

## **Appendix 3 – Proposed Amendments to UMIR (clean)**

### **1.1 Definitions**

**“best ask price”** means the lowest price of an order on:

- (a) any protected marketplace as displayed in a consolidated market display to sell a particular security, or
- (b) an Exchange as displayed to sell a listed derivative,

but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Net Asset Value Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.

**“best bid price”** means the highest price of an order on:

- (a) any protected marketplace as displayed in a consolidated market display to buy a particular security, or
- (b) an Exchange as displayed to buy a listed derivative,

but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Net Asset Value Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.

**“Dark Order”** means:

- (a) an order no portion of which is displayed on entry on a marketplace in a consolidated market display; or
- (b) that portion of an order which on entry to a marketplace is not displayed in a consolidated market display if that portion may trade at a price other than the price displayed by that portion of the order included in the consolidated market display

but does not include an order entered on a marketplace as:

- (c) part of an intentional cross;
- (d) a market order that is immediately executed in full on one or more marketplaces at the time of entry;
- (e) a limit order that is immediately executed in full on one or more marketplaces at the time of entry;
- (f) a Basis Order;

- (g) a Call Market Order if that Call Market Order may only trade with other Call Market Orders and the matching of Call Market Orders occurs less frequently than once every minute;
- (h) a Closing Price Order;
- (i) a Market-on-Close Order;
- (j) an Opening Order;
- (k) a Volume-Weighted Average Price Order; or
- (l) a Net Asset Value Order.

**“disclosed volume”** means the aggregate of the number of units of a security relating to each order for that security entered on a protected marketplace and displayed in a consolidated market display that is offered at a price below the intended price of a trade in the case of a purchase or that is bid at a price above the intended price of a trade in the case of a sale, but does not include the volume of:

- (a) a Basis Order;
- (b) a Call Market Order;
- (c) a Market-on-Close Order;
- (d) an Opening Order;
- (e) a Special Terms Order;
- (f) a Volume-Weighted Average Price Order; or
- (g) a Net Asset Value Order.

**“intentional cross”** means a trade resulting from the simultaneous entry by a Participant or Access Person of both the order to purchase and the order to sell a security.

**“last sale price”** means the price of the last sale of at least one standard trading unit of:

- (a) a particular security displayed in a consolidated market display but does not include the price of a sale resulting from an order that is:
  - (i) a Basis Order;
  - (ii) a Call Market Order;
  - (iii) a Closing Price Order;
  - (iv) a Special Terms Order unless the Special Terms Order has executed with an order or orders other than a Special Terms Order;
  - (v) a Volume-Weighted Average Price Order; or
  - (vi) a Net Asset Value Order,

- (b) a particular option traded on an Exchange.

**“net asset value”** has the same meaning as set out in section 1.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

**“Net Asset Value Order”** means an order for the purchase or sale of an Exempt Exchange-traded Fund that is entered on a marketplace to trade at a price that references the most recent net asset value of the Exempt Exchange-traded Fund as calculated by the issuer of the Exempt Exchange-traded Fund in accordance with applicable securities legislation, and where:

- (a) the net asset value was not published by the Exempt Exchange-traded Fund issuer at the time the commitment to execute the order was made; and
- (b) the price of the order is not based, directly or indirectly, on the quoted price of the Exempt Exchange-traded Fund at the time of order entry.

### 5.3 Client Priority

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- (2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if:
  - (a) the client specifically has consented to the Participant entering principal orders and non-client orders for the same security at the same price on the same side of the market on the same settlement terms;
  - (b) the principal order or non-client order is:
    - (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace,
    - (ii) automatically generated by a system operated by the Participant or on behalf of the Participant based on pre-determined order and trading parameters established, programmed and enabled for trading prior to the receipt of the client order,
    - (iii) for a managed account and the client order is for a managed account under the direction of the same person and in respect of which executions are allocated between the various managed accounts on an equitable basis in accordance with the established practices of the Participant,
    - (iv) a Basis Order, or
    - (v) a Net Asset Value Order;
  - (c) the client order has been entered directly by the client of the Participant on a marketplace;

