

IIROC NOTICE

Marketplace Notice NASDAQ CXD

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NASDAQ CXD Launch

NASDAQ CXD (“CXD”) has announced that it will commence trading on October 31, 2016. Effective on the launch date, CXD will offer trading in all equity securities that are listed by the Toronto Stock Exchange and TSX Venture Exchange.

CXD will operate as a non-transparent marketplace. It will not provide any pre-trade transparency of orders but will provide full post-trade transparency of each execution. Trade data will be provided to various information vendors in addition to being disseminated to the information processor. CXD will operate independently from NASDAQ CXC and NASDAQ CX2.

CXD will be open for continuous trading between 9:30 a.m. and 4:00 p.m. Toronto time. Only an IIROC member that is a Participant under UMIR is eligible to be a CXD subscriber.

CXD will not be a “protected marketplace” for the purposes of UMIR. Orders on CXD will not be considered to be “protected orders” under National Instrument 23-101 *Trading Rules*. Information respecting the order protection obligations of a Participant, Access Person or marketplace can be found in Part 6 of National Instrument 23-101.

IIROC has issued previous guidance respecting the application of UMIR to the trading by a Participant on a non-transparent marketplace. In particular, reference should be made to Rule



5.1 and Policy 5.1 of UMIR regarding the “best execution” obligation.¹ Reference can also be made to [Market Integrity Notice 2007 – 019 – Guidance – Guidance *Entering Client Orders on Non-Transparent Marketplaces and Facilities*](#) (September 21, 2007), [Market Integrity Notice 2006-017 – Guidance – *Securities Trading on Multiple Marketplaces*](#) (September 1, 2006) and [Market Integrity Notice 2006 – 020 – Guidance – *Compliance Requirements for Trading On Multiple Marketplaces*](#) (October 20, 2006).

Inquiries regarding the CXD launch should be directed to Nasdaq CXC support: ca.support@nasdaq.com and 1-888-310-1560.

¹ Part 2 of Policy 5.1 provides:

In determining whether a Participant has diligently pursued the best execution of a client order, the Market Regulator will consider a number of specific factors including:

- Any specific client instructions regarding the execution of the order;
- Whether the Participant has considered orders on a marketplace that has demonstrated a reasonable likelihood of liquidity for a specific security relative to the size of the client orders; and
- Whether the Participant has considered possible liquidity on marketplaces that do not provide transparency of orders in a consolidated market display if:
 - The displayed volume in the consolidated market display is not adequate to fully execute the client order on advantageous terms for the client, and
 - The non-transparent marketplace has demonstrated that there is a reasonable likelihood that the marketplace will have liquidity for the specific security.