



Appendix B - Text of UMIR to Reflect Amendments

Text of UMIR Provisions Following Adoption of Amendments	Text of UMIR Provisions Market To Reflect Adoption of Amendments
<p>1.1 Definitions</p> <p>“best ask price” means the lowest price of an order on any protected marketplace as displayed in a consolidated market display to sell a particular security, but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>	<p>1.1 Definitions</p> <p>“best ask price” means the lowest price of an order on any <u>protected</u> marketplace as displayed in a consolidated market display to sell a particular security, but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>
<p>1.1 Definitions</p> <p>“best bid price” means the highest price of an order on any protected marketplace as displayed in a consolidated market display to buy a particular security, but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>	<p>1.1 Definitions</p> <p>“best bid price” means the highest price of an order on any <u>protected</u> marketplace as displayed in a consolidated market display to buy a particular security, but does not include the price of any order that is a Basis Order, Call Market Order, Closing Price Order, Market-on-Close Order, Opening Order, Special Terms Order or Volume-Weighted Average Price Order.</p>
<p>1.1 Definitions</p> <p>“bypass order” means an order that is:</p> <ul style="list-style-type: none"> (a) part of a designated trade; or (b) to satisfy an obligation to fill an order imposed on a Participant or Access Person by any provision of UMIR or a Policy <p>and that is entered on:</p> <ul style="list-style-type: none"> (c) a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order; or (d) a marketplace that is not a protected marketplace but that displays orders in a consolidated market display, to execute as against the displayed orders on that marketplace that would have been included in the disclosed volume if that marketplace had been a protected marketplace. 	<p>1.1 Definitions</p> <p>“bypass order” means an order that is:</p> <ul style="list-style-type: none"> (a) part of a designated trade; or (b) to satisfy an obligation to fill an order imposed on a Participant or Access Person by any provision of UMIR or a Policy <p>and that is entered on:</p> <ul style="list-style-type: none"> (c) a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order; <u>or</u> (d) <u>a marketplace that is not a protected marketplace but that displays orders in a consolidated market display, to execute as against the displayed orders on that marketplace that would have been included in the disclosed volume if that marketplace had been a protected marketplace.</u>
<p>1.1 Definitions</p> <p>“protected marketplace” means a marketplace that displays “protected orders” as defined under the Trading Rules.</p>	<p>1.1 Definitions</p> <p>“protected marketplace” means a marketplace that</p> <ul style="list-style-type: none"> (a) disseminates order data in real time and electronically to the information processor or one or more information vendors in accordance with the Marketplace Operation Instrument; (b) permits dealers to have access to trading in the capacity as agent; (c) provides fully automated electronic order entry; and (d) provides fully automated order matching and trade execution <p><u>displays “protected orders” as defined under the Trading Rules.</u></p>



