

**ALBERTA SECURITIES COMMISSION
NOTICE**

**APPROVAL OF AMENDMENTS TO
NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION* AND
COMPANION POLICY 21-101CP**

AND TO

**NATIONAL INSTRUMENT 23-101 *TRADING RULES* AND
COMPANION POLICY 23-101CP**

November 17, 2003

I. INTRODUCTION

On November 12, 2003 the Commission approved amendments (the Amendments) to:

1. National Instrument 21-101 *Marketplace Operation* (NI 21-101),
2. National Instrument 23-101 *Trading Rules* (NI 23-101 and, together with NI 21-101, the "Alternative Trading System" or "ATS" Rules),
3. Companion Policy 21-101CP to NI 21-101, and
4. Companion Policy 23-101CP to NI 23-101.

The full text of the Amendments is attached as Appendix A to this Notice.

The Amendments will become effective in Alberta on December 31, 2003. The Canadian Securities Administrators (the CSA or we) intends to have the Amendments become effective in all jurisdictions on December 31, 2003. However, it may not be possible for all jurisdictions to approve the Amendments by that date, so the Amendments may not become effective in all jurisdictions at the same time. In the event that a jurisdiction cannot meet the December 31, 2003 effective date, market participants may need to seek exemptive relief as appropriate until such time as the Amendments are effective in that jurisdiction.

The CSA published for comment a proposal that would amend the ATS Rules. The proposed amendments were published in Alberta on July 11, 2003. The CSA thank all that submitted comments on the proposed amendments. A list of those that submitted comments as well as a summary of comments and responses is attached as an Appendix to the Ontario Securities Commission's notice of adoption of the Amendments and are available on the OSC website at www.osc.gov.on.ca. As a result of these comments, the CSA decided to make non-material changes to some of the provisions of the proposed amendments; these changes are outlined below under a separate heading.

II. SUBSTANCE AND PURPOSE OF THE AMENDMENTS

(a) Data Consolidation and Market Integration for Exchange-Traded Securities and Foreign Exchange-Traded Securities

In November 2002, the CSA struck an industry committee to examine the issues surrounding data consolidation and market integration. The Industry Committee on Data Consolidation and Market Integration (the Industry Committee) issued a report dated March 2, 2003 that was published on June 13, 2003. The Industry Committee recommended replacing the data consolidation requirements with the establishment of certain technology standards. They also recommended replacing market integration with a focus on fair access and best execution obligations.

In response to the report of the Industry Committee, we proposed amendments to the ATS Rules that:

- (1) will allow information on orders and trades to be sent to an information vendor that meets the standards set by a regulation services provider (RS Inc.),¹
- (2) delete the concept of “market integrator”² and will focus on ensuring compliance with best execution requirements for dealers and fair access requirements for marketplaces.³
- (3) provided an exemption from the transparency requirements for 3 years with respect to options.⁴

In addition, the CSA struck the Trade Reporting and Electronic Audit Trail Committee (TREATS Committee) to examine and determine the appropriate standards that should be applied to the consolidation of the pre-trade and post-trade data of marketplaces trading equity securities. This committee is chaired by Anne Marie Ryan and is composed of representatives of investment dealers, marketplaces, information vendors, and other market participants. Additionally, representatives from Market Regulation Services Inc. (RS), the Investment Dealers Association of Canada (IDA), the Bourse de Montréal, and the Ontario Securities Commission sit as observers to the committee.

The TREATS Committee’s mandate required it to identify and discuss issues, options and recommendations regarding the standards for an open model of consolidating data relating to orders and trades of equity securities traded on marketplaces in Canada. In so doing, the TREATS Committee considered the following:

- Different models for consolidation
- Types of marketplaces that qualify for consolidation

¹ Amendments to NI 21-101, subsection 1.1(4) regarding Part 7.

² Amendments to NI 21-101, subsection 1.1(2) regarding section 1.1.

³ NI 21-101, section 5.1, NI 23-101 section 4.2 and Amendments to NI 21-101, subsection 1.1(3) regarding the addition of section 6.13.

