



**Aequitas NEO Exchange Inc.  
Trading Policies  
(the "Trading Policies")**

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**PART I. DEFINITIONS AND INTERPRETATIONS**

**1.01 Definitions**

- (1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in the Exchange Requirements that is defined or interpreted in
  - (a) Ontario securities law;
  - (b) UMIR; or
  - (c) IIROC Rules

has the same meaning in these Trading Policies.

- (2) The terms in this Part have the meanings set out when used in the Exchange Requirements and apply to the trading of both Listed Securities and Other Traded Securities unless otherwise specified.

**“Approved Trader”** means: (1) an employee of a Member, or (2) an employee of a DEA Client that has been granted access to the Exchange Systems by a Sponsoring Member who, in each case, is authorized 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.

**“Assigned Security”** means a Listed Security or Other Traded Security for which a Designated Market Maker or Odd Lot Trader has been appointed.

**“Board”** means the Board of Directors of the Exchange and any committee of the Board of Directors to which powers have been delegated.

**“Board Lot”** means a “standard trading unit” as defined in UMIR.

**“Closing Call”** means the end-of-day call auction, facilitating systematic execution of orders at the CCP in accordance with these Trading Policies.

**“Calculated Closing Price”** or **“CCP”** means, for a Closing Call Eligible Security, the CCP as determined in accordance with these Trading Policies.

**“Calculated Opening Price”** or **“COP”** means, for an Opening Call Eligible Security, the COP as determined in accordance with these Trading Policies.

**“Clearing Corporation”** means CDS Clearing and Depository Services Inc. and any successor corporation or other entity recognized as a clearing agency.

**“Closing Call Eligible Security”** means a Listed Security, or an OTS designated by the Exchange from time to time as eligible to participate in the Closing Call.

**“Closing Call Volume Threshold”** means the minimum trade volume (as specified by the Exchange by Notice to Members) required to complete a Closing Call. Where the Closing Call Volume Threshold is not met, the Closing Call will be cancelled.

“**Closing Price**” means:

- (1) with respect to a Closing Call Eligible Security,
  - (a) if the security traded during the Closing Call, the price at which the security traded, or
  - (b) if the security did not trade during the Closing Call,
    - (i) if is also a Weighted Closing Price Eligible Security, the Weighted Closing Price, and
    - (ii) for all other Closing Call Eligible Securities, the LSP that occurred at or prior to the end of the Continuous Trading Session in NEO-L;
- (2) with respect to a Weighted Closing Price Eligible Security, the Weighted Closing Price; or
- (3) with respect to all other Listed Securities, the LSP that occurred at or prior to the end of the Continuous Trading Session in NEO-L.

“**Continuous Trading Session**” means the regular trading session in each of the Trading Books and the Crossing Facility, as further described in Parts VI, VII, VIII and IX, respectively.

“**Crossing Facility**” means the Exchange’s electronic facility for posting of intentional crosses in accordance with Part IX.

“**DEA Client**” means a third party that has been provided with electronic access to the Exchange Systems by a Sponsoring Member in accordance with NI 23-103 and UMIR.

“**Decision**” means any decision, direction, order, ruling, guideline or other determination of the Exchange, or of the Market Regulator, made in the administration of these Trading Policies.

“**Designated Market Maker**” or “**DMM**” means the Member appointed by the Exchange as the market maker for a particular Assigned Security.

“**Designated Market Maker Approved Trader**” means the Approved Trader of the Designated Market Maker (who may not be an employee of a DEA Client) identified by the Designated Market Maker to fulfill the Designated Market Maker’s responsibilities under these Trading Policies.

“**Eligible Assigned Security**” means an Assigned Security for which a DMM has been appointed that is a Listed Security or an OTS designated by the Exchange from time to time as eligible for Market Maker Commitment. For greater certainty, it does not include an Assigned Security for which an Odd Lot Trader has been appointed.

“**Exchange**” means Aequitas NEO Exchange Inc., the recognized exchange which provides a marketplace for Listed Securities and Other Traded Securities.

“**Exchange Approval**” means any approval given by the Exchange under the Exchange Requirements.

“**Exchange Requirements**” includes the following:

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- (1) these Trading Policies;
- (2) the Listing Manual;
- (3) obligations arising out of the Member Agreement or any Designated Market Maker agreement;
- (4) any forms issued or filed pursuant to these Trading Policies or the Listing Manual and any obligations related to or created by such forms;
- (5) UMIR; and
- (6) applicable Canadian securities law, and any decision thereunder as it may be amended, supplemented and in effect from time to time.

“**Exchange Systems**” means the electronic systems operated by the Exchange for providing access to the services for the listing and trading of Listed Securities and trading of Other Traded Securities on the Exchange.

“**Extended Trading Eligible Security**” means a Listed Security, or an OTS designated by the Exchange from time to time as eligible to participate in the Extended Trading Session.

“**Extended Trading Session**” means the trading session after the Continuous Trading Session or Closing Call, as applicable.

“**IIROC**” means the Investment Industry Regulatory Organization of Canada and any successor thereof.

“**IIROC Rules**” means UMIR and IIROC’s dealer member rules.

“**Imbalance Message**” means a message sent prior to an Opening Call for an Opening Call Eligible Security, or the Closing Call for a Closing Call Eligible Security, containing the imbalance side and quantity based on the COP or CCP of the security, as calculated at that time.

“**Last Sale Price**” or “**LSP**” has the meaning set out in UMIR.

“**Last Traded Price**” or “**LTP**” means the price at which the last trade of a Board Lot or eligible cross was executed in any Trading Book or the Crossing Facility of the Exchange, other than a Special Terms trade.

“**Latency Sensitive Trader**” or “**LST**” means either:

- (1) a proprietary trader of a Member, trading for its own account, using automated, co-located trading strategies; or
- (2) a DEA Client using automated, co-located trading strategies and making its own routing decisions,

where “**using automated, co-located trading strategies**” means using a server installed in the same data centre as, or in close proximity to, any Canadian exchange or alternative trading system located in the Greater Toronto Area.

### ***Commentary***

*A Designated Market Maker would be considered an LST per subsection (1) of the definition if the market making trading strategies it uses involve co-location.*



*A DEA Client is deemed to be making its own routing decisions if it is connected through only a risk management “skin” provided by a Member to the Exchange Systems through the DEA Client’s own dedicated FIX sessions, or if it is using a Member’s order routing technology but the DEA Client is able to control the marketplaces to which its orders are being routed. A Member’s order routing technology includes marketplace routers, proprietary routers and any other third party routers for which the Member is responsible to the Exchange on behalf of the DEA Client.*

“**Liquidity Providing Order**” means a resting order booked in any of the Trading Books.

“**Liquidity Taking Order**” means an active Limit or Market FOK/IOC order entered in any of the Trading Books.

“**Listed Security**” means a security listed on the Exchange.

“**Market Maker Volume Allocation**” or “**MMVA**” means the system of allocation of priority to DMM resting orders in NEO-L and NEO-N, whereby a resting DMM order for an Assigned Security will receive queue priority, unless the cumulative volume of executed orders that have been given priority has exceeded the Market Maker Volume Allocation Percentage for the security for that trading day (or such other period as may be set out by the Exchange and published by Notice to Members).

“**Market Maker Volume Allocation Percentage**” means the percentage threshold over which a DMM resting order will no longer receive priority under the MMVA, which shall be the percentage set out by the Exchange and published by Notice to Members.

**Commentary**

*The calculation of cumulative daily traded volume only takes into account trades that occur during continuous trading in that particular security and Trading Book. Any DMM resting order that trades due to the matching priorities of a specific Trading Book are counted as part of the aggregated queue volume and not MMVA, as the DMM did not receive priority for the execution.*

*MMVA only applies to the visible portion of a DMM resting order.*

*Different securities may have different Market Maker Volume Allocation Percentages.*

“**Market Regulator**” means 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.

“**Member**” means a person that has signed a Member Agreement and been approved by the Exchange to access the Exchange Systems, provided such access has not been terminated.

“**Member Agreement**” means the agreement entered into between the Exchange and a Member which sets out the terms and conditions of the Member’s access to the Exchange Systems.

“**Member Related Entity**” means a Person that is:

- (1) an affiliated entity of a Member; or

- (2) a control person of a Member or of which the Member is a control person, and that carries on as a substantial part of its business in Canada that of a broker, dealer or advisor in securities and that is not itself a Member.

“**Member Related Person**” means a Person that is:

- (1) a Member Related Entity;
- (2) an employee, agent or contractor of a Member or a Member Related Entity;
- (3) a partner, director or officer of a Member or Member Related Entity;
- (4) an Approved Trader of a Member or of a DEA Client for which the Member is the Sponsoring Member; and
- (5) any other Person designated by the Exchange.

“**Mixed Lot Orders**” has the meaning set out in Section 6.02.

“**National Best Bid and Offer**” or “**NBBO**” means the best bid and best offer of at least one Board Lot displayed on all protected marketplaces, but does not include Basis Orders, Call Market Orders, Closing Price Orders, Market-on-Close Orders, Opening Orders, Special Terms Orders or Volume-Weighted Average Price Orders.

“**NEO-D**” means the Exchange’s electronic trading book containing Board Lot orders entered on the Exchange for execution in accordance with Part VII.

“**NEO-L**” means the Exchange’s electronic trading book containing Board Lot orders entered on the Exchange for execution in accordance with Part VI.

“**NEO-N**” means the Exchange’s electronic trading book containing Board Lot orders entered on the Exchange for execution in accordance with Part VIII.

“**NEO Trader™**” means an account type or an investor that trades through an account type, other than LST.

### **Commentary**

*Members will be required to certify that NEO Trader™ accounts associated with specific Trader IDs comply with the definitions. In addition, the Exchange will be monitoring and using objective criteria such as what type of trading system is used, message to trade ratios and use of consistent markers to confirm that the certifications are in compliance with the requirements. The Exchange will have the right to require certifications and further information to determine if the originating trading systems are co-located.*

*A NEO Trader™ account associated with a specific Trader ID can be certified to be Retail only if all orders sent via that Trader ID originate from a Retail Customer. In the event a Trader ID is used for both retail and institutional flow, that Trader ID will be considered purely institutional from a monitoring and billing perspective.*

“**NI 23-103**” means National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces*, as amended.

“**Notice**” means an electronic communication or document given, delivered, sent or served by the Exchange.

“**Odd Lot Facility**” or “**OLF**” means the facility of NEO-L providing for auto-execution by DMMs and Odd Lot Traders of all Odd Lot Orders and odd lot portions of Mixed Lot Orders entered on the Exchange.

“**Odd Lot Orders**” has the meaning set out in Section 6.02.

“**Odd Lot Session**” means the hours during the Continuous Trading Session when the Odd Lot Facility operates. The Odd Lot Session is 9:30am – 4:00pm ET, unless otherwise specified by Notice to Members.

