

Nova Scotia Securities Commission

Rule 23-101 (Amendment)
Trading Rules

- and -

Amendments to National Instrument 23-101
Trading Rules

- and -

Changes to Companion Policy 23-101 to National Instrument 23-101
Trading Rules

WHEREAS:

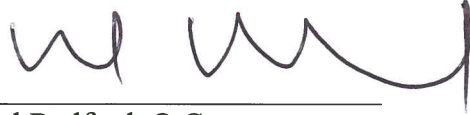
1. Pursuant to section 150 of the *Securities Act*, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. Amendments to National Instrument 23-101 *Trading Rules* (the Rule) and Changes to Companion Policy 23-101 to National Instrument 23-101 *Trading Rules* (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:

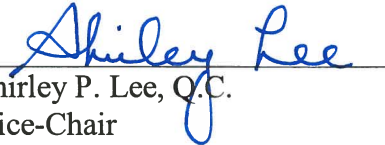
- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission;
- (b) pursuant to the authority contained in section 19 of the Act and subject to publication on the Commission's website, issues the Policy as a policy statement 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 **April 10, 2017**, 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 and the policy statement shall not become effective until the rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair and the Vice-Chair of the Commission, being the members 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 18th day of January, 2017.

A handwritten signature in black ink, appearing to read 'Paul Radford', written over a horizontal line.

Paul Radford, Q.C.
Chair

A handwritten signature in blue ink, appearing to read 'Shirley Lee', written over a horizontal line.

Shirley P. Lee, Q.C.
Vice-Chair

Attachments

**AMENDMENTS TO NATIONAL INSTRUMENT 23-101
TRADING RULES**

1. National Instrument 23-101 Trading Rules is amended by this Instrument.

2. Section 6.6.1 is replaced with the following:

6.6.1 Trading Fees

(1) In this section

“exchange-traded fund” means a mutual fund

- (a) the units of which are listed securities or quoted securities, and
- (b) that is in continuous distribution in accordance with applicable securities legislation; and

“inter-listed security” means an exchange-traded security that is also listed on an exchange that is registered as a “national securities exchange” in the United States of America under section 6 of the 1934 Act.

(2) A marketplace that is subject to section 7.1 of NI 21-101 must not charge a fee for executing an order that was entered to execute against a displayed order on the marketplace that,

- (a) in the case of an order involving an inter-listed security,
 - (i) is greater than \$0.0030 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to \$1.00, and
 - (ii) is greater than \$0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is less than \$1.00; or
- (b) in the case of an order involving a security that is not an inter-listed security,
 - (i) is greater than \$0.0017 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to \$1.00, and
 - (ii) is greater than \$0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is less than \$1.00.

(3) A recognized exchange must maintain a list of inter-listed securities that are listed on the exchange as of the last day of each calendar quarter.

- (4) A recognized exchange must publicly disclose on its website the list referred to in subsection (3)
 - (a) within 7 days after the last day of each calendar quarter, and
 - (b) for a period of at least 12 months commencing on the date it is publicly disclosed on the website..

3. *The following section is added after section 6.6.1:*

6.6.2 Ceasing to be inter-listed security – fee transition period — If a security ceases to be an inter-listed security, paragraph 6.6.1(2)(b) does not apply if

- (a) less than 35 days has passed since the first date, following the cessation, the list referred to in subsection 6.6.1(4) was publicly disclosed, and
- (b) the fee charged is in compliance with paragraph 6.6.1(2)(a) as if the security were still an inter-listed security..

4. **Transition – publication of inter-listed securities**

On or before April 17, 2017, a recognized exchange must publicly disclose on its website a list of the inter-listed securities that were listed on the exchange as of April 10, 2017.

5. **Transition – fee adjustment for orders involving non-inter-listed securities**

Despite paragraph 6.6.1(2)(b), as enacted by section 2 of this Instrument, a marketplace to which that paragraph applies may, until May 15, 2017, charge a fee that exceeds the amount referred to in that paragraph provided the fee charged is not greater than

- (a) \$0.0030 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to \$1.00, and
- (b) \$0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price is less than \$1.00.

6. **Effective Date**

- (1) This Instrument comes into force on April 10, 2017.
- (2) In Saskatchewan, despite subsection (1), if these regulations are filed with the

Registrar of Regulations after April 10, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

**CHANGES TO COMPANION POLICY 23-101 TO NATIONAL INSTRUMENT 23-101
TRADING RULES**

- 1. *The changes to Companion Policy 23-101 to National Instrument 23-101 Trading Rules are set out in this Schedule.***

- 2. *Part 6 is changed by adding the following section:***

6.4.1 Trading Fees – Section 6.6.1 provides caps on the fee that a marketplace subject to section 7.1 of NI 21-101 can charge for execution against a displayed order on the marketplace. Paragraph 6.6.1(2)(a) establishes a higher trading fee cap for exchange-traded securities that are inter-listed (i.e., listed on both a recognized exchange and a national securities exchange in the United States of America) and priced at or above \$1.00. Subsections 6.6.1(3) and (4) provide a process to ensure transparency of a security's status as an inter-listed security, and require a recognized exchange to publish a quarterly list of all of its inter-listed securities no later than seven days after the end of each quarter. In compiling the list, an exchange may rely on representations made by its listed issuers as to their status. Section 6.6.2 addresses the situation where a security's status as an inter-listed security changes, specifically, when a security is delisted from all U.S. national securities exchanges on which it was listed and is now only listed on a recognized exchange in Canada and is no longer an inter-listed security. Section 6.6.2 requires marketplaces to make any reductions to their fees that are necessary to comply with paragraph 6.6.1(2)(b) no later than 35 days following the publication of the first list indicating that the security is no longer an inter-listed security.