⁴ Amendments to NI 21-101, section 1.1(4) regarding section 7.5.

- Standards for access to markets and publishing of market data
- Content of data to be published
- Service level issues
 - Reliability and integrity of data
 - Clock synchronization
 - Market hours
 - Outage handling
- Naming standards and conventions
- Issues relating to market regulation

The CSA thank the members of the TREATS Committee for their efforts, which have confirmed that the approach recommended by the Industry Committee is feasible. The report of the TREATS Committee is attached to the OSC's notice of adoption as an Appendix and is available on the OSC website.

In its report, the TREATS Committee proposed an open model whereby marketplaces would be free to choose which protocol they wish to use to report their pre- and post-trade information. However, there would be common standards for regulatory and transparency requirements.

RS would determine and set a common standard for its regulatory feed regarding what data elements would have to be provided and common standards for data integrity and delivery service levels for the data feed provided to it. RS would also determine and set certain minimum standards for data feeds from marketplaces to information vendors with respect to the required data elements and with respect to timeliness and operability. Beyond the required minimums, marketplaces would be free to provide whatever information it feels supports its competitive position.

In the current environment, marketplaces would have various options for how they provide the regulatory feed and data feeds:

- (1) A marketplace could deliver the regulatory feed to TSX or another marketplace which would provide it to RS and publicly disseminate order and trade information;
- (2) A marketplace could deliver the regulatory feed to a certified information vendor which would provide it to RS and publicly disseminate order and trade information; or
- (3) A marketplace could directly deliver a data feed to RS for regulatory purposes and separately provide order and trade information to a certified information vendor for public dissemination.

We have made non-material changes to the Amendments to reflect the TREATS Committee's recommendations. Part 9 of the Companion Policy 21-101CP clarifies that the regulatory feed and the data feeds must meet minimum standards set by a regulation services provider. If a

marketplace has executed a contract with RS, then the marketplace may only use an information vendor that meets the standards set by RS.

(b) Electronic Audit Trail

Part 12 of NI 23-101 sets record keeping requirements about orders and trades that are applicable to dealers. In addition, dealers must transmit information to a regulation services provider when requested by the regulation services provider. The provisions require that the audit trail and the information to be transmitted to the regulation services provider be in electronic form.

The electronic requirements were initially to be effective as of December 31, 2003. This date was selected to coincide with the implementation of T+1 in June 2004. However, after consultation with market participants, and due to the delay in implementation of T+1, we have amended the ATS Rules to postpone the implementation of these requirements until the earlier of January 1, 2007 and the date upon which a self-regulating organization or a regulation services provider implements an electronic audit trail requirement.

In the meantime, we have asked the TREATS Committee to identify and discuss issues, options and recommendations regarding the technology standards and an implementation plan for the electronic audit trail requirements for orders and trades in securities, including equity securities, options and debt securities.

The TREATS Committee is continuing with its mandate regarding the electronic audit trail and will be reporting back to the CSA in 2004. The CSA, with the relevant self-regulatory organizations, will then provide more detailed information regarding implementation of audit trail requirements.

(c) Regulation Services Provider

The CSA wishes to clarify that the IDA qualifies as a regulation services provider for marketplaces that trade unlisted debt securities, inter-dealer bond brokers and dealers executing trades of unlisted debt securities outside of a marketplace in jurisdictions where it has been recognized as a self-regulatory organization.

RS Inc. is a recognized self-regulatory organization and is the regulation services provider for marketplaces that trade exchange-traded and foreign exchange-traded securities.

(d) CanPX as Information Processor for Corporate Debt Securities

The CSA notes that CanPX Inc. (CanPX) has currently been approved to act as the information processor for corporate debt securities until December 31, 2006 in Ontario, British Columbia, Alberta, Quebec, and New Brunswick. The securities regulatory authorities of other jurisdictions are also considering approving CanPX to act as the information processor for corporate debt securities and may grant their approval subsequent to the publishing of this Notice.

