executed against a displayed order with any remainder to be booked or cancelled; or

(ii) placed in an order book;

(b) is marked as a directed-action order; and

(c) is entered on or routed to a marketplace

(i) to execute against a best-priced displayed order, or

(ii) at the same time that another order is entered on or routed to a marketplace to execute against any protected order with a better price than the entered or routed order;”;

(3) by replacing paragraph (a) in the definition of the expression “protected bid” with the following:

“(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Québec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the bid is for a security listed by and traded on that recognized exchange;”;

(4) by replacing paragraph (a) in the definition of the expression “protected offer” with the following:

“(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Québec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the offer is for a security listed by and traded on that recognized exchange;”.

2. Section 6.3 of the Regulation is amended:

(1) by replacing, in paragraph (2), the words “a marketplace that routes an order to another marketplace must immediately notify” with “the marketplace that is executing the transaction or routing the order for execution must immediately notify the following of the failure, malfunction or material delay:”;

(2) by inserting, in paragraph (3) and after the words “concludes that a marketplace”, the words “displaying a protected order”.

3. Section 6.5 of the Regulation is replaced with the following:

“6.5. Locked or Crossed Orders

A marketplace participant or a marketplace that routes or reprices orders must not intentionally enter a displayed order on a marketplace that is subject to section 7.1 of Regulation 21-101 respecting Marketplace Operation (chapter V-1.1, r. 5), at a price that,

(a) in the case of an order to purchase, is the same as or higher than the best protected offer; or

(b) in the case of an order to sell, is the same as or lower than the best protected bid.”.

4. The Regulation is amended by inserting, after section 6.6, the following section:

“6.6.1. Trading Fees

(1) In this section, “exchange-traded fund” means a mutual fund,

(a) the units of which are listed securities or quoted securities, and

(b) that is in continuous distribution in accordance with applicable securities legislation.

(2) A marketplace that is subject to section 7.1 of Regulation 21-101 respecting Marketplace Operation (chapter V-1.1, r. 5) must not charge a fee for executing an order that was entered to execute against a displayed order on that marketplace greater than

(a) \$0.0030 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to \$1.00; or

(b) \$0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is less than \$1.00.”.

5. Section 6.7 of the Regulation is amended by replacing the words “better-priced orders on a marketplace” with the words “better-priced protected orders”.

6. This Regulation comes into force on July 6, 2016, except paragraphs 3 and 4 of section 1, which come into force on October 1, 2016.

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