Attachment B - Text of UMIR to Reflect Amendments to UMIR 7.1 and 7.13

Text of Provision Following Adoption of the Proposed UMIR Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed UMIR Amendments
PART 7 – TRADING IN A MARKETPLACE **7.1 Trading Supervision Obligations** (1) Each Participant shall develop, implement and maintain written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are reasonably designed, taking into account the business and affairs of the Participant, to ensure compliance with UMIR and each Policy.	**PART 7 – TRADING IN A MARKETPLACE** **7.1 Trading Supervision Obligations** (1) Each Participant shall ~~adopt~~develop, implement and maintain written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are ~~adequate~~reasonably designed, taking into account the business and affairs of the Participant, to ensure compliance with UMIR and each Policy.
Part 2 – Minimum Elements of a Supervision System *For the purposes of Rule 7.1, a supervision system consists of both policies and procedures aimed at preventing violations from occurring and compliance procedures aimed at detecting whether violations have occurred.* *The Market Regulator recognizes that there is no one supervision system that will be appropriate for all Participants. Given the differences among firms in terms of their size, the nature of their business, whether they are engaged in business in more than one location or jurisdiction, the experience and training of their employees and the fact that effective compliance can be achieved in a variety of ways, this Policy does not mandate any particular type or method of supervision of trading activity. Furthermore, compliance with this Policy does not relieve Participants from complying with specific Requirements that may apply in certain circumstances. In particular, in accordance with subsection (2) of Rule 10.1, orders entered (including orders entered by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or by a client through an order execution service) must comply with the Marketplace Rules on which the order is entered and the Marketplace Rules on which the order is executed.* *Participants must develop, implement and maintain supervision and compliance procedures that exceed the elements identified in this Policy where the circumstances warrant. For example, previous disciplinary proceedings, warning and caution letters from the Market Regulator or the identification of problems with the supervision system or procedures by the Participant or the Market Regulator may warrant the implementation of more frequent supervision or compliance testing and more detailed supervision or compliance procedures.* *Regardless of the circumstances of the Participant, however, every Participant must:* *1. Identify the relevant Requirements, securities laws and other regulatory requirements that apply to the lines of business in which the Participant is engaged (the "Trading Requirements").*	***Part 2 – Minimum Elements of a Supervision System*** *For the purposes of Rule 7.1, a supervision system consists of both policies and procedures aimed at preventing violations from occurring and compliance procedures aimed at detecting whether violations have occurred.* *The Market Regulator recognizes that there is no one supervision system that will be appropriate for all Participants. Given the differences among firms in terms of their size, the nature of their business, whether they are engaged in business in more than one location or jurisdiction, the experience and training of ~~its~~their employees and the fact that effective ~~jurisdiction~~ compliance can be achieved in a variety of ways, this Policy does not mandate any particular type or method of supervision of trading activity. Furthermore, compliance with this Policy does not relieve Participants from complying with specific Requirements that may apply in certain circumstances. In particular, in accordance with subsection (2) of Rule 10.1, orders entered (including orders entered by a client under direct electronic access, an investment dealer or foreign dealer equivalent under a routing arrangement or by a client through an order execution service) must comply with the Marketplace Rules on which the order is entered and the Marketplace Rules on which the order is executed.* *Participants must develop ~~and~~, implement and maintain supervision and compliance procedures that exceed the elements identified in this Policy where the circumstances warrant. For example, previous disciplinary proceedings, warning and caution letters from the Market Regulator or the identification of problems with the supervision system or procedures by the Participant or the Market Regulator may warrant the implementation of ~~more detailed or~~ more frequent supervision or compliance testing and more detailed compliance procedures.* *Regardless of the circumstances of the Participant, however, every Participant must:* *1. Identify the relevant Requirements, securities laws and other regulatory requirements that apply to the lines of business in*

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2. *Document the supervision system by preparing a written policies and procedures manual. The manual must be accessible to all relevant employees. The manual must be kept current and Participants are advised to maintain an historical copy.*	*which the Participant is engaged (the "Trading Requirements").* 2. *Document the supervision system by preparing a written policies and procedures manual. The manual must be accessible to all relevant employees. The manual must be kept current and Participants are advised to maintain an historical copy.*
3. *Ensure that employees responsible for trading in securities are appropriately registered and trained and that they are knowledgeable about the Trading Requirements that apply to their responsibilities. Persons with supervisory responsibility must ensure that employees under their supervision are appropriately registered and trained. Each Participant should provide a continuing training and education program to ensure that its employees remain informed of and knowledgeable about changes to the rules and regulations that apply to their responsibilities.*	3. *Ensure that employees responsible for trading in securities are appropriately registered and trained and that they are knowledgeable about the Trading Requirements that apply to their responsibilities. Persons with supervisory responsibility must ensure that employees under their supervision are appropriately registered and trained. ~~The~~Each Participant should provide a continuing training and education program to ensure that its employees remain informed of and knowledgeable about changes to the rules and regulations that apply to their responsibilities.*
4. *Designate individuals responsible for supervision and compliance. The compliance function must be conducted by persons other than those who supervise the trading activity.*	4. *Designate individuals responsible for supervision and compliance. The compliance function must be conducted by persons other than those who supervise~~d~~ the trading activity.*
5. *Develop and implement supervision and compliance procedures that are appropriate for the Participant's size, lines of business in which it is engaged and whether the Participant carries on business in more than one location or jurisdiction.*	5. *Develop and implement supervision and compliance procedures that are appropriate for the Participant's size, lines of business in which it is engaged and whether the Participant carries on business in more than one location or jurisdiction.*
6. *Identify the steps the Participant will take when a violation or possible violation of a Requirement or any regulatory requirement has been identified. These steps shall include the procedure for the reporting of the violation or possible violation to the Market Regulator if required by Rule 10.16. If there has been a violation or possible violation of a Requirement identify the steps that would be taken by the Participant to determine if:* • *additional supervision should be instituted for the employee, the account or the business line that may have been involved with the violation or possible violation of a Requirement; and* • *the written policies and procedures that have been adopted by the Participant should be amended to reduce the possibility of a future violation of the Requirement.*	6. *Identify the steps the Participant will take when a violation or possible violation of a Requirement or any regulatory requirement has been identified. These steps shall include the procedure for the reporting of the violation or possible violation to the Market Regulator if required by Rule 10.16. If there has been a violation or possible violation of a Requirement identify the steps that would be taken by the Participant to determine if:* • *additional supervision should be instituted for the employee, the account or the business line that may have been involved with the violation or possible violation of a Requirement; and* • *the written policies and procedures that have been adopted by the Participant should be amended to reduce the possibility of a future violation of the Requirement.*
7. *Review the supervision system at least annually to ensure it continues to be reasonably designed to prevent and detect violations of Requirements. More frequent reviews may be required if past reviews have detected problems with supervision and compliance.*	7. *Review the supervision system at least ~~once per year~~ annually to ensure it continues to be reasonably designed to prevent and detect violations of Requirements. More frequent reviews may be required if past reviews have detected problems with supervision and compliance. ~~Results of these reviews must be~~*
8. *Document each step of the compliance review process to include*	

