

REGULATION TO AMEND NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (2), (3), (8), (26), (32) and (34))

1. Section 1.1 of National Instrument 21-101 Marketplace Operation is amended by replacing the definition of “government debt security” with the following:

““government debt security” means

(a) a debt security issued or guaranteed by the government of Canada, or any province or territory of Canada,

(b) a debt security issued or guaranteed by any municipal corporation in Canada, or secured by or payable out of rates or taxes levied under the law of a jurisdiction of Canada on property in the jurisdiction and to be collected by or through the municipality in which the property is situated,

(c) a debt security of a crown corporation,

(d) in Ontario, a debt security of any school board in Ontario or of a corporation established under section 248(1) of the Education Act (R.S.O. 1990, c. E.2) of Ontario, or

(e) in Québec, a debt security of the Comité de gestion de la taxe scolaire de l'Île de Montréal

that is not listed on a recognized exchange or quoted on a recognized quotation and trade reporting system or listed on an exchange or quoted on a quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 23-101;”.

2. Section 6.2 of the National Instrument is replaced by the following:

“6.2. Registration Exemption Not Available

Except as provided in this Instrument, the registration exemptions applicable to dealers under securities legislation are not available to an ATS.”.

3. Section 7.2 of the National Instrument is replaced by the following:

“7.2. Post-Trade Information Transparency – Exchange-Traded Securities

A marketplace shall provide accurate and timely information regarding trades for exchange-traded securities executed on the marketplace to an information processor as required by the information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider.”.

4. Section 7.4 of the National Instrument is replaced by the following:

“7.4. Post-trade Information Transparency – Foreign Exchange-Traded Securities

A marketplace shall provide accurate and timely information regarding trades for foreign exchange-traded securities executed on the marketplace to an information vendor.”.

5. Section 7.5 of the National Instrument is repealed.

6. The National Instrument is amended by inserting the following after section 7.5:

“7.6. Consolidated Feed – Exchange-Traded Securities

An information processor shall produce an accurate and timely consolidated feed showing the information provided to the information processor under sections 7.1 and 7.2.

7.7. Compliance with Requirements of an Information Processor

A marketplace shall comply with the reasonable requirements of the information processor to which it is required to provide information under this Part.”.

7. Section 8.1 of the National Instrument is amended:

(1) by replacing paragraph (1) with the following:

”(1) A marketplace that displays orders of government debt securities to a person or company shall provide accurate and timely information regarding orders for designated government debt securities displayed on the marketplace to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.”;

(2) by adding the following paragraphs:

“(3) A marketplace shall provide accurate and timely information regarding details of trades of designated government debt securities executed on the marketplace to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.

(4) An inter-dealer bond broker shall provide accurate and timely information regarding orders for designated government debt securities executed through the inter-dealer bond broker to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.

(5) An inter-dealer bond broker shall provide accurate and timely information regarding details of trades of designated government debt securities executed through the inter-dealer bond broker to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.”.

8. Section 8.2 of the National Instrument is amended:

(1) by replacing the paragraph with the following:

“(1) A marketplace that displays orders of corporate debt securities to a person or company shall provide accurate and timely information regarding orders for designated corporate debt securities displayed on the marketplace to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.”;

(2) by adding the following paragraphs:

“(3) A marketplace shall provide accurate and timely information regarding details of trades of designated corporate debt securities executed on the

marketplace to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.

(4) An inter-dealer bond broker shall provide accurate and timely information regarding details of trades of designated corporate debt securities executed through the inter-dealer bond broker to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.

(5) A dealer executing trades of corporate debt securities outside of a marketplace shall provide accurate and timely information regarding details of trades of designated corporate debt securities traded by or through the dealer to an information processor, as required by the information processor, or if there is no information processor, to an information vendor that meets the standards set by a regulation services provider, as required by the regulation services provider.”.

9. The National Instrument is amended by replacing section 8.5 with the following:

“8.5. Reporting Requirements for the Information Processor

The information processor shall report, within 30 days after the end of each calendar quarter, the process and criteria for selection of the designated government debt securities and designated corporate debt securities and the list of designated government debt securities and designated corporate debt securities. The information processor shall also report, within 30 days after the end of each calendar year, the process to communicate the designated securities to the marketplaces, inter-dealer bond brokers and dealers providing the information as required by the Instrument, including where the list of designated securities can be found.”.

