



**NASDAQ CXC Limited**  
**Trading Rules and Policies**



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REVISION HISTORY

VERSION	CHANGES	DATE
<a href="#">1.0</a>	<a href="#">Initial Draft for Exchange Application</a>	<a href="#">July 2017</a>
<a href="#">1.1</a>	<a href="#">Amended for inclusion of GEF Facility</a>	<a href="#">October 2017</a>

# 1 Definitions and Interpretation

## 1.1 Definitions

TERM	DEFINITION
Applicable Markets	Those Canadian marketplaces listed in Schedule B of the Member Agreement, as amended from time to time, to which the Exchange provides routing services.
Approved Trader	Is either an employee of a Member or an employee of a DEA Client that has been granted access to the Exchange Systems by a Sponsoring Member, who in each case has been authorized by the Member to enter orders onto a marketplace as a trader and who has been provided with a trading identifier to be used when accessing a marketplace.
<u>Assigned Security</u>	<u>A security for which a GEF Member has been appointed responsibility for meeting GEF Facility trading obligations.</u>
Authorized Representative	Has the meaning given it in Section 3.4.
Board	The Board of Directors of Nasdaq CXC Limited.
Board Lot	A standard trading unit as defined by UMIR.
Business Day	Any day other than a Saturday or Sunday or a day on which banks in Canada are closed.
Change of Control	The sale of all or substantially all the assets of a Member; any merger, consolidation or acquisition of a Member with, by or into another corporation, entity or person; or any change in the ownership of more than fifty percent (50%) of the voting stock of a Member in one or more related transactions.
Clearing Corporation	CDS Clearing and Depository Services Inc. and any successor corporation or other entity recognized as a clearing agency.
Confidential Information	Has the meaning given it in the Member Agreement.
<u>Designated Security</u>	<u>A security included in the GEF Facility.</u>
Directed-action order or "DAO"	Has the meaning given it in NI 23-101.
Day	A calendar day.
DEA Client	A client of a Member who has an arrangement with that Member to electronically transmit an order relating to a security containing the identifier of the Member: a) through the systems of the Member for automatic onward transmission to a marketplace; or b) directly to a marketplace without being electronically transmitted through the systems of the Member.
Decision	Any decision, direction, order, ruling guideline or other determination of the Exchange made in the administration of these Trading Rules and Policies
Defaulter	Has the meaning given it in Section 8.2.2.
Exchange	Nasdaq CXC Limited ("Nasdaq Canada").
Exchange Market Data Products	Has the meaning given it in the Member Agreement.

TERM	DEFINITION
Exchange Requirements	Collectively or individually these Trading Rules and Policies, Notices, Agreements between the Exchange and Members, UMIR and IIROC Rules, and applicable Canadian securities law, as amended from time to time.
Exchange Systems	The electronic systems operated by the Exchange for providing access to trading on the Exchange.
<u>GEF Approved Trader</u>	<u>The Approved Trader designated and approved by a GEF Member who is responsible for the GEF Member's obligations for an Assigned Security.</u>
<u>GEF Facility, or GEF</u>	<u>CX2 Guaranteed Execution Facility.</u>
<u>GEF Member</u>	<u>A Member that has been approved by the Exchange to be responsible for meeting the Member's obligations as a GEF Member for the GEF Facility.</u>
<u>GEF Member Committed Volume or GEF Member CV</u>	<u>The size of the auto execution commitment on one side, or both sides, of the market by a GEF Member for an Assigned Security throughout the Trading Day.</u>
<u>GEF Eligible Order</u>	<p><u>A client order entered by a GEF UMIR ID for a security where the entire size of the original parent order is for less than or equal to a pre-determined multiple of the GMV determined by the Exchange, provided that the order is not:</u></p> <ul style="list-style-type: none"> <li><u>• One of multiple orders for the same client on the same day;</u></li> <li><u>• An order entered by a DEA Client, unless the DEA Client is a broker acting as an agent for retail client order flow;</u></li> <li><u>• An order entered on behalf of a U.S. dealer, unless</u> <ul style="list-style-type: none"> <li><u>○ The order is for a client of the U.S. dealer; and</u></li> <li><u>○ The dealer first confirms the order is for a client of the U.S. dealer; or</u></li> </ul> </li> <li><u>• For a client that is generally involved in active and continuous trading on a daily basis.</u></li> </ul>
<u>GEF Order</u>	<u>A GEF Eligible Order that is marked GEF and Immediate or Cancel ("IOC").</u>
<u>GEF UMIR ID</u>	<u>A certified UMIR ID that is permitted to send GEF Orders.</u>
<u>GMV</u>	<u>The minimum GEF Member Committed Volume for an Assigned Security.</u>
Halt: Business Halt	A halt of a security or multiple securities on any Trading Book by the Exchange
Halt: Regulatory Halt	A halt of a security or multiple securities on any Trading Book by the Regulation Services Provider
IIROC	The Investment Industry Regulatory Organization of Canada and any successor thereof.
IIROC Rules	Means UMIR and IIROC's Dealer Member rules.
Intellectual Property Rights	Has the meaning given it in the Member Agreement.
IPR Claim	Has the meaning given it in the Member Agreement.
Market Regulator	Means the Memorandum of Understanding respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems among certain Canadian securities regulators which came into effect on January 1, 2010
Member	A person that has signed a Member Agreement and been approved by the Exchange to access the Exchange Systems.

