

Nova Scotia Securities Commission

**Rule 23-101(Amendment)
Trading Rules**

-and-

**Amendments to National Instrument 23-101
Trading Rules**

-and-

**Amendments to
Companion Policy 23-101CP 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 and Amendments to Companion Policy 23-101CP to National Instrument 23-101 Trading Rules, copies of which are attached hereto and are hereinafter called the "Rule" and "Companion Policy" respectively, have been adopted as rules 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:

of (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 except insofar as the Rule contains coming into force or effective date provisions;

(b) pursuant to the authority contained in section 19 of the Act and subject to publication in the *Royal Gazette*, issues the Companion Policy as a policy statement of the Commission except insofar as the Companion Policy contains coming into force or effective date provisions; and

(c) declares that the rule approved and made pursuant to clause (a) and the policy statement issued pursuant to clause (b) shall both take effect on **May 10, 2004**, unless the Governor in Council 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 be effective until the rule is approved by the Governor in Council.

IN WITNESS WHEREOF this Instrument has been signed by the Chair and one member 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 25th day of February, 2004.

"H. Leslie O'Brien"

H. Leslie O'Brien

"R. Daren Baxter"

R. Daren Baxter

Attachments

AMENDMENTS TO NATIONAL INSTRUMENT 23-101 TRADING RULES

PART 1 AMENDMENTS

1.1 Amendments

- (1) This Instrument amends National Instrument 23-101 Trading Rules.
- (2) Section 2.1 is amended by striking out “the rules, policies and other similar instruments” and substituting “similar requirements”.
- (3) Part 8 is amended
 - (a) in paragraph 8.4(c) by adding “in its capacity as a regulation services provider” after “directions made by the regulation services provider”; and
 - (b) by repealing section 8.5.
- (4) Subsection 9.3(2) is repealed.
- (5) Section 10.3 is repealed.
- (6) Part 11 is amended
 - (a) in paragraph 11.2(1)(p) by striking out “and” ;
 - (b) in paragraph 11.2(1)(q) by striking out “.” and substituting “; and”;
 - (c) in subsection 11.2(1) by adding “(r) an insider marker.”;
 - (d) in subsection 11.2(5) by adding “a securities regulatory authority or” before “a regulation services provider”;
 - (e) in subsection 11.2(5) by adding “the securities regulatory authority or” before each reference to “the regulation services provider”;
 - (f) in subsection 11.2(6) by striking out “After December 31, 2003, the” and substituting “The”;
 - (g) in subsection 11.2(6) by adding “a securities regulatory authority or” before “a regulation services provider”; and
 - (h) in subsection 11.2(6) by adding “by the earlier of January 1, 2007 and the date on which a self-regulatory entity or a regulation services provider implements a rule, policy or other similar instrument to which the dealer or inter-dealer bond broker is subject that requires the maintenance of the record and the transmission of the record in electronic form” at the end.

PART 2 EFFECTIVE DATE

- 2.1 **Effective Date** – This Instrument comes into force on December 31, 2003.

AMENDMENTS TO COMPANION POLICY 23-101CP – TO NATIONAL INSTRUMENT 23-101 TRADING RULES

PART 1 AMENDMENTS TO COMPANION POLICY 23-101CP TRADING RULES

1.1 Amendments

- (1) This Amendment amends Companion Policy 23-101CP.
- (2) Section 2.1 is amended
 - (a) by striking out, in the first sentence, “rules, policies and other similar instruments” and substituting “similar requirements”; and
 - (b) by striking out, in the second sentence, “rules, policies and other similar instruments” and substituting “requirements”.
- (3) Section 7.3 is amended by adding the following after the sentence ending with “set by the regulation services provider.”

However, section 9.3 of the Instrument provides inter-dealer bond brokers with an exemption from sections 9.1 and 9.2 of the Instrument if the inter-dealer bond broker complies with the requirements of IDA Policy No. 5 Code of Conduct for IDA Member Firms Trading in Domestic Debt Markets, as amended, as if that policy was drafted to apply to the inter-dealer bond broker.
- (4) Part 8 is amended
 - (a) in section 8.2 by striking out “information services provider” in the first sentence and substituting “regulation services provider”;
 - (b) in section 8.2 by adding “the securities regulatory authority or” before each reference to “the regulation services provider” in the first and second sentences; and
 - (c) by adding the following section:

8.3 Electronic Audit Trail – Subsection 11.2(6) of the Instrument requires dealers and inter-dealer bond brokers to transmit certain information to a securities regulatory authority or a regulation services provider in electronic form by the earlier of January 1, 2007 and the date on which a self-regulatory entity or a regulation services provider implements a rule requiring the record and the transmission of the record in electronic form. The Canadian securities regulatory authorities and the self-regulatory entities are working with the industry to develop standards for these requirements.

PART 2 EFFECTIVE DATE

- 2.1 **Effective Date** – This Amendment comes into force on December 31, 2003.