“**Odd Lot Trader**” means: (1) a Member that is not a Designated Market Maker; or (2) a DEA Client, which, in the case of both (1) and (2), has agreed to auto-execute trades in the Odd Lot Facility for one or more Assigned Securities for which no Designated Market Maker has been appointed.

“**Opening Call**” means the start-of-day call auction, facilitating the systematic execution of orders at the COP in accordance with these Trading Policies.

“**Opening Call Eligible Security**” means a Listed Security, or an OTS designated by the Exchange from time to time as eligible to participate in the Opening Call.

“**Opening Price**” means for a security that participates in an Opening Call, the price at which the security traded during the Opening Call and for a security that does not trade in an Opening Call, the previous day’s Closing Price in NEO-L.

“**Other Traded Security**” or “**OTS**” means a security listed by an exchange other than the Exchange that is traded on the Exchange, and is not also a Listed Security.

### *Commentary*

*A security that is listed both on the Exchange and on another exchange in Canada will be considered to be a Listed Security for purposes of the Exchange Requirements unless otherwise specified.*

“**Person**” includes without limitation an individual, corporation, incorporated syndicated or other incorporated organization, sole proprietorship, partnership or trust.

“**Retail Customer**” is defined in accordance with IIROC Rules.

“**Settlement Day**” means any day on which trades may be settled through the facilities of the Clearing Corporation.

“**Size-Time**” means the following allocation methodology utilized in NEO-D and NEO-N when multiple potential matches have been identified at a given price:

- (1) if an incoming order can be completely filled by a single resting order, that resting order will trade; or

- (2) if more than one resting order is large enough to completely fill the incoming order, the lowest Size-Time Rank will determine which one of those orders will trade; or
- (3) if no resting orders are large enough to completely fill the incoming order, the Size-Time Rank of all orders at that price level will determine in which order they will trade from lowest to highest.

In the event that two or more orders have the same Size-Time Rank, the original order entry timestamp will be used to determine priority.

“**Size-Time Rank**” means the weighted average of each order’s ranking based on:

- (a) remaining order volume; and
- (b) priority time-stamp; and
- (c) time of the last partial fill (of the order).

The weighting used for the Size-Time Rank calculation will be set out by the Exchange and published by Notice to Members.

### ***Commentary***

*Each order is ranked from 1-N for each category where for (a) the largest volume gets the lowest rank and for (b) and (c) the most recent timestamp gets the highest rank. The three ranks are then weighted together to determine the overall Size-Time Rank. The order with the lowest ranking receives the highest priority.*

*If an order is amended in such a way that it would result in a priority loss, the priority timestamp is updated. In the event an order is amended in a way that does not change the priority of an order (e.g. amend volume down), the priority timestamp remains unaffected.*

“**Special Terms trade**” means a trade resulting from a Basis Order, Call Market Order, Closing Price Order, Special Terms Order (unless one part is not a Special Terms Order), or a Volume-Weighted Average Price Order.

“**Sponsoring Member**” means a Member that provides electronic access to the Exchange Systems to a DEA Client in accordance with NI 23-103 and UMIR.

“**Time-Weighted Average Price NBBO Midpoint**” or “**TWAP NBBO Midpoint**” means the midpoint of the time-weighted average NBB and the time-weighted average NBO over a period of time.

“**Trading Book(s)**” means NEO-L, NEO-D and NEO-N, or any one of them.

“**Trading Contract**” means any agreement or contract:

- (1) to buy or sell any Listed Security or OTS through the Exchange facilities; or
- (2) For delivery of, or payment for, any Listed Security or OTS (or security which was a Listed Security or OTS when the contract was made) arising from settlement through the Clearing Corporation.

“**UMIR**” means the Universal Market Integrity Rules adopted by IIROC as amended, supplemented and in effect from time to time.

“**Weighted Closing Price**” means the price calculated by weighting and combining the TWAP NBBO Midpoint and the LSP over the applicable time interval leading up to the end of the Continuous Trading Session in NEO-L. The Exchange will determine from time to time and publish by Notice to Members the weighting percentages of the TWAP NBBO Midpoint and the LSP as well as the time intervals.

“**Weighted Closing Price Eligible Security**” means a security designated by the Exchange from time to time to be eligible for a Weighted Closing Price. The Exchange will determine from time to time and publish by Notice to Members a list of eligible securities.

### 1.02 Interpretation

- (1) A company is an affiliate of another company if one of them is a subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same Person.
- (2) The division of the Exchange Requirements into separate policies, divisions, sections, subsections, clauses and commentary, and the provision of a table of contents and headings, is for convenience of reference only and shall not affect the construction or interpretation of the Exchange Requirements.
- (3) The words “hereof,” “herein,” “hereby,” “hereunder” and similar expressions mean the whole of these Trading Policies and not simply the particular section of the Trading Policies in which the term is mentioned, unless the context clearly indicates otherwise.
- (4) The word “or” is not exclusive.
- (5) The word “including,” when following any general statement or term, does not limit the meaning of the general statement or term to the specific matter immediately following the statement or term.
- (6) Unless otherwise specified, any 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.
- (7) Unless otherwise specified, any reference to a rule, policy, blanket order or instrument includes all amendments made and in force from time to time, and to any rule, policy, blanket order or instrument that supersedes that rule, policy, blanket order or instrument.
- (8) Grammatical variations of any defined term have the same meaning.
- (9) Any word imputing gender includes the masculine, feminine and neuter genders.
- (10) Any word in the singular includes the plural and vice versa.
- (11) All references to time in the Exchange Requirements are to Eastern Standard Time in Toronto, Ontario unless otherwise stated.

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- (12) All references to currency in the Exchange Requirements are to Canadian dollars unless otherwise stated.
- (13) All provisions of these Trading Policies apply to the trading of both Listed Securities and Other Traded Securities unless otherwise specified.

**PART II. APPLICATION OF POLICIES AND AUTHORITY OF THE EXCHANGE**

**2.01 Application of Policies**

- (1) Members and their Member Related Persons must comply with all applicable Exchange Requirements when trading on the Exchange.
- (2) The Exchange may take disciplinary action against any Member where the Member or its Member Related Persons violate any Exchange Requirement.

**2.02 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, the appropriate officers of the Exchange or any committee or person designated by the Board or the CEO of the Exchange, including the Market Regulator.
- (2) Unless the subject matter or context otherwise requires, any action taken by a Person under subsection (1) is subject to the overall authority of the Board.

**2.03 General Exemptive Relief**

- (1) The Exchange may exempt any Member from the application of any the Exchange Requirement, if in the opinion of the Exchange, the provision of such exemption:
  - (a) would not be contrary to the provisions of the *Securities Act* (Ontario) and the rules and regulations thereunder or UMIR;
  - (b) would not be prejudicial to the public interest or to the maintenance of a fair and orderly market; and
  - (c) is warranted after due consideration of the circumstances.

**2.04 No Waiver of Rights**

- (1) Failure by the Exchange or the Market Regulator to exercise any of its rights, powers or remedies under the Exchange Requirements or their delay to do so is not a waiver of those rights, powers or remedies.
- (2) The single or partial exercise of a right, power or remedy does not in any way limit the ability of the Exchange or the Market Regulator to exercise that right, power or remedy.
- (3) Any waiver of a right, power or remedy must be in writing and may be general or particular in its application.

**2.05 Anti-Avoidance**

- (1) If, in the opinion of the Exchange, a Member has organized its business and affairs for the purpose of avoiding the application of any Exchange Requirement, the Exchange may apply such the Exchange Requirement to the Member in the same manner as if such provision had directly applied to such Member.



**PART III. MEMBERSHIP**

***DIVISION I — APPROVAL***

**3.01 Qualification for Becoming a Member**

- (1) To apply to become a Member, an applicant must:
  - (a) be a dealer member of IIROC (or any successor recognized as a self-regulatory entity or comparable self-regulatory entity) in good standing;
  - (b) be a participant of the Clearing Corporation or have entered into an arrangement for the clearing and settlement of trades with a participant in the Clearing Corporation; and
  - (c) meet the Exchange Requirements, including execution and delivery of a Member Agreement.
- (2) A Member is authorized to trade both Listed Securities and OTSs on the Exchange.
- (3) Membership is not transferable or assignable.
- (4) Membership is solely an authorization to have access to the Exchange Systems and to trade on the Exchange and does not confer any ownership or shareholder rights.

**3.02 Application and Approval**

- (1) An applicant for membership shall submit:
  - (a) a completed and executed Member Agreement; and
  - (b) such information, books and records as may be reasonably required by the Exchange to ascertain relevant facts bearing on the applicant's qualifications or activities on the Exchange Systems.
- (2) The Exchange may:
  - (a) approve an applicant for membership without condition;
  - (b) defer approval pending receipt of further information concerning the applicant;
  - (c) approve a Person as a Member subject to such terms and conditions as are appropriate or necessary to ensure compliance with the Exchange Requirements;  
or
  - (d) refuse the application for such factors it considers relevant, including
    - (i) past or present misconduct by the applicant or any Member Related Person,

- (ii) the applicant or any Member Related Person refuses to comply with the Exchange Requirements,
  - (iii) the applicant is not qualified by reason of integrity, solvency, training or experience, or
  - (iv) such approval is otherwise not in the public interest.
- (3) An applicant that is approved subject to conditions or is rejected may appeal the Decision using the procedures set out in Part XIV.
- (4) Subject to the exercise of a right of appeal, a rejected applicant may not reapply for membership for a period of six months following the date of refusal.

### *DIVISION 2 — CONTINUING REQUIREMENTS*

#### **3.03 Authorized Representative**

- (1) Each Member must appoint a senior officer, director or partner as its authorized representative, who shall be named in the Member Agreement.
- (2) The authorized representative shall:
  - (a) have authority to speak for the Member in dealings with the Exchange; and
  - (b) serve as primary contact person for the Exchange on inquiries regarding the conduct and supervision of the Member's Approved Traders and DEA Clients.
- (3) A Member must give the Exchange notice of a change of its representative at least 10 business days prior to the change unless circumstances make this impossible, in which case notice must be given as soon as possible.

#### **3.04 Payment of Fees, etc.**

- (1) Members must pay all fees and charges fixed by the Exchange and the Market Regulator, which are due and payable as the Exchange or the Market Regulator require from time to time.
- (2) The Exchange may at any time, and from time to time, on not less than 30 days' Notice to Members, increase any or all fees or charges. The Exchange may decrease fees by providing Members with Notice of such a change within 30 days prior to the effective date of the change.
- (3) The Exchange may suspend without further notice a Member that has not paid any fees or charges within 30 days of becoming payable, and such suspension shall remain in place until all outstanding fees and charges have been paid by the Member. If the Member has not paid all outstanding fees and charges within 15 days of such suspension, the Exchange may terminate such Member's membership.

### 3.05 Continuing Qualifications

- (1) A Member must continue to satisfy the qualifications set out in Section 3.01(1) and the conditions (if any) imposed under Section 3.02(2)(c).
- (2) The Exchange may from time to time review the continued eligibility of a Member for membership.