TERM	DEFINITION
Member Agreement	The agreement entered into between a Member and the Exchange which outlines the terms and conditions of membership with the Exchange.
Member Indemnified Parties	Has the meaning given it in the Member Agreement.
Mixed Lot order	An order that contains at least one Board Lot and one Odd Lot.
Protected National Best Bid and Offer or "NBBO"	The best bid and best offer of at least one Board Lot displayed on all protected marketplaces.
<u>Protected National Best Bid or "NBB"</u>	<u>The best bid of at least one Board Lot displayed on all protected marketplaces.</u>
<u>Protected National Best Offer or "NBO"</u>	<u>The best offer of at least one Board Lot displayed on all protected marketplaces.</u>
NI 21-101	National Instrument 21-101 <i>Marketplace Operation</i> , as amended from time to time.
NI 23-101	National Instrument 23-101 <i>Trading Rules</i> , as amended from time to time.
NI 23-103	National Instrument 23-103 <i>Electronic Trading and Direct Access to Marketplaces</i> , as amended from time to time
Notice	An electronic communication or other document given, delivered, sent or served by the Exchange.
Odd Lot Member	A Member that has been approved by the Exchange to be responsible for meeting the Member's obligations as an Odd Lot Member for trading Odd Lot orders.
Odd Lot order	An order for a total volume that is less than one Board Lot.
Order Protection Rule or "OPR"	Has the meaning given it in NI 23-101.
Order Types	Means a) order types as defined in these Trading Rules and Policies; and b) if not defined in these Trading Rules and Policies, order types defined in UMIR and offered by the Exchange from time to time.
Person	An individual, corporation, incorporated, syndicated or other incorporated organization, sole proprietorship, partnership or trust.
Primary Trading Hours	The continuous trading hours of the Primary Exchange.
Primary Exchange	The listing exchange for a security.
Protected Marketplace	Has the meaning given it in UMIR.
Regulation Services Provider	IIROC or such other person recognized by the Ontario Securities Commission as a Regulation Services Provider for the purposes of Ontario securities law and which has been retained by the Exchange as an acceptable Regulation Services Provider.
Regulatory Feed	The real time feed of quotes, orders and trades provided to the Regulation Services Provider
Regulatory Oversight Committee	The committee designated by the Board to oversee the performance of the Exchange's regulatory responsibilities and to oversee the management of conflicts of interest.
Related Person	Means: (i) an employee, agent or contractor of a Member; (ii) a partner, director or officer of a Member; (iii) an Approved Trader of a Member; and any other Person so designated by the Exchange.
Services	Has the meaning given it in the Member Agreement, as amended from time



TERM	DEFINITION
	to time.
SOR	The order routing service offered by Nasdaq Canada as an optional service.
Sponsoring Member	A Participant who has established an arrangement with a DEA Client.
Technical Notice	A Notice published by the Exchange pertaining to technical or operational policies of the Exchange.
Trade-Through	The execution of a trade on a Protected Market at a price inferior to a price which could have been obtained on another Protected Market.
Trading Book	The CXC Book, the CX2 Book, the CXD Book, or one of them.
Trading Day	A day on which the Exchange is open for trading.
Trading Rules and Policies or "Rules"	This document, as amended from time to time.
Trading Session	The period of time during which orders may be entered onto the Exchange's Trading Books.
UMIR	The Universal Market Integrity Rules adopted by IIROC and approved by the securities regulatory authorities as amended from time to time.

## 1.2 Interpretation

1. A company is considered to be an affiliate of another company if that company is a subsidiary of the other, both companies are subsidiaries of the same company or each is a company controlled by the same company.
2. The reference to a statute includes that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that supersedes that statute or regulation.
3. The reference to any rule, policy, blanket order or instrument includes all amendments made and in force from time to time and any rule, policy blanket order or instrument that supersedes the rule, policy, blanket order or instrument.
4. The division of these Rules into separate policies, sections, subsections, clauses and commentary and the provision of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of the Rules.
5. The use of the words, "hereof", "herein", "hereby", "hereunder" and similar expressions mean the entirety of the Rules and not the particular section of the Rules in which the expression is used.
6. The word "or" is not exclusive.
7. A single word includes the plural and vice versa.
8. Any word which suggests one gender includes all other genders.
9. The word "including" or the use of examples when following any general statement or term, does not limit the meaning of the general statement or term to the specific matter following the statement or term.
10. If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
11. All references to time in the Exchange Requirements refer to the time in Toronto, Ontario, Canada unless otherwise expressed.

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12. All references to currency in Exchange Requirements refer to Canadian dollars unless otherwise expressed.
  13. A term not defined in these Rules has the meaning defined in UMIR or Canadian securities law.

## **2 Policies and Authority of the Exchange**

### **2.1 Application of Policies**

1. Members and Related Persons must comply with all applicable Exchange Requirements.
2. The Exchange may take disciplinary action against a Member where the Member or any of its Related Persons have violated any Exchange Requirement.

### **2.2 Changes to Policies**

1. Any Exchange Approval and any Exchange Requirement may be changed, suspended, withdrawn or revoked by the Exchange at any time on 45 days' Notice unless otherwise provided in these Rules or by the direction of the Market Regulator.
2. Changes to Exchange Requirements will be made in accordance with the rule approval process of the Market Regulator including where applicable its public comment.
3. The conduct of a Member will, unless otherwise specified, be governed by, and subject to the Exchange Requirements in force at the time of the conduct.

### **2.3 Exercise of powers**

1. Unless otherwise expressly provided, whenever the Exchange is given any power, right, ability to exercise discretion, or entitlement to take action in respect of the Exchange Requirements, the same may be exercised by the Board, any committee of the Board, designated officers of the Exchange or any committee or person designated by the Board or the CEO of the Exchange.