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details of the following: • *individual(s) who conducted the review* • *date(s) of the review* • *sources of information used to conduct the review, including the initial alert that may have been triggered* • *sample(s) used to conduct the review and the criteria for sample selection (if samples are used)* • *queries made to the trader, client, and anyone else who handled the order, if any* • *results of the review* • *measures taken to escalate concerns , if any* • *corrective actions taken, if any.* *9. Maintain results of all reviews for at least five years.* *10. Report to the board of directors of the Participant or, if applicable, the partners, a summary of the compliance reviews conducted and the results of the supervision system review. These reports must be made at least annually. If the Market Regulator or the Participant identifies significant issues concerning the supervision system or compliance procedures, the board of directors or, if applicable, the partners, must be advised immediately.*	*~~maintained for at least five years.~~* *8. Document each step of the compliance review process to include details of the following:* • *individual(s) who conducted the review* • *date(s) of the review* • *sources of information used to conduct the review, including the initial alert that may have been triggered* • *sample(s) used to conduct the review and the criteria for sample selection (if samples are used)* • *queries made to the trader, client, and anyone else who handled the order, if any* • *results of the review* • *measures taken to escalate concerns , if any* • *corrective actions taken, if any.* *~~8.~~9. Maintain ~~the~~ results of all ~~compliance~~ reviews for at least five years.* *~~9.~~10. Report to the board of directors of the Participant or, if applicable, the partners, a summary of the compliance reviews and the results of the supervision system review. These reports must be made at least annually. If the Market Regulator or the Participant ~~has~~ identifie~~d~~s significant issues concerning the supervision system or compliance procedures, the board of directors or, if applicable, the partners, must be advised immediately.*
Part 3 – Supervision and Compliance Procedures for Trading on a Marketplace *Each Participant must develop, implement and maintain supervision and compliance procedures for trading in securities on a marketplace that are appropriate for its size, the nature of its business and whether it carries on business in more than one location or jurisdiction. Such procedures should be developed having regard to the training and experience of its employees and whether the firm or its employees have been previously disciplined or warned by the Market Regulator concerning the violations of the Requirements.Participants must identify any high-risk areas and ensure that their policies and procedures are adequately designed to address these heightened risks.* *In developing supervision systems, Participants must identify any exception reports, trading data and any other relevant documents to be reviewed. In appropriate cases, relevant information that cannot be obtained or generated by the Participant should be sought from sources outside the firm including from the Market Regulator.* *Each Participant must develop written policies and procedures in relation to all Requirements that apply to their business activities. A Participant's supervision system*	***Part 3 - ~~Minimum~~ Supervision and Compliance Procedures for Trading on a Marketplace*** *~~A~~ Each Participant must develop ~~and~~ , implement and maintain supervision and compliance procedures for trading in securities on a marketplace that are appropriate for its size, the nature of its business and whether it carries on business in more than one location or jurisdiction. Such procedures should be developed having regard to the training and experience of its employees and whether the firm or its employees have been previously disciplined or warned by the Market Regulator concerning the violations of the Requirements.Participants must identify any high-risk areas and ensure that their policies and procedures are reasonably designed to address these heightened risks.* *In developing ~~compliance procedures~~ supervision systems, Participants must identify any exception reports, trading data and~~/or~~ other relevant documents to be reviewed. In appropriate cases, relevant information that cannot be obtained or generated by the Participant should be sought from sources outside the firm including from the Market Regulator.*

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must at a minimum include the regular review of compliance with respect to the following provisions for trading on a marketplace where applicable to their lines of business: • *Audit Trail requirements (Rule 10.11)* • *Electronic Access to Marketplaces (Rule 7.1)* • *Specific Unacceptable Activities (Rule 2.1)* • *Manipulative and Deceptive Activities (Rule 2.2)* • *Trading in restricted securities (Rule 7.7)* • *Trading of grey list securities (Rule 2.2)* • *Disclosure requirements (Rule 10.1)* • *Frontrunning (Rule 4.1)* • *Client/Principal Trading (Rule 8.1)* • *Client Priority (Rule 5.3)* • *Best Execution (Rule 5.1)* • *Order Exposure requirements (Rule 6.3)* • *Time synchronization requirements (Rule 10.14).* *Each Participant must develop, implement and maintain a risk-based supervision system that identifies and prioritizes those areas that pose the greatest risk of violations of Requirements. This enables the Participant to focus its review on the areas that pose a higher risk of non-compliance with Requirements. The frequency of review and sample size used in reviews must be commensurate with, among other things:* • *the Participant's size (considering factors such as revenue, market share, market exposure and volume of trades)* • *the Participant's organizational structure* • *number and location of the Participant's offices* • *the nature and complexity of the products and services offered by the Participant* • *the number of registrants assigned to a location* • *the disciplinary history of registered representatives or associated persons* • *the risk profile of the Participant's business and any indicators of irregularities or misconduct i.e. "red flags".*	~~*The following table identifies minimum compliance procedures for monitoring trading in securities on a marketplace that must be implemented by a Participant. The compliance procedures and the Rules identified below are not intended to be an exhaustive list of the provisions of UMIR and procedures that must be complied with in every case. Participants are encouraged to develop compliance procedures in relation to all the Rules that apply to their business activities.*~~ ~~*The Market Regulator recognizes that the requirements identified in the following table may be capable of being performed in different ways. For example, one Participant may develop an automated exception report and another may rely on a physical review of the relevant documents. The Market Regulator recognizes that either approach may comply with this Policy provided the procedure used is reasonably designed to detect violations of the relevant provision of UMIR. The information sources identified in the following table are therefore merely indicative of the types of information sources that may be used.*~~ ~~Minimum Compliance Procedures for Trading Supervision~~ ~~***UMIR and Policies***~~ / ~~***Compliance Review Procedures***~~ / ~~***Potential Information Sources***~~ / ~~***Frequency and Sample Size***~~ ~~*Electronic Access to Marketplaces*~~ ~~*Rule 7.1*~~ ~~*Securities Legislation*~~ ~~• *pre-trade order review:*~~ ~~– *prevent entry of orders on an order-by-order basis that exceed pre-defined price and size parameters*~~ ~~– *prevent entry of orders that do not comply with marketplace and regulatory requirements*~~ ~~– *systematically prevent one or*~~ ~~• *automated pre-trade controls*~~ ~~• *real-time alert systems*~~ ~~• *immediate order and trade information including execution reports*~~ ~~• *daily*~~

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	~~more orders from exceeding pre-determined credit and capital thresholds~~ ~~– monitor for unauthorized access to trading systems of Participant or Access Person~~		
~~Synchronization of Clocks~~ ~~Rule 10.14~~	~~• confirm accuracy of clocks and computer network times~~ ~~• remove unused or non-functional machines~~	~~• time clocks~~ ~~• Trading Terminal system time~~ ~~• OMS system time~~	~~• Daily~~
~~Audit Trail Requirements~~ ~~Rule 10.11~~	~~• ensure the presence of:~~ ~~-time stamp~~ ~~-quantity~~ ~~-price (if limit order)~~ ~~-security name or symbol~~ ~~-identity of trader (initial or sales code)~~ ~~-client name or account number-~~ ~~special instructions from any client~~ ~~-information required by audit trail requirements~~ ~~• for CFOd orders, ensure the presence of second time stamp and clear quantity or price changes~~	~~• order tickets~~ ~~• the Diary List~~	~~• quarterly~~ ~~• check 25 original client tickets selected randomly over the quarter~~

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	~~Electronic Records~~ ~~Rule 10.11~~	~~• verify that electronic order information is:~~ ~~-being stored~~ ~~-retrievable~~ ~~-accurate~~	~~• firm and service bureau systems~~	~~• annually~~
	~~Manipulative and Deceptive Trading~~ ~~Rule 2.2(1), (2)~~ ~~Policy 2.2~~	~~• review trading activity for:~~ ~~-wash trading~~ ~~-unrelated accounts that may display a pattern of crossing securities~~ ~~-off-market transactions which require execution on a Marketplace~~	~~• order tickets~~ ~~• the diary list~~ ~~• new client application forms~~ ~~• monthly statements~~	~~• quarterly~~ ~~• review sampling period should extend over several days~~
	~~Establishing Artificial Prices~~ ~~Rule 2.2(1), (3)~~ ~~Policy 2.2~~	~~• review tick setting trades entered at or near close~~ ~~• look for specific account trading patterns in tick setting trades~~ ~~• review accounts for motivation to influence the price~~ ~~• review separately, tick setting trades by Market on Close (MOC) or index related orders~~	~~• order tickets~~ ~~• the diary list~~ ~~• Equity History Report (available on TSE market data website for TSE-listed securities)~~ ~~• closing report from Market Regulator (delivered to Participants)~~ ~~• new client application forms~~	~~• monthly~~ ~~• emphasis on trades at the end of month, quarter or year (for trades not on MOC or index related)~~ ~~• for MOC or index related orders, check for reasonable price movement~~
	~~Grey or Watch List~~ ~~Rule 2.2~~	~~• review for any trading of Grey or Watch List issues done by proprietary or employee accounts~~	~~• order tickets~~ ~~• the diary list~~ ~~• trading blotters~~ ~~• firm Grey List or~~	~~• daily~~