(e) Transparency of Government Debt Securities

The CSA received three responses to the request for comment as to whether to maintain the status quo for three years with respect to transparency of government debt securities or to require IDBs and all marketplaces to provide anonymously post-trade information on government debt securities subject to volume caps. Two commenters favoured the status quo level of transparency for another three years. One commenter expressed its concern that the use of volume caps would erode the status quo level of transparency for government debt securities. Consequently, the status quo level of transparency will be maintained as reflected in the Amendments.

(f) Changes Made to the Amendments

In response to comments received, we have made a number of non-material changes to the Amendments.

- We amended proposed subsections 7.1(1) and 7.2 of NI 21-101 by deleting “with which the marketplace has executed a contract under NI 23-101”. It was always anticipated that some exchanges and quotation and trade reporting systems may maintain their regulatory functions and may not have contracted with a regulation services provider.
- We will amend subsection 8.1(1) of NI 21-101 by adding “to a person or company” after “that displays orders of government debt securities” to maintain consistency with subsections 7.1(1) and 7.3(1).
- We will amend subsection 8.2(1) of NI 21-101 by adding “to a person or company” after “that displays orders of corporate debt securities” to maintain consistency with subsections 7.1(1) and 7.3(1).
- We will repeal all of Part 9 of NI 21-101. Without the market integration requirement, this Part is not needed.
- We will amend section 10.1 so as to clarify that marketplaces have to make publicly available their schedules of transaction fees.
- We will amend subsection 2.1(1) of the Companion Policy 21-101CP by clarifying that Canadian securities regulatory authorities consider a dealer that internalizes its orders of exchange-traded securities to be a marketplace, unless that dealer executes and prints on an exchange or quotation and trade reporting service in accordance with the requirements of the exchange or quotation and trade and reporting service.
- We will amend section 9.1 of the Companion Policy 21-101CP by clarifying that if a marketplace enters into a contract with regulation services provider under NI 23-101, that marketplace must provide information to an information processor meeting standards set by that regulation services provider. These standards will apply to reporting and regulatory feeds and include core data elements and service levels. If a marketplace performs its own regulation, then it will set its own standards.

- We will amend Part 11 of the Companion Policy 21-101CP by repealing sections 11.2 and 11.3 along with 11.1 and 11.4. Furthermore, in section 11.5, we deleted “the market” and substituted “developments” with respect to what we will continue to monitor.

IV. Questions

Questions may be referred to any of:

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**APPENDIX A
AMENDMENTS**

**AMENDMENTS TO NATIONAL INSTRUMENT 21-101
*MARKETPLACE OPERATION***

PART 1 AMENDMENTS

1.1 Amendments

- (1) This Instrument amends National Instrument 21-101 Marketplace Operation.
- (2) Section 1.1 is amended by repealing the definition of “market integrator”.
- (3) Part 6 is amended by adding the following section:

6.13 Access Requirements – An ATS shall

- (a) establish written standards for granting access to trading on it;
- (b) not unreasonably prohibit, condition or limit access by a person or company to services offered by it; and
- (c) keep records of
 - (i) each grant of access, including, for each subscriber, the reasons for granting access to an applicant, and
 - (ii) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.
- (4) Part 7 is repealed and the following substituted:

Part 7 — Information Transparency Requirements for Marketplaces Dealing in Exchange-Traded Securities and Foreign Exchange-Traded Securities

7.1 Pre-Trade Information Transparency - Exchange-Traded Securities

- (1) A marketplace that displays orders of exchange-traded securities to a person or company shall provide accurate and timely information regarding orders for the exchange-traded securities displayed on the marketplace to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider.

- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.

7.2 Post-Trade Information Transparency – Exchange-Traded Securities – A marketplace shall provide accurate and timely information regarding orders for exchange-traded securities executed on the marketplace to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider.

7.3 Pre-Trade Information Transparency – Foreign Exchange-Traded Securities

- (1) A marketplace that displays orders of foreign exchange-traded securities to a person or company shall provide accurate and timely information regarding orders for the foreign exchange-traded securities displayed on the marketplace to an information vendor.

- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.

7.4 Post-trade Information Transparency – Foreign Exchange - Traded Securities - A marketplace shall provide accurate and timely information regarding orders for foreign exchange-traded securities executed on the marketplace to an information vendor.