### **2.4 Exemptions**

1. The Exchange may exempt a Member under such conditions as it determines, acting reasonably, from the application of any Exchange Requirement if the Exchange determines that the exemption:
  - a. Would not be contrary to the provisions of the *Securities Act* (Ontario) and UMIR
  - b. Would not be prejudicial to the maintenance of a fair and orderly market.

### **2.5 No Waiver of Rights**

1. Failure by the Exchange or the Market Regulator to exercise any power, right or remedy under the Exchange Requirements or to delay in exercising any power or right is not a waiver of those powers, rights, or remedies.
2. The partial exercise of a power, right or remedy does not limit the ability of the Exchange or the Market Regulator to exercise that power, right or remedy.
3. Any waiver of a power, right or remedy by the Exchange or the Market Regulator must be made in writing and may apply generally or in particular.

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## **2.6 Anti- Avoidance**

1. If a Member or Related Person, in the opinion of the Exchange, has organized its business or acted in a manner to avoid the application of any Exchange Requirement, the Exchange may apply the provisions of such Exchange Requirement to the Member in the same manner as if such provision had directly applied to the Member.

## **3 Membership**

### **3.1 Membership Criteria**

To be accepted as a Member of the Exchange, an applicant must:

1. Be a dealer member in good standing with IIROC and registered as an investment dealer in all Canadian jurisdictions in which they do business;
2. Have the ability to clear trades on a continuous net settlement (CNS) basis with the Clearing Corporation either directly, as a participant of the Clearing Corporation or indirectly, or via an arrangement for clearing and settlement of trades with a participant of the Clearing Corporation;
3. Submit the Exchange's application forms and any other appropriate documentation or information requested by the Exchange;
4. Sign the Member Agreement.

### **3.2 Terms of Membership**

1. Membership cannot be transferred or assigned without prior approval of the Exchange.
2. Membership is solely an authorization to have access to the Exchange Systems and to trade on the Exchange. No additional ownership or shareholder rights are associated with membership.
3. Members must conduct their trading activities in compliance with:
  - a. Exchange Requirements and;
  - b. UMIR.

### **3.3 Approval**

The Exchange may:

1. grant membership unconditionally;
2. grant membership subject to certain terms and conditions that the Exchange considers appropriate or necessary to ensure compliance with the Exchange Requirements;
3. deny membership based on factors that the Exchange considers relevant, including, without limitation:
  - a. past or present conduct by the applicant or a Related Person;
  - b. applicant's refusal or inability to comply with the Exchange Requirements;
  - c. lack of qualification by reason of integrity, solvency, training or experience; or
  - d. the Exchange's determination that approval is not in the public interest.
4. Applicants who have been denied membership may appeal the denial pursuant to Section 9.
5. An applicant whose application has been denied may not apply for membership for six months following the date of the denial.

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### **3.4 Authorized Representative**

1. Each Member shall appoint a senior officer, director or partner (“Authorized Representative”) as its authorized representative, who shall be named in the Member Agreement.
2. The Authorized Representative shall:
  - a. represent the Member in all dealings with the Exchange, with full authority to speak for and on behalf of the Member;
  - b. serve as the primary contact person for the Exchange on matters related to the Member’s compliance with Exchange Requirements;
  - c. ensure that the Member and Related Persons comply with Exchange Requirements.
3. A Member must notify the Exchange of changes to its Authorized Representatives within 10 days of the change.

### **3.5 Continuation of Membership Qualifications**

1. To maintain its membership, a Member shall:
  - a. Remain a dealer member of IIROC in good standing;
  - b. Pay all fees and charges levied by the Exchange in accordance with its agreements with the Exchange; and
  - c. Comply with the Exchange Requirements.
2. If a Member loses its membership with IIROC, its membership with the Exchange shall be terminated immediately.
3. If a Member is under investigation by, or subject to an enforcement action by IIROC, any recognized self-regulatory organization or a securities regulatory authority in or outside Canada, the Exchange may suspend the Member pending the outcome of the enforcement action.
4. If the Exchange determines that a Member is in non-compliance with any IIROC requirement, the Exchange may impose such terms and conditions on the Member as the Exchange deems appropriate, including suspension or termination of its membership;

### **3.6 Training**

1. The Member is responsible for providing comprehensive training and documentation for Approved Traders and Related Persons regarding any regulatory requirements and the Exchange Requirements.

### **3.7 Recordkeeping**

1. The Member must maintain records relating to orders entered onto the Exchange or trades executed on the Exchange in accordance with IIROC Rules.

### **3.8 Notifications**

#### **3.8.1 Immediate Notification**

A Member must notify the Exchange immediately if:

1. It ceases to meet the qualifications for continuing membership;

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2. It is, or becomes aware that it is likely to be, under investigation by, or subject to an enforcement action by IIROC, any recognized self-regulatory organization or a securities regulatory authority in or outside Canada;
  3. It has given notice to IIROC that it is withdrawing its membership or ceases to be a member of IIROC.

### **3.9 Changes to Membership**

#### **3.9.1 Legal Entity Information**

A Member must notify the Exchange in writing at least 10 business days prior to:

1. A change of name
2. A change of address

#### **3.9.2 Change of Control**

1. A Member must notify the Exchange in writing at least 30 days prior to a Change of Control.
2. Upon receipt of such notice, the Exchange may:
  - a. Approve the Change of Control as per the Member approval process set out in Section 3;
  - b. Require the Member to re-submit its application.

