

Universal Market Integrity Rules

Amendments to the Rules and Policies Respecting Trade-Through Obligations

The Universal Market Integrity Rules are amended by adding the following as Rule 2.4:

2.4 Trade-Through Obligation

- (1) Upon the execution of an order on a marketplace or an organized regulated market, a Participant or Access Person shall make reasonable efforts to fill all orders displayed in a consolidated market display:
 - (a) in the case of a purchase by the Participant or Access Person, at a price below the execution price; and
 - (b) in the case of a sale by the Participant or Access Person, at a price above the execution price.
- (2) Subsection (1) does not apply to execution of an order which is:
 - (a) a Special Terms Order unless:
 - (i) the security is a listed security or quoted security and the Marketplace Rules of the Exchange or QTRS governing the trading of a Special Terms Order provide otherwise,
 - (ii) the order could be executed in whole, according to the terms of the order, on a marketplace or with a market maker displayed in a consolidated market display, or
 - (iii) the order is part of a pre-arranged trade or intentional cross; or
 - (b) entered on a marketplace as:
 - (i) a Basis Order,
 - (ii) a Call Market Order,
 - (iii) a Market-on-Close Order,
 - (iv) an Opening Order, or
 - (v) a Volume-Weighted Average Price Order;

- (c) entered on an organized regulated market by a Participants acting as:
 - (i) agent on behalf of a non-Canadian account, or
 - (ii) principal in a trade with a non-Canadian account; or
 - (d) an order of an Access Person that is handled as a client order by a Participant or by any dealer as agent for the Access Person.
- (3) For the purposes of subsection (1), the Participant or Access Person may take into account any transaction fees that would be payable to the marketplace in connection with the execution of the order as set out in the schedule of transaction fees disclosed in accordance with Marketplace Operation Instrument.

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. The following is added as Policy 2.4:

POLICY 2.4 - TRADE-THROUGH OBLIGATIONS

Part 1 – Application

Unless an order is exempted by the provisions of subsection (2) of Rule 2.4, the requirement to make reasonable efforts to fill all orders displayed in a consolidated market display:

- in the case of a purchase by the Participant or Access Person, at a price below the execution price; and
- in the case of a sale by the Participant or Access Person, at a price above the execution price,

shall apply to the execution on a marketplace or an organized regulated market by a Participant of a principal order, a non-client order or a client order. The requirement shall also apply to an Access Person when that person is trading directly on a marketplace or organized regulated market and the order is not being handled by a Participant or any dealer as agent for the Access Person.

Part 2 – Determination of “Reasonable Efforts”

In determining whether a Participant or Access Person has undertaken reasonable efforts to satisfy the requirement to fill all orders as required, consideration will be given to whether:

- the Participant or Access Person had access to the marketplace with the better-priced order or orders and the additional costs that would be incurred in accessing such order or orders; and
- the Participant or Access Person has met the obligations required by Policy 2.1.

A Participant or Access Person will be considered to have taken reasonable efforts if the Participant or Access Person enters orders on a marketplace concurrent with, or immediately following, the trade on the other marketplace or organized regulated market and such orders have a sufficient volume and are at a price to fill the disclosed volume on that marketplace determined at the time of the execution of the trade on the other marketplace or organized regulated market.

Part 3 – Effect of Market Maker Obligations

If the marketplace on which the Participant or Access Person enters orders to satisfy the obligation of this Policy has a market making system, the market maker may participate in the trades as a result of automatic rights or entitlements in accordance with the applicable Marketplace Rules governing Market Maker Obligations provided such participation reduces the obligation of the Participant or Access Person. Orders of a market maker which are included in the disclosed volume are entitled to be filled.

2. Part 2 of Policy 5.2 is repealed and the following substituted:

Part 2 – Orders on Other Marketplaces

A Participant will be considered to have taken reasonable efforts to obtain the best price for a client if, at the time of the entry of the client order on a particular marketplace or organized regulated market, the Participant enters orders on behalf of the client on each other marketplace and such orders have a sufficient volume and are at a price to fill the then disclosed volume on that marketplace. If following the entry of the client order on the particular marketplace or organized regulated market, the client order does not immediately execute in full, the Participant shall monitor the “best bid price” and “best ask price” displayed in a consolidated market display to determine if the unfilled portion of the client order should be entered on another marketplace.