7.5 Exemption for Options - This Part does not apply to exchange-traded securities that are options, or foreign exchange-traded securities that are options, until January 1, 2007.

- (5) Part 8 is repealed and the following substituted:

Part 8 — Information Transparency Requirements for Marketplaces Dealing in Unlisted Debt Securities, Inter-Dealer Bond Brokers and Dealers

8.1 Pre-Trade and Post-Trade Information Transparency Requirements - Government Debt Securities

- (1) A marketplace that displays orders of government debt securities to a person or company shall provide to an information processor accurate and timely information regarding orders for government debt securities displayed on the marketplace as required by the information processor.

- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.
- (3) A marketplace shall provide to an information processor accurate and timely information regarding details of trades of government debt securities executed on the marketplace as required by the information processor.
- (4) An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding orders for government debt securities executed through the inter-dealer bond broker as required by the information processor.
- (5) An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding details of trades of government debt securities executed through the inter-dealer bond broker as required by the information processor.

8.2 Pre-Trade and Post-Trade Information Transparency Requirements - Corporate Debt Securities

- (1) A marketplace that displays orders of corporate debt securities to a person or company shall provide to an information processor accurate and timely information regarding orders for corporate debt securities displayed on the marketplace as required by the information processor.
- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.
- (3) A marketplace shall provide to an information processor accurate and timely information regarding details of trades of corporate debt securities executed on the marketplace as required by the information processor.
- (4) An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding details of trades of corporate debt securities executed through the inter-dealer bond broker as required by the information processor.
- (5) A dealer executing trades of corporate debt securities outside of a marketplace shall provide to an information processor accurate and timely information regarding details of trades of corporate debt securities traded by or through the dealer as required by the information processor.

8.3 Consolidated Feed — Unlisted Debt Securities - An information processor shall produce a consolidated feed in real-time showing the information provided to the information processor under sections 8.1 and 8.2.

8.4 Compliance with Requirements of an Information Processor - A marketplace, inter-dealer bond broker or dealer that is subject to this Part shall comply with the reasonable requirements of the information processor to which it is required to provide information under this Part.

8.5 Exemption for Government Debt Securities - Section 8.1 does not apply until January 1, 2007.

(6) Part 9 is repealed.

(7) Part 10 is amended by repealing sections 10.1 and 10.2 and substituting the following:

10.1 Disclosure of Transaction Fees by Marketplaces - A marketplace shall make its schedule of transaction fees publicly available.

(8) Part 11 is amended

(a) by repealing subparagraphs 11.2(1)(c)(xii), (xvi) and (xviii);

(b) in subparagraph 11.2(1)(c)(xvii) by striking out “,”and substituting “; and”;

(c) in subparagraph 11.2(1)(d)(viii) by striking out “the market integrator or any other marketplace” and substituting “an information vendor or a marketplace”; and

(d) in paragraph 11.3(1)(b) by adding “or 6.13” after “section 5.1”.

(9) Forms 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-101F5 and 21-101F6 are amended by striking out the following

THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE.