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		~~Watch List~~ ~~• monthly statements~~	
~~Restricted Security~~ ~~Rule 2.2~~ ~~Rule 7.7~~	~~• review for any trading of restricted issues done by proprietary or employee accounts~~	~~• order tickets~~ ~~• the diary list~~ ~~• trading blotters~~ ~~• firm trading restriction~~ ~~• monthly statements~~	~~• daily~~
~~Frontrunning~~ ~~Rule 4.1~~	~~• review trading activity of proprietary and employee accounts prior to:~~ ~~-large client orders~~ ~~-transactions that would impact the market~~	~~• order tickets~~ ~~• the diary list~~ ~~• equity history report~~	~~• quarterly~~ ~~• sample period should extend over several days~~
~~Sales from Control Blocks~~ ~~Securities legislation incorporated by Rule 10.1~~	~~• review all known sales from control blocks to ensure regulatory requirements have been met~~ ~~• review large trades to determine if they are undisclosed sales from control block~~	~~• order tickets~~ ~~• trading blotter~~ ~~• new client application form~~ ~~• OSC bulletin~~ ~~• Exchange company bulletins~~	~~• as required~~ ~~• sample trades over 250,000 shares~~

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	~~Order Handling Rules~~ ~~Rule 5.1~~ ~~Rule 5.3~~ ~~Rule 6.3~~ ~~Rule 8.1~~	~~• review client-principal trades of 50 standard trading units or less for compliance with order exposure and client principal transactions rules~~ ~~• verify that orders of 50 standard trading units or less are not arbitrarily withheld from the market~~	~~• order tickets~~ ~~• equity history report~~ ~~• trading blotters~~ ~~• the diary list~~	~~• quarterly~~ ~~• sample, specifically :~~ ~~-trader managed orders of 50 standard trading units~~
	~~Order Markers~~ ~~Rule 6.2~~ ~~Marketplace Rules incorporated by Rule 10.1 (for marketplaces on which the order is entered or executed)~~	~~• verify that appropriate client, employee, and proprietary trade markers are being employed~~ ~~• ensure that client orders are not being improperly entered with pro markers~~ ~~• verify that appropriate order designations are included on orders~~	~~• order tickets~~ ~~• trading blotters~~ ~~• the diary list~~	~~• quarterly~~ ~~• samples should include one full day of trading for orders not entered through the OMS system~~
	~~Trade Disclosures~~ ~~Securities legislation incorporated by Rule 10.1~~	~~• verify appropriate trade disclosures are made on client confirmations~~ ~~-principal~~ ~~-average price~~ ~~-related Issuer~~	~~• trading blotters~~ ~~• client confirmations~~ ~~• the diary list~~ ~~• order tickets~~	~~• quarterly~~ ~~• sample should include non-OMS trades~~
	~~Normal Course Issuer Bids~~ ~~Marketplace Rules (e.g.~~	~~• review NCIBs for:~~ ~~-maximum stock purchase limits of 5% in 1 year or 2% in 30 days are observed~~ ~~-purchases for NCIBs~~	~~• order tickets~~ ~~• the diary list~~ ~~• trading blotters~~ ~~• new client application form~~	~~• quarterly~~

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~~Rule 6-501 and Policy 6-501 of TSE and Policy 5.6 of CDNX)~~	~~are not occurring while a sale from control is being made~~ ~~-purchases are not made on upticks~~ ~~-trade reporting to Exchange (if the firm reports on behalf of issuer)~~		

Each Participant must develop written policies and procedures in relation to all Requirements that apply to their business activities. A Participant's supervision system must at a minimum include the regular review of compliance with respect to the following provisions for trading on a marketplace where applicable to their lines of business:

- *Audit Trail requirements (Rule 10.11)*
- *Electronic Access to Marketplaces (Rule 7.1)*
- *Specific Unacceptable Activities (Rule 2.1)*
- *Manipulative and Deceptive Activities (Rule 2.2)*
- *Trading in restricted securities (Rule 7.7)*
- *Trading of grey list securities (Rule 2.2)*
- *Disclosure requirements (Rule 10.1)*
- *Frontrunning (Rule 4.1)*
- *Client/Principal Trading (Rule 8.1)*
- *Client Priority (Rule 5.3)*
- *Best Execution (Rule 5.1)*
- *Order Exposure requirements (Rule 6.3)*
- *Time synchronization requirements (Rule 10.14).*

Each Participant must develop, implement and maintain a risk-based supervision system that identifies and prioritizes those areas that pose the greatest risk of violations of Requirements. This enables the Participant to focus its review on the areas that pose a higher risk of non-compliance with the Requirements. The frequency of review and sample size used in reviews must be commensurate with, among other things:

- *the Participant's size (considering factors such as revenue, market share, market exposure and volume of trades)*
- *the Participant's organizational structure*
- *number and location of the Participant's offices*
- *the nature and complexity of the products and services offered by the Participant*

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	• *the number of registrants assigned to a location* • *the disciplinary history of registered representatives or associated persons* • *the risk profile of the Participant's business and any indicators of irregularities or misconduct i.e. "red flags".*
Part 4 – Specific Procedures Respecting Client Priority and Best Execution *Each Participant must develop, implement and maintain a supervision system to ensure its trading does not violate Rule 5.3 or 5.1. A Participant must have policies and procedures in place to "diligently pursue the execution of each client order on the most advantageous execution terms reasonably available under the circumstances". The policies and procedures must:* • *outline a process designed to achieve best execution;* • *require the Participant, subject to compliance by the Participant with any Requirement, to follow the instructions of the client and to consider the investment objectives of the client;* • *include the process for taking into account order and trade information from all appropriate marketplaces and foreign organized regulated markets; and* • *describe how the Participant evaluates whether "best execution" was obtained.* *In order to demonstrate that a Participant has "diligently pursued" the best execution of a particular client order, the Participant must be able to demonstrate that it has abided by the policies and procedures. At a minimum, the written compliance procedures must address employee education and post-trade monitoring.* *The purpose of the Participant's compliance review is to ensure that inventory or non-client orders are not knowingly traded ahead of client orders. This would occur if a client order is withheld from entry into the market and a person with knowledge of that client order enters another order that will trade ahead of it. Doing so could take a trading opportunity away from the client. Withholding an order for normal review and order handling is allowed under Rules 5.3 and 5.1, as this is done to ensure that the client gets a good execution. To ensure that a supervision system is effective it must address potential problem situations where trading opportunities may be taken away from clients.*	***Part 4 – Specific Procedures Respecting Client Priority and Best Execution*** *Each Participant must develop, implement and maintain a supervision system to ensure its trading does not violate Rule 5.3 or 5.1. ~~Participants must have written compliance procedures reasonably designed to ensure that their trading does not violate Rule 5.3 or 5.1.~~ A Participant must have policies and procedures in place to "diligently pursue the execution of each client order on the most advantageous execution terms reasonably available under the circumstances". The policies and procedures must:* • *outline a process designed to achieve best execution;* • *require the Participant, subject to compliance by the Participant with any Requirement, to follow the instructions of the client and to consider the investment objectives of the client;* • *include the process for taking into account order and trade information from all appropriate marketplaces and foreign organized regulated markets; and* • *describe how the Participant evaluates whether "best execution" was obtained.* *In order to demonstrate that a Participant has "diligently pursued" the best execution of a particular client order, the Participant must be able to demonstrate that it has abided by the policies and procedures. At a minimum, the written compliance procedures must address employee education and post-trade monitoring.* *The purpose of the Participant's compliance review ~~procedures~~ is to ensure that ~~pro traders~~ inventory or non-client orders are ~~do~~ not knowingly traded ahead of client orders. This would occur if a client order is withheld from entry into the market and a person with knowledge of that client order enters another order that will trade ahead of it. Doing so could take a trading opportunity away from the ~~first~~ client. Withholding an order for normal review and order handling is allowed under Rules 5.3 and 5.1, as this is done to ensure that the client gets a good execution. To ensure that ~~the~~ a Participant's~~' written compliance procedures are~~ supervision system is effective ~~it they~~ must address ~~the~~ potential problem situations where trading opportunities may be taken away from clients.* ~~***Potential Problem Situations***~~ ~~*Listed below are some of the potential problem situations where trading opportunities*~~