### **3.10 Termination and Suspension**

#### **3.10.1 Termination by Member**

1. A Member may terminate its membership by providing the Exchange with written notice not less than 30 days prior to the effective date of the termination.
2. The Exchange may postpone the termination if at the effective date of termination the Member:
  - a. Is the subject of a disciplinary proceeding or is under investigation for failure to comply with the Exchange Requirements;
  - b. Has any trades outstanding; or
  - c. Has outstanding fees payable to the Exchange.

#### **3.10.2 Suspension by the Exchange**

1. The Exchange may suspend the Member, with or without prior notice, under the following conditions:
  - a. If the Member commits an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada);
  - b. The Member has ceased paying its current obligations or for any reason is unable to meet its obligations as they generally come due;
  - c. The Member no longer meets the criteria for membership or the qualifications for continuing membership;
  - d. The Member has not paid all fees and charges levied by the Exchange in accordance with its agreements with the Exchange
  - e. Continued access by the Member raises risk to the operations of the Exchange, its other Members, or the market in general;

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- f. The Member is engaged in conduct, business or affairs that is unbecoming or inconsistent with just and equitable principles of trade or detrimental to the interests of the Exchange;
    - g. It has given notice to IIROC that it is withdrawing its membership or ceases to be a member of IIROC.
  2. The Exchange may suspend the Member's access for such period as the Exchange in its sole discretion believes is advisable. Where practical, the Exchange shall provide prior written notification of such suspension and the reasons for suspension. Where prior written notification is not practical, the Exchange shall promptly notify the Member of its suspension.
  3. A Member that has been suspended may request a hearing pursuant to the policies defined in these Rules.

### **3.10.3 Reinstatement following Suspension**

1. A Member may be reinstated, at the Exchange's discretion, upon providing satisfactory evidence to the Exchange that the cause of the suspension has been remedied.

### **3.10.4 Termination by the Exchange**

1. The Exchange may terminate a membership where a suspension has occurred or is warranted, and in the Exchange's discretion, reinstatement is not timely, possible or likely.

### **3.10.5 Effect of Suspension or Termination**

1. A Member that has been suspended or terminated shall not use, exercise or enjoy any of the rights or privileges of a Member.
2. Upon suspension or termination, the Exchange may at its discretion cancel the Member's or former Member's open orders or impose any other restrictions and/or conditions on the Member's rights until the Member has been reinstated.
3. A Member that has been suspended or terminated does not for that reason alone forfeit any rights to claims it may have against another Member unless such rights are the subject of the suspension or termination.
4. A Member that has had its membership terminated may reapply for membership with the Exchange six (6) months after the date of the termination of membership or earlier, with the written approval of the Exchange.

## **4 Access to Trading**

### **4.1 Approved Traders**

1. A Member must provide the Exchange with the full names, contact information (e-mail address and telephone number) and unique identifiers of all Approved Traders and any additions, deletions or modifications to the list or the details of Approved Traders immediately, but in any event, no later than 10 days of such change.
2. A Member must maintain a list of all Approved Traders and their identifiers for a period of seven years.
3. Members must provide the mandatory UMIR account and trader ID fields in all orders entered onto the Exchange.

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## 4.2 Access

1. A Member must not allow a person to be an Approved Trader without that person being properly qualified in accordance with the Exchange Requirements and the requirements of a Market Regulator or securities regulatory authority.
2. The Exchange may suspend an Approved Trader's access to the Exchange Systems without notice if it concludes that the Approved Trader is misusing the Exchange Systems or is causing a disorderly market.
3. Subject to Section 4.2(2) of these Rules, the Exchange may suspend an Approved Trader's access to the Exchange Systems by giving not less than 5 days' prior written notice if the Exchange has concluded after reasonable investigation that the Approved Trader has failed to comply or is not in compliance with the Exchange Requirements.
4. A Member must terminate an Approved Trader's access to the Exchange Systems immediately upon receiving notice from the Exchange and must not reinstate access for the Approved Trader without written approval from the Exchange. If there is any failure to comply with this provision by the Member, the Exchange shall have the right to take such action as it considers necessary, in its sole discretion, to prevent access to the Exchange Systems by any person, including the termination of the Member's right to access the Exchange Systems in its entirety.
5. Upon termination of an Approved Trader's access, the Exchange may in its sole discretion cancel all open orders entered by that trader.
6. A Member shall cease use of the Exchange Systems as soon as practicable after it is notified by the Exchange of, or it otherwise becomes aware of or suspects, a technical failure or security breach of the Exchange Systems and shall immediately notify the Exchange of such failure or breach of security in accordance with the notice provisions set out in these Rules.

## 5 Trading

Members must conduct their trading on the Exchange in an open and fair manner, as prescribed under the just and equitable principles of UMIR.

### 5.1 Trading Books

1. Nasdaq Canada operates three Trading Books:
  - CXC – lit Trading Book
  - CX2 – lit Trading Book
  - CXD – dark Trading Book

### 5.2 Trading Sessions

1. The Exchange shall be open for Trading Sessions on each Business Day.
2. Unless otherwise changed, the hours of the Trading Session for CXC and CX2 Trading Books are 8:30 a.m. through 5:00 p.m. (Eastern Time). The hours of the Trading Session for CXD are 9:30 a.m. through 4:00 p.m.
3. Changes to Trading Sessions are published by Notice on the Exchange website.

### 5.3 Trading Halts

1. Trading may be halted on any Trading Book by the Exchange ("Business Halt") or the Regulation Services Provider ("Regulatory Halt") without prior notice.