PART 2 EFFECTIVE DATE

2.1 Effective Date – This Instrument comes into force on December 31, 2003.

**AMENDMENTS TO COMPANION POLICY 21-101CP
TO NATIONAL INSTRUMENT 21-101
MARKETPLACE OPERATION**

PART 1 AMENDMENTS

1.1 Amendments

- (1) This Amendment amends Companion Policy 21-101CP.
- (2) Subsection 2.1(1) is repealed and the following substituted:
 - (1) The Instrument uses the term “marketplace” to encompass the different types of trading systems that match trades. A marketplace is an exchange, a quotation and trade reporting system or an ATS. Paragraphs (c) and (d) of the definition of “marketplace” describe marketplaces that the Canadian securities regulatory authorities consider to be ATSs. A dealer that internalizes its orders of exchange-traded securities and does not execute and print the trades on an exchange or quotation and trade reporting system in accordance with the rules of the exchange or the quotation and trade reporting system (including an exemption from those rules) is considered to be a marketplace pursuant to paragraph (d) of the definition of “marketplace” and an ATS.
- (3) Subsection 3.4(7) is repealed and the following is substituted:
 - (7) Any marketplace that is required to provide notice under section 6.7 of the Instrument will determine the calculation based on publicly available information.
- (4) Subsection 5.1(3) is amended
 - (a) by striking out the reference to section 8.3; and
 - (b) by adding a reference to sections 7.3 and 8.2.
- (5) Subsection 6.1(2) is repealed and the following substituted:
 - (2) The forms filed by a marketplace under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that the forms contain intimate financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that the forms be available for public inspection.
- (6) Section 7.1 is amended by adding the following after “standards for access.”:

In addition, the reference to “a person or company” in subsection (b) includes a system or facility that is operated by a person or company.

(7) Part 8 is amended

- (a) by striking out the title and substituting “**REQUIREMENTS ONLY APPLICABLE TO ATSs**”; and
- (b) by adding the following:

8.2 Access Requirements – Section 6.13 of the Instrument sets out access requirements that apply to an ATS. The Canadian securities regulatory authorities note that the requirements regarding access do not prevent an ATS from setting reasonable standards for access. In addition, the reference to “a person or company” in subsection (b) includes a system or facility that is operated by a person or company.

(8) Part 9 is amended

- (a) by striking out the title and substituting “**PART 9 - INFORMATION TRANSPARENCY REQUIREMENTS FOR EXCHANGE-TRADED SECURITIES**”; and
- (b) by repealing sections 9.1 and 9.2 and substituting the following:

9.1 Information Transparency Requirements for Exchange-Traded Securities

- (1) Subsection 7.1(1) of the Instrument requires a marketplace that displays orders of exchange-traded securities to any person or company to provide information to an information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider. Section 7.2 requires the marketplace to provide information regarding trades of exchange-traded securities to an information processor or, if there is no information processor, an information vendor that meets the standards set by a regulation services provider. Some marketplaces, such as exchanges, may be regulation services providers and will establish standards for the information vendors they use to display order and trade information to ensure that the information displayed by the information vendors is timely, accurate and promotes market integrity. If the marketplace has entered into a contract with a regulation services provider under NI 23-101, the marketplace must provide information to the regulation services provider and an information vendor that meets the standards set by that regulation services provider.
- (2) Each regulation services provider will define the process, the business content of the reporting and regulatory data feeds, including the core data elements, the message catalogue and the service level standards. The regulation services provider will also define the service level standards for delivery and receipt of

market data to and from information vendors and marketplaces under sections 7.1 and 7.2 of the Instrument.

- (3) A regulation services provider will identify through a certification process which information vendors meet the standards required by the regulation services provider under section 7.1 and 7.2 of the Instrument.
- (4) It is expected that if there are multiple regulation service providers, the standards of the various regulation service providers must be consistent. In order to maintain market integrity for securities trading in different marketplaces, the Canadian securities regulatory authorities will, through their oversight of the regulation service providers, review and monitor the standards established by all regulation service providers so that business content, service level standards, and other relevant standards are substantially similar for all regulation service providers.
- (5) Section 7.5 of the Instrument states that the pre-trade and post-trade transparency requirements in Part 7 do not apply to exchange-traded securities and foreign exchange-traded securities that are options until January 1, 2007. The Canadian securities regulatory authorities are of the view that additional study is necessary to determine the appropriate transparency standards for options.
- (9) Part 10 is amended
 - (a) by repealing sections 10.1 and 10.2 and substituting the following:

10.1 Information Transparency Requirements for Unlisted Debt Securities

- (1) The requirement to provide transparency of information regarding orders and trades of government debt securities in section 8.1 of the Instrument does not apply until January 1, 2007. The Canadian securities regulatory authorities will continue to review the transparency requirements, to determine if the transparency requirements summarized in subsections (2) and (3) below should be amended. One of the issues we will consider is to what extent systems displaying executable prices compete with inter-dealer bond brokers and therefore should be subject to the same level of transparency as the inter-dealer bond brokers.
- (2) The requirements of the information processor for government debt securities are as follows:
 - (a) Marketplaces trading government debt securities and inter-dealer bond brokers are required to provide in real time quotation information displayed on the marketplace for all bids and offers with respect to unlisted debt securities designated by the information processor, including details as to type, issuer, coupon and maturity of security, best bid price, best ask price and total disclosed volume at such prices; and