### 3.06 Notifications

- (1) A Member must notify the Exchange immediately if:
  - (a) the Member ceases to satisfy the qualifications set out in Section 3.01(1) or the conditions (if any) imposed under Section 3.02(2)(c);
  - (b) the Member: (i) has given notice to any recognized self-regulatory organization, including IIROC, that it is withdrawing its membership, or (ii) ceases to be a member of any recognized self-regulatory organization, including IIROC; or
  - (c) the Member is, or becomes aware that it is likely to be, under investigation by, or subject to an enforcement action (including a hearing), by IIROC, any recognized self-regulatory organization or a securities regulatory commission or authority in or outside Canada.
- (2) A Member must notify the Exchange at least 10 business days prior to:
  - (a) a change of its name or the name under which it does business; or
  - (b) a change in the address of its head office.

### 3.07 Maintaining Records

- (1) The Member shall be responsible for maintaining any required records relating to transactions sent and received by it on the Exchange Systems. For the purpose of this section records relating to transactions will include all information directly or indirectly relating to orders routed to the Exchange Systems or trades executed on the Exchange Systems.

### 3.08 Training

- (1) The Member shall be responsible for developing and providing comprehensive training and materials for Approved Traders (and any other Person deemed appropriate by the Member) with respect to applicable regulatory requirements relating to, among other things, the entry and trading of orders through the Exchange and other Canadian marketplaces required to allow the Member to meet its obligations under applicable regulatory requirements, these Trading Policies and the Member Agreement.

***DIVISION 3 — SURRENDER, SUSPENSION AND TERMINATION OF MEMBERSHIP***

**3.09 Voluntary Surrender**

- (1) A Member may resign its membership by giving not less than 30 days' prior written notice.
- (2) The Exchange may postpone the effective date of termination if the Member:
  - (a) is the subject of disciplinary proceedings or is under investigation for a failure to comply with the Exchange Requirements;
  - (b) has any trades outstanding; or
  - (c) has not paid outstanding fees or charges payable to the Exchange.

**3.10 Suspension by the Exchange With or Without Prior Notice**

- (1) A Member may be suspended with or without prior notice in any of the following circumstances:
  - (a) the Member ceases to satisfy the qualifications set out in Section 3.01(1) or the conditions (if any) imposed under Section 3.02(2)(c);
  - (b) Section 3.06(1)(b) or 3.06(1)(c) is applicable to the Member;
  - (c) The Member or a Member Related Person has failed to comply or is not in compliance with the Exchange Requirements;
  - (d) the Member has committed an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act (Canada)*;
  - (e) the Member is for any reason unable to meet its obligations as they generally become due;
  - (f) the Member has ceased paying its current obligations in the ordinary course of business as they become due;
  - (g) the aggregate of the property of the Member is not, at a fair valuation, sufficient, or if disposed of in a fairly-conducted sale under legal process, would not be sufficient to enable payment of all of its obligations due or becoming due;
  - (h) the Member defaults in, or fails to meet or admits its inability to meet its liabilities to the Canadian Investor Protection Fund or the Clearing Corporation or another Member;
  - (i) Section 3.04(3) applies;
  - (j) continued access by the Member raises inappropriate risk to the operations of the Exchange, financial risk to other Members, and/or market quality issues; or

- (k) the Member is engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of the Exchange.

### 3.11 Discretionary Suspension

- (1) Notwithstanding Section 3.10, the Exchange may, in its sole and absolute discretion, suspend the Member's access to the System for any period of time as the Exchange believes is advisable. The Exchange shall, where practical, provide prior written notification of such a suspension. Where the provision of prior written notice is impractical, the Exchange shall promptly notify the Member that access has been suspended. In each case the Exchange shall advise of the reasons for such suspension.

#### *Commentary*

*Examples of situations where the Exchange may exercise its discretion to suspend a Member's access to the System include:*

- *Runaway algorithmic trading by an employee or DEA Client.*
- *Continuous breaches of price band parameters unrelated to a market event.*
- *Failure to provide information in response to a request due to concerns about order entry or other Exchange Requirements.*

### 3.12 Reinstatement Following Suspension

- (1) A Member that has been suspended may have its rights reinstated, at the Exchange's discretion, upon providing evidence, satisfactory to the Exchange in its sole discretion, that the reason for the suspension has been remedied.

### 3.13 Termination by the Exchange

- (1) The Exchange may terminate a membership where a suspension under Section 3.10 or 3.11 has occurred or is warranted, and in the Exchange's discretion, reinstatement pursuant to Section 3.12 is not timely, possible or likely.

### 3.14 Effect of Suspension or Termination

- (1) Upon suspension or termination, the Exchange may at its discretion cancel all of 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 in accordance with Section 3.12.
- (2) A Member that has been suspended or terminated or that has been deprived of some of the rights of membership under the Exchange Requirements does not for that reason alone lose its rights in respect of any claims it may have against another Member unless such rights are expressly dealt with.
- (3) A Member that has had its membership terminated may, no sooner than six months after the date of the termination of membership, reapply for membership with the Exchange by following the procedures set out in Section 3.2.

***DIVISION 4 — ACCOUNT IDENTIFICATION REQUIREMENTS AND PROHIBITION ON USE***

**3.15 Account Identification Requirements and Prohibition on Use**

- (1) If a Member sends orders to the Exchange Systems with a Trader ID designated as being for one or more NEO Trader™ or Retail Customer accounts in accordance with Exchange Requirements and the Exchange determines, in its sole discretion, that such designation is not accurate based on the definitions of NEO Trader™ and Retail Customer, the Exchange may (without derogating from any other recourse available to the Exchange) treat any or all orders with that Trader ID or otherwise submitted by the Approved Trader or the Member to the Exchange Systems or to any Trading Book as failing to qualify. The Exchange may reclassify the Trader ID as LST until the Member can demonstrate otherwise or may prohibit the Approved Trader or the Member from submitting such orders or any other order.

***Commentary***

*The Exchange requires Members to have policies and procedures in place to ensure that the Member will properly identify the Trader IDs that are eligible to use the special functionality.*

*The Exchange will monitor the proper use by Members of Trader IDs and the use of the Exchange's special functionality.*

**PART IV. ACCESS TO TRADING**

***DIVISION I — APPROVED TRADERS***

**4.01 Approved Traders**

- (1) A Member must provide the Exchange with the full names, e-mail address, phone number and identifiers of all Approved Traders.
- (2) A Member must maintain a list of all Approved Traders and their identifiers for the preceding 7-year period.
- (3) A Member must give the Exchange written notice of additions or terminations of Approved Traders, or changes to the information set out in section 4.01(2), at least 10 business days prior to the change unless circumstances make such prior notice of a termination impossible, in which case notice must be given as soon as possible.
- (4) The Member shall be responsible for all instructions entered, transmitted or received under an Approved Trader identifier, and for the trading and other consequences thereof.
- (5) This section does not derogate from the Member's obligations under NI 23-103 and UMIR to report information directly to the Market Regulator.

**4.02 Access**

- (1) A Member must not allow a person to be an Approved Trader or to enter orders, specified order types or crosses on the Exchange if the person is not 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.

***Commentary***

*This section includes a conclusion that the Approved Trader has engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of the Exchange, for example where such conduct, business or affairs would cause technical problems for the Exchange Systems or a market integrity issue.*

- (3) Subject to Section 4.02(2), 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 and must not reinstate access without the Exchange' written approval. If the Member fails to comply with this provision, 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.

### ***Commentary***

*In making any decision regarding cancellation of orders under this provision, the Exchange will take into consideration the interests of the clients of the Member.*

- (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 Trading Policies.

## ***DIVISION 2 — DEA CLIENTS AND MEMBER-SPONSORED ACCESS***

### **4.03 Sponsoring Member Supervisory Responsibilities**

- (1) A Sponsoring Member that provides access to the Exchange Systems to a DEA Client must comply with NI 23-103 and UMIR, and shall provide to the Exchange any DEA Client documentation as requested by the Exchange from time to time.
- (2) A Sponsoring Member that provides access to the Exchange Systems to a DEA Client shall provide notice to the Exchange (including the name of the client) upon entering into, terminating or amending a written agreement with respect to the direct electronic access arrangement.

### **4.04 Termination of Sponsored Access**

- (1) The Exchange may suspend a DEA Client's access to the Exchange Systems without notice:
  - (a) on instruction from the Market Regulator; or
  - (b) if the Exchange concludes that the DEA Client has:
    - (i) misused the Exchange Systems or has caused a disorderly market;
    - (ii) failed to comply or is not in compliance with the Exchange Requirements;  
or
    - (iii) engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of the Exchange.
- (2) A Sponsoring Member must terminate a DEA Client's access to the Exchange Systems immediately upon receiving notice from the Exchange or the Market Regulator and must



not reinstate access to the Exchange Systems without the Exchange's written approval. A Sponsoring Member must notify the Exchange immediately if the Market Regulator has requested that a DEA Client's access to the Exchange Systems be terminated.

- (3) Upon termination of DEA Client's access, the Exchange may in its sole discretion cancel all open orders entered by DEA Client.

**PART V. OVERVIEW OF TRADING BOOKS AND TRADING ON THE EXCHANGE**

**5.01 Trading Books**

- (1) The Exchange operates the following Trading Books:
  - (a) NEO-L;
  - (b) NEO-D; and
  - (c) NEO-N.

**5.02 Trading Sessions**

- (1) The Exchange will publish by Notice to Members the days on which the Exchange will not be open for trading.
- (2) The Exchange will determine from time to time, and will publish by Notice to Members, the trading sessions for each Trading Book, the securities eligible for trading in each trading session, and the opening and closing times for each trading session.
- (3) The Exchange may at any time in the event of an emergency:
  - (a) suspend all trading in any trading session or sessions or trading in any security during any session or sessions, or
  - (b) close, reduce, extend or otherwise alter the time of any trading session or sessions.

**5.03 Trading Halts**

- (1) Trading may be halted in any Trading Book by the Exchange, the Market Regulator or any applicable securities regulatory authority.

***Commentary***

*Circumstances when a halt may occur include the following:*

- *To permit the dissemination of material news.*
- *During a trading halt imposed by another marketplace to permit the dissemination of material news.*
- *In the event that extraordinary market activity in the security is occurring, such as the execution of a series of transactions for a significant dollar value at prices substantially unrelated to the current market for the security, as measured by the NBBO.*
- *In the event that other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.*
- *Due to persistent trading that exceeds the Exchange price band parameters, or where there is exceptional market disruption, for example, where market conditions are similar to those which occurred during the “flash crash” of May 6, 2010.*
- *Due to the triggering of a single-stock or market-wide circuit breaker.*

- (2) Two types of trading halts may be initiated based on certain external events.
  - (a) During a “full” halt, order entry, amendment and matching are not permitted, and existing orders can be cancelled.
  - (b) During a “no matching” halt, new orders can be entered and existing orders can be amended or cancelled, but no matching is permitted.
- (3) After a trading halt is lifted, the security enters a pre-open phase allowing for order entry, amendment and cancellation. For NEO-L, the pre-open phase will be followed by an auction in accordance with Sections 6.03 – 6.06 (for all Listed Securities and OTSs) and then the resumption of the Continuous Trading Session. For NEO-D and the NEO-N, only resting orders may be entered during the pre-open phase until the trading in NEO-D and NEO-N resumes.
- (4) For greater certainty, in the event that the decision as to whether to impose a halt has been outsourced to the Market Regulator, such decision will be made by the Market Regulator and not by the Exchange. In all other cases, the Exchange may make the decision to impose a trading halt and will make all reasonable efforts to coordinate with the Market Regulator.