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2. In the event of a Business Halt, the Exchange will provide notification as soon as practicable to the Regulation Services Provider and the Members.
  3. In the event of a Regulatory Halt, notification will be provided by the Regulation Services Provider.
  4. Where harm is obvious and immediate, and there may not be sufficient time to notify the Regulation Services Provider, the Exchange may effect a halt, and follow up as soon as practicable with a report to the Regulation Services Provider and the securities regulatory authority.
  5. During a halt, the Exchange will not accept new orders or modifications to existing orders. Cancellation of orders is allowed. No matching of orders may occur during a halt.
  6. Once the halt is lifted, new orders, cancellations and modifications to orders are allowed and matching resumes.

## **5.4 Marketplace Thresholds**

The Exchange maintains marketplace thresholds in accordance with those established by IIROC:

1. Price thresholds apply to all Trading Books during the Primary Trading Hours of 9:30 am to 4:00 pm Eastern Time and between 4:00 pm and 5:00 pm on CXC and CX2.
2. Price thresholds are based on price bands. The price bands are defined based upon the price of the security.
3. Orders are assessed against two reference prices;
  - a. The national last sale price
  - b. The national last sale price established at one-minute intervals
4. The price threshold is applied to all orders (including Directed Action Orders) except a Basis Order, a Special Terms Order, and a Volume-Weighted Average Price Order
5. Orders entered on a Trading Book that exceed the price thresholds are rejected and returned back to the Approved Trader with a message explaining the rejection.
6. A Market Order that is entered without a limit price will be assigned a limit price upon entry and will post any remaining shares at the price of the most conservative reference price.

## **5.5 Trade Amendments and Cancellations**

### **5.5.1 Policy for Trade Amendments and Cancellations**

The Exchange shall cancel or amend a trade under the following conditions:

1. When the Market Regulator instructs the Exchange to do so;
2. When both counterparties to the trade agree to the cancellation or amendment, followed by notification through the Regulatory Feed being made to the Market Regulator;
3. With the consent of the Market Regulator, as a result of a system error or malfunction.

### **5.5.2 Procedures for Requesting a Trade Amendment or Cancellation**

1. Requests for trade cancellations or amendments must be submitted to the Exchange as soon as possible, but no later than the close of the Exchange's Trading Session by a Member's Authorized Representative or a Member's Approved Trader (excluding any Approved Traders of a DEA Client).



2. If a trade has been reported to the Clearing Corporation, such requests must be submitted to the Clearing Corporation pursuant to its policies for trade cancellations or amendments.
3. The Exchange shall confirm the request as soon as is practicable, but not later than the close of business on the Trading Day of the submission of the request.

## 5.6 Order Types and Attributes

Order types and attributes conform to those definitions used in UMIR.

### 5.6.1 Order Types

ORDER TYPE	DEFINITION
Limit Order	<p>“Limit order”, as defined in UMIR, means an order to:</p> <p>a) buy a security to be executed at a specified (or better) maximum price; or</p> <p>b) sell a security to be executed at a specified (or better) minimum price.</p>
Market Order	<p>“Market order”, as defined in UMIR, means an order to:</p> <p>a) buy a security to be executed upon entry to a marketplace at the best ask price; or</p> <p>b) sell a security to be executed upon entry to a marketplace at the best bid price.</p>

### 5.6.2 Time in Force Attributes

The Exchange supports the following time in force attributes:

ATTRIBUTE	DEFINITION
Day	A Limit Order that is valid until it is fully filled or cancelled. The order expires at the end of the Trading Session
Immediate or Cancel (IOC)	An order that must be filled immediately in full or in part. Any unfilled part of the order will be cancelled.
Fill or Kill (FOK)	An order that will be fully filled immediately at the Exchange or cancelled.

### 5.6.3 Instructional Attributes

The Exchange supports the following instructional attributes:

ATTRIBUTE		INSTRUCTION
Quantity	Minimum Quantity	The minimum quantity of the order that can be executed against all orders in the order book.
	Minimum Acceptable Quantity	The minimum quantity of the order that can be executed against a single order in the order book.
	All or None (AON)	The order must be fully filled against all orders in the order book.
Attribution	Anonymous/Attributed	<p>The CXC Book default attribution is that orders and executions are anonymous.</p> <p>The CX2 Book default attribution is that orders and executions are attributed.</p>