10. Section 11.2 of the National Instrument is amended by replacing paragraph (2) with the following:

“(2) A marketplace shall transmit to a securities regulatory authority or a regulation services provider, if it has entered into an agreement with a regulation services provider in accordance with NI 23-101, the information required by the securities regulatory authority or a regulation services provider, within ten business days, in electronic form as required by the securities regulatory authority or regulation services provider.

(3) The record kept by a marketplace under section 11.1 and subsection (1) and the transmission of information to a securities regulatory authority or a regulation services provider under subsection (2) shall be in electronic form as prescribed by a securities regulatory authority or a regulation services provider.”.

11. The National Instrument is amended by inserting the following after section 12.2:

« 12.3. Availability of Technology Specifications and Testing Facilities

(1) For at least two months immediately prior to operating, a marketplace shall make available to the public any technology requirements regarding interfacing with or access to the marketplace.

(2) After the technology requirements set out in subsection (1) have been published, a marketplace shall make available to the public, for at least one month, testing facilities for interfacing with and access to the marketplace.”.

12. Appendix A to the National Instrument is repealed.

13. Form 21-101F2 of the National Instrument is amended by inserting the following at the end of paragraph 5 of the subsection entitled “Exhibit G”:

“Where applicable, the description should include, at a minimum: the parties involved in settling the trades; the trades being settled; and the procedures to manage counterparty and settlement risk.”.

14. Form 21-101F5 of the National Instrument is amended:

(1) in part 1:

(a) by inserting the following at the end of the subsection entitled “Exhibit A”:

“identifying the processes and procedures which promote independence from the marketplaces, inter-dealer bond brokers and dealers that provide data”;

(b) by inserting, in the subsection entitled “Exhibit C”, the following after “the previous year”:

“identifying those individuals with overall responsibility for the integrity and timeliness of data reported to and displayed by the system (the “System”) of the information processor”;

(c) by inserting the following at the end of the first sentence of the subsection entitled “Exhibit E”:

“identifying the employees responsible for monitoring the timeliness and integrity of data reported to and displayed by the System.”;

(2) in part 2:

(a) by replacing “the system (the “System”) of the information processor” with “the System” in the subsection entitled “Exhibit G”;

(b) by inserting the following at the end of paragraph 2 of the subsection entitled “Exhibit G”:

“including data validation processes”;

(c) by replacing the subsection entitled “Exhibit H” with the following:

“A description in narrative form of each service or function performed by the information processor. Include a description of all procedures utilized for the collection, processing, distribution, validation and publication of information with respect to orders and trades in securities.”;

(d) by replacing, in the subsection entitled “Exhibit J”, the last sentence with the following:

“Describe any measures used to verify the timeliness and accuracy of information received and disseminated by the system, including the processes to resolve data integrity issues identified.”;

(3) by replacing, in the French text of the subsection entitled “Exhibit N” of part 3, “de recettes” with “des produits”;

(4) in part 4:

- (a) by replacing the heading with the following:

“4. Fees and Revenue Sharing”;

- (b) by inserting the following at the end of the subsection entitled “Exhibit O”:

“Where arrangements to share revenue from the sale of data disseminated by the information processor with marketplaces, inter-dealer bond brokers and dealers that provide data to the information processor in accordance with National Instrument 21-101 are in place, a complete description of the arrangements and the basis for these arrangements.”;

- (5) by adding the following after part 5:

“6. Selection of securities reported to the information processor

Where the information processor is responsible for making a determination of the data which must be reported, including the securities for which information must be reported in accordance with National Instrument 21-101, describe the manner of selection and communication of these securities. This description should include the following:

1. The criteria used to determine which securities should be reported to the information processor.

2. The process for selection of the securities, including a description of the parties consulted in the process and the frequency of the selection process.

3. The process to communicate the securities selected to the marketplaces, inter-dealer bond brokers and dealers providing the information as required by National Instrument 21-101. The description should include where this information is located.”.

15. This Regulation comes into force on the day of its publication in the *Gazette officielle du Québec*.