### **Commentary**

*Notification messages pertaining to trading halts are sent out on the Exchange public feed.*

#### **5.04 Exceeding Price Band Parameters (Price Band Limits)**

- (1) The Exchange has implemented price bands to minimize erroneous trades from occurring on the Exchange in accordance with the requirements set out in IIROC Rules Notice and Guidance Note 15-0186 *Guidance on Marketplace Thresholds*.
- (2) The Exchange applies these price bands during NEO-L, NEO-N, NEO-D and Crossing Facility Continuous Trading Sessions for the full duration of these sessions.
- (3) The Exchange will publish, through a Notice to Members and by posting on its website, any change to the price band parameters, if different than the IIROC thresholds, as amended (other than those made for a temporary period to adjust to a particular event) before implementation.
- (4) The Exchange, or the DMM for its Eligible Assigned Securities, may delay the opening of an Opening Call Eligible Security in NEO-L if, during the Opening Call, the COP differs from the previous day’s Closing Price by an amount greater than the price band parameters, if set. The price band parameters for the Opening Call may differ from those outlined by IIROC and may differ from instrument to instrument.
- (5) The Exchange may delay the closing of a Closing Call Eligible Security in NEO-L if, during the Closing Call, the CCP for the security exceeds the price band parameters, if set. The price band parameters for the Closing Call may differ from those outlined by IIROC and may differ from instrument to instrument.

- (6) The Exchange, or the DMM for its Eligible Assigned Securities, may delay the opening of a security following a trading halt if, during the auction, the price at which the auction would be completed exceeds the price band parameters, if set. The price band parameters for an Opening Call Eligible Security following a delay may differ from those outlined by IIROC and may differ from instrument to instrument.
- (7) The Opening Call, Closing Call and post-halt auction price band parameter values, if set and different than those outlined by IIROC, will be defined in the Exchange's Trading Functionality Guide.

### 5.05 General Capacity Thresholds to Achieve Performance

- (1) The Exchange may determine thresholds based on system capacity criteria.
- (2) If a Member or DEA Client, directly or indirectly, exceeds the threshold, the Exchange may take action to mitigate the impact.

### 5.06 Cancellation, Amendment and Corrections of Trades by the Exchange

- (1) The Exchange retains the discretion to cancel, amend or correct executed trades on the Exchange that have not yet been submitted by the Exchange to the Clearing Corporation where:
  - (a) instructed to do so by the Market Regulator;
  - (b) the cancellation, amendment or correction is requested by a party to the trade, consent is provided by both parties to the trade and notification is provided to the Market Regulator;
  - (c) the cancellation, amendment or correction is necessary to correct an error caused by a system or technological malfunction of the marketplace systems or equipment, or caused by an individual acting on behalf of the marketplace, or otherwise for the purpose of mitigating errors made by the Exchange in order execution, and consent has been obtained from the Market Regulator.
- (2) Cancellation or correction of trades involving orders with regulatory markers (insider or significant shareholder) will be subject to the guidelines set out by Market Regulator or any other applicable regulator.
- (3) A Member wanting to cancel, amend or correct an executed trade can seek the consent of the contra-party to the trade, can request the Exchange to seek consent from the contra-party, or can call the Market Regulator who can then instruct the Exchange to cancel, amend or correct the trade.
- (4) *Requests for trade cancellations or amendments on T+1 and T+2.* Members must send requests for trade cancellations or amendments on T+1 or T+2, for trades executed on T, directly to the Clearing Corporation, with a copy to the Exchange. The Exchange cannot process these requests but must be made aware of them.
- (5) The Exchange assumes no responsibility or liability for trades that are cancelled, amended or corrected.

**Commentary**

*Decisions may require consultation with and instructions by Market Regulator, the Clearing Corporation and/or other marketplaces and the counterparties of the trade.*

*It is the Member's obligation to promptly contact the Market Regulator if it wants to seek a decision from it regarding whether it will permit a cancellation or amendment in accordance with the time limits prescribed by the Market Regulator.*

**5.07 Order Types and Order Modifiers (available in all Trading Books)**

**(1) Order Types**

- |                     |   |
|---------------------|---|
| <i>Limit Order</i>  | Defined in UMIR.  |
| <i>Market Order</i> | Defined in UMIR. The unfilled part of the order is converted to a Limit Order at a price equal to the price of the last fill of the order or the Last Sale Price. |

**(2) Order Modifiers - Time-in-force Conditions**

- |                                  |  |
|----------------------------------|--|
| <i>Fill or Kill (FOK)</i>        | A Limit Order or Market Order that is to be filled immediately in full, or cancelled.  |
| <i>Good till Close</i>           | A Limit Order that can only be entered in the Continuous Trading Session that is valid until it is fully filled or cancelled, and expires upon the completion of the Closing Call or such other time as may be determined by the Exchange and published by Notice. |
| <i>Good for Day</i>              | A Limit Order that is valid until it is fully filled or cancelled, and expires at the end of the Extended Trading Session for Extended Trading Eligible Securities; for all other securities, the order expires at the end of the Continuous Trading Session.      |
| <i>Good till Time</i>            | A Limit Order that is valid until it is fully filled or cancelled, and expires at the specified expiry date and time.<br><br>All orders entered in NEO-D and NEO-N that specify an expiry date other than the date of entry will be rejected.                      |
| <i>Immediate or Cancel (IOC)</i> | A Limit Order or Market Order that is to be filled immediately in full or in part, with the unfilled quantity cancelled.   |

**(3) Order Modifiers - Functional Attributes**

- |                               |  |
|-------------------------------|--|
| <i>Attributed / Anonymous</i> | A Limit Order entered into the Exchange Systems is by default attributed, unless marked anonymous by the user.<br><br>Orders with special settlement terms must be attributed. |
|-------------------------------|--|

**Commentary**

*When an order is entered in an the Exchange order book, the identity of the Member will be disclosed to the trading community for attributed orders and will not be disclosed for anonymous orders.*

*When an attributed order is entered in NEO-N, the identity of the Member will not be disclosed on a pre-trade basis due to the aggregation of order volume by price level which occurs in the NEO-N display.*

*When an attributed order is executed in NEO-N, the identity of the Member will be disclosed on all post-trade reporting.*

*Directed Action Order (DAO)*

A Limit Order or Market Order as defined in National Instrument 23-101 Trading Rules.

**Commentary**

*In NEO-N all pegged orders are visible orders as the volume of any price improving order is displayed at the NEO-N BBO.*

*Mid-Point Pegged Order*

A non-visible order, except in NEO-N as set out below, the price of which is automatically adjusted by the Exchange Systems in response to changes in the NBBO to peg to the mid-point of the NBBO.

A Mid-Point Pegged Order in NEO-N is a visible order, with the volume displayed at the NEO-N BBO.

The Exchange will publish by Notice to Members the securities for which Mid-Point Pegged Orders are not supported.

*Passive Only (PO)*

A Limit Order that is cancelled at time of entry if any portion of the order is immediately tradable. PO orders are also cancelled if the order becomes active due to a price change (i.e., a price amendment).

*Protect and Cancel*

A Limit Order or Market Order that will execute to the extent possible at the NBBO before cancelling any residual volume that would trade at a worse price than available on another marketplace, or unintentionally lock/cross the market.

*Protect and Reprice*

A Limit Order or Market Order that will execute to the extent possible at the NBBO before adjusting the price of any residual volume that would trade at a worse price than available on another marketplace or unintentionally lock/cross the market. Orders will be re-priced to one trading increment from the opposite side of the NBBO (NBO-1 for buy orders and NBB+1 for sell orders).

### *Self-Trade Prevention*

A Limit Order which identifies eligibility to trade with other orders originating from the same Member with the same Self Trade Key as set by the user. The user can specify one of the following options:

*Trade no Print* – an incoming order will execute against opposite side resting interest marked with any STP marker originating from the same self-trade key but the trade is not disseminated on the public trade feed and does not update the LTP, daily volume or value, or other trading statistics. The trade is still sent to the Clearing Corporation for settlement to facilitate reconciliation.

Self-Trade Prevention applies to unintentional crosses in the Continuous Session only.

The designation is applicable to Board Lot orders and the Board Lot portion of Mixed Lot Orders.

### **Commentary**

*The unique trading key provided by the user for self-trade prevention is intended for use only on buy and sell orders for accounts that may result in trades where there is no change in beneficial or economic ownership.*

### **5.08 Trades on a “When-Issued” Basis**

- (1) The Exchange may post any security to trade on a when issued basis if such security is approved for listing as a Listed Security prior to the closing of the offering related to such security.
- (2) The Exchange may trade any OTS on a when issued basis if it is trading on a when issued basis on the marketplace where it has been conditionally listed.
- (3) Unless otherwise specified, trades on a when issued basis are subject to all applicable the Exchange Requirements relating to trading in a Listed Security or OTS, notwithstanding that the security has not yet been issued.
- (4) All trades on a when issued basis shall be cancelled if the securities subject to such trades will not be listed.

### **5.09 Advantage Goes with Securities Sold**

- (1) Except as provided in section 5.15(2), in all trades of Listed Securities or OTSs, all entitlements to receive dividends or any other distribution made or right given to holders of that security shall pass with the security and shall belong to the purchaser, unless otherwise provided by the Exchange for Listed Securities or the listing market of the OTS, as applicable, or the parties to the trade by mutual agreement.
- (2) In all sales of listed bonds and debentures, all accrued interest shall belong to the seller unless otherwise provided by the Exchange for Listed Securities or the listing market of the bonds or debentures for OTSs, or parties to the trade by mutual agreement.

- (3) Claims for dividends, rights or any other benefits to be distributed to holders of record of listed securities on a certain date shall be made in accordance with the procedures established by the Clearing Corporation.
- (4) If subscription rights attaching to securities are not claimed by the persons entitled to those rights at least twenty-four hours before the expiration of the time within which trading in respect of such rights may take place on the Exchange, a Member holding such rights may, in its discretion, sell or exercise all or any part of such rights, and shall account for such sale or exercise to the person or persons entitled to such rights, but in no case shall a Member be liable for any loss arising through failure to sell or exercise any unclaimed rights.



**PART VI. TRADING IN NEO-L**

**6.01 Trading Sessions**

- (1) The current trading sessions for NEO-L are prescribed by Notice, as amended from time to time, and displayed on the Exchange's website.

