NASDAQ CXC LIMITED
NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Nasdaq CXC Limited (NCXL) has announced plans to implement the change described below in September 2017 for the Nasdaq CXD (CXD) trading facility subject to regulatory approval. NCXL is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto (ATS Protocol). Pursuant to the ATS Protocol, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by June 22, 2017 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Fax 416 595 8940
Email: marketregulation@osc.gov.on.ca

And to

Matt Thompson
Chief Compliance Officer
Nasdaq CXC Limited
130 King St., W, Suite 2105
Toronto, ON M5X 1E3
Email: matthew.thompson@nasdaq.com

Comments received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

NASDAQ CXC LIMITED
NOTICE OF PROPOSED CHANGES

NCXL has announced plans to implement the change described below in September, 2017 for the CXD trading facility subject to regulatory approval. NCXL is publishing this Notice of Proposed Changes in accordance with the requirements set out in the ATS Protocol.

Summary of Proposed Changes

NCXL is proposing to introduce the Minimum Quantity (MQ) order for CXD. The MQ is an order that will only execute if there is sufficient demand or supply to satisfy the minimum quantity instruction or the entire order in the case of All-Or-None.

Example 1

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12		
CXD Buy Order 2	1,000	10.12		
CXD Buy Order 3	500	10.12		
Total Bid Size	**(2,500)**			

Action: A MQ sell order for 5,500 shares is entered on CXD at 10.12 with a minimum quantity specified of 2,500 shares.

Result: The aggregate of all buy orders on CXD at 10.12 (2,500 shares) meets the minimum quantity specified for the MQ order therefore resulting in a trade of 2,500 shares at 10.12. The remaining size of the MQ order is offered at 10.12.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	3,000 (MQ)

Example 2

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12		
CXD Buy Order 2	1,000	10.12		
Total Bid Size	**(2,000)**			

Action: A MQ sell order for 5,500 shares is entered at 10.12 with a minimum quantity specified of 2,500 shares.

Result: The aggregate of all buy orders on CXD at 10.12 (2,000 shares) does not meet the minimum quantity specified for the MQ order. Consequently no trade occurs and the MQ order locks the market at 10.12 in the dark.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12	10.12	5,500 (MQ)
CXD Buy Order 2	1,000	10.12		
Total Bid Size	**(2,000)**			

Example 3

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12	10.12	5,500 (MQ)
CXD Buy Order 2	1,000	10.12		
Total Bid Size	**(2,000)**			

Action: Using the order book from Example 2 reproduced above a buy order is entered on CXD for 1,000 at 10.12.

Result: The aggregate of all buy orders on CXD at 10.12 (3,000 shares) now exceeds the 2,500 minimum quantity specified for the MQ order resulting in a trade of 3,000 shares at 10.12. This leaves a quantity of 2,500 remaining for the MQ order which is offered at 10.12.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	2,500 (MQ)

Example 4

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	2,500 (MQ)

Action: Using the order book from Example 3 and reproduced above a buy order is entered for 2,500 on CXD at 10.12.

Result: The buy order for 2,500 meets the 2,500 minimum quantity specified for the MQ order resulting in an execution of the remaining 2,500 shares at 10.12.

Expected Date of Implementation

Subject to regulatory approval we are expecting to introduce this feature in September 2017.

Rationale and Relevant Supporting Analysis

The MQ is being introduced on CXD to provide CXD subscribers an additional trading tool to assist them in meeting their trading objectives. This order can be used to decrease information leakage for large orders. In this way the MQ will complement CXD's Minimum Acceptable Order (MAQ)[1] however, whereas the MAQ specifies a share threshold that must be met in order to be eligible to trade on an order-by-order basis, the MQ allows users to specify a share threshold that must be met for an order to trade based on the aggregate of all shares at a price level.

Expected Impact on Market Structure Impact of the Changes

NCXL is introducing this change in response to customer consultation where subscribers have expressed the desire to have more tools available to execute their dark trading strategies. We expect that the MQ order will assist them in this regard.

Consultation and Review

This change is being made in response to requests by subscribers.

Estimated Time Required by Subscribers and Vendors (or why a reasonable estimate is not provided)

The specifications for using the MQ with each of the Nasdaq CXC (CXC) and Nasdaq (CX2) trading facilities have already been available and in use for some time. Given CXD will employ these same specifications it is therefore anticipated that very little time will be required by either subscribers or vendors.

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[1] The MAQ order will be available for use on CXD on July 18th 2017.

Discussion of any alternatives considered

No alternatives were considered.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

The proposed significant change will not introduce a new feature into the market. Almost all lit marketplace support special settlement instructions for orders.

Any questions regarding these changes should be addressed to Matt Thompson, Nasdaq CXC Limited: matthew.thompson@nasdaq.com, T: 416-647-6242