- (b) Marketplaces trading government debt securities and inter-dealer bond brokers are required to provide in real time details of trades of all government debt securities designated by the information processor, including details as to the type, issuer, series, coupon and maturity, price and time of the trade and the volume traded.
- (3) The requirements of the information processor for corporate debt securities are as follows:
- (a) Marketplaces trading corporate debt securities, inter-dealer bond brokers and dealers trading corporate debt securities outside of a marketplace are required to provide details of trades of all designated corporate debt securities, including details as to the type, issuer, class, series, coupon and maturity, price and time of the trade and, subject to the caps set out below, the volume traded, within one hour of the trade. If the total par value of a trade of an investment grade corporate debt security is greater than \$2 million, the trade details provided to the information processor shall report the trade as “\$2 million+”. If the total par value of a trade of a non-investment grade corporate debt security is greater than \$200,000, the trade details provided to the information processor shall report the trade as “\$200,000+”.
- (b) Although subsection 8.2(1) of the Instrument requires marketplaces to provide information regarding orders of corporate debt securities, the information processor has not required this information to be provided.
- (4) The marketplace upon which the trade is executed will not be shown, unless the marketplace determines that it wants its name to be shown.
- (5) The information processor will use transparent criteria and a transparent process to select the designated government debt securities and designated corporate debt securities. The information processor will make the criteria and the process publicly available.
- (6) An “investment grade corporate debt security” is a corporate debt security that is rated by one of the listed rating organizations at or above one of the following rating categories or a rating category that preceded or replaces a category listed below:

Rating Organization	Long Term Debt	Short Term Debt
Fitch, Inc.	BBB	F3
Dominion Bond Rating Service Limited	BBB	R-2
Moody’s Investors Service, Inc.	Baa	Prime-3
Standard & Poors Corporation	BBB	A-3

- (7) A “non-investment grade corporate debt security” is a corporate debt security that is not an investment grade corporate debt security.
- (8) The information processor will publish the list of designated government debt securities and designated corporate debt securities. The information processor will give reasonable notice of any change to the list.
- (9) The information processor may request changes to the transparency requirements by filing an amendment to Form 21-101F5 with the Canadian securities regulatory authorities pursuant to subsection 14.2(1) of the Instrument. The Canadian securities regulatory authorities will review the amendment to Form 21-101F5 to determine whether the proposed changes are contrary to the public interest, to ensure fairness and to ensure that there is an appropriate balance between the standards of transparency and market quality (defined in terms of market liquidity and efficiency) in each area of the market. The proposed changes to the transparency requirements will also be subject to consultation with market participants.; and
- (b) in section 10.3 by striking out the reference to section 8.6 and substituting a reference to section 8.3.
- (10) Part 11 is amended
- (a) by repealing sections 11.1, 11.2, 11.3 and 11.4; and
- (b) by adding the following section:
- 11.5 Market Integration** – Although the Canadian securities regulatory authorities have removed the concept of a market integrator, we continue to be of the view that market integration is important to our marketplaces. We expect to achieve market integration by focusing on compliance with fair access and best execution requirements. We will continue to monitor developments to ensure that the lack of a market integrator does not unduly affect the market.
- (11) Section 12.1 is repealed and the following substituted:
- 12.1 Disclosure of Transaction Fees by Marketplaces** – Section 10.1 of the Instrument requires that each marketplace make its schedule of transaction fees publicly available. It is not the intention of the Canadian securities regulatory authorities that a commission fee charged by a dealer for dealer services be disclosed. Each marketplace is required to publicly post a schedule of all trading fees that are applicable to outside marketplace participants that are accessing an order and executing a trade displayed through an information processor or information vendor. The requirement to disclose transaction fees does not require a combined price calculation by each marketplace.