**6.02 Additional Order Modifiers Available in NEO-L**

**(1) Order Modifiers - Time-in-force Conditions for Listed Securities Only**

*Good till Cancel* A Limit Order that remains valid until it is fully filled or is cancelled by the Member or DEA Client. The Exchange will automatically cancel the order if it is older than a set number of days determined by the Exchange. Currently, Good till Cancel orders are cancelled after 90 days.

*Good till Date* A Limit Order that is valid until it is fully filled or cancelled by the Member or DEA Client or until a specified expiry date, not to exceed 90 days.

**(2) Order Modifiers - Functional Attributes**

*Iceberg* A Limit Order that specifies a total size and a disclosed size. Once the disclosed size is executed in full, another order (within the maximum and minimum size specified by the user) will be displayed with priority corresponding to the release time, and the undisclosed size, or reserve, will be reduced accordingly. The release time and/or displayed size can be randomized, as specified by the user.

*Imbalance Only (IO)* A Limit or Market Order that is eligible and available for execution at the Opening or Closing Call at a defined price or better for a Limit Order, or at any price for a Market Order, where an imbalance exists.

An IO order has lower matching priority than non-IO orders.

IO orders are not visible and do not contribute to COP formation.

An IO order may only interact with orders to reduce the imbalance identified in an Imbalance Message. Any unfilled volume is cancelled upon completion of the Opening or Closing Call.

*Limit on Close (LOC)* An eligible Limit Order that is only available for execution in the Closing Call. Any unfilled orders will be cancelled upon completion of the Closing Call.

*Limit on Open (LOO)* An eligible Limit Order that is only available for execution at the Opening Call. Any unfilled orders will be cancelled upon completion of the Opening Call.

<i>Market on Close (MOC)</i>	An eligible Market Order that is only available for execution in the Closing Call. Any unfilled orders will be cancelled upon completion of the Closing Call.
<i>Market on Open (MOO)</i>	An eligible Market Order that is only available for execution at the Opening Call. Any unfilled orders will be cancelled upon completion of the Opening Call.
<i>Mixed Lot</i>	A Limit Order or Market Order containing at least one Board Lot and an Odd Lot.
<i>Odd Lot</i>	A Limit Order or Market Order containing less than one Board Lot.
<i>Special Terms</i>	A specific order type as defined in UMIR.

### 6.03 Order Entry and Display Prior to the Opening Call (Opening Call Eligible Securities)

- (1) During the pre-open session until the Opening Call, orders can be entered, amended or cancelled in NEO-L.
- (2) Orders residing in NEO-L that are eligible to participate in the Opening Call will be displayed at their limit price or, for market orders, they will be displayed at the COP and an Imbalance Message is disseminated upon each change to either the COP or the imbalance.
- (3) An unfilled Limit Order entered in NEO-L during the pre-open session will be available for trading in NEO-L Continuous Trading session.
- (4) An unfilled Market Order entered in NEO-L during the pre-open session is booked as a Limit Order for trading in NEO-L Continuous Trading Session at the Opening Price.

### 6.04 Calculation of the COP

- (1) For the purposes of the Opening Call, the COP is calculated as the single price whereby the trading volume of orders residing in NEO-L that are eligible to participate in the Opening Call is maximized.
- (2) If there are two prices at which the same volume will trade, the COP is the price that will leave the least imbalance.
- (3) If the imbalances are equal, the price will be the one closest to the previous day's Closing Price.
- (4) If no Limit Orders or LOO orders eligible to trade in the Opening Call are present in the book, Market Orders and MOO orders are accepted and only priced upon entry of an eligible Limit Order or LOO order.
- (5) For the purposes of determining the COP, Market Orders and MOO orders are assigned the highest (lowest) price possible.

**6.05 Opening Call (Opening Call Eligible Securities only)**

- (1) The Opening Call for each Opening Call Eligible Security will occur as follows:
  - (a) the Exchange Systems will, if applicable, disseminate a status message following which Members may not submit additional opening interest;
  - (b) if the Assigned Security is eligible, the Designated Market Maker may submit an Imbalance Only order during the Opening Call;
  - (c) the Designated Market Maker for its Assigned Security may submit an instruction to open or delay the Opening Call; and
  - (d) the Exchange Systems will then proceed to execute eligible orders in the Opening Call, or delay per the Designated Market Maker's instructions for Eligible Assigned Securities.
  
- (2) Orders eligible to trade within the Opening Call will be matched at the COP in the following priority:
  - (a) First, Market Orders and MOO Orders trade with:
    - (i) offsetting orders entered by the same Member, according to time priority, provided that neither order is an anonymous or jitney order; then
    - (ii) offsetting NEO Trader™ orders, according to time priority; then
    - (iii) all other offsetting orders, according to time priority;
  - (b) Next, better-priced Limit Orders and LOO orders trade with:
    - (i) offsetting orders entered by the same Member, according to time priority, provided that neither order is an anonymous or jitney order; then
    - (ii) offsetting NEO Trader™ orders, according to time priority; then
    - (iii) all other offsetting orders according to time priority;
  - (c) Next, Limit Orders and LOO Orders at the COP trade with:
    - (i) offsetting orders entered by the same Member, according to time priority, provided that neither order is an anonymous or jitney order; then
    - (ii) offsetting NEO Trader™ orders, according to time priority; then
    - (iii) offsetting orders according to time priority; and
  - (d) Lastly, IO orders trade with:

- (i) offsetting orders entered by the same Member, according to time priority, provided that neither order is an anonymous or jitney order; then
- (ii) offsetting NEO Trader™ orders; then
- (iii) all other offsetting orders according to time priority.

### **Commentary**

*Limit Orders and LOO orders have the same priority. Market Orders and MOO orders have the same priority.*

*The non-displayed portion of iceberg orders are traded at each priority and price level, specifically Market Orders and MOO orders, Better Priced Limit Orders and LOO orders, and Limit Orders priced within the respective matching priority sequence.*

*All IO orders must be submitted before the Opening Call starts with the exception of the DMM who, for its assigned Listed Securities, can submit an IO during the Opening Call.*

- (3) Market Orders that are not completely filled in the Opening Call will be booked in NEO-L as Limit Orders at the COP.
- (4) Limit Orders that are not completely filled in the Opening Call will be booked in NEO-L at the original limit price.
- (5) The unfilled balance of any LOO, MOO and IO order will be cancelled immediately after the Opening Call.

### **6.06 Delayed Openings (Opening Call Eligible Securities only)**

- (1) The Exchange or the Designated Market Maker may delay the opening of an Opening Call Eligible Security if:
  - (a) The COP differs from the previous day's Closing Price by an amount greater than the opening price band parameters set by the Exchange and provided to Members by way of a Notice, or
  - (b) the Exchange or the Designated Market Maker determines that it is appropriate due to market conditions or in order to maintain a fair and orderly market.

### **6.07 Continuous Trading Session in NEO-L**

- (1) An order, other than a Special Terms Order, resting in NEO-L at a particular price will be executed in priority to all orders at inferior prices.
- (2) An order, other than a Special Terms Order, resting in NEO-L at a particular price will be executed prior to or after any orders at the same price in accordance with the following allocation rules:
  - (a) A tradable order entered in NEO-L will be executed in the following sequence:

- (i) against an offsetting order entered in NEO-L by the same Member (if there is more than one, then against offsetting NEO Trader™ orders by the same Member according to the time priority of the offsetting order, then all other offsetting orders by the same Member, according to the time priority of the offsetting order, provided none of the orders is an anonymous or jitney order); then
  - (ii) against offsetting NEO Trader™ orders in NEO-L, according to the time priority of the offsetting order; then
  - (iii) subject to MMVA, against offsetting orders in NEO-L according to time priority.
- (b) A visible order has priority over a non-visible order at the same price at the time of execution;
  - (c) An order loses its time priority if its visible volume is increased; and
  - (d) No type of intentional cross will be accepted in NEO-L.

### **6.08 Transparency During the Continuous Trading Session**

- (1) *Pre-Trade Transparency.* All visible orders resting in NEO-L are displayed and made available to the information processor for dissemination on the public data feed. Orders that are not visible are not displayed or available to the information processor for dissemination on the public data feed.
- (2) *Post-Trade Transparency.* Trades executed in NEO-L are displayed and made available to the information processor for dissemination on the public data feed.

### **6.09 Order Entry and Display Prior to the Closing Call (Closing Call Eligible Securities)**

- (1) During the pre-closing session until the end of the Continuous Trading Session or a time specified to Members by Notice, MOC and LOC orders can be entered, amended or cancelled. Orders entered into the pre-closing session are non-visible. A CCP is not calculated during the pre-closing session and Imbalance Messages will not be published.
- (2) At the end of the Continuous Trading Session, all orders entered in NEO-L that are ineligible for participation in the Closing Call will expire; any remaining orders are eligible to participate in the Closing Call. All previously entered Closing Call eligible orders entered during the pre-closing session are then inserted into NEO-L to participate in the Closing Call. The Exchange may publish an initial Imbalance Message per symbol containing the imbalance side and quantity based on the CCP as calculated at that time. If no CCP is available, an Imbalance Message will not be published.
- (3) Until the end of the Closing Call, any previously entered LOC and MOC orders may be amended or cancelled; new MOC and LOC orders may also be entered, amended or cancelled. All orders entered into the Closing Call after the end of the Continuous Trading Session are visible.

- (4) Any new orders, or amendments and cancellations of previously entered orders that affect the imbalance side or quantity based on the CCP as calculated at that time, or that change the CCP, will result in the publication of a new Imbalance Message.

### 6.10 Calculation of the CCP

- (1) For the purposes of the Closing Call, the CCP is calculated as the single price whereby the trading volume of orders residing in NEO-L that are eligible to participate in the Closing Call is maximized.
- (2) If there are two prices at which the same volume will trade, the CCP is the price that will leave the smallest imbalance.
- (3) If the imbalances are equal, the price will be the one nearest to the last traded price in NEO-L. If no trades have occurred on the security, it will use the previous day's Closing Price.
- (4) For the purposes of determining the CCP, MOC orders are assigned the highest (lowest) price possible.

