



AMENDMENTS TO NATIONAL INSTRUMENT 23-101 *TRADING RULES*

1. *National Instrument 23-101 Trading Rules is amended by this Instrument.*
2. *Section 1.1 is amended by*
 - (a) *replacing* “automated functionality” *with* “automated trading functionality” *in the definition of “automated functionality”,*
 - (b) *replacing the definition of “directed-action order” with:*

“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;,
 - (c) *deleting* “and” *after* “quoted;” *in the definition of “non-standard order”,*
 - (d) *replacing paragraph (a) in the definition of “protected bid” with:*
 - (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; and, **and**

(e) **replacing paragraph (a) in the definition of “protected offer” with:**

- (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; and.

3. **Subsection 6.3(2) is amended by replacing** “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:”.

4. **Subsection 6.3(3) is amended by adding** “displaying a protected order” **after** “concludes that a marketplace”.

5. **Subparagraph 6.4(1)(a)(ii) is amended by adding** “;” **after** “traded through”.

6. **Section 6.5 is replaced with:**

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 NI 21-101, 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..

7. **The following section is added after section 6.6**

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 NI 21-101 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..

8. Section 6.7 is amended by replacing "better-priced orders on a marketplace" with "better-priced protected orders".

Coming into force

9.

- (1) Subject to subsection (2), this Instrument comes into force on July 6, 2016.
- (2) Paragraphs 2(d) and (e) of this Instrument come into force on October 1, 2016.