APPENDIX B

SUMMARY OF THE ATS RULES

Type of Security	Who will trade?	Transparency Requirements	Market Regulation
Exchange-traded securities • equity • options • debt	Marketplaces • Exchange • ATS • Quotation and trade reporting system (QTRS) • Dealer that executes trades of exchange-traded securities outside of a marketplace	Marketplaces provide • order information • trade information to an information processor in real-time Exemption if the marketplace provides information to an information vendor • exemption does not apply after December 31, 2003	Exchange and QTRS • directly • indirectly by a regulation services provider ATS • by a regulation services provider Audit trail requirements
Over-the-counter equity securities	Dealers	None	In Ontario, trade reporting to CUB (section 154 of Ontario Regulations) In Ontario, surveillance of CUB done by CDNX Audit trail requirements
Foreign exchange-traded securities • equity • options • debt	Marketplace (ATS)	Marketplace (ATS) provides • order information • trade information to an information processor in real-time Exemption if the marketplace provides information to an information vendor • exemption does not apply after December 31, 2003 Dealer – no requirements	ATS • by a regulation services provider Audit trail requirements
Government debt securities	Marketplace (ATS) Inter-dealer bond broker Dealer executing trades outside of a marketplace	Marketplace (ATS) provides • order information • trade information to an information processor in real-time Inter-dealer bond broker provide • order information • trade information on certain benchmarks and designated	ATS Inter-dealer bond broker Dealer executing trades of unlisted debt securities outside of a marketplace • by a regulation services provider Exemption if the ATS, IDB or dealer complies with IDA Policy No. 5 • exemption not apply after December 31,

Type of Security	Who will trade?	Transparency Requirements	Market Regulation
		government debt securities to an information processor in real-time Dealer – no requirements	2003 Audit trail requirements
Corporate debt securities	Marketplace (ATS) Inter-dealer bond broker Dealer executing trades outside of a marketplace	ATS provides • order information • trade information to an information processor in real-time Inter-dealer bond broker and dealer provide • trade information on certain designated corporate debt securities to the information processor within one hour of the trade volume disseminated • investment grade - $2 million /$2million+ • non-investment grade - $200,000/$200,000+	ATS Inter-dealer bond broker Dealer executing trades of unlisted debt securities outside of a marketplace • by a regulation services provider Exemption if the ATS, IDB or dealer complies with IDA Policy No. 5 • exemption does not apply after December 31, 2003 Audit trail requirements