### 6.11 Closing Call (Closing Call Eligible Securities only)

- (1) The Closing Call for each Closing Call Eligible Security will occur at a time specified by Notice to Members. The Exchange may impose a Closing Call minimum volume condition be met prior to attempting to execute the Closing Call. The Exchange may adjust the minimum volume on each security by Notice to Members.
- (2) Orders eligible to trade within the Closing Call will be matched at the CCP in the following priority:
  - (a) First, MOC Orders trade with:
    - (i) offsetting orders entered by the same Member, then against offsetting NEO Trader™ orders by the same Member according to time priority, then all other offsetting orders by the same Member, according to the time priority of the offsetting order, provided that neither order is an anonymous or jitney order; then
    - (ii) offsetting NEO Trader™ orders, according to time priority; then
    - (iii) with all other offsetting orders, according to time priority;
  - (b) Next, better-priced Limit and LOC orders trade with:
    - (i) offsetting orders entered by the same Member, then against offsetting NEO Trader™ orders by the same Member according to time priority, then all other offsetting orders by the same Member, according to the time priority of the offsetting order, provided that neither order is an anonymous or jitney order; then
    - (ii) offsetting NEO Trader™ orders; then

- (iii) all other offsetting orders according to time priority;
- (c) Then Limit and LOC Orders at the CCP trade with:
  - (i) offsetting orders entered by the same Member, then against offsetting NEO Trader™ orders by the same Member according to time priority, then all other offsetting orders by the same Member, according to the time priority of the offsetting order, provided that neither order is an anonymous or jitney order; then
  - (ii) offsetting NEO Trader™ orders, according to time priority; then
  - (iii) orders according to time priority; and
- (d) Lastly, IO orders trade with:
  - (i) offsetting orders entered by the same Member, then against offsetting NEO Trader™ orders by the same Member according to time priority, then all other offsetting orders by the same Member, according to the time priority of the offsetting order, provided that neither order is an anonymous or jitney order; then
  - (ii) offsetting NEO Trader™ orders, according to time priority; then
  - (iii) all other offsetting orders according to time priority.

### ***Commentary***

*Limit Orders and LOC Orders have the same priority.*

- (3) Limit Orders that are not completely filled in the Closing Call, that are not set as Good till Close orders, will remain at the original limit price.
- (4) The unfilled balance of any LOC, MOC and IO order will be cancelled immediately after the completion of the Closing Call.

### **6.12 Delayed Closing (Closing Call Eligible Securities only)**

- (1) The Exchange may delay the closing of a Closing Call Eligible Security if:
  - (a) the CCP for the security exceeds the price band parameters set by the Exchange and provided to Members by way of a Notice, or
  - (b) the Exchange determines that it is appropriate due to market conditions.

### **Commentary**

*Examples of market conditions where the Exchange may delay the closing include where a significant event, such as the technological failure of key market participants, has caused a general disruption in the financial markets.*

- (2) In the event of a delayed closing, the Exchange will publish, at the time of transition into the delayed closing, a message containing the affected symbol.
- (3) Following the publication of the delayed closing message by the Exchange, any existing orders can be amended or cancelled. New orders can also be entered to participate in the Closing Call.
- (4) As new orders are entered, or existing orders are amended or cancelled, the CCP for the security will be recalculated. At a defined time interval specified by Notice to Members, where the CCP for the security no longer exceeds the price band parameters, the Closing Call will attempt to complete at the CCP. Where the CCP for the security still exceeds the price band parameters, a defined subsequent number of attempts will be made at a specified time interval specified by Notice to Members.
- (5) If the Closing Call still cannot complete due to the CCP exceeding the price band parameter, the Exchange may adjust the reference price with appropriate notice to Members.

### **6.13 Extended Trading Session (Extended Trading Eligible Securities only)**

- (1) Extended Trading Eligible Securities are eligible for trading during the Extended Trading Session at the Closing Price for the security.
- (2) Orders in the Extended Trading Session follow the same allocation rules as in the Continuous Trading Session.
- (3) Orders and trades in the Extended Trading Session have the same pre- and post-trade transparency as in the Continuous Trading Session.

### **6.14 Odd Lot Facility**

- (1) Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) will be eligible for entry and auto-execution in the OLF during the Odd Lot Session.
- (2) Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) may be entered for trading during the pre-open session for an eligible security, and generally during the Odd Lot Session of NEO-L.
- (3) Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) may be executed during the Odd Lot Session of NEO-L.
- (4) Odd Lot Orders (and the Odd Lot Order portion of a Mixed Lot Order) expire at the end of the Odd Lot Session.



- (5) Odd Lot Orders (and the Odd Lot portion of Mixed Lot Orders) for securities that do not have a Designated Market Maker or Odd Lot Trader and security types for which there is no OLF will be rejected. The Exchange will publish by Notice to Members the securities and/or security types for which there is no OLF.

### **6.15 Odd Lot Facility Trading Following the Opening Call**

- (1) Odd Lot Orders do not participate in the Opening Call.
- (2) If trades in an Opening Call Eligible Security are executed in the Opening Call,
  - (a) Odd Lot Market Orders entered in the pre-open will be auto-executed by the Designated Market Maker or Odd Lot Trader at the COP, immediately following the Opening Call, and
  - (b) Odd Lot Limit Orders with a price equal to or better than the COP will be auto-executed by the Designated Market Maker or Odd Lot Trader at the COP immediately following the Opening Call.
- (3) If no trades are executed in the Opening Call, Odd Lot Market Orders entered in the pre-open will be booked as Odd Lot Limit Orders at the Opening Price. Odd Lot Limit Orders will be booked at their limit price.
- (4) If the last Board Lot size of a Mixed Lot Order is executed in the Opening Call, the Odd Lot Order portion of the Mixed Lot Order will be auto-executed by the Designated Market Maker or Odd Lot Trader at the COP.

### **6.16 Odd Lot Facility Trading During the Odd Lot Session**

- (1) Incoming Odd Lot Market Orders:
  - (a) will be auto-executed by the Designated Market Maker or Odd Lot Trader at the time of order entry, at the NBBO (sell orders at the best bid and buy orders at the best offer); and
  - (b) if the relevant price is not available in the NBBO, the Odd Lot Market Order will be booked in the OLF at the LSP.
- (2) Incoming Odd Lot Limit Orders:
  - (a) with a limit price equal to or better than the NBBO will be auto-executed by the Designated Market Maker or Odd Lot Trader at the time of order entry, at the NBBO, and
  - (b) all other Odd Lot Limit Orders will be booked in the OLF.
- (3) Odd Lot Limit Orders booked in the OLF will be validated against the NBBO following each change to the NBBO, and, where the limit price is at or within the NBBO, will be auto-executed by the Designated Market Maker or Odd Lot Trader at the NBBO. Odd Lot limit sell orders will be executed at the National Best Bid price if the limit price is equal to

or better than the National Best Bid and Odd Lot limit buy orders will be executed at the National Best Offer price if the limit price is equal to or better than the National Best Offer.

- (4) For Mixed Lot Orders,
  - (a) the Board Lot portion will trade in NEO-L, and
  - (b) the Odd Lot Order portion will be auto-executed by the Designated Market Maker or Odd Lot Trader when the last Board Lot of the round lot portion is executed, at the price of the last Board Lot.

### 6.17 Transparency of the OLF

- (1) Orders booked in the OLF are not visible or disseminated on the public data feed. The Designated Market Maker or Odd Lot Trader will receive an auto-execution message for each Odd Lot Order trade that it participated in. Trades executed on the OLF are provided to the information processor and for dissemination on the public data feed.

### 6.18 Unfair Trading in Odd Lots

- (1) All Members, including Designated Market Makers and Odd Lot Traders, are responsible for ensuring that Odd Lot activity is in compliance with all requirements.

#### **Commentary**

*The following types of activity may be reviewed as an indication of unfair trading:*

- *Excessive Odd Lot executions within a specified timeframe.*
- *Unbundling round lots for the purpose of entering Odd Lot orders.*
- *Entering of both buy and sell Odd Lot Limit orders in the same security before one of the orders is executed, for the purpose of capturing the spread in the security.*
- *Other types of trading activity that is not consistent with traditional Odd Lot activity.*
- *Effecting pre-arranged wash trades 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).*
- *Entering orders in the Trading Book for the purpose of affecting the execution price of the Odd Lot trades.*

- (2) If the Exchange deems a Member is engaging 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 appropriate in the circumstances.

#### **Commentary**

*The Exchange may consult with and seek the requisite consent of the Market Regulator or of the parties to the Odd Lot trades to cancel or amend the Odd Lot trades.*

## PART VII. TRADING IN NEO-D

### 7.01 Trading Sessions

- (1) The current trading sessions for NEO-D are prescribed by Notice, as amended from time to time, and displayed on the Exchange's website.

### 7.02 Additional Orders and Modifiers Available in NEO-D

*Contra Election* A designation, specified by the user, that the order may execute during the Continuous Trading Session in NEO-D against all orders, only Liquidity Taking Orders or only Liquidity Providing Orders.

Only Liquidity Providing Orders may include a Contra Election designation.

*Minimum Acceptable Quantity Match Type (MAQ)* An order that has a user-defined minimum acceptable quantity volume restriction to be filled by a single execution.

### 7.03 Posting Liquidity Providing Orders in NEO-D

- (1) Liquidity Providing Orders posted in NEO-D may originate from any type of account and all Liquidity Providing Orders may include the Contra Election designation.

### 7.04 Continuous Trading Session in NEO-D

- (1) In NEO-D, subject to the Contra Election, orders from all accounts may interact with each other.
- (2) Trades will execute at or within the NBBO in a manner consistent with UMIR dark rules.
- (3) A Liquidity Providing Order resting in NEO-D at a particular price will be executed in priority to all orders at inferior prices.
- (4) A Liquidity Providing Order resting in NEO-D at a particular price will be executed prior to or after any orders at the same price in accordance with the following priority rules:
  - (a) against an offsetting order entered in NEO-D by the same Member (if there is more than one, then against offsetting NEO Trader™ orders by the same Member according to Size-Time priority of the offsetting order, then all other offsetting orders by the same Member, according to Size-Time priority of the offsetting order, provided none of the orders is an anonymous or jitney order); then
  - (b) against offsetting NEO Trader™ orders in NEO-D, according to Size-Time priority of the offsetting order; then

- (c) against offsetting orders in NEO-D according to Size-Time priority.

**7.05 Liquidity Providing Orders Cancelled**

- (1) All Liquidity Providing Orders remaining in NEO-D at the end of the Continuous Trading Session will be cancelled back to the originator.

**7.06 Transparency**

- (1) *No Pre-Trade Transparency.* Orders booked in NEO-D are not displayed or available to the information processor for dissemination on the public data feed.
- (2) *Post-Trade Transparency.* Trades executed in NEO-D are displayed and made available to the information processor for dissemination on the public data feed.

**PART VIII. TRADING IN NEO-N**

**8.01 Trading Sessions**

- (1) The current trading sessions for NEO-N are prescribed by Notice, as amended from time to time, and displayed on the Exchange's website.

**8.02 Additional Orders and Modifiers Available in NEO-N**

*Iceberg* As defined in Section 6.02(2).

**8.03 Posting Liquidity Providing Orders in NEO-N**

- (1) Liquidity Providing Orders posted in NEO-N will be booked and will not interact with any Liquidity Providing Orders resting in NEO-N. A Liquidity Providing Order entered in NEO-N that would be tradable will be immediately cancelled unless marked as Protect and Reprice.

