

6.3 Exposure of Client Orders

- (1) A Participant shall immediately enter for display on a marketplace that displays orders in accordance 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, or
 - (vii) a Closing Price Order.

- (2) If a Participant withholds a client order from entry on a marketplace based on market conditions in accordance with clause (1)(e), the Participant may enter the order in parts over a period of time or adjust the terms of the order prior to entry but the Participant must guarantee that the client receives:
 - (a) a price at least as good as the price the client would have received if the client order had been executed on receipt by the Participant; and
 - (b) if the Participant executes the client order against a principal order or non-client order, a better price than the price the client would have received if the client order had been executed on receipt by the Participant.

POLICY 6.3 – EXPOSURE OF CLIENT ORDERS

Part 1 – Reviewing Small Orders for Market Impact

Rule 6.3 requires a Participant to immediately enter client orders for the purchase or sale of 50 standard trading units or less on a marketplace. This requirement is subject to certain exceptions. The Participant may withhold the order based on a determination that market conditions were such that immediate entry of the order would not be in the best interests of the client. If the order is withheld the Participant must guarantee that the client receives a price at least as good as the price the client would have received had the client order been executed on receipt by the Participant. If the order is executed against a principal order or non-client order the client must receive a better price.

Part 2 – Confirmation of Order Terms

Pursuant to Rule 6.3, a Participant may withhold entry of the order and return the order to its source for confirmation of its terms. For example, a Participant who receives an order to sell a security at \$3 in a stock trading at \$20 may return the order to the branch, as it is likely that either the price or the stock symbol is wrong.

Part 3 – Client Request to Withhold Order

A Participant does not have to immediately enter a client order on a marketplace if the client has requested that the order be withheld (for example, the client does not want the order executed in the open market but wishes to do a tax-related trade with their spouse). Any request must be specific to that order. A client cannot give a blanket request to withhold any future orders the client may give the Participant. Furthermore, the Participant may not solicit a request to withhold the order. A Participant must keep a record of the client's request to withhold orders for seven years from the date of the instruction and, for the first two years, the request must be kept in a readily accessible location.

Defined Terms:	NI 21-101 section 1.1 – “order” NI 21-101 section 1.4 – Interpretation -- “security” UMIR section 1.1 – “Basis Order”, “better price”, “Call Market Order”, “client order”, “Closing Price Order”, “Exchange”, “Market-on-Close Order”, “marketplace”, “Marketplace Operation Instrument”, “Marketplace Rules”, “non-client order”, “Opening Order”, “Participant”, “principal order”, “QTRS”, “Special Terms Order”, “standard trading unit” and “Volume-Weighted Average Price Order” UMIR section 1.2(2) – “trade”
Related Provision:	UMIR section 1.2(3) - Interpretation
Regulatory History:	Effective April 8, 2005, the applicable securities commissions approved an amendment to clause (h) of subsection (1) of Rule 6.3 to add subclause (vi). See Market Integrity Notice 2005-010 – “Provisions Respecting a “Basis Order”” (April 8, 2005). Effective March 9, 2007, the applicable securities commissions approved an amendment to subsection (1) of Rule 6.3 to add the phrase “that displays orders in accordance with Part 7 of the Marketplace Operation Instrument” after the first occurrence of the word “marketplace” and to amend clause (h) to add subclause (vii). See Market Integrity Notice 2007-002 – “Provisions Respecting Competitive Marketplace” (February 26, 2007). On April 13, 2012, the applicable securities commissions approved amendments to subsection (1) of Rule 6.3, effective October 15, 2012, to add the phrase “for display” after the word “enter”, to clause (e) of subsection (1) to add the phrase “on a marketplace” after the word “order” and to subsection (2) to add the phrase “on a marketplace” before the word “based”. See IROC Notice 12-0131 – “Provisions Respecting the Execution and Reporting of Certain “Off-Marketplace” Trades” (April 13, 2012). Effective December 9, 2013, the applicable securities commissions approved amendments to the

French version of UMIR. See IIROC Notice [13-0294](#) – Notice of Approval and Implementation – “Amendments to the French version of UMIR” (December 9, 2013).

Guidance: See Market Integrity Notice [2007-019](#) – “Entering Client Orders on Non-Transparent Marketplaces and Facilities” (September 21, 2007).

Disciplinary Proceedings: Rule 6.3(1) was considered In the Matter of TD Securities Inc. (“TDSI”) (July 5, 2006) DN 2006-007. See Disciplinary Proceedings under Rule 5.1.