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	~~*may be taken away from clients.*~~ ~~*1. Retail brokers or their assistants withholding a client order to take a trading opportunity away from that client.*~~ ~~*2. Others in a brokerage office, such as wire operators, inadvertently withholding a client order, taking a trading opportunity away from that client.*~~ ~~*3. Agency traders withholding a client order to allow others to take a trading opportunity away from that client.*~~ ~~*4. Proprietary traders using knowledge of a client order to take a trading opportunity away from that client.*~~ ~~*5. Traders using their personal accounts to take a trading opportunity away from a client.*~~ ~~***Written Compliance Procedures***~~ ~~*It is necessary to address in the written compliance procedures the potential problem situations that are applicable to the Participant. Should there be a change in the Participant's operations where new potential problem situations arise then these would have to be addressed in the procedures. At a minimum, the written compliance procedures for employee education and post-trade monitoring must include the following points.*~~ ~~***Education***~~ ~~• *Employees must know the Rules and understand their obligation for client priority and best execution, particularly in a multiple market environment.*~~ ~~• *Participants must ensure that all employees involved with the order handling process know that client orders must be entered into the market before non-client and proprietary orders, when they are received at the same time.*~~ ~~• *Participants must train employees to handle particular trading situations that arise, such as, client orders spread over the day, and trading along with client orders.*~~ ~~***Post-Trade Monitoring Procedures***~~ ~~• *All brokers' trading must be monitored as required by Rule 7.1.*~~ ~~• *Complaints from clients and Registered Representatives concerning potential violations of the rule must be documented and followed-up.*~~ ~~• *All traders' personal accounts and those related to them, must be monitored daily to ensure no apparent violations of client priority occurred.*~~

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	• ~~*At least once a month, a sample of proprietary inventory trades must be compared with contemporaneous client orders.*~~ • ~~*In reviewing proprietary inventory trades, Participants must address both client orders entered into order management systems and manually handled orders, such as those from institutional clients.*~~ • ~~*The review of proprietary inventory trades must be of a sample size that sufficiently reflects the trading activity of the Participant.*~~ • ~~*Potential problems found during these reviews must be examined to determine if an actual violation of Rule 5.3 or 5.1 occurred. The Participant must retain documentation of these potential problems and examinations.*~~ • ~~*When a violation is found, the Participant must take the necessary steps to correct the problem.*~~ ~~***Documentation***~~ • ~~*The procedures must specify who will conduct the monitoring.*~~ • ~~*The procedures must specify what information sources will be used.*~~ • ~~*The procedures must specify who will receive reports of the results.*~~ • ~~*Records of these reviews must be maintained for five years.*~~ • ~~*The Participant must annually review its procedures.*~~
Part 5 – Specific Procedures Respecting Manipulative and Deceptive Activities and Reporting and Gatekeeper Obligations *Each Participant must develop, implement and maintain a supervision system to ensure that orders entered on a marketplace by or through a Participant are not part of a manipulative or deceptive method, act or practice nor an attempt to create an artificial price or a false or misleading appearance of trading activity or interest in the purchase or sale of a security.* *In particular, the policies and procedures must address:* • *the steps to be taken to monitor the trading activities of:* o *an insider or an associate of an insider* o *part of or an associate of a promotional group or other group with an interest in effecting an artificial price, either for banking and margin purposes, for purposes of effecting a distribution of the securities of the issuer or for any other improper purpose* • *the steps to be taken to monitor the trading activity of any person who has multiple accounts with the Participant including other accounts in which the person has an interest or over which the person has direction or*	***Part 5 – Specific Procedures Respecting Manipulative and Deceptive Activities and Reporting and Gatekeeper Obligations*** ~~*Each Participant must develop and implement compliance procedures that are reasonably well designed to ensure*~~ *Each Participant must develop, implement and maintain a supervision system to ensure that orders entered on a marketplace by or through a Participant are not part of a manipulative or deceptive method, act or practice nor an attempt to create an artificial price or a false or misleading appearance of trading activity or interest in the purchase or sale of a security.* ~~*The minimum compliance procedures for trading supervision in connection with Rule 2.2 and Policy 2.2 are set out in the table to Part 3 of this Policy.*~~ *In particular, the policies and procedures must address:* • *the steps to be* ~~*undertaken to determine whether or not a person entering an order is*~~ *taken to monitor the trading activities of:* ~~o *an insider,*~~ o *an insider or an associate of an insider* ~~*and*~~ o *part of or an associate of a promotional group or other group*

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control • *those circumstances when the Participant is unable to verify certain information (such as the beneficial ownership of the account on behalf of which the order is entered, unless that information is required by applicable regulatory requirements)* • *the fact that orders which are intended to or which affect an artificial price are more likely to appear at the end of a month, quarter or year or on the date of the expiry of options where the underlying interest is a listed security, and* • *the fact that orders which are intended to or which affect an artificial price or a false or misleading appearance of trading activity or investor interest are more likely to involve securities with limited liquidity.* *A Participant will be able to rely on information contained on a "New Client Application Form" or similar know-your-client record maintained in accordance with requirements of securities legislation or a self-regulatory entity provided such information has been reviewed periodically in accordance with such requirements and any additional practices of the Participant.* *While a Participant cannot be expected to know the details of trading activity conducted by a client through another dealer, nonetheless, a Participant that provides advice to a client on the suitability of investments should have an understanding of the financial position and assets of the client and this understanding would include general knowledge of the holdings by the client at other dealers or directly in the name of the client. The supervision system of the Participant should allow the Participant to take into consideration, information which the Participant has collected respecting accounts at other dealers as part of the completion and periodic updating of the "New Client Application Form".* *Each Participant must review a sample of its trading for manipulative and deceptive activities at least on a quarterly basis.*	*with an interest in effecting an artificial price, either for banking and margin purposes, for purposes of effecting a distribution of the securities of the issuer or for any other improper purpose~~;~~* • *the steps to be taken to monitor the trading activity of any person who has multiple accounts with the Participant including other accounts in which the person has an interest or over which the person has direction or control~~;~~* • *those circumstances when the Participant is unable to verify certain information (such as the beneficial ownership of the account on behalf of which the order is entered, unless that information is required by applicable regulatory requirements)~~;~~* • *the fact that orders which are intended to or which ~~effect~~ affect an artificial price are more likely to appear at the end of a month, quarter or year or on the date of the expiry of options where the underlying interest is a listed security~~;~~, and* • *the fact that orders which are intended to or which ~~effect~~ affect an artificial price or a false or misleading appearance of trading activity or investor interest are more likely to involve securities with limited liquidity.* *A Participant will be able to rely on information contained on a "New Client Application Form" or similar know-your-client record maintained in accordance with requirements of securities legislation or a self-regulatory entity provided such information has been reviewed periodically in accordance with such requirements and any additional practices of the Participant.* *While a Participant cannot be expected to know the details of trading activity conducted by a client through another dealer, nonetheless, a Participant that provides advice to a client on the suitability of investments should have an understanding of the financial position and assets of the client and this understanding would include general knowledge of the holdings by the client at other dealers or directly in the name of the client. The supervision system ~~compliance procedures~~ of the Participant should allow the Participant to take into consideration, ~~as part of its compliance monitoring,~~ information which the Participant has collected respecting accounts at other dealers as part of the completion and periodic updating of the "New Client Application Form".* *Each Participant must review a sample of its trading for manipulative and deceptive activities at least on a quarterly basis.*