**8.04 Continuous Trading Session in NEO-N**

- (1) Only Liquidity Taking Orders entered in NEO-N may interact with Liquidity Providing Orders resting in NEO-N to remove liquidity during the Continuous Trading Session. A Liquidity Taking Order originating from an LST account will be subject to delay as determined by the Exchange and published by Notice to Members.
- (2) A Liquidity Providing Order resting in NEO-N at a particular price will be executed in priority to all orders at inferior prices.
- (3) A Liquidity Providing Order resting in NEO-N at a particular price will be executed prior to or after any orders at the same price in accordance with the following priority rules:
  - (a) A tradable order entered in NEO-N will be executed in the following sequence:
    - (i) against an offsetting order entered in NEO-N by the same Member (if there is more than one, then against offsetting NEO Trader™ orders by the same Member according to Size-Time priority of the offsetting order, then all other offsetting orders by the same Member, according to Size-Time priority of the offsetting order, provided none of the orders is an anonymous or jitney order); then
    - (ii) against offsetting NEO Trader™ orders in NEO-N, according to Size-Time priority of the offsetting order; then;
    - (iii) subject to MMVA, against offsetting orders in NEO-N according to Size-Time priority;
  - (b) a visible order has priority over a non-visible order at the same price at the time of execution; and
  - (c) an order loses its time priority if its visible volume is increased.

### 8.05 Orders Cancelled

- (1) All Liquidity Providing Orders remaining in NEO-N at the end of the Continuous Trading Session will be cancelled back to the originator.

### 8.06 Transparency

- (1) *Pre-Trade Transparency.* The aggregate volume of the visible portion of all orders resting in NEO-N that are priced at or outside the NBBO is displayed and provided to the information processor and for dissemination on the public data feed by price level. The visible portion of order volume of: (i) all orders resting in NEO-N that are priced at the NBBO, and (ii) Mid-Point Pegged Orders, is aggregated together, displayed and provided to the information processor and for dissemination on the public data feed at the NBBO price level. The non-visible portion of iceberg orders is not displayed or available to the information processor or for dissemination on the public data feed.
- (2) *Post-Trade Transparency.* Trades executed in NEO-N are displayed and provided to the information processor and for dissemination on the public data feed.

**PART IX. PRINTING TRADES IN THE CROSSING FACILITY**

**9.01 Session**

- (1) The Crossing Facility is available to print crosses during the hours prescribed by Notice by the Exchange, as amended from time to time, and are displayed on the Exchange's website.

**9.02 Cross Types**

*Bypass Cross* An intentional cross entered at an agreed price during the Continuous Trading Session indicating that at time of submission all visible better priced order quantity was executed (via submission of a Bypass Order) allowing for printing without interference from any orders in NEO-L and NEO-N.

*National Cross* An intentional cross entered at an agreed price during the Continuous Trading Session which at the time of entry was at or within the NBBO, if applicable.

**9.03 Additional Cross Attributes**

*Non-Aequitas Cross (NAC)* A Bypass Cross for an OTS entered after the closing call for the OTS on its listing market at a price equal to the OTS listing market closing price.

**9.04 Printing Crosses**

- (1) A Member may report crosses made outside the Trading Books, subject to any regulatory provisions applicable to the entry of crosses.
- (2) National Crosses entered during the Continuous Trading Session must be made at a price that is at or within the NBBO.
- (3) Bypass Crosses and specialty price crosses such as Basis, Special Terms and Volume-Weighted Average Price will not be reflected in the Last Traded Price.

***Commentary***

*A NAC is not available for Listed Securities.*

*If at the time of entry of a National Cross the security does not have a NBBO, the Exchange will accept the cross at any price. If the security has a NBB, but no NBO, the cross will be accepted as long as the price is greater or equal to the NBB. If the security has a NBO, but no NBB, the cross will be accepted as long as the price is less or equal to the NBO.*

**PART X. GENERAL PROVISIONS REGARDING MARKET MAKING**

*DIVISION I —DESIGNATED MARKET MAKERS*

**10.01 Qualifications and Application of Designated Market Makers**

- (1) A Member may apply to be a Designated Market Maker by submitting and executing a Designated Market Maker agreement (“**Designated Market Maker Agreement**”).

**10.02 Appointment of Designated Market Makers**

- (1) The Exchange may appoint a Member as Designated Market Maker for an Assigned Security, in consultation with the issuer.
- (2) Upon application, the Exchange may:
  - (a) approve an applicant;
  - (b) defer approval pending receipt of further information concerning the applicant’s qualifications to be appointed a Designated Market Maker; or
  - (c) refuse the application for such factors it considers relevant.
- (3) An applicant whose application is refused may not make another application for a period of 90 days from the date of refusal.
- (4) A Member that is approved as a Designated Market Maker agrees to:
  - (a) maintain its status as a Member of the Exchange; and
  - (b) take all commercially reasonable steps to ensure that it complies with all requirements to act as a Designated Market Maker set out in the Exchange Requirements, as amended from time to time.

Where the Designated Market Maker does not comply with such requirements it will immediately notify the Exchange of such failure in writing. Such notification will include specific information as to the nature of such failure to comply.

- (5) A Member that is approved as a Designated Market Maker agrees that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all of its obligations pursuant to the Designated Market Maker Agreement and these Trading Policies.
- (6) The Exchange may revoke or suspend the Designated Market Maker’s appointment as a Designated Market Maker for any or all securities or attach such additional terms or conditions to the Designated Market Maker Agreement as the Exchange deems to be necessary, where:



- (a) the Designated Market Maker fails to comply with any term of the Designated Market Maker Agreement, these Trading Policies or if the Designated Market Maker fails to consistently perform at an adequate level to the satisfaction of the Exchange (determined in the Exchange's sole discretion);
  - (b) the Exchange determines, in its sole discretion, that the Designated Market Maker or its officers, employees, directors or agents have violated any applicable the Exchange Requirements;
  - (c) the Exchange believes, in its sole discretion, that the Designated Market Maker cannot or may not in the future carry out its obligations as a Designated Market Maker under these Trading Policies or the Designated Market Maker Agreement; or
  - (d) the Exchange has determined, in its sole discretion, that the Designated Market Maker or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of the Exchange or the public.
- (7) A Designated Market Maker for an Assigned Security must designate a Designated Market Maker Approved Trader and backup trader acceptable to the Exchange.

### ***Commentary***

*The benefits/compensation available to a Designated Market Maker will only be applied to the transactions associated with one Trader ID per Assigned Security (either the Designated Market Maker Approved Trader ID or the back-up Trader ID).*

- (8) For each security, the Exchange may appoint a backup Designated Market Maker. In the event that the Designated Market Maker for a security is temporarily unable to fulfil its obligations, the backup Designated Market Maker may be requested to fulfil the market maker obligations on a temporary basis.
- (9) A Designated Market Maker for an Assigned Security must appoint, in writing, a trading officer, director or partner of the Member as its Designated Market Maker Contact.
- (10) The Designated Market Maker Contact:
- (a) serves as the primary contact with the Exchange, with authority to speak for the Member concerning its activities as a Designated Market Maker; and
  - (b) manages the Member's market making responsibilities.
- (11) The Designated Market Maker shall implement policies and procedures to monitor the conduct for compliance with these Trading Policies applicable to the Designated Market Maker, and changes to such policies.

**10.03 Responsibilities of Designated Market Makers for their Assigned Securities**

- (1) A Designated Market Maker must trade for its own account in a sufficient degree to assist in the maintenance of a fair and orderly market and achieve reasonable price continuity and liquidity for each Assigned Security.
- (2) The responsibilities of a Designated Market Maker for an Assigned Security in NEO-L include:
  - (a) meeting NEO-L obligations as required by the applicable Designated Market Maker Agreement;
  - (b) facilitating the opening, delayed opening, and resumption of trading following a trading halt in NEO-L as specified in these Trading Policies; and
  - (c) executing all Odd Lot orders for its applicable Assigned Securities.
- (3) The responsibilities of a Designated Market Maker for an Assigned Security in NEO-N include meeting the NEO-N obligations as required by the applicable Designated Market Maker Agreement in NEO-N.
- (4) Each DMM is subject to and must follow the Exchange's Designated Market Maker Code of Conduct, which is shared with each DMM upon joining and published on the Exchange's website, as amended from time to time.
- (5) The Exchange will publish the list of DMMs and their Assigned Securities, and the DMM obligations on its website.

**10.04 Termination of Responsibilities due to Events**

- (1) A Designated Market Maker's obligations with respect to a right, warrant or similar security terminate a maximum of 10 business days prior to the expiry date of the security.
- (2) A Designated Market Maker's obligations with respect to a debt security or preferred security that is maturing or has been called for redemption or retraction terminate 10 business days prior to the maturity date or redemption or retraction date of the security.
- (3) The Exchange may suspend or terminate a Designated Market Maker's responsibilities where a corporate action or other unusual circumstance makes it impractical for the Designated Market Maker to carry out its responsibilities.

***Commentary***

*Ordinary market volatility will not be considered to be an "unusual circumstance" for the purposes of this section.*

- (4) The Exchange may suspend or terminate a Designated Market Maker's obligation to post an offer where (i) the Designated Market Maker is not long the security and (ii) the Designated Market Maker cannot borrow securities to cover short sales at a reasonable cost.

**10.05 Notification**

- (1) A Designated Market Maker must give the Exchange at least 10 business days' prior notice of any change in the Designated Market Maker Contact, the Designated Market Maker Approved Trader or backup, unless circumstances make such prior notice impossible, in which case notice must be given as soon as possible.
- (2) A Designated Market Maker must inform the Exchange and the Market Regulator immediately if market conditions in any of its Assigned Securities have changed such that it is not possible for the Designated Market Maker to carry out its responsibilities.
- (3) A Designated Market Maker must give the Exchange at least 60 days' prior written notice that it intends to relinquish its responsibilities in an Assigned Security, unless the Exchange has consented to a shorter notice period.

**10.06 Transition**

- (1) The Exchange will provide Notice to all Members as soon as practicable following the termination of a Designated Market Maker's assignment(s).
- (2) Any transfer of an assignment occurs on the date of the assignment to a new Designated Market Maker.

***DIVISION 2 — ASSIGNMENT OF SECURITIES AND OTHER MATTERS***

**10.07 Assignment of Securities**

- (1) The process and guidelines for the assignment of securities to a Designated Market Maker will be set out by Notice by the Exchange, as amended from time to time.
- (2) The Exchange will assign securities to Designated Market Makers at least five business days prior to the effective date of the assignment.

***Commentary***

*The Exchange may assign securities to Designated Market Makers less than five business days prior to the effective date of the assignment in cases where five business days' notice is not feasible.*

- (3) The Exchange may reassign a security if
  - (a) the number of Designated Market Makers increases;
  - (b) the Designated Market Maker for that security requests a reassignment due to specific circumstances; or
  - (c) the Exchange withdraws its approval of the Designated Market Maker for that security.

- (4) Any reassignment will be made in accordance with the Exchange procedures set out under this Section 10.07.
- (5) If a reassignment request has been made and the security cannot be reassigned, the Designated Market Maker will continue to have responsibility for the Assigned Security.