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<p>1.2 Interpretation</p> <p>(5) For the purposes of determining the price at which a security is trading for the purposes of the definition of a “standard trading unit”, the price shall be the last sale price of the particular security on the immediately preceding trading day on the Exchange on which the security is listed or the QTRS on which the security is quoted.</p>	<p>1.2 Interpretation</p> <p>(5) For the purposes of determining the price at which a security is trading for the purposes of the definition of a “standard trading unit”, the price shall be the last sale price of the particular security on the immediately preceding trading day <u>on the Exchange on which the security is listed or the QTRS on which the security is quoted.</u></p>
<p>1.2 Interpretation</p> <p>(8) For the purposes of determining the “best ask price” or the “best bid price” at any particular time reference is made to orders contained in a consolidated market display for a protected marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been:</p> <p>(a) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or</p> <p>(b) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.</p>	<p>1.2 Interpretation</p> <p>(8) For the purposes of determining the “best ask price” or the “best bid price” at any particular time reference is made to orders contained in a consolidated market display for a <u>protected</u> marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been:</p> <p>(a) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or</p> <p>(b) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace</p>
<p>10.9 Power of Market Integrity Officials</p> <p>(1) A Market Integrity Official may, in governing trading in securities on the marketplace:</p> <p>...</p> <p>(g) require the Participant or Access Person to satisfy any order included in the disclosed volume if the trade by the Participant or Access Person failed to comply with requirements of section 6.4 of the Trading Rules;</p> <p>...</p>	<p>10.9 Power of Market Integrity Officials</p> <p>(1) A Market Integrity Official may, in governing trading in securities on the marketplace:</p> <p>...</p> <p>(g) require the Participant <u>or Access Person</u> to satisfy <u>any order included in the disclosed volume if the trade by the Participant or Access Person failed to comply with requirements of section 6.4 of the Trading Rules</u>the better bid or offer up to the disclosed volume if the trade failed to comply with the requirements of Part 5;</p> <p>...</p>
<p>Policy 2.1 – Just and Equitable Principles</p> <p>Part 2 – Executing a Pre-arranged Trade or Intentional Cross</p> <p>....</p> <p>A Participant or Access Person intending to execute a pre-arranged trade or an intentional cross is expected to take reasonable steps, prior to or on the execution of the pre-arranged trade or intentional cross to ensure that any “better-priced” order on any protected marketplace is filled.</p> <p>....</p> <p>If the price at which the pre-arranged trade or the intentional cross is to be made:</p> <ul style="list-style-type: none"> will not be less than the lesser of 95% of the best bid price and the best bid price less 10 trading increments; and will not be more than the greater of 105% of the best ask price and the best ask price plus 10 trading increments, 	<p>Policy 2.1 – Just and Equitable Principles</p> <p>Part 2 – Executing a Pre-arranged Trade or Intentional Cross</p> <p>....</p> <p>A Participant or Access Person intending to execute a pre-arranged trade or an intentional cross is expected to take reasonable steps, in accordance with the “best price” obligations under Rule 5.2; prior to or on the execution of the pre-arranged trade or intentional cross to ensure that any “better-priced” order on any protected marketplace is filled.</p> <p>....</p> <p>If the price at which the pre-arranged trade or the intentional cross is to be made:</p> <ul style="list-style-type: none"> will not be less than the lesser of 95% of the best bid price and the best bid price less 10 trading increments; and will not be more than the greater of 105% of the best ask price and the best ask price plus 10 trading