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Part 6– Specific Provisions Respecting Trade-throughs *Each Participant must develop, implement and maintain a supervision system to ensure that an order:* • *marked as "directed action order" in accordance with Rule 6.2 does not result in a trade-through other than a trade-through permitted under Part 6 of the Trading Rules; or* • *entered on a foreign organized regulated market complies with the conditions in subsection (3) of Rule 6.4.* *Each Access Person must adopt written policies and procedures reasonably designed to detect and prevent an order marked as a "directed action order" in accordance with Rule 6.2 from resulting in a trade-through other than a trade-through permitted under Part 6 of the Trading Rules.* *The policies and procedures must set out the steps or process to be followed by the Participant or Access Person to ensure that the execution of an order does not result in a trade-through. The policies and procedures must specifically address the circumstances when the bypass order marker will be used in conjunction with a "directed action order". These policies and procedures must address the steps which the Participant or Access Person will undertake on a regular basis, which shall not be less than monthly, to test that the policies and procedures are adequate.*	***Part 6– Specific Provisions Respecting Trade-throughs*** *Each Participant must develop, implement and maintain a supervision system ~~Each Participant must adopt written policies and procedures that are adequate, taking in to accountthe business and affairs of the Participant,~~ to ensure that an order:* • *marked as "directed action order" in accordance with Rule 6.2 does not result in a trade-through other than a trade-through permitted under Part 6 of the Trading Rules; or* • *entered on a foreign organized regulated market complies with the conditions in subsection (3) of Rule 6.4.* *Each Access Person must adopt written policies and procedures ~~that are adequate, taking into account the business and affairs of the Access Person, to ensure that~~reasonably designed to detect and prevent an order marked as a "directed action order" in accordance with Rule 6.2 from resulting in a trade-through other than a trade-through permitted under Part 6 of the Trading Rules.* *The policies and procedures must set out the steps or process to be followed by the Participant or Access Person to ensure that the execution of an order does not result in a trade-through. The policies and procedures must specifically address the circumstances when the bypass order marker will be used in conjunction with a "directed action order". These policies and procedures must address the steps which the Participant or Access Person will undertake on a regular basis, which shall not be less than monthly, to test that the policies and procedures are adequate.*

Part 7 – Specific Provisions Applicable to Electronic Access
Trading supervision related to electronic access to marketplaces must be performed by a Participant or Access Person in accordance with a documented system of risk management and supervisory controls, policies and procedures reasonably designed to ensure the management of the financial, regulatory and other risks associated with electronic access to marketplaces.
The risk management and supervisory controls, policies and procedures employed by a Participant or Access Persons must include:
• *automated controls to examine each order before entry on a marketplace to prevent the entry of an order which would result in:*
  o *the Participant or Access Person exceeding pre-determined credit or capital thresholds*
  o *a client of the Participant exceeding pre-determined credit or other limits assigned by the Participant or to that client, or*
  o *the Participant, Access Person or client of the Participant exceeding pre-determined limits on the value or volume of unexecuted orders for a particular security or class of securities*
	Part 7– Specific Provisions Applicable to Electronic Access
	Trading supervision related to electronic access to marketplaces must be performed by a Participant or Access Person in accordance with a documented system of risk management and supervisory controls, policies and procedures reasonably designed to ensure the management of the financial, regulatory and other risks associated with electronic access to marketplaces.
	The risk management and supervisory controls, policies and procedures employed by a Participant or Access Persons must include:
	• *automated controls to examine each order before entry on a marketplace to prevent the entry of an order which would result in:*
	  o *the Participant or Access Person exceeding pre-determined credit or capital thresholds~~,~~*
	  o *a client of the Participant exceeding pre-determined credit or other limits assigned by the Participant or to that client, or*
	  o *the Participant, Access Person or client of the Participant exceeding pre-determined limits on the value or volume of unexecuted orders for a particular security or class of securities~~;~~*

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• *provisions to prevent the entry of an order that is not in compliance with applicable Requirements* • *provision of immediate order and trade information to compliance staff of the Participant or Access Person* • *regular post-trade monitoring for compliance with Requirements.* *A Participant or Access Person is responsible and accountable for all functions that they outsource to a service provider as set out in Part 11 of Companion Policy 31-103CP Registration Requirements and Exemptions.* *Supervisory and compliance monitoring procedures must be designed to detect and prevent account activity that is or may be a violation of Requirements which includes applicable securities legislation, requirements of any self-regulatory organization applicable to the account activity and the rules and policies of any marketplace on which the account activity takes place. These procedures must include "post-order entry" compliance testing enumerated under Part 1 of Policy7.1 to detect orders that are not in compliance with specific rules, and by addressing steps to monitor trading activity, as provided under Part 5 of Policy 7.1, of any person who has multiple accounts, with the Participant and other accounts in which the person has an interest or over which the person has direction or control.*	• *provisions to prevent the entry of an order that is not in compliance with applicable Requirements~~;~~* • *provision of immediate order and trade information to compliance staff of the Participant or Access Person~~;and~~* • *regular post-trade monitoring for compliance with Requirements.* *A Participant or Access Person is responsible and accountable for all functions that they outsource to a service provider as set out in Part 11 of Companion Policy 31-103CP Registration Requirements and Exemptions.* *Supervisory and compliance monitoring procedures must be designed to detect and prevent account activity that is or may be a violation of Requirements which includes applicable securities legislation, requirements of any self-regulatory organization applicable to the account activity and the rules and policies of any marketplace on which the account activity takes place. These procedures must include "post-order entry" compliance testing enumerated under Part 1 of Policy7.1 to detect orders that are not in compliance with specific rules, and by addressing steps to monitor trading activity, as provided under Part 5 of Policy 7.1, of any person who has multiple accounts, with the Participant and other accounts in which the person has an interest or over which the person has direction or control.*
Part 8 – Specific Provisions Applicable to Automated Order Systems *Trading supervision by a Participant or Access Person must be in accordance with a documented system of risk management and supervisory controls, policies and procedures reasonably designed to ensure the management of the financial, regulatory and other risks associated with the use of an automated order system by the Participant, the Access Person or any client of the Participant.* *Each Participant or Access Person must have a level of knowledge and understanding of any automated order system used by the Participant, the Access Person or any client of the Participant that is sufficient to allow the Participant or Access Person to identify and manage the risks associated with the use of the automated order system.* *The Participant or Access Person must ensure that every automated order system used by the Participant, the Access Person or any client of the Participant is tested in accordance with prudent business practices initially before use and at least annually thereafter. A written record must be maintained with sufficient details to demonstrate the testing of the automated order system undertaken by the Participant, Access Person and any third party employed to provide the automated order system or risk management or supervisory controls, policies and procedures.* *The scope of appropriate order and trade parameters, policies and procedures*	***Part 8 – Specific Provisions Applicable to Automated Order Systems*** *Trading supervision by a Participant or Access Person must be in accordance with a documented system of risk management and supervisory controls, policies and procedures reasonably designed to ensure the management of the financial, regulatory and other risks associated with the use of an automated order system by the Participant, the Access Person or any client of the Participant.* *Each Participant or Access Person must have a level of knowledge and understanding of any automated order system used by the Participant, the Access Person or any client of the Participant that is sufficient to allow the Participant or Access Person to identify and manage the risks associated with the use of the automated order system.* *The Participant or Access Person must ensure that every automated order system used by the Participant, the Access Person or any client of the Participant is tested in accordance with prudent business practices initially before use and at least annually thereafter. A written record must be maintained with sufficient details to demonstrate the testing of the automated order system undertaken by the Participant, Access Person and any third party employed to provide the automated order system or risk management or supervisory controls, policies and procedures.* *The scope of appropriate order and trade parameters, policies and procedures*

