

**Nova Scotia Securities Commission**

**Rule 21-101 (Amendment)**

***Marketplace Operation***

**- and -**

**Changes to Companion Policy 21-101CP**

***Marketplace Operation***

WHEREAS:

1. Pursuant to section 150 of the *Securities Act*, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. Amendments to National Instrument 21-101 *Marketplace Operation* (the Rule) and Changes to Companion Policy 21-101CP *Marketplace Operation* (the Policy), copies of which are attached hereto, have been made a rule by one or more of the Canadian securities regulatory authorities; and
4. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

NOW THEREFORE the Commission hereby:

- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission;
- (b) pursuant to the authority contained in section 19 of the Act and subject to publication on the Commission's website, issues the Policy as a policy of the Commission; and
- (c) declares that the rule approved and made pursuant to clause (a) and the policy issued pursuant to clause (b) shall take effect on August 31, 2020, unless the Minister disapproves the rule or returns it to the Commission in accordance with subsection 150A(3) of the Act in which event the rule shall not become effective until the rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair of the Commission, being the member of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 4<sup>th</sup> day of June, 2020.

  
Paul E. Radford, Q.C.  
Chair

Attachments

## AMENDMENTS TO NATIONAL INSTRUMENT 21-101

### MARKETPLACE OPERATION

1. **National Instrument 21-101 Marketplace Operation is amended by this Instrument.**
2. **Section 1.1 is amended by replacing the definition of “information processor” with the following:**

“information processor,

  - (a) in every jurisdiction except for British Columbia, means any person or company that receives and provides information under this Instrument and has filed Form 21-101F5 and,
  - (b) in British Columbia, means a person or company that is designated as an information processor for the purposes of this Instrument;”.
3. **The title to Part 8 is replaced with “INFORMATION TRANSPARENCY REQUIREMENTS FOR PERSONS AND COMPANIES DEALING IN UNLISTED DEBT SECURITIES”.**
4. **Subsection 8.1(1) is amended by replacing “marketplace as required by” with “marketplace, as required by”.**
5. **Subsection 8.1(3) is repealed.**
6. **Subsection 8.1(4) is amended by replacing “marketplace as required by” with “marketplace, as required by”.**
7. **Subsection 8.1(5) is replaced with the following:**
  - (5) A person or company must provide to an information processor accurate and timely information regarding trades in government debt securities executed by or through the person or company, as required by the information processor.
8. **Subsection 8.2(1) is replaced with the following:**
  - (1) A marketplace that displays orders of corporate debt securities to a person or company must provide to an information processor accurate and timely information regarding orders for corporate debt securities displayed by the marketplace, as required by the information processor.
9. **Subsection 8.2(3) is replaced with the following:**
  - (3) A person or company must provide to an information processor accurate and timely information regarding trades in corporate debt securities executed by or through the person or company, as required by the information processor.
10. **Subsections 8.2(4) and 8.2(5) are repealed.**
11. **Section 8.3 is amended by replacing “an accurate consolidated feed in real-time” with “accurate consolidated information on a timely basis”.**
12. **Section 8.4 is amended by replacing “marketplace, inter-dealer bond broker or dealer” with “person or company”.**
13. **Subsection 14.4(1) is replaced with the following:**
  - (1) An information processor for exchange-traded securities must enter into an agreement with each marketplace that is required to provide information to the information processor which states that the marketplace will

- (a) provide information to the information processor in accordance with Part 7 of this Instrument; and
  - (b) comply with any other reasonable requirements set by the information processor.
14. **Subsection 14.4 (4) is amended by replacing “marketplace, inter-dealer bond broker or dealer” with “person or company”.**
15. **Subsection 14.4(8) is repealed.**
16. **Subsection 14.4(9) is repealed.**
17. **Subparagraph 14.5(d)(ii) is amended by replacing the word “calendar” with “information processor’s financial”.**
18. **Subsection 14.7 is amended by replacing “marketplace, inter-dealer bond broker or dealer” with “person or company”.**
19. **Paragraph 14.8(b) is replaced with the following:**
- (b) in the case of an information processor for government debt securities or corporate debt securities,
    - (i) the marketplaces that report orders for corporate debt securities or government debt securities to the information processor, as applicable,
    - (ii) the inter-dealer bond brokers that report orders for government debt securities to the information processor,
    - (iii) the persons and companies that report trades in corporate debt securities or government debt securities to the information processor, as applicable,
    - (iv) when trades in each corporate debt security or government debt security, as applicable, must be provided to the information processor by a person or company,
    - (v) when the information provided to the information processor will be publicly disseminated by the information processor, and
    - (vi) the cap on the displayed volume of trades for each corporate debt security or government debt security, as applicable,.
20. **Subsection 14.8 is amended by deleting “and” at the end of paragraph (c), by adding “and” at the end of paragraph (d) and by adding the following paragraph:**
- (e) a list of the types of data elements relating to the order and trade information required to be provided under Part 7 or Part 8 of this Instrument.