ATTRIBUTE		INSTRUCTION
		<p>The CXD Book default attribution is that orders and executions are attributed.</p> <p>Traders can instruct the Exchange to attribute CXC executions, or hide the attribution for CX2 and CXD orders and executions.</p>
Pricing	Pegged	<p>A pegged order is pegged to the best bid, best asked, or midpoint of the NBBO. Traders have the option of entering a limit price with a pegged order. The order can also contain instructions for a price offset, which will adjust the price of the pegged order in the book by the number of tick increments specified. A pegged order with a positive price offset will be priced in the book more aggressively, while a pegged order with a negative offset will be priced more passively.</p> <p>The Exchange supports the following types of Pegged orders:</p> <ul style="list-style-type: none"> <li>• Primary: A Primary Pegged buy/sell order will peg to the consolidated best bid/ask price. Primary Pegged orders can be displayed or hidden.</li> <li>• Mid-Point: A Mid-Point Pegged order is an order that is priced at the midpoint of the NBBO. When the NBBO spread is an odd increment, Mid-Point orders will execute at their half-tick increments. Mid-Point Pegged orders are hidden. Mid-Point Pegged orders will not execute if the NBBO is locked or crossed.</li> <li>• Market: A Market Pegged buy/sell order will peg to the consolidated best bid/ask adjusted by a trading increment as defined by UMIR. Market Pegged orders can be displayed or hidden.</li> </ul>
	Minimum Price Improvement Order (MPI)	<p>Passive MPI orders act like a primary peg order with an offset that is one tick increment more aggressive than the NBBO or will trade at the NBBO if the spread is one tick wide. Active MPI orders are treated as IOC orders with an execution price that is one tick increment less than the NBO in the case of a buy order or one tick increment more than the NBB in the case of a sell order. .</p>
Visibility	Hidden	<p>A non-displayed limit order. Hidden orders have lower priority than visible orders at the same price level.</p>
	Iceberg/Reserve	<p>A partially hidden order where the trader determines the number of shares to be displayed, while the remainder is hidden in reserve. Once the visible portion is fully executed, the visible display size is refreshed, drawing from the amount of the reserve.</p>
	X-berg	<p>Similar to an Iceberg/Reserve order, an X-berg order displays part of the order. However, in an X-berg order, the display size is a random quantity within a pre-specified range set by the Member.</p>
Execution	Self- Trade Prevention	<p>Prevents an order from a Member from executing with a contra-order from the same Member. The Member can select from the following behaviors:</p> <ul style="list-style-type: none"> <li>• Cancel the newest order (the active order is cancelled)</li> <li>• Cancel the oldest order (the resting order is cancelled and the new order is booked)</li> <li>• Decrement and Cancel (the quantity of the larger order will</li> </ul>

ATTRIBUTE		INSTRUCTION
		be reduced, and the smaller order is cancelled) <ul style="list-style-type: none"> <li>Execute trade (the trade is executed, but not distributed on the public market data feed)</li> </ul>
	Post only	An order that will post into the Exchange's order book. If a displayed post-only order, upon entry, would result in a trade, the order will be re-priced one tick increment inferior to the relevant side of the NBBO and booked.

## 5.7 Order Processing

### 5.7.1 CXC Book

CXC is a lit book with matching based on price/time priority. Visible orders are given a higher priority over hidden orders that are at the same price. Orders that are not immediately matched are posted in the CXC Book.

CXC orders are anonymous by default. Members may elect post-trade attribution as an option

CXC supports round lot and odd lot orders.

### 5.7.2 CX2 Book

CX2 is a lit book with matching based on price/broker/time priority. Visible broker orders have a higher priority over visible non-broker orders at the same price. Orders that are not immediately matched are posted in the CX2 Book.

CX2 orders are attributed by default and are automatically eligible for broker preferencing. Members may not opt-out of broker preferencing for attributed orders.

Anonymous orders and jitney orders are not eligible for broker preferencing.

CX2 supports round lot and odd lot orders.

### 5.7.3 CXD Book

CXD is a dark book with matching based on price/broker/time priority. Orders entered on CXD that do not meet the minimum size requirements as defined by UMIR must provide incoming orders with minimum price improvement.

CXD Orders are attributed by default and are automatically eligible for broker preferencing. Members may not opt-out of broker preferencing for attributed orders.

Anonymous orders and jitney orders are not eligible for broker preferencing.

CXD supports round lot and odd lot orders.

## 5.8 Crossing

### 5.8.1 Trading Sessions

Trade crossing is available during the Exchange's Trading Sessions.

## 5.8.2 Entering Crosses

Members may enter intentional crosses, including specialty crosses. Members are required to enter crosses in compliance with regulatory provisions for crosses.

## 5.8.3 Cross Types

#	ORDER TYPE	MEANING
1.	Intentional Cross	The simultaneous entry of both an order to buy and sell the same amount of a security at the same price entered by the same Member. The Exchange will accept intentional crosses at a price equal to or better than the NBBO.
2.	Internal Cross	An intentional cross between two accounts that are managed by a single firm acting as a portfolio manager with discretionary authority in managing the investment portfolio.
3.	Basis Cross	A cross of at least 80% of the component share weighting of the basket of securities, index participation unit, or derivative instrument that is the subject of the basis trade. In accordance with UMIR, the Member shall report details of the transaction to IIROC prior to entering the cross onto the Exchange.
4.	VWAP Cross	A cross of a security at the volume weighted average price of multiple trades on a marketplace or on a combination of marketplaces over a specified time period. In accordance with UMIR, the Member shall report details of the transaction to IIROC prior to entering the cross onto the Exchange.
5.	Contingent Cross	A cross resulting from a paired order placed by a Member on behalf of a client to execute an order on a security that is contingent on the execution of a second order placed by the same client for an offsetting volume of a related security.
6.	Bypass Cross	An order that is:  (a) part of a Designated Trade (as defined by UMIR); or  (b) to satisfy an obligation to fill an order imposed on a Member by any provision of UMIR or a Rule.  and that is entered on a Protected Marketplace to execute against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order.

## 5.9 Order Protection Rule Compliance

In accordance with NI 23-101, the Exchange provides the following OPR prevention features available to Members in order to comply with the Order Protection Rule.

1. **Cancelation:** Orders that are sent to the Exchange that would lock or cross the NBBO and would trade-through a better priced order on a protected market will be automatically cancelled back to the Member to prevent a trade-through.
2. **Repricing:** Orders that are sent to the Exchange that would lock or cross the National Best Bid/Offer (NBBO) and would trade-through a better priced order on a protected market will be automatically re-priced as the NBBO updates to prevent a trade-through or locked market from occurring.
3. **DAO orders:** In addition, Directed Action Orders sent by members to the Exchange will by-pass the repricing mechanism.

