



IN THE MATTER OF THE *SECURITIES ACT*,
S.N.W.T. 2008, c. 10, AS AMENDED

- and -

Exemption from certain requirements in Part 6 of National Instrument 23-101 – Trading Rules

BLANKET ORDER 23-501

WHEREAS National Instrument 23-101 – *Trading Rules* (NI 23-101) contains the order protection rule (OPR), which is designed to ensure that all immediately accessible, visible, better-priced limit orders are executed before inferior-priced limit orders and are not traded through;

AND WHEREAS as defined in NI 23-101 a “trade-through” occurs when an order is executed at a price that is, in the case of a purchase, higher than any “protected offer” or, in the case of a sale, lower than any “protected bid”;

AND WHEREAS as defined in NI 23-101 “protected bid” and “protected offer” means a bid or offer that must be displayed on a marketplace that provides “automated functionality” and about which information must be provided to an information processor or information vendor;

AND WHEREAS as defined in NI 23-101, a marketplace that is offering an “automated functionality” must have the ability to “immediately and automatically execute an order marked as immediate-or-cancel against the displayed volume”;

AND WHEREAS Section 6.1 of NI 23-101 requires that marketplaces establish, maintain and ensure compliance with policies and procedures that are reasonably designed to prevent trade-throughs;

AND WHEREAS Section 6.4 of NI 23-101 requires market participants not to enter directed-action orders unless they establish, maintain and ensure compliance with policies and procedures that are reasonably designed to prevent trade-throughs;

AND WHEREAS Alpha Exchange Inc. (Alpha) is an exchange which has been recognized as an exchange by the Ontario Securities Commission (OSC), its lead regulator under the Memorandum of Understanding Respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems;

AND WHEREAS Alpha has been exempted from recognition as an exchange by each of the Canadian securities regulatory authorities other than OSC;

AND WHEREAS on April 16, 2015, the OSC approved amendments to Alpha's Trading Policies pertaining to Alpha's introduction of a speed-bump on its market, subject to the conditions that the orders displayed in the Alpha order book will not be considered to be protected under OPR and that Alpha provides OSC with analyses of the impact of its speed bump on the market;

AND WHEREAS on June 12, 2015, the Canadian Securities Administrators (CSA) published for comment a proposal to amend the Companion Policy to NI 23-101 (23-101 CP) to address the introduction of speed bumps by marketplaces and their impact on the application of OPR;

AND WHEREAS the CSA will not complete its review of comments and determine the next step with respect to order processing delays before Alpha's Trading Policies pertaining to implementation of a speed bump comes into force;

AND WHEREAS to allow Alpha's implementation of a speed bump in a harmonized way across all CSA jurisdictions, some of the Canadian securities regulatory authorities must provide marketplaces and market participants with exemptive relief from the requirement to establish, maintain and ensure compliance with policies and procedures that are reasonably designed to prevent trade-throughs of offers and bids displayed on Alpha's order book;

AND WHEREAS the Superintendent has determined that it would not be prejudicial to the public interest to make this Order;

IT IS ORDERED THAT:


1. Terms defined in National Instrument 23-101 – *Trading Rules* and National Instrument 14-101 *Definitions* have the same meaning in this Instrument
2. (a) Marketplaces are exempt from the requirement in Section 6.1 of NI 23-101 to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs of offers and bids displayed on Alpha's order book; and

(b) Market participants that enter directed-action orders are exempt from the requirement in Section 6.4 of NI 23-101 to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs of offers and bids displayed on Alpha's order book.

AND IT IS FURTHER ORDERED THAT this order expires on the earlier of the date when:

- (a) NI 23-101 is amended to account for speed bumps by marketplaces;
- (b) 23-101 CP is amended to account for speed bumps by marketplaces.

DATED at Yellowknife in the Northwest Territories this 21st day of September, 2015.



Thomas W. Hall,
Superintendent of Securities