#### **Coming into force**

21. (1) This Instrument comes into force on August 31, 2020.
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after August 31, 2020, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

**Changes to Companion Policy 21-101CP Marketplace Operation**

**1. The changes to Companion Policy 21-101CP are set out in this Document.**

**2. Section 10.1 is replaced with:**

- (1) The requirements for pre-trade transparency of orders for unlisted debt securities set out in sections 8.1 and 8.2 of the Instrument have not been implemented by reason of the exception provided for in section 8.6 of the Instrument and the fact that no pre-trade requirements have been set by an information processor for corporate debt securities.
- (2) The requirements for post-trade transparency of trades in unlisted debt securities are set out in sections 8.1 and 8.2 of the Instrument. The detailed reporting requirements, determined by the Canadian securities regulatory authorities and implemented through the information processor, such as who must report information, deadlines for reporting, delays in publication of information and caps on displayed volume, are articulated in this companion policy and in Form 21-101F5. ,
- (3) Sections 8.1 and 8.2 of the Instrument require persons or companies executing trades in unlisted debt securities by or through that person or company to report these trades to the information processor. Specifically, such persons or companies are currently marketplaces, dealers, inter-dealer bond brokers and banks listed in Schedule I, II and III of the *Bank Act* (Canada).
- (4) The detailed reporting requirements for trades in unlisted debt securities include, but are not limited to, details as to the type of issuer, coupon and maturity, last traded price, last traded yield, date and time of execution, settlement date, the type of transaction, the volume transacted (subject to volume caps), as required by the information processor.
- (5) Details of the volume transacted will be subject to volume caps as follows:
  - (a) If the total par value of a trade of an investment grade corporate debt security is greater than \$2 million, the information processor will display it as "\$2 million+". If the total par value of a trade of a non-investment grade corporate debt security is greater than \$200,000, the information processor will display it as "\$200,000+".
  - (b) For government debt securities, the volume transacted will be displayed by the information processor in accordance with the chart below:

<b>\$10M</b>	<b>\$5M</b>	<b>\$2M</b>	<b>250K</b>
Government of Canada Bills ( <b>GoC Bills</b> )	Government of Canada nominal bonds with over 10 years remaining to maturity ( <b>GoC&gt;10</b> )	All provincial debt securities including Real Return Bonds, Strip Coupons and Residuals	Québec municipal debt securities
Government of Canada nominal bonds with 10 or less years remaining to maturity ( <b>GoC &lt;=10</b> )		All municipal debt securities, except those issued in Québec	
		All other agency debt securities	
All Canada Mortgage Bonds ( <b>CMB</b> )		Government of Canada Real Return Bonds	
		Government of Canada Strip Coupons and Residuals	

- (6) The information processor may propose changes to its transparency requirements by filing an amendment to Form 21-101F5 with the Canadian securities regulatory authorities pursuant to subsection 14.2(1) of the Instrument. The Canadian securities regulatory authorities will review the amendment to Form 21-101F5 to determine whether the proposed changes are contrary to the public interest, to ensure fairness and to ensure that there is an appropriate balance between the standards of transparency and market quality (defined in terms of market liquidity and efficiency) in each area of the market. Any initial transparency requirements and any

proposed changes will be subject to consultation with market participants through a notice and comment process, prior to approval by the Canadian securities regulatory authorities.

3. **Section 10.2 is deleted.**

4. **Section 10.3 is replaced with:**

**Consolidated Feed** – Section 8.3 of the Instrument requires the information processor to produce accurate consolidated information on a timely basis showing the information provided to the information processor under sections 8.1 and 8.2 of the Instrument. The Canadian securities regulatory authorities have determined that information about trades in unlisted debt securities should be displayed by the information processor at 5:00 pm the day after the trade was executed by or through a person or company (T+1 at 5:00 pm ET).

5. **Subsection 16.1(2) is changed by replacing “marketplaces, inter-dealer bond brokers and dealers” with “persons and companies” and “marketplace, inter-dealer bond broker or dealer” with “person or company”.**

6. **Subsection 16.2(1) is changed by deleting “In Québec, a person or company may carry on the activity of an information processor only if it is recognized by the securities regulatory authority”.**

7. **Section 16.2 is changed by adding paragraph (4) “The specific authority of securities regulatory authorities to allow a person or company to act as an information processor for the purposes of the Instrument may differ, depending on the relevant legislative framework. For instance, in Québec, a person or company may carry on the activity of an information processor, only if it is recognized or exempted by the securities regulatory authority. In certain other jurisdictions, a person or company may be designated an information processor, subject to the relevant requirements in securities legislation or may otherwise be allowed to act as an information processor, if it is in the public interest”.**

8. **Paragraph 16.3(c) is changed by replacing “marketplaces, inter-dealer bond brokers and dealers” with “persons”.**

9. **Paragraph 16.3(k) is replaced with:**

(k) in the case of an information processor for corporate debt securities or government debt securities, changes to the information referred to in paragraph 14.8(b) of the Instrument..

10. These changes become effective on August 31, 2020.