

13.2.3 TriAct Canada Marketplace LP – Notice of Proposed Changes and Request for Comment – Change to the MATCH Now Trading System

**TRIACT CANADA MARKETPLACE LP
NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT
CHANGE TO THE MATCH NOW TRADING SYSTEM**

TriAct Canada Marketplace LP (“TriAct”) has announced plans to implement the change described below on or about approval. TriAct is publishing this Notice of Proposed Changes in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto”. Market participants are invited to provide the Commission with comment on the proposed change.

Feedback on the proposed changes should be in writing and submitted by **October 27, 2014** to:

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

And to:
Torstein Braaten
Chief Compliance Officer
TriAct Canada Marketplace LP
The Exchange Tower
130 King Street West, Suite 1050
Toronto, Ontario M5X 1B1
Fax: (416) 368-9148
e-mail: Torstein.Braaten@triactcanada.com

Feedback 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.

If you have any questions concerning the information below please contact Torstein Braaten Chief Executive Officer and Chief Compliance Officer for TriAct Canada Marketplace LP at 416-874-0919.

A. Description of Changes to the MATCH Now Trading System

TriAct is proposing one change to the MATCH Now trading system which are as follows:

- To expand the existing No Self Trade feature for orders across multiple Subscribers

Expand “No Self Trade” across Subscribers,

TriAct plans to allow multiple Subscribers to set the No Self Trade feature on multiple UMIR Trader IDs that represent the same beneficial owner. The buy-side institution will instruct their Investment Dealers, who are also Subscribers to MATCH Now, that they want to set the No Self Trade feature on MATCH Now. Those Subscribers will subsequently instruct MATCH Now in writing which UMIR Trader IDs represent their client. TriAct will provide a standardized form for all parties to approve. This ensures that the designated UMIR Trader IDs belong to the same beneficial owner. The No Self Trade feature¹ on MATCH Now will then apply to those UMIR Trader IDs irrespective of which Subscriber sends the order in the same manner as the feature approved on March 30, 2012. TriAct's No Self Trade feature suppresses trades from the MATCH Now matching algorithm where orders on both sides of the trade are from the same beneficial owner and therefore these orders should be excluded from matching with each other. The orders continue to remain in force and can execute with other counterparties or be routed to other venues for execution. MATCH Now does not cancel, amend or reject any of the orders that are set with the No Self Trade feature.

¹ See Notice of Proposed Changes and Request for Feedback: TriAct Canada Marketplace LP – No Self-Trade Feature dated February 10, 2012 http://www.osc.gov.on.ca/en/Marketplaces_at_20120210_rfc-pro-changes.htm

B. *Expected Implementation Date*

The No Self Trade feature being applied across Subscribers does not require any coding changes to the MATCH Now trading system. The No Self Trade feature is configured by TriAct support staff into the MATCH Now trading system. TriAct does not believe this is a material systems change requiring a notice period for testing. The No Self Trade feature is currently available for testing by Subscribers. TriAct plans to make the No Self Trade feature available to Subscribers upon publication of regulatory approval.

C. *Rationale for proposed Change:*

Expand No Self Trade Across Subscribers,

Many buy-side institutions use multiple investment dealers for trade execution. These same buy-side institutions would like to avoid unintentional wash trades irrespective of how their orders were entered by the same investment dealer or if by different investment dealers. With recent regulatory changes that require a separate UMIR Trader IDs for each Direct Electronic Access client it is possible to allow a marketplace to prevent wash trades from happening when they are notified which UMIR Trader IDs are for the same beneficial owner. TriAct is not taking any discretion with the handling of the orders but is clearly in a better situation than the multiple dealers to prevent such wash trades. Since inception MATCH Now has suppressed the public reporting of unintentional crosses between two inventory accounts from the same Subscriber. These inventory trades continue to be reported as a trade back to the Subscriber to allow for internal security journal between the inventory accounts. The No Self Trade feature takes the next step of preventing an unintentional wash trade from occurring without cancelling or amending any orders sent by Subscribers. These orders can continue to interact with contra liquidity or route to another marketplace for execution. Ultimately the ideal situation is for these orders to be netted at the source or Subscriber before sending to a marketplace. As market structure and trading strategies continue to get more complex TriAct takes the view that if a wash trade can be avoided it should be avoided.

D. *The expected Impact of the proposed significant change on market structure for Subscribers, Investors and capital markets:*

TriAct does not expect the use of the No Self Trade feature across subscribers to have any significant impact on the Canadian Market Structure. The feature will however provide buy-side institutions the ability to avoid executing a wash trade on MATCH Now without changing any work flow or current routing practices. The No Self Trade feature provides an extra level of technology to prevent unintentional wash trades.

E. *Expected impact of the significant changes on TriAct's compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:*

We foresee no negative impact to Fair Access for any of the proposed changes. The proposed change is available to all Subscribers and by extension available to all of their customers. This change does not restrict access by any class of investor or type of Subscriber. In addition, the way this change is implemented it introduces no new technology to Subscribers.

F. *Will the significant change require Subscribers and service vendors to modify their systems after implementation of the change*

TriAct believes the technology impact of the proposed changes will be minor for Subscribers, investors, vendors and the Canadian capital markets. The way this change is implemented, it introduces no new technology to Subscribers.

G. *Do the significant changes currently exist on other Canadian marketplaces*

Other marketplaces offer self-trade prevention in various formats. Self-trade prevent across brokers is the next logical evolution of this product.