***DIVISION 3 – ASSESSMENT OF PERFORMANCE OF DESIGNATED MARKET MAKERS***

**10.08 Assessment of Performance**

- (1) As set out in the applicable Designated Market Maker Agreement, from time to time and at least quarterly, the Exchange will assess the performance of Designated Market Makers.
- (2) On completion of the quarterly assessment of performance, the Exchange may, based on such factors as it sees fit
  - (a) continue the appointment of the Member as a Designated Market Maker in any or all of its Assigned Securities;
  - (b) impose additional terms and conditions on the Designated Market Maker; or
  - (c) withdraw approval of the Member as a Designated Market Maker in any or all of its Assigned Securities.
- (3) Although the appointments of DMMs will be made in conjunction with issuers, the Exchange may withdraw approval of or impose additional terms and conditions on a Designated Market Maker, a Designated Market Maker Contact, or any Designated Market Maker Approved Traders or backups, if the Exchange determines that any of these parties has contravened or is contravening any the Exchange Requirement.

**PART XI. ORDER PROTECTION RULE (OPR) COMPLIANCE**

**11.01 Order Protection Rule Compliance**

- (1) In order for the Exchange to comply with its Order Protection Rule (OPR) obligations under National Instrument 23-101 *Trading Rules*, orders submitted to NEO-L or NEO-N must be designated as either:
- (a) a Directed Action Order;
  - (b) Protect and Cancel; or
  - (c) Protect and Reprice.

***Commentary***

*When determining Protect and Cancel and Protect and Reprice functionality, the Exchange may consider:*

- *whether a regulatory or non-regulatory trading halt is in effect for the security;*
- *whether an away marketplace is not in a continuous trading session; or*
- *whether an away marketplace is not disseminating order information, is not distributing data in relation to its order book in a timely manner or the Exchange considers, in its discretion, that such data is not reliable (this covers the case when a system failure or degradation of service occurs at an away marketplace during continuous trading at that marketplace).*

*Protect and Reprice is not available for FOK or IOC orders in any Trading Book.*

## PART XII. CLEARING AND SETTLEMENT

### 12.01 Clearing and Settlement

- (1) All trades on the Exchange Systems will be reported, confirmed and settled through the Clearing Corporation pursuant to the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by the Exchange.
- (2) A Member must clear and settle all of their the Exchange trades by:
  - (a) self-clearing as a participant of the Clearing Corporation; or
  - (b) maintaining a clearing and settlement arrangement with a carrying broker, custodian or other institution that is a participant of the Clearing Corporation.
- (3) Except in circumstances where the transaction is settled outside Canada or where the Member and the settlement agent are not participants in the same securities depository, the client or settlement agent shall use the facilities or services of a securities depository for the affirmation and settlement of all depository eligible transactions, including both book entry settlements and certificate based settlements.
- (4) A Member shall provide a client, by electronic, facsimile or physical means, a confirmation as soon as possible on the next business day following execution, with respect to the execution of any order, in whole or in part, for the purchase or delivery of securities where payment for or delivery of the securities is to be made to or by a settlement agent of the client, and shall indicate that the trade occurred on the Exchange.
- (5) Members shall obtain agreement from their clients that the client will provide instructions with respect to the receipt or delivery of the securities to the settlement agent promptly upon receipt by the client of the confirmation referred to in Section 12.1(4) and that the client will ensure that its settlement agent affirms the transaction in accordance with National Instrument 24-101 *Institutional Trade Matching and Settlement*.

### 12.02 Settlement of the Exchange Trades of OTSs

- (1) Unless otherwise provided by the parties to the trade by mutual agreement, trades of OTSs on the Exchange must settle on the date and terms fixed for settlement by the exchange on which the security is listed.

### 12.03 Settlement of the Exchange Trades of Listed Securities

- (1) Unless otherwise provided by the Exchange or the parties to the trade by mutual agreement, trades of Listed Securities on the Exchange must settle on the second settlement day following the trade.
- (2) Notwithstanding Section 12.03(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:
  - (a) trades in Listed Securities made on a when issued basis:

- (i) prior to the second trading day before the anticipated date of issue of the security must settle on the anticipated date of issue of such security, and
  - (ii) on or after the second trading day before the anticipated date of issue of the security must settle on the second settlement day after the trade date,

provided if the security has not been issued on the date for settlement such trades shall settle on the date that the security is actually issued and provided that if the security will not be issued all trades made on a when issued basis will be cancelled;
- (b) trades in Listed Securities that are rights, warrants and instalment receipts:
  - (i) on the second trading day before the expiry or payment date must settle on the settlement day before the expiry or payment date,
  - (ii) on the first trading day before the expiry or payment date, must be made as cash trades for next day settlement,
  - (iii) on expiry or payment date must be made as cash trades for immediate settlement and trading will cease at 12:00 noon (unless the expiry or payment time is set prior to the close of business, in which case trading will cease at the close of business on the trading day preceding the expiry or payment), and
  - (iv) selling Members must have the securities that are being sold in their possession or credited to the selling account's position prior to such sale;
- (c) cash trades in Listed Securities for next day delivery must be settled through the facilities of the Clearing Corporation on the first settlement cycle following the date of the trade or, if applicable, over-the-counter, by noon of the first settlement day following the trade; and
- (d) cash trades in Listed Securities for same day settlement must be settled by over-the-counter delivery no later than 2:00 p.m. on the trade day.
- (3) Notwithstanding Section 12.03(1), a trade on the Exchange may specify delayed delivery, which gives the seller the option to deliver at any time within the period specified in the contract, and, if no time is specified, delivery will be at the option of the seller within thirty days from the date of the trade.

### **12.04 When Security Disqualified, Suspended or No Fair Market**

- (1) The Exchange may postpone the time for delivery on the Exchange trades if:
  - (a) the security is delisted;
  - (b) trading is suspended in the security; or
  - (c) the Exchange is of the opinion that there is not a fair market in the security.

- (2) If the Exchange is of the opinion that a fair market in the security is not likely to exist, the Exchange may provide that trades on the Exchange be settled by payment of a fair settlement price and if the parties to a Trading Contract cannot agree on the amount, the Exchange may at its discretion fix the fair settlement price after providing each party with an opportunity to be heard.

### 12.05 Failed Trades in Rights, Warrants and Instalment Receipts

- (1) Should fail positions in exchange traded products which are exercisable, exchangeable or convertible into other securities (the “**subject securities**”) exist on the expiry or payment date, purchasing Members have the option of demanding delivery of the securities into which the subject securities are exercisable, exchangeable or convertible, any additional subscription privilege, and any subscription fee payable to a Member, that may be available, such demand shall be made before 4:00 p.m. on the expiry date.
- (2) Where a demand has been made in accordance with Section 12.05(1), payment by purchasing Members for:
  - (a) the subject securities shall be in accordance with normal settlement procedures, but delivery of the subject securities, as the case may be, is not required; and
  - (b) the securities into which the subject securities are exercisable, exchangeable or convertible and payment for any additional subscription privilege shall be made upon delivery of the securities.
- (3) Where a demand has not been made in accordance with Section 12.05(1), settlement shall be in accordance with normal settlement procedures, but delivery of the subject securities, as the case may be, is not required.

### 12.06 Defaulters

- (1) If a Member against which an Exchange trade is closed out under the Clearing Corporation's rules and procedures fails to make payment of the money difference between the contract price and the buy-in price within the time specified, the Member concerned shall become a defaulter, and Notice of such default shall be provided by the Exchange to each Member.
- (2) A Member failing to make delivery to the Clearing Corporation of securities and/or a certified cheque within the time limited by the rules governing the Clearing Corporation may be adjudged a defaulter.

### 12.07 Delivering Member Responsible for Good Delivery Form

- (1) The delivering Member is responsible for the genuineness and complete regularity of the security, and a certificate that is not in proper negotiable form shall be replaced forthwith by one which is valid and in prior negotiable form, or by a certified cheque in lieu thereof, if a replacement certificate is not available.
- (2) A Member that has received delivery of a certificate that is not acceptable as good transfer by the transfer agent shall return it to the delivering Member, which shall make delivery of a certificate that is good delivery or of a certified cheque in lieu thereof.



**12.08 Delisted Securities**

- (1) Any open orders for a Listed Security or an OTS that will no longer be listed on its applicable exchange will be cancelled after the closing on the day preceding the delisting.

**PART XIII. APPLICATION OF UMIR**

**13.01 Application**

- (1) The provisions of UMIR as amended from time to time apply to trading on the Exchange Systems and form part of the Exchange Requirements.
- (2) Any investigations and enforcement actions concerning a violation of a provision of UMIR will be conducted by the Market Regulator following the procedures set out in UMIR.

**PART XIV. APPEALS**

**14.01 Appeals of Decision**

- (1) A Member or any other person adversely affected by a Decision, other than a Decision of the Market Regulator, may appeal such Decision to the Board.

***Commentary***

*Appeals shall be conducted according to the procedures established by the Exchange's Board of Directors.*

- (2) A Member or other person who has appealed a decision pursuant to subsection (1) may appeal the decision of the Board by following the arbitration procedures set out in the Member Agreement and/or by appeal to the securities regulatory authority.
- (3) A Member or any other person adversely affected by a Decision of the Market Regulator may appeal such Decision pursuant to the provisions of UMIR.

**PART XV. ADMINISTRATION**

**15.01 Method of Notifications**

- (1) Unless otherwise specifically provided in any the Exchange Requirement, Notice shall be sufficiently given and be reasonably expected to come to the attention of such person if:
  - (a) delivered to the person to whom it is to be given;
  - (b) delivered to the last address of such Person as recorded by the Exchange or any recognized self-regulatory organization; or
  - (c) mailed or sent electronically, including e-mail, to 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 policy shall be deemed to have been given when it is sent.
- (4) The Exchange will provide Notice of updates to these Trading Policies within 30 days prior to the change and provide the link to the updated or newly added section.

**15.02 Computation of Time**

- (1) In computing the time when a Notice must be given for the doing of anything or taking any proceeding under any provision of an Exchange Requirement, the date of giving of the Notice or of such event shall be excluded and the date of the meeting, hearing, doing of the act or taking of the proceedings shall be included.
- (2) Where the time limited for a proceeding or the doing of anything under any provision of an Exchange policy or requirement expires, the time so limited extends to and the thing may be done on the next day following.

**15.03 Waiver of Notice**

- (1) Any Person referred to in Section 15.01 may waive any Notice required to be given to such person and such waiver, whether given before or after the meeting, hearing or other event of which Notice is required to be given, shall cure any default in giving such Notice.

**15.04 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.

**15.05 Withdrawal of Approval and Changes in Exchange Requirements**

- (1) Any Exchange Approval and any Exchange Requirement may at any time be changed, suspended, withdrawn or revoked by the Exchange, with 30 days' Notice unless otherwise provided in these Trading Policies, agreements or as required by circumstance subject to the rule approval process of the securities regulatory authorities.
- (2) Each Member and each Approved Trader will comply with such change, suspension, withdrawal or revocation and any Decisions made by the Exchange.