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<p>the orders will be considered to be part of a “designated trade” and on entry may be marked as a “bypass order”. As a designated trade, the trade may execute on a marketplace if:</p> <ul style="list-style-type: none"> • better-priced orders displayed on the marketplace on which the designated trade is entered are filled prior to the execution of the designated trade; and • the Participant or Access Person enters orders on each protected marketplace with a sufficient volume and at a price to fill better-priced orders included in the disclosed volume of that protected marketplace concurrent with, or immediately following the execution of the designated trade. <p>....</p>	<p>increments,</p> <p>the orders will be considered to be part of a “designated trade” and on entry may be marked as a “bypass order”. As a designated trade, the trade may execute on a marketplace if:</p> <ul style="list-style-type: none"> • better-priced orders included in the disclosed volume displayed on the marketplace on which the designated trade is entered are filled prior to the execution of the designated trade; and • subject to any qualification of the “best price” obligation in accordance with Part 1 of Policy 5.2; the Participant or Access Person enters orders on each protected marketplace with a sufficient volume and at a price to fill better-priced orders included in the disclosed volume of that protected marketplace concurrent with, or immediately following the execution of the designated trade. <p>....</p>
<p>Policy 5.3 – Client Priority Part 4 – Client Consent</p> <p>If the client order is part of a pre-arranged trade that is to be completed at a price below the best bid price or above the best ask price as indicated on a consolidated market display, the Participant will be under an obligation to ensure that “better-priced” orders on a protected marketplace are filled prior to the execution of the client order.</p>	<p>Policy 5.3 – Client Priority Part 4 – Client Consent</p> <p>If the client order is part of a pre-arranged trade that is to be completed at a price below the best bid price or above the best ask price as indicated on a consolidated market display, the Participant will be under an obligation to ensure that “better-priced” orders on a <u>protected</u> marketplace are filled prior to the execution of the client order.</p>
<p>Policy 8.1 – Client-Principal Trading Part 3 - Factors in Determining “Best Available Price”</p> <p>The price of the principal transaction must also be justified by prevailing market conditions. Participants should consider such factors as:</p> <ul style="list-style-type: none"> • prices and volumes of the last sale and previous trades; • direction of the market for the security; • posted size on the bid and offer; • the size of the spread; and • liquidity of the security. <p>For example, if the market is \$10 bid and \$10.50 asked and a client wants to sell 1,000 shares, it would be inappropriate for a Participant to do a principal trade at \$10.05 if the security has been trading heavily at \$10.50 and there is strong bidding for the security at \$10 compared to the number of securities being offered at \$10.50. The condition of the market suggests that the client should be able to sell at a better price than \$10.05. Accordingly, the Participant as agent for the client should post an offer at \$10.45 or even \$10.50, depending on the circumstances. The desire of the client to obtain a fill quickly is always a consideration.</p> <p>In determining the “best available price”, Participants should consider the price and size of orders displayed on marketplaces other than protected marketplaces if such information is available</p>	<p>Policy 8.1 – Client-Principal Trading Part 3 - Factors in Determining “Best Available Price”</p> <p>The price of the principal transaction must also be justified by prevailing market conditions. Participants should consider such factors as:</p> <ul style="list-style-type: none"> • prices and volumes of the last sale and previous trades; • direction of the market for the security; • posted size on the bid and offer; • the size of the spread; and • liquidity of the security. <p>For example, if the market is \$10 bid and \$10.50 asked and a client wants to sell 1,000 shares, it would be inappropriate for a Participant to do a principal trade at \$10.05 if the security has been trading heavily at \$10.50 and there is strong bidding for the security at \$10 compared to the number of securities being offered at \$10.50. The condition of the market suggests that the client should be able to sell at a better price than \$10.05. Accordingly, the Participant as agent for the client should post an offer at \$10.45 or even \$10.50, depending on the circumstances. The desire of the client to obtain a fill quickly is always a consideration.</p> <p><u>In determining the “best available price”, Participants should consider the price and size of orders displayed on marketplaces other than protected marketplaces if such information is available</u></p>



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<p>or known to the Participant. Specifically, we expect an employee of a Participant to use all order price information that is available or known to that employee when determining the “best available price”. For example, an employee that has access to price information from both protected and unprotected marketplaces would be in compliance with the requirement to determine the “best available price” only if all price information from both protected and unprotected marketplaces was considered when executing a principal or non-client order with a client order.</p> <p>However, a Participant will be considered not to have complied with Rule 8.1 if an employee executes a principal or non-client order with a client order at a better price which is inferior to the price that would have been available to the client on a displayed marketplace that is not a protected marketplace and the employee executes, in whole or in part, with the order displayed on the marketplace that is not a protected marketplace.</p> <p>Of course, if a client expressly consents to a principal trade on a fully-informed basis, following the client’s instructions will be reasonable.</p>	<p><u>or known to the Participant. Specifically, we expect an employee of a Participant to use all order price information that is available or known to that employee when determining the “best available price”. For example, an employee that has access to price information from both protected and unprotected marketplaces would be in compliance with the requirement to determine the “best available price” only if all price information from both protected and unprotected marketplaces was considered when executing a principal or non-client order with a client order.</u></p> <p><u>However, a Participant will be considered not to have complied with Rule 8.1 if an employee executes a principal or non-client order with a client order at a better price which is inferior to the price that would have been available to the client on a displayed marketplace that is not a protected marketplace and the employee executes, in whole or in part, with the order displayed on the marketplace that is not a protected marketplace.</u></p> <p>Of course, if a client expressly consents to a principal trade on a fully-informed basis, following the client’s instructions will be reasonable.</p>