- (d) the principal order or non-client order is executed pursuant to an allocation by the trading system of a marketplace and:
  - (i) either:
    - (A) the security which is the subject of the order trades on no marketplace other than that marketplace,
    - (B) the principal order or non-client order is a Call Market Order, an Opening Order, a Market-on-Close Order, a Net Asset Value Order or a Volume-Weighted Average Price Order,
    - (C) each of the client order and the principal order or non-client order was entered on the same marketplace,
    - (D) the client has instructed the Participant to enter the client order on a particular marketplace, or
    - (E) the client has instructed the Participant to enter the client order in a manner that does not disclose the identifier of the Participant in a consolidated market display,
  - (ii) the client order was entered by the Participant on that marketplace immediately upon receipt by the Participant, and
  - (iii) if the client order was varied or changed by the Participant at any time after entry, the variation or change was on the specific instructions of the client;
- (e) either the client order or the principal order or non-client order is a Special Terms Order and the client order would not have executed in the transaction or transactions involving the principal order or non-client order due to the terms and conditions of at least one Special Terms Order; or
- (f) a Market Integrity Official requires or permits the principal order or non-client order to be executed in priority to a client order.

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## 6.2 Designations and Identifiers

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- (b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is:
  - (i) a Call Market Order,
  - (ii) an Opening Order,
  - (iii) a Market-on-Close Order,
  - (iv) a Special Terms Order,
  - (v) a Volume-Weighted Average Price Order,

- (v.1) a Basis Order,
- (v.2) a Closing Price Order,
- (v.3) a bypass order,
- (v.4) a directed action order as defined in the Trading Rules,
- (v.5) a Net Asset Value Order,
- (vi) part of a Program Trade,
- (vii) part of an intentional cross or internal cross,
- (vii.1) a derivative-related cross,
- (viii) a short sale but not including an order which is designated as a “short-marking exempt order” in accordance with subclause 6.2(1)(b)(ix),
- (ix) a short-marking exempt order,
- (x) a non-client order,
- (xi) a principal order,
- (xii) a jitney order,
- (xiii) for the account of a derivatives market maker,
- (xiv) for the account of a person who is an insider of the issuer of the security which is the subject of the order,
- (xv) for the account of a person who is a significant shareholder of the issuer of the security which is the subject of the order,
- (xvi) for the account of a client where the order is sent using direct electronic access,
- (xvii) for the account of a client where the order is sent under a routing arrangement,
- (xviii) for the account of an order execution only client,
- (xix) of a type for which the Market Regulator may from time to time require a specific or particular designation,
- (xx) a bundled order, or
- (xxi) a multiple client order.

(c) Where a designation is required under 6.2(1)(b)(xx) or (xxi), the Participant does not need to include a client identifier on the order under 6.2(1)(a)(iv).

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### 6.3 Exposure of Client Orders

- (1) A Participant shall immediately enter for display on a marketplace that displays orders in with Part 7 of the Marketplace Operation Instrument a client order to purchase or sell 50 standard trading units or less of a security unless:
- (a) the client has specifically instructed the Participant to deal otherwise with the particular order;
  - (b) the Participant executes the order upon receipt at a “better price”;
  - (c) the Participant returns the order for confirmation of the terms of the order;
  - (d) the Participant withholds the order pending confirmation that the order complies with applicable securities requirements or, if applicable, the Marketplace Rules of any Exchange on which the security is listed or of any QTRS on which the security is quoted;
  - (e) the Participant determines based on market conditions that entering the order on a marketplace would not be in the best interests of the client;
  - (f) the order has a value of more than \$100,000;
  - (g) the order is part of a trade to be made in accordance with Rule 6.4 by means other than entry on a marketplace; or
  - (h) the client has directed or consented to the order being entered on a marketplace as:
    - (i) a Call Market Order,
    - (ii) an Opening Order,
    - (iii) a Special Terms Order,
    - (iv) a Volume-Weighted Average Price Order,
    - (v) a Market-on-Close Order,
    - (vi) a Basis Order,
    - (vii) a Closing Price Order, or
    - (viii) a Net Asset Value Order.

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#### **6.6 Provision of Price Improvement by a Dark Order**

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- (2) Subsection (1) does not apply if the order entered by the Participant or Access Person is:
- (a) a Basis Order;
  - (b) a Call Market Order;
  - (c) a Closing Price Order;
  - (d) a Market-on-Close Order;
  - (e) an Opening Order;

- (f) a Volume-Weighted Average Price Order;
- (g) for less than one standard trading unit; or
- (h) a Net Asset Value Order.

## **8.1 Client-Principal Trading**

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- (2) Subsection (1) does not apply if the client has directed or consented that the client order be:
  - (a) a Call Market Order;
  - (b) an Opening Order;
  - (c) a Market-on-Close Order;
  - (d) a Volume-Weighted Average Price Order;
  - (e) a Basis Order;
  - (f) a Closing Price Order; or
  - (g) a Net Asset Value Order.