



Appendix A - Text of Provisions Respecting Dark Liquidity

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by:

(a) deleting the definition of “better price” and substituting the following:

“better price” means, in respect of each trade resulting from an order for a particular security:

- (a) in the case of a purchase, a price that is at least one trading increment lower than the best ask price at the time of the entry of the order to a marketplace provided that, if the best bid price is one trading increment lower than the best ask price, the price shall be at least one-half of one trading increment lower; and
- (b) in the case of a sale, a price that is at least one trading increment higher than the best bid price at the time of the entry of the order to a marketplace provided that, if the best ask price is one trading increment higher than the best bid price, the price shall be at least one-half of one trading increment higher.

(b) adding the following definition of “Dark Order”:

“Dark Order” means:

- (a) an order no portion of which is displayed on entry on a marketplace in a consolidated market display; or
- (b) that portion of an order which on entry to a marketplace is not displayed in a consolidated market display if that portion may trade at a price other than the price displayed by that portion of the order included in the consolidated market display

but does not include an order entered on a marketplace as:

- (c) part of an intentional cross;
- (d) a market order that is immediately executed in full on one or more marketplaces at the time of entry;
- (e) a limit order that is immediately executed in full on one or more marketplaces at the time of entry;
- (f) a Basis Order;



- (g) a Call Market Order if that Call Market Order may only trade with other Call Market Orders and the matching of Call Market Orders occurs less frequently than once every minute;
- (h) a Closing Price Order;
- (i) a Market-on-Close Order;
- (j) an Opening Order; or
- (k) a Volume-Weighted Average Price Order.

2. Rule 6.1 is amended by adding the following as subsection (3):

- (3) Notwithstanding subsection (1), an intentional cross may be entered on a marketplace at a price which is a fraction of a trading increment provided the execution price is a better price for both the order to purchase and the order to sell.

3. Rule 6.3 is amended by:

- (a) inserting in subsection (1) the phrase “for display” immediately following the word “enter”;
- (b) inserting in clause (e) of subsection (1) the phrase “on a marketplace” immediately following the word “order”); and
- (c) inserting in subsection (2) the phrase “on a marketplace” immediately before the word “based”.

4. Part 6 is amended by adding the following as Rule 6.5:

Minimum Size Requirements of Certain Orders Entered on a Marketplace

A Participant or Access Person shall not enter an order for the purchase or sale of a security on a marketplace if:

- (a) the order is a Dark Order and the order does not exceed the number of units as designated from time to time by the Market Regulator for the purposes of this clause; or
- (b) less than one standard trading unit of the order or such greater number of units as designated from time to time by the Market Regulator for the purposes of this clause will be displayed in a consolidated market display



on the entry of the order on the marketplace and at any time prior to the full execution of the order.

5. Part 6 is amended by adding the following as Rule 6.6:

Provision of Price Improvement by a Dark Order

- (1) If a Participant or Access Person enters an order on a marketplace for the purchase or sale of a security that order may execute with a Dark Order provided the order entered by the Participant or Access Person is executed:
 - (a) at a better price;
 - (b) in the case of a purchase, at the best ask price if:
 - (i) the order on entry to the marketplace is for more than 50 standard trading units or has a value of more than \$100,000, and
 - (ii) on the execution of the trade with the Dark Order, no orders for the sale of the security included in the calculation of the best ask price are displayed on that marketplace at that best ask price; or
 - (c) in the case of a sale, at the best bid price if:
 - (i) the order on entry to the marketplace is for more than 50 standard trading units or has a value of more than \$100,000, and
 - (ii) on the execution of the trade with the Dark Order, no orders for the purchase of the security included in the calculation of the best bid price are displayed on that marketplace at that best bid price.
- (2) Subsection (1) does not apply if the order entered by the Participant or Access Person is:
 - (a) a Basis Order;
 - (b) a Call Market Order;
 - (c) a Closing Price Order;
 - (d) a Market-on-Close Order;
 - (e) an Opening Order; or



(f) a Volume-Weighted Average Price Order.

6. Part 7 is amended by adding the following as Rule 7.12:

Inability to Rely on Marketplace Functionality

A Participant or Access Person shall not enter an order on a particular marketplace if the Participant or Access Person knows or ought reasonably to know that the handling of the order by the marketplace and the trading systems of the marketplace may result in the display of the order or the execution of the order not being in compliance with any of the applicable requirements of UMIR.

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. Part 1 of Policy 6.1 is deleted and the following substituted:

Part 1 – Execution Price of Orders

An order may execute at such price increment as established by the marketplace for the execution of such orders and the marketplace shall report the execution price to the information processor and information vendor provided, if required by the information processor or information vendor, the marketplace shall report the price at which the trade was executed as the nearest trading increment and if the price results in one-half of a trading increment the price shall be rounded up to the next trading increment.