(12) Section 16.2 is amended by adding the following subsection:

- (3) The forms filed by an information processor under the Instrument will be kept confidential. The Canadian securities regulatory authorities are of the view that they contain intimate financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of adhering to the principle that all forms be available for public inspection.

PART 2 EFFECTIVE DATE

2.1 Effective Date - This Amendment comes into force on December 31, 2003.

**AMENDMENTS TO
NATIONAL INSTRUMENT 23-101
TRADING RULES**

PART 1 AMENDMENTS

1.1 Amendments

- (1) This Instrument amends National Instrument 23-101 Trading Rules.
- (2) Section 2.1 is amended by striking out “the rules, policies and other similar instruments” and substituting “similar requirements”.
- (3) Part 8 is amended
 - (a) in paragraph 8.4(c) by adding “in its capacity as a regulation services provider” after “directions made by the regulation services provider”; and
 - (b) by repealing section 8.5.
- (4) Subsection 9.3(2) is repealed.
- (5) Section 10.3 is repealed.
- (6) Part 11 is amended
 - (a) in paragraph 11.2(1)(p) by striking out “and” ;
 - (b) in paragraph 11.2(1)(q) by striking out “.” and substituting “; and”;
 - (c) in subsection 11.2(1) by adding “(r) an insider marker.”;
 - (d) in subsection 11.2(5) by adding “a securities regulatory authority or” before “a regulation services provider”;
 - (e) in subsection 11.2(5) by adding “the securities regulatory authority or” before each reference to “the regulation services provider”;
 - (f) in subsection 11.2(6) by striking out “After December 31, 2003, the” and substituting “The”;
 - (g) in subsection 11.2(6) by adding “a securities regulatory authority or” before “a regulation services provider”; and

- (h) in subsection 11.2(6) by adding “by the earlier of January 1, 2007 and the date on which a self-regulatory entity or a regulation services provider implements a rule, policy or other similar instrument to which the dealer or inter-dealer bond broker is subject that requires the maintenance of the record and the transmission of the record in electronic form” at the end.

PART 2 EFFECTIVE DATE

2.1 Effective Date – This Instrument comes into force on December 31, 2003.

**AMENDMENTS TO
COMPANION POLICY 23-101CP
TO NATIONAL INSTRUMENT 23-101
TRADING RULES**

PART 1 AMENDMENTS TO COMPANION POLICY 23-101CP TRADING RULES

1.1 Amendments

- (1) This Amendment amends Companion Policy 23-101CP.
- (2) Section 2.1 is amended
 - (a) by striking out, in the first sentence, “rules, policies and other similar instruments” and substituting “similar requirements”; and
 - (b) by striking out, in the second sentence, “rules, policies and other similar instruments” and substituting “requirements”.
- (3) Section 7.3 is amended by adding the following after the sentence ending with “set by the regulation services provider.”

However, section 9.3 of the Instrument provides inter-dealer bond brokers with an exemption from sections 9.1 and 9.2 of the Instrument if the inter-dealer bond broker complies with the requirements of IDA Policy No. 5 Code of Conduct for IDA Member Firms Trading in Domestic Debt Markets, as amended, as if that policy was drafted to apply to the inter-dealer bond broker.

- (4) Part 8 is amended
 - (a) in section 8.2 by striking out “information services provider” in the first sentence and substituting “regulation services provider;
 - (b) in section 8.2 by adding “the securities regulatory authority or” before each reference to “the regulation services provider” in the first and second sentences; and
 - (c) by adding the following section:

8.3 Electronic Audit Trail – Subsection 11.2(6) of the Instrument requires dealers and inter-dealer bond brokers to transmit certain information to a securities regulatory authority or a regulation services provider in electronic form by the earlier of January 1, 2007 and the date on which a self-regulatory entity or a regulation services provider implements a rule requiring the record and the transmission of the record in electronic form. The Canadian securities regulatory authorities and the self-regulatory

entities are working with the industry to develop standards for these requirements.

PART 2 EFFECTIVE DATE

2.1 Effective Date – This Amendment comes into force on December 31, 2003.