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## 5.10 Order and Trade Reporting

1. Order acknowledgement, trade execution reports, and drop copy reports are provided through the Exchange's order entry interface.
2. All orders and trades are reported to IIROC in real-time in accordance with its responsibilities as the designated Regulatory Services Provider.
3. All trades are reported to CDS at the end of the Trading Day.
4. All orders and trades are reported to the TMX Information Processor in accordance with the requirements stated in NI 21-101.

## 5.11 Odd Lot Trading

Each Nasdaq Canada Trading Book provides Members with guaranteed fills at the NBBO for Odd Lot IOC marketable orders. Odd Lot trading has the following features:

1. Odd Lot orders that are not IOC or immediately marketable are canceled back.
2. Odd Lot execution is available between 9:30 am and 4:00 pm ET or as otherwise determined by the Exchange.
3. The Exchange System will accept either Mixed Lots or Odd Lots that are marked IOC.
4. Odd Lot execution is not allowed when a security is in a locked or crossed market condition.
5. Members are not permitted to send two or more orders that would trigger auto-execution by Odd Lot Members as this would violate the just and equitable principles imposed by UMIR Policy 2.1. This would include, for example, shredding a Board Lot order.
6. Members may not enter the Odd Lot portion of a Mixed Lot order immediately prior to entering the Board Lot portion.
7. Odd Lot trading is subject to the policies imposed by UMIR prohibiting unfair trading practices, including but not limited to the following activities:
  - c. Effecting pre-arranged wash sales in Odd Lots, which are trades in which an offer to buy is coupled with an offer to sell back at the same or advanced price (or vice versa).
  - d. Entering orders for the purpose of affecting the execution price of the Odd Lot trades.
8. If a Member is engaged in Odd Lot trading activity that is unfair, the Exchange may restrict the Member or suspend the Approved Trader from Odd Lot Activity or take other action that is appropriate under the circumstances.

## 5.12 CX2 Guaranteed Execution Facility

The GEF Facility guarantees fills for the residual portion of GEF Orders at the NBB or NBO after all visible quotes at the NBBO have been displaced on CX2. The GEF Facility has the following features:

1. The GEF Facility is available between 9:30 am and 4:00 pm ET or as otherwise determined by the Exchange.
2. Members are required to certify all UMIR IDs that will be used to send GEF Orders prior to their use for GEF Orders.
3. The GEF Facility will only accept GEF Orders from certified GEF UMIR IDs.
4. Each Designated Security can be assigned to up to five GEF Members.
5. Each GEF Member will be responsible for committing to at least the GMV for an Assigned Security.

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6. Each GEF Member may increase or decrease the size of its GEF Member Committed Volume above on either side of the market throughout the Trading Day.
  7. GEF Orders that are not immediately marketable are canceled back.
  8. GEF executions are not allowed when a security is in a locked or crossed market condition.
  9. GEF executions are not available at the NBB or NBO when there is not a visible quote on CX2 at the NBB or NBO.

### **5.13 Non Compliant Use of the GEF Facility**

If the Exchange believes that GEF Orders are being sent to the GEF Facility in non-compliance with the eligibility criteria of GEF Orders it may:

1. cancel or amend any trade deemed to be an improper use of the GEF Facility with the approval of IIROC;
2. turn off access for a UMIR ID that are the source of improper orders being entered;
3. suspend or terminate the obligation of a GEF Member to meet its GMV on one or more Assigned Securities..

## **6 Provisions Regarding Odd Lot Members**

### **6.1 Criteria for approval**

Exchange Members are designated as Odd Lot Members at the sole discretion of the Exchange. There is one Odd Lot Member assigned responsibility for guaranteeing automatic fills per security across all Trading Books. To be eligible for designation as an Odd Lot Member, a Member shall:

1. Execute the Odd Lot Addendum to the Member Agreement;
2. Have policies and procedures in place to ensure compliance with UMIR and other regulatory requirements;
3. Have policies and procedures in place to monitor its' conduct for compliance with its' Odd Lot Member obligations;
4. Carry out all obligations of an Odd Lot Member in compliance with UMIR and other regulatory requirements;
5. Have necessary resources (both training and technology) to carry out the obligations of an Odd Lot Member.

### **6.2 Ongoing Responsibilities**

1. The Odd Lot Member is responsible for guaranteeing automatic immediate fills for incoming marketable IOC odd lot orders.
2. The inventory of securities traded in Odd Lots is considered the property and the responsibility of the Odd Lot Member.
3. The Odd Lot Member may assign one or more of its Approved Traders as its Odd Lot trader(s). The Odd Lot Member may assign its obligations as an Odd Lot Member to DEA Eligible Clients (as defined by NI 23-103) or Approved Traders of DMA Eligible Clients.

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### 6.3 Termination of Odd Lot Members

1. **Termination by the Exchange:** The Exchange may terminate an Odd Lot Member designation by giving the Odd Lot Member not less than 30 days' notice.
2. **Termination by the Odd Lot Member:** An Odd Lot Member may terminate its Odd Lot Member designation by giving the Exchange not less than 30 days' notice.

### 6.4 Allocation of Odd Lot Inventory

1. The Exchange will determine the allocation and reallocation of Odd Lot securities among Odd Lot Members.
2. A name change and/or symbol change of an issue will not be considered, for purposes of odd lot inventory allocation, as a new security.

