

PROVINCE OF BRITISH COLUMBIA

RULE OF THE BRITISH COLUMBIA SECURITIES COMMISSION

*Securities Act*

The British Columbia Securities Commission orders that National Instrument 23-101 Trading Rules, B.C. Reg. 252/2001, is amended as follows:

- (a) effective July 6, 2016, the amendments set out in Schedule A are made;
- (b) effective October 1, 2016, the amendments set out in Schedule B are made.

DEPOSITED  
June 30, 2016  
B.C. REG. 163/2016

*June 30 '16*

Date

British Columbia Securities Commission

*(This part is for administrative purposes only and is not part of the Order.)*

Authority under which Order is made:

Act and section: Securities Act, R.S.B.C. 1996, c. 418, s. 184

Other: \_\_\_\_\_

## Schedule A

**1** *National Instrument 23-101 Trading Rules, B.C. Reg. 252/2001, is amended as set out in this Schedule.*

**2** *Section 1.1 is amended by*

(a) *replacing “automated functionality” with “automated trading functionality” in the definition of “automated functionality”, and*

(b) *repealing the definition of “directed-action order” and substituting the following:*

**“directed-action order”** means an order for the purchase or sale of an exchange-traded security, other than an option, that,

(a) when entered on or routed to a marketplace, is to be immediately

(i) executed against a displayed order with any remainder to be booked or cancelled; or

(ii) placed in an order book;

(b) is marked as a directed-action order; and

(c) is entered on or routed to a marketplace

(i) to execute against a best-priced displayed order, or

(ii) at the same time that another order is entered on or routed to a marketplace to execute against any protected order with a better price than the entered or routed order; .

**3** *Subsection 6.3(2) is amended by replacing “a marketplace that routes an order to another marketplace must immediately notify” with “the marketplace that is executing the transaction or routing the order for execution must immediately notify the following of the failure, malfunction or material delay:”.*

**4** *Subsection 6.3(3) is amended by adding “displaying a protected order” after “concludes that a marketplace”.*

**5** *Section 6.5 is repealed and the following substituted:*

### **Locked or Crossed Orders**

**6.5** A marketplace participant or a marketplace that routes or reprices orders must not intentionally enter a displayed order on a marketplace that is subject to section 7.1 of NI 21-101, at a price that,

(a) in the case of an order to purchase, is the same as or higher than the best protected offer; or

- (b) in the case of an order to sell, is the same as or lower than the best protected bid. .

**6 The following section is added after section 6.6:**

**Trading Fees**

**6.6.1 (1)** In this section, “**exchange-traded fund**” means a mutual fund,

- (a) the units of which are listed securities or quoted securities, and
  - (b) that is in continuous distribution in accordance with applicable securities legislation.
- (2) A marketplace that is subject to section 7.1 of NI 21-101 must not charge a fee for executing an order that was entered to execute against a displayed order on that marketplace greater than
- (a) \$0.0030 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to \$1.00; or
  - (b) \$0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is less than \$1.00. .

**7 Section 6.7 is amended by replacing “better-priced orders on a marketplace” with “better-priced protected orders”.**

**Schedule B**

**1 National Instrument 23-101 Trading Rules, B.C. Reg. 252/2001, is amended as set out in this Schedule.**

**2 Section 1.1 is amended by**

**(a) repealing paragraph (a) of the definition of “protected bid” and substituting the following:**

- (a) that is displayed on a marketplace that provides automated trading functionality and
  - (i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Quebec, the securities regulatory authority; or
  - (ii) if the marketplace is a recognized exchange, the bid is for a security listed by and traded on that recognized exchange; and, **and**

**(b) repealing paragraph (a) of the definition of “protected offer” and substituting the following:**

- (a) that is displayed on a marketplace that provides automated trading functionality and
  - (i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Quebec, the securities regulatory authority; or
  - (ii) if the marketplace is a recognized exchange, the offer is for a security listed by and traded on that recognized exchange; and .