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should be tailored to the strategy or strategies being pursued by an automatic order system with due consideration to the potential market impact of defining such parameters too broadly and in any event must be set so as not to exceed the limits publicly disclosed by the Market Regulator for the exercise of the power of a Market Integrity Official under Rule 10.9 of UMIR. *The Market Regulator expects the risk management and supervisory controls, policies and procedures to comply with the Electronic Trading Rules and be reasonably designed to prevent the entry of any order that would interfere with fair and orderly markets. This includes adoption of compliance procedures for trading by clients, if applicable, containing detailed guidance on how testing of client orders and trades is to be conducted to ensure that prior to engagement and at least annually thereafter, each automated order system is satisfactorily tested assuming various market conditions. In addition to regular testing of the automated order systems, preventing interference with fair and orderly markets requires development of pre-programmed internal parameters to prevent or "flag" with alerts on a real-time basis, the entry of orders and execution of trades by an automated order system that exceed certain volume, order, price or other limits.* *Each Participant or Access Person must have the ability to immediately override or disable automatically any automated order system and thereby prevent orders generated by the automated order system from being entered on any marketplace.* *Notwithstanding any outsourcing or authorization over of risk management and supervision controls, a Participant or Access Person is responsible for any order entered or any trade executed on a marketplace, including any order or trade resulting from the improper operation or malfunction of the automated order system. This responsibility includes instances in which the malfunction which gave rise to a "runaway" algorithm is attributed to an aspect of the algorithm or automated order system that was not "accessible" to the Participant or Access Person for testing.*	*should be tailored to the strategy or strategies being pursued by an automatic order system with due consideration to the potential market impact of defining such parameters too broadly and in any event must be set so as not to ~~exceed the marketplace thresholds applicable to the marketplace on which the order is entered or would otherwise~~ exceed the limits publicly disclosed by the Market Regulator for the exercise of the power of a Market Integrity Official under Rule 10.9 of UMIR.* *The Market Regulator expects the risk management and supervisory controls, policies and procedures to comply with the Electronic Trading Rules and be reasonably designed to prevent the entry of any order that would interfere with fair and orderly markets. This includes adoption of compliance procedures for trading by clients, if applicable, containing detailed guidance on how testing of client orders and trades is to be conducted to ensure that prior to engagement and at least annually thereafter, each automated order system is satisfactorily tested assuming various market conditions. In addition to regular testing of the automated order systems, preventing interference with fair and orderly markets requires development of pre-programmed internal parameters to prevent or "flag" with alerts on a real-time basis, the entry of orders and execution of trades by an automated order system that exceed certain volume, order, price or other limits.* *Each Participant or Access Person must have the ability to immediately override or disable automatically any automated order system and thereby prevent orders generated by the automated order system from being entered on any marketplace.* *Notwithstanding any outsourcing or authorization over of risk management and supervision controls, a Participant or Access Person is responsible for any order entered or any trade executed on a marketplace, including any order or trade resulting from the improper operation or malfunction of the automated order system. This responsibility includes instances in which the malfunction which gave rise to a "runaway" algorithm is attributed to an aspect of the algorithm or automated order system that was not "accessible" to the Participant or Access Person for testing.*
Part 9 - Specific Provisions Applicable to Direct Electronic Access and Routing Arrangements *Standards for Clients, Investment Dealers and Foreign Dealer Equivalents* *In addition to other trading supervision requirements, a Participant that provides direct electronic access or implements a routing arrangement must establish, maintain and apply reasonable standards for granting direct electronic access or a routing arrangement and assess and document whether each client, investment dealer or foreign dealer equivalent meets the standards established by the Participant for direct electronic access or a routing arrangement. The Market Regulator expects that as part of its initial "screening" process, non-institutional*	***Part 9 - Specific Provisions Applicable to Direct Electronic Access and Routing Arrangements*** *Standards for Clients, Investment Dealers and Foreign Dealer Equivalents* *In addition to ~~the~~other trading supervision requirements ~~in Parts 1, 2, 3, 5, 7 and 8~~, a Participant that provides direct electronic access or implements a routing arrangement must establish, maintain and apply reasonable standards for granting direct electronic access or a routing arrangement and assess and document whether each client, investment dealer or foreign dealer equivalent meets the standards established by the Participant for direct electronic access or a routing arrangement. The Market Regulator expects that as part of its initial*

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investors will be precluded from qualifying for direct electronic access except in exceptional circumstances generally limited to sophisticated former traders and floor brokers or a person or company having assets under administration with a value approaching that of an institutional investor that has access to and knowledge regarding the necessary technology to use direct electronic access. The Participant offering direct electronic access or a routing arrangement must establish sufficiently stringent standards for each client granted direct electronic access or each investment dealer or foreign dealer equivalent under a routing arrangement to ensure that the Participant is not exposed to undue risk and in particular, in the case of a non-institutional client the standards must be set higher than for institutional investors. *The Participant is further required to confirm with the client granted direct electronic access or an investment dealer or foreign dealer equivalent in a routing arrangement, at least annually, that the client, investment dealer or foreign dealer equivalent continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by a client, investment dealer or foreign dealer equivalent continues to maintain appropriate safeguards.* *Breaches by Clients with Direct Electronic Access or by Investment Dealers or Foreign Dealer Equivalents in a Routing Arrangement* *A Participant that has granted direct electronic access to a client or entered into a routing arrangement with an investment dealer or foreign dealer equivalent must further monitor orders entered by the client, investment dealer or foreign dealer equivalent to identify whether the client, investment dealer or foreign dealer equivalent may have:* • *breached any standard established by the Participant for the granting of direct electronic access or a routing arrangement;* • *breached the terms of the written agreement regarding the direct electronic access or the routing arrangement;* • *improperly granted or provided its access under direct electronic access or a routing arrangement to another person;* • *engaged in unauthorized trading on behalf of the account of another person; or* • *failed to ensure that its client's orders are transmitted through the systems of the client, or Participant, investment dealer or foreign dealer equivalent (which include proprietary systems or systems that are provided by a third party) before being entered on a marketplace.* *Identifying Originating Investment Dealer or Foreign Dealer Equivalent*	*"screening" process, non-institutional investors will be precluded from qualifying for direct electronic access except in exceptional circumstances generally limited to sophisticated former traders and floor brokers or a person or company having assets under administration with a value approaching that of an institutional investor that has access to and knowledge regarding the necessary technology to use direct electronic access. The Participant offering direct electronic access or a routing arrangement must establish sufficiently stringent standards for each client granted direct electronic access or each investment dealer or foreign dealer equivalent under a routing arrangement to ensure that the Participant is not exposed to undue risk and in particular, in the case of a non-institutional client the standards must be set higher than for institutional investors.* *The Participant is further required to confirm with the client granted direct electronic access or an investment dealer or foreign dealer equivalent in a routing arrangement, at least annually, that the client, investment dealer or foreign dealer equivalent continues to meet the standards established by the Participant including to ensure that any modification to a previously "approved" automated order system in use by a client, investment dealer or foreign dealer equivalent continues to maintain appropriate safeguards.* *Breaches by Clients with Direct Electronic Access or by Investment Dealers or Foreign Dealer Equivalents in a Routing Arrangement* *A Participant that has granted direct electronic access to a client or entered into a routing arrangement with an investment dealer or foreign dealer equivalent must further monitor orders entered by the client, investment dealer or foreign dealer equivalent to identify whether the client, investment dealer or foreign dealer equivalent may have:* • *breached any standard established by the Participant for the granting of direct electronic access or a routing arrangement;* • *breached the terms of the written agreement regarding the direct electronic access or the routing arrangement;* • *improperly granted or provided its access under direct electronic access or a routing arrangement to another person;* • *engaged in unauthorized trading on behalf of the account of another person; or* • *failed to ensure that its client's orders are transmitted through the systems of the client, or Participant, investment dealer or foreign dealer equivalent (which include proprietary systems or systems that are provided by a third party) before being entered on a marketplace.* *Identifying Originating Investment Dealer or Foreign Dealer Equivalent*