## 7 Provisions Regarding GEF Members

### 7.1 Criteria for approval

Exchange Members are designated as GEF Members at the sole discretion of the Exchange. To be eligible for designation as a GEF Member, a Member shall:

1. Execute the GEF Addendum to the Member Agreement;
2. Have policies and procedures in place to ensure compliance with Exchange Requirements;
3. Have policies and procedures in place to monitor its conduct for compliance with its GEF Member obligations;
4. Carry out all obligations of a GEF Member in compliance with Exchange Requirements;
5. Have necessary resources (including training and technology) to carry out the obligations of a GEF Member.

### 7.2 Ongoing Responsibilities

1. The GEF Member is responsible for guaranteeing fills of at least the size of the GMV for Assigned Securities against any residual portion of GEF Orders at the NBB or NBO after all visible quotes at the NBB or NBO have been displaced on CX2.
2. The inventory of securities traded in the GEF Facility is considered the property and the responsibility of the GEF Member.
3. The GEF Member may assign one or more of its Approved Traders to be GEF Approved Traders.
4. The GEF Member must maintain a one or two sided quote of at least one Board Lot at the NBBO for a minimum percentage of primary market trading hours per month through one or more UMIR IDs, as specified by the Exchange.
5. The GEF Member must trade at least a minimum percentage of Total Consolidated Volume per listing exchange across all Trading Books per calendar month, as specified by the Exchange.

### 7.3 Termination of GEF Members

1. **Termination by the Exchange:** The Exchange may terminate a GEF Member designation by giving the GEF Member not less than 30 days' notice.
2. **Termination by the GEF Member:** A GEF Member may terminate its GEF Member designation by giving the Exchange not less than 30 days' notice.

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## **7.4 Allocation of Designated Securities**

1. The Exchange will determine the allocation and reallocation of Designated Securities among GEF Members.

## **8 Clearing and Settlement**

### **8.1 Clearing and Settlement Process**

- All Exchange trades shall be reported, confirmed and settled through the Clearing Corporation in accordance with the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by the Exchange.
- Members must clear and settle all trades either by:
  - Self-clearing as a participant of the Clearing Corporation; or
  - Through an arrangement with a participant of the Clearing Corporation.
- Members shall promptly provide to their clients a written confirmation of the purchase or sale of a security transacted by the Member on behalf of the client.
- Members shall obtain agreement from each client that the client will provide the Member with instructions regarding the receipt or delivery of the securities to the settlement agency promptly upon receipt by the client of any trade confirmation and that the client will ensure that its settlement agent affirms the transaction in accordance with National Instrument 24-101.

### **8.2 Actions by the Exchange**

#### **8.2.1 Settlement Delays**

The Exchange may take such action it considers appropriate, if in the opinion of the Exchange, settlement of a trade appears to be unreasonably or improperly delayed.

#### **8.2.2 Defaulters**

- If a Member fails to meet or discloses an inability to meet its liabilities or obligations to the Exchange, the Clearing Corporation, to another Member or to the public, the Exchange may deem such Member to be a Defaulter. Notice of such default shall be provided by the Exchange to each Member.
- If a Member fails to make delivery to the Clearing Corporation of securities and/or a certified cheque within the time limits stated in the rules governing the Clearing Corporation, the Exchange may deem such Member to be a Defaulter.

## **9 Appeals Policy**

- A Member or a Related Person shall be afforded an opportunity to be heard with respect to a decision of the Exchange within 30 days from the date of such decision, by submitting a request in writing.
- The Member or Related Person must make written submissions in support of an opportunity to be heard under this section.
- The matter will be considered by the Regulatory Oversight Committee.



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4. A Member or a Related Person may appeal a decision by the ROC by following the arbitration procedures set out in the Member Agreement and/or by appeal to the Market Regulator.

## **10 General**

### **10.1 Notifications**

1. Notifications to Members, including but not limited to Technical Notices, notices related to the Trading Rules and Policies and operations of the Exchange, and notifications concerning fee adjustments shall be made by posting such notice on the Exchange's web site [business.nasdaq.com/trade/canadian-equities/Overview](http://business.nasdaq.com/trade/canadian-equities/Overview) or any successor web site. Where practicable, Members will also receive email notices of such notifications for convenience of Members.
2. Technical Notices may be published on the Exchange's web site as required.
3. Unless otherwise stated in the Exchange Requirements, notifications will be provided not less than 30 days prior to changes.
4. Notices with respect to membership status, including but not limited to approval, suspension and termination will be given to the affected Member in writing as soon as is practicable.

### **10.2 Method of Giving Notice**

1. Unless otherwise specifically provided in any Exchange Requirement, notice shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the last address of such person as recorded by the Exchange or any recognized self-regulatory organization or if mailed by pre-paid ordinary or air mail addressed to such person at the said address or if sent to the said address by any other form of transmitted or recorded communication if given in any manner which may, in all the circumstances, be reasonably expected to come to the attention of such person.
2. The Exchange may change the address of any person on the records of the Exchange in accordance with any information believed by the Exchange to be reliable.
3. A notice delivered in accordance with this Rule shall be deemed to have been given when it is delivered personally or at the address aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means by any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication company or agency or its representatives for dispatch.

### **10.3 Computation of Time**

1. Where the time limit for a proceeding or the doing of anything under any provision of an Exchange Requirement expires or falls upon a day which is not a Trading Day, the time limit for such action extends to and the thing may be done on the next Trading Day following.

### **10.4 Omission or Errors in Giving Notice**

1. The accidental omission to give any Notice to any person or the non-receipt of any Notice by any person or any error in any Notice not affecting the substance thereof shall not invalidate any action or proceeding founded thereon or taken at any hearing held pursuant thereto.

