

## **ALPHA EXCHANGE INC.**

### **NOTICE OF HOUSEKEEPING RULE AMENDMENTS**

#### **HOUSEKEEPING AMENDMENTS TO TSX ALPHA EXCHANGE TRADING POLICIES**

##### **Introduction**

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the "Protocol"), Alpha Exchange Inc. ("TSX Alpha Exchange") has adopted, and the Ontario Securities Commission has approved, amendments (the "Amendments") to the Alpha Trading Policy Manual. The Amendments are Housekeeping Rules under the Protocol and therefore have not been published for comment. The Ontario Securities Commission ("OSC") has not disagreed with the categorization of the Amendments as Housekeeping Rules.

##### **Reasons for the Amendments**

The Amendments provide for housekeeping amendments to be consistent with amendments that the Investment Industry Regulatory Organization of Canada ("IIROC") has proposed to UMIR to accommodate trading on unprotected lit marketplaces (the "UMIR Amendments").

On June 12, 2015, IIROC published proposed amendments to UMIR to accommodate the terms and conditions under which the OSC has approved amendments to the Alpha Trading Policy Manual to include a systematic order processing delay (i.e., a speed bump) on all orders other than post-only orders. Specifically, the OSC imposed a condition that orders displayed in the TSX Alpha Exchange order book will not be considered to be protected orders under the Order Protection Rule in Part 6 of National Instrument 23-101 *Trading Rules*. The amendments proposed by IIROC also align to the amendments proposed by the Canadian Securities Administrators on June 12, 2015 to Companion Policy 23-101CP regarding the interpretation of "protected order".

In connection with the OSC's approval of the amendments to the Alpha Trading Policy Manual related to the speed bump, TSX Alpha Exchange will be the first marketplace that displays orders that will not be considered to be protected from a trade-through under the Order Protection Rule.

##### **Summary of the Amendments**

The Alpha Trading Policy Manual is being amended so that an order will execute at the Alpha Best Bid or Offer if the Alpha Best Bid or Offer is equal to or better than the National Best Bid and Offer (which will only refer to the best bid and best offer of a board lot on protected marketplaces).

The Alpha Trading Policies will be amended as follows:

1. The definition of National Best Bid and Offer will be amended to refer to the best bid and best offer of at least a board lot on all protected marketplaces (as defined

in UMIR), not including special terms orders, and will be referred to as the “Protected National Best Bid and Offer” or “Protected NBBO”.

2. Protect Cancel orders will execute to the extent possible at prices better than and equal to the Protected NBBO before cancelling any residual volume that would trade at a worse price than available on another protected marketplace, or unintentionally lock/cross the market.
3. Protect Reprice orders will execute to the extent possible at prices better than and equal to the Protected NBBO before adjusting the price of any residual volume that would trade at a worse price than available on another protected marketplace or unintentionally lock/cross the market.
4. The provisions regarding Directed Action Orders are being revised to clarify that Directed Action Orders will trade or book without any attempt to protect better priced protected orders on away protected markets.
5. Incoming Odd Lot Market Orders will auto-execute at the time of order entry, at the better of the Alpha Best Bid and Offer and the Protected NBBO.
6. Incoming Odd Lot Limit Orders with price equal to or better than the opposite-side Alpha Best Bid and Offer and Protected NBBO will auto-execute at the time of order entry, at the better of the Alpha Best Bid and Offer and the Protected NBBO.
7. Odd Lot Limit Orders booked in the central limit order book will be auto-executed in a similar manner as described in item 6 above.
8. With respect to the Opening, Odd Lot Orders with a price equal to or better than the opposite side of the Alpha Best Bid and Offer and the Protected NBBO at the start of the continuous session quote will auto-execute against the odd lot dealer at the better of that Alpha Best Bid and Offer and the Protected NBBO (sell orders at the best bid and buy orders at the best offer).
9. Other editorial amendments are being made to provide drafting clarity and to remove a definition that is no longer used.

#### **Text of the Amendments**

The Amendments will be finalized in the form attached as **Appendix A**.

#### **Effective Date**

The Amendments become effective on September 21, 2015.

## APPENDIX A

### TEXT OF FINAL AMENDMENTS TO ALPHA EXCHANGE TRADING POLICY

[See TSX Alpha Exchange's website: <http://www.tsx.com/trading/alpha/trading-rules-and-regulations/proposed-and-recent-changes>]