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In relation to the assignment of a unique identifier to an investment dealer or foreign dealer equivalent in a routing arrangement, if orders are routed through multiple investment dealers or foreign dealer equivalents, the executing Participant is responsible for properly identifying the originating investment dealer or foreign dealer equivalent and must establish and maintain adequate policies and procedures to assure that orders routed by an investment dealer or foreign dealer equivalent to the executing Participant containing the Participant's identifier are also marked with all identifiers and designations relevant to the order as required under Rule 6.2 of UMIR on the entry of the order to a marketplace. *Identifying Clients with Direct Electronic Access* *In relation to the assignment of a unique identifier to a client that is granted direct electronic access, the Participant must establish and maintain adequate policies and procedures to assure that orders routed by the client to the executing Participant containing the Participant's identifier are marked with all identifiers and designations relevant to the order as required under Rule 6.2 of UMIR on the entry of the order to a marketplace.*	*In relation to the assignment of a unique identifier to an investment dealer or foreign dealer equivalent in a routing arrangement, if orders are routed through multiple investment dealers or foreign dealer equivalents, the executing Participant is responsible for properly identifying the originating investment dealer or foreign dealer equivalent and must establish and maintain adequate policies and procedures to assure that orders routed by an investment dealer or foreign dealer equivalent to the executing Participant containing the Participant's identifier are also marked with all identifiers and designations relevant to the order as required under Rule 6.2 of UMIR on the entry of the order to a marketplace.* *Identifying Clients with Direct Electronic Access* *In relation to the assignment of a unique identifier to a client that is granted direct electronic access, the Participant must establish and maintain adequate policies and procedures to assure that orders routed by the client to the executing Participant containing the Participant's identifier are marked with all identifiers and designations relevant to the order as required under Rule 6.2 of UMIR on the entry of the order to a marketplace.*
Part 10 – Specific Procedures Respecting Audit Trail and Record Retention Requirements *Each Participant must develop, implement and maintain a supervision system to ensure that an accurate and complete audit trail of orders and trades under Rule 10.11 and Rule 10.12 is recorded and maintained.* *At a minimum, policies and procedures regarding audit trail requirements must ensure the accurate recording of the following information for each order and trade as applicable:* • *date and time of entry, amendment, cancellation, execution and* • *expiration* • *quantity* • *buy, sell or short-sale marker* • *market or limit order marker* • *price (if limit order)* • *security name or symbol* • *identity of order recipient or trader* • *client name or account number and special client instructions* • *client consent* • *applicable designations and identifiers under Rule 6.2 (identifier would* • *allow compliance and regulators to track the history of the order, from*	***Part 10 – Specific Procedures Respecting Audit Trail and Record Retention Requirements*** *Each Participant must develop, implement and maintain a supervision system to ensure that an accurate and complete audit trail of orders and trades under Rule 10.11 and Rule 10.12 is recorded and maintained.* *At a minimum, policies and procedures regarding audit trail requirements must ensure the accurate recording of the following information for each order and trade as applicable:* • *date and time of entry, amendment, cancellation, execution and* • *expiration* • *quantity* • *buy, sell or short-sale marker* • *market or limit order marker* • *price (if limit order)* • *security name or symbol* • *identity of order recipient or trader* • *client name or account number and special client instructions* • *client consent* • *applicable designations and identifiers under Rule 6.2 (identifier would* • *allow compliance and regulators to track the history of the order, from*

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• *time of order entry to execution or expiration)* • *for CFOd orders, subsequent time of entry and quantity or price changes.* *Sample sets must be randomly selected to proportionately cover orders and trades related to all lines of business of a Participant. Reviews for compliance with Audit Trail Requirements must be carried out at least on a quarterly basis and reviews for compliance with Record Retention Requirements must be carried out at least annually.*	• *time of order entry to execution or expiration)* • *for CFOd orders, subsequent time of entry and quantity or price changes.* *Sample sets must be randomly selected to proportionately cover orders and trades related to all lines of business of a Participant. Reviews for compliance with Audit Trail Requirements must be carried out at least on a quarterly basis and reviews for compliance with Record Retention Requirements must be carried out at least annually.*
Part 11– Specific Procedures Respecting Order Handling *Each Participant must develop, implement and maintain a supervision system to ensure that its trading does not violate order exposure requirements under Rule 6.3 or client priority requirements under Rule 8.1. Reviews for compliance with these provisions must at a minimum include:* • *verifying that client orders of 50 standard trading units or less are not withheld from the market without a valid exemption from order exposure rule* • *reviewing client-principal trades of 50 standard trading units or less with a trade value of $ 100,000 or less for compliance with client-principal rules.* *Each Participant must review the order entry and trading described above at least quarterly.*	***Part 11– Specific Procedures Respecting Order Handling*** *Each Participant must develop, implement and maintain a supervision system to ensure that its trading does not violate order exposure requirements under Rule 6.3 or client priority requirements under Rule 8.1. Reviews for compliance with these provisions must at a minimum include:* • *verifying that client orders of 50 standard trading units or less are not withheld from the market without a valid exemption from order exposure rule* • *reviewing client-principal trades of 50 standard trading units or less with a trade value of $ 100,000 or less for compliance with client-principal rules.* *Each Participant must review the order entry and trading described above at least quarterly.*
Part 12 – Specific Provisions Respecting Grey List and Restricted Securities *Each Participant must develop, implement and maintain a supervision system to review securities:* • *about which a Participant may have non-public information (e.g. Grey or Watch list)* • *subject to trading restrictions with respect to Rule 7.7 or any other Requirement (e.g. Restricted List)* • *trading outside Canada during regulatory halts, delays and suspensions (e.g.CTO halts).* *Policies and procedures designed to monitor trading around Grey and Restricted list securities must consider:* • *insider trading requirements under subsection 76.(1) of Securities Act (Ontario) and similar provisions that prohibit a person or company in a special relationship with a reporting issuer from purchasing or selling such securities with knowledge of a material change that has not been generally disclosed* • *OSC Policy 33-601- Guidelines for Policies and Procedures Concerning Insider Information.* *Each Participant must review the trading described above on a daily basis.*	***Part 12 – Specific Provisions Respecting Grey List and Restricted Securities*** *Each Participant must develop, implement and maintain a supervision system to review securities:* • *about which a Participant may have non-public information (e.g. Grey or Watch list)* • *subject to trading restrictions with respect to Rule 7.7 or any other Requirement (e.g. Restricted List)* • *trading outside Canada during regulatory halts, delays and suspensions (e.g.CTO halts).* *Policies and procedures designed to monitor trading around Grey and Restricted list securities must consider:* • *insider trading requirements under subsection 76.(1) of Securities Act (Ontario) and similar provisions that prohibit a person or company in a special relationship with a reporting issuer from purchasing or selling such securities with knowledge of a material change that has not been generally disclosed* • *OSC Policy 33-601- Guidelines for Policies and Procedures Concerning*

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	Insider Information. *Each Participant must review the trading described above on a daily basis.*
Part 13 – Specific Provisions Respecting Client Disclosures *Each Participant must develop, implement and maintain a supervision system to verify that appropriate trade disclosures are made on client confirmations. To comply with IIROC rules, such disclosures must include:* • *the quantity and description of the security purchased or sold* • *whether or not the person or company that executed the trade acted as principal or agent* • *the consideration of the trade (may include average price of the security traded)* • *the related issuers of the security traded* • *the date of the trade and name of the marketplace on which the transaction took place (if applicable, Participants may use a general statement that the transaction took place on more than one marketplace or over more than one day)* • *the name of the salesperson responsible for the transaction* • *the settlement date of the trade.* *Each Participant must review a sample of trade confirmations at least on a quarterly basis.*	***Part 13 – Specific Provisions Respecting Client Disclosures*** *Each Participant must develop, implement and maintain a supervision system to verify that appropriate trade disclosures are made on client confirmations. To comply with IIROC rules, such disclosures must include:* • *the quantity and description of the security purchased or sold* • *whether or not the person or company that executed the trade acted as principal or agent* • *the consideration of the trade (may include average price of the security traded)* • *the related issuers of the security traded* • *the date of the trade and name of the marketplace on which the transaction took place (if applicable, Participants may use a general statement that the transaction took place on more than one marketplace or over more than one day)* • *the name of the salesperson responsible for the transaction* • *the settlement date of the trade.* *Each Participant must review a sample of trade confirmations at least on a quarterly basis.*
Part 14 - Specific Provisions Applicable to Normal Course Issuer Bids ("NCIBs") and Sales from Control Blocks *Each Participant must develop, implement and maintain a supervision system to review NCIB- related trading to ensure:* • *maximum daily and annual stock purchase limits are observed* • *purchases for NCIBs do not occur while a sale from control for the same security is in effect* • *NCIB purchases are not made on upticks* • *NCIB trade reporting to Exchange (if the firm reports on behalf of issuer).* *Each Participant must review trading related to NCIBs described above at least quarterly.* *Policies and procedures must also be designed to review trading related to sales from control blocks. Such reviews must be carried out as when determined*	***Part 14 - Specific Provisions Applicable to Normal Course Issuer Bids ("NCIBs") and Sales from Control Blocks*** *Each Participant must develop, implement and maintain a supervision system to review NCIB- related trading to ensure:* • *maximum daily and annual stock purchase limits are observed* • *purchases for NCIBs do not occur while a sale from control for the same security is in effect* • *NCIB purchases are not made on upticks* • *NCIB trade reporting to Exchange (if the firm reports on behalf of issuer).* *Each Participant must review trading related to NCIBs described above at least quarterly.* *Policies and procedures must also be designed to review trading related to sales from control blocks. Such reviews must be carried out as when determined*

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necessary by the Participant and must include: • *reviewing all known sales from control blocks to ensure regulatory requirements have been met* • *sampling of large trades to determine if they are undisclosed sales from a control block.*	*necessary by the Participant and must include:* • *reviewing all known sales from control blocks to ensure regulatory requirements have been met* • *sampling of large trades to determine if they are undisclosed sales from a control block.*
7.13 Direct Electronic Access and Routing Arrangements (3) The written agreement entered into by a Participant under subsection (1) with the client, investment dealer or foreign dealer equivalent must provide that: (a) in the case of an agreement for direct electronic access or a routing arrangement: (i) the trading activity of the client, investment dealer or foreign dealer equivalent will comply with: (A) all Requirements, and (B) the product limits or credit or other financial limits specified by the Participant; (ii) the client, investment dealer or foreign dealer equivalent will maintain all technology facilitating direct electronic access or a routing arrangement in a secure manner and will not permit any person to transmit an order using the direct electronic access or the routing arrangement other than the personnel authorized by the client and named under the provision of the agreement referred to in sub-clause (b)(i), or personnel authorized by the investment dealer or foreign dealer equivalent; (iii) the client, investment dealer or foreign dealer equivalent will fully co-operate with the Participant in connection with any investigation or proceeding by any marketplace or the Market Regulator with respect to trading conducted pursuant to direct electronic access or a routing arrangement, including upon request by the Participant, providing access to information to the marketplace or Market Regulator that is necessary for the purposes of the investigation or proceeding;	**7.13 Direct Electronic Access and Routing Arrangements** (3) The written agreement entered into by a Participant under subsection (1) with the client, investment dealer or foreign dealer equivalent must provide that: (a) in the case of an agreement for direct electronic access or a routing arrangement: (i) the trading activity of the client, investment dealer or foreign dealer equivalent will comply with: (A) all Requirements, and (B) the product limits or credit or other financial limits specified by the Participant; (ii) the client, investment dealer or foreign dealer equivalent will maintain all technology facilitating direct electronic access or a routing arrangement in a secure manner and will not permit any person to transmit an order using the direct electronic access or the routing arrangement other than the personnel authorized by the client and named under the provision of the agreement referred to in sub-clause (b)(i), or personnel authorized by the investment dealer or foreign dealer equivalent; (iii) the client, investment dealer or foreign dealer equivalent will fully co-operate with the Participant in connection with any investigation or proceeding by any marketplace or the Market Regulator with respect to trading conducted pursuant to direct electronic access or a routing arrangement, including upon request by the Participant, providing access to information to the marketplace or Market Regulator that is necessary for the purposes of the investigation or proceeding;

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(iv) the Participant is authorized, without prior notice, to: (A) reject any order, (B) vary or correct any order entered on a marketplace to comply with Requirements, (C) cancel any order entered on a marketplace, or (D) discontinue accepting orders, from the client, investment dealer or foreign dealer equivalent;	(iv) the Participant is authorized, without prior notice, to: (A) reject any order, (B) vary or correct any order entered on a marketplace to comply with Requirements, (C) cancel any order entered on a marketplace, or (D) discontinue accepting orders, from the client, investment dealer or foreign dealer equivalent;
(v) the client, investment dealer or foreign dealer equivalent will immediately inform the Participant if the client, investment dealer or foreign dealer equivalent fails or expects not to meet the standards set by the Participant; and	(v) the client, investment dealer or foreign dealer equivalent will immediately inform the Participant if the client, investment dealer or foreign dealer equivalent fails or expects not to meet the standards set by the Participant; and
(b) in the case of an agreement for direct electronic access:	(b) in the case of an agreement for direct electronic access:
(i) the client will immediately notify the Participant in writing of: (A) the names of the personnel of the client authorized by the client to enter an order using direct electronic access, and (B) details of any change to the information in sub-clause (A);	(i) the client will immediately notify the Participant in writing of: (A) the names of the personnel of the client authorized by the client to enter an order using direct electronic access, and (B) details of any change to the information in sub-clause (A);
(ii) the client may not trade for the account of any other person unless the client is: (A) registered or exempted from registration as an adviser under securities legislation, or (B) a person conducting business in a foreign jurisdiction in a manner analogous to an adviser and that is subject to the regulatory jurisdiction of a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding in that foreign jurisdiction and the order is for or on behalf of a person who is itself a client of the client acting in the capacity of adviser for that person;	(ii) the client may not trade for the account of any other person unless the client is: (A) registered or exempted from registration as an adviser under securities legislation, or (B) a person conducting business in a foreign jurisdiction in a manner analogous to an adviser and that is subject to the regulatory jurisdiction of a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding in that foreign jurisdiction and the order is for or on behalf of a person who is itself a client of the client acting in the capacity of adviser for that person;
(iii) if the client trades for the account of any other person in accordance with sub-clause (ii), the client	(iii) if the client trades for the account of any other person in accordance with sub-clause (ii), the client must:

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must: (A) ensure that the orders for the other person are transmitted through the systems of the client before being entered on a marketplace, and (B) ensure that the orders for the other person are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client; (iv) the Participant shall provide to the client, in a timely manner, any relevant amendments or changes to: (A) applicable Requirements, and (B) the standards established by the Participant under subsection (1); and (c) in the case of a routing arrangement agreement, the investment dealer or foreign dealer equivalent will not allow any order entered electronically by a client of the investment dealer or foreign dealer equivalent to be entered directly to a marketplace unless: (i) the client's order is transmitted through the systems of the investment dealer or foreign dealer equivalent, prior to being transmitted through the systems of the Participant for automatic onward transmission to a marketplace or transmitted directly to a marketplace without being electronically transmitted through the system of the Participant, and (ii) the client's order is subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the investment dealer or foreign dealer equivalent.	(A) ensure that the orders for the other person are transmitted through the systems of the client before being entered on a marketplace, and (B) ensure that the orders for the other person are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client; (iv) the Participant shall provide to the client, in a timely manner, any relevant amendments or changes to: (A) applicable Requirements, and (B) the standards established by the Participant under subsection (1); and (c) in the case of a routing arrangement agreement, the investment dealer or foreign dealer equivalent will not allow any order entered electronically by a client of the investment dealer or foreign dealer equivalent to be entered directly to a marketplace unless: ~~without being electronically transmitted through the systems of the Participant or the system of the investment dealer or foreign dealer equivalent.~~ (i) the client's order is transmitted through the systems of the investment dealer or foreign dealer equivalent, prior to being transmitted through the systems of the Participant for automatic onward transmission to a marketplace or transmitted directly to a marketplace without being electronically transmitted through the system of the Participant, and (ii) the client's order is subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the investment dealer or foreign dealer equivalent.