

B.2.4 Cboe Canada Inc. and Cboe Global Markets, Inc. – ss. 21, 144

Headnote

Subsection 144(1) of the Securities Act (Ontario) – application for order varying the Commission's order recognizing Aequis Innovations Inc. and Neo Exchange Inc. as exchanges – variation required to reflect the proposed amalgamation of Aequis Innovations Inc., Neo Exchange Inc., and TriAct Canada Marketplace LP into a single legal entity named Cboe Canada Inc. – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 144(1).

December 1, 2023

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5,
AS AMENDED
(the "Act")**

AND

**IN THE MATTER OF
CBOE CANADA INC.**

AND

**IN THE MATTER OF
CBOE GLOBAL MARKETS, INC.**

**ORDER
(Sections 21 and 144 of the Act)**

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated November 13, 2014, effective as at March 1, 2015, which was varied on February 27, 2015, September 29, 2015, February 8, 2019, August 31, 2020, and May 27, 2022, recognizing Aequis Neo Exchange Inc. and its sole shareholder, Aequis Innovations Inc. (**Aequis**), as exchanges pursuant to section 21 of the Act (**Recognition Order**);

AND WHEREAS on January 15, 2019, the name Aequis Neo Exchange Inc. was changed to Neo Exchange Inc. (**Neo Exchange**);

AND WHEREAS on June 1, 2022, Cboe Canada Holdings, ULC purchased all of the issued and outstanding share capital of Aequis;

AND WHEREAS the Commission considers the proper operation of exchanges as essential to investor protection and maintaining a fair and efficient capital market, and therefore requires that any conflicts of interest in the operation of exchanges be dealt with appropriately, the fairness and efficiency of the market not be impaired by any anti-competitive activity, and that systemic risks are monitored and controlled;

AND WHEREAS the Commission has received an application under section 144 of the Act to vary and restate the Recognition Order (**Application**) to reflect the Commission's approval of changes to the manner in which a recognized exchange carries on business in connection with the amalgamation of Aequis, Neo Exchange, and TriAct Canada Marketplace LP into Cboe Canada Inc. (**Cboe Canada**);

AND WHEREAS Cboe Canada and Cboe Global Markets, Inc. (**CGM**) have agreed to the applicable terms and conditions set out in the Schedules to the Recognition Order;

AND WHEREAS based on the Application, the Commission has determined that:

- (a) Cboe Canada, as it will exist on January 1, 2024, will continue to satisfy, as of that date, the recognition criteria set out in Schedule 1 to the Recognition Order,
- (b) it is in the public interest to continue to recognize Cboe Canada as an exchange pursuant to section 21 of the Act, and

- (c) it is not prejudicial to the public interest to vary and restate the Recognition Order pursuant to section 144 of the Act;

IT IS ORDERED, pursuant to section 144 of the Act, that the Application to vary and restate the Recognition Order is granted, and

IT IS ORDERED, pursuant to section 21 of the Act, that Cboe Canada continues to be recognized as an exchange, provided that CGM and Cboe Canada comply with the terms and conditions set out in the Schedules to the Recognition Order, as applicable.

DATED this 1st day of December 2023, to take effect January 1, 2024.

“Michelle Alexander”
Manager, Market Regulation
Ontario Securities Commission

SCHEDULE 1**CRITERIA FOR RECOGNITION****PART 1 COMPLIANCE WITH NI 21-101 AND NI 23-101****1.1 Compliance with NI 21-101 and NI 23-101**

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, which include requirements relating to:

- (a) access;
- (b) marketplace operations;
- (c) exchange rules, policies, and other similar instruments;
- (d) order and trade transparency;
- (e) transparency of marketplace operations;
- (f) record keeping;
- (g) marketplace systems and business continuity planning;
- (h) confidentiality of information;
- (i) outsourcing;
- (j) clearing and settlement;
- (k) fair and orderly markets;
- (l) the management of conflicts of interest; and
- (m) filing of financial statements.

PART 2 GOVERNANCE**2.1 Governance**

The governance structure and governance arrangements of the exchange ensure:

- (a) effective oversight of the exchange;
- (b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;
- (c) fair, meaningful, and diverse representation on the board of directors (**Board**) and any committees of the Board, including:
 - (i) appropriate representation of independent directors, and
 - (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;
- (d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest; and
- (e) there are appropriate qualifications, remuneration, limitation of liability, and indemnity provisions for directors, officers, and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

- (a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.
- (b) The access standards and the process for obtaining, limiting, and denying access are fair, transparent, and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS AND ISSUERS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems, and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants and issuers, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

- (a) The exchange has rules, policies, and other similar instruments (**Rules**) that are designed to appropriately govern and regulate the operations and activities of participants and issuers.
- (b) In addition to meeting the requirements of NI 21-101 relating to market operations and exchange rules, policies and other similar instruments as referred to in paragraphs 1.1(b) and (c) of this Schedule, respectively, the Rules are also designed to
 - (i) ensure a fair and orderly market; and
 - (ii) provide a framework for disciplinary and enforcement actions.

PART 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant or issuer, or an applicant to be a participant or issuer, including a decision in relation to access, listing, exemptions, or discipline, the exchange ensures that:

- (a) parties are given an opportunity to be heard or make representations, and
- (b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts, and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

- (a) All fees imposed by the exchange are reasonable and equitably allocated and are consistent with the requirements in Ontario securities laws, including those requirements listed in paragraphs 1.1(a) and (e) of this Schedule.
- (b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 INFORMATION SHARING AND REGULATORY COOPERATION

11.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, recognized self-regulatory organizations, other recognized or exempt exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 2

TERMS AND CONDITIONS APPLICABLE TO CBOE CANADA

1. DEFINITIONS AND INTERPRETATION

(a) For the purposes of this Schedule:

“accounting principles” means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“affiliated entity” has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*;

“associate” has the meaning ascribed to it in subsection 1(1) of the Act;

“Board” means the board of directors of Cboe Canada;

“Canadian affiliated entity” means any affiliated entity that is incorporated, formed, or created under the laws of Canada or a province or territory of Canada;

“Cboe Canada issuer” means a person or company whose securities are listed on Cboe Canada;

“Cboe Canada marketplace participant” means a marketplace participant of Cboe Canada;

“CIRO” means the Canadian Investment Regulatory Organization;

“Competitor” means a person whose consolidated business, operations, or disclosed business plans are in competition, to a significant extent, with the listing functions, trading functions, market data services, or other material lines of business of Cboe Canada or its Canadian affiliated entities;

“criteria for recognition” means all the criteria for recognition set out in Schedule 1 to the Order;

“dealer” means “investment dealer”, as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements*;

“Lead Director” means an independent director who will chair all meetings of the independent directors of the Board and serve as a liaison between the chair of the Board and the independent directors;

“marketplace” has the meaning ascribed to it in subsection 1(1) of the Act; “marketplace participant” has the meaning ascribed to it in section 1.1 of NI 21-101;

“Nominating Committee” means the committee established by Cboe Canada pursuant to section 7 of this Schedule;

“officer” has the meaning ascribed to it in subsection 1(1) of the Act;

“Regulatory Oversight Committee” means the committee established by Cboe Canada pursuant to section 8 of this Schedule;

“Rule” means a rule, policy, or other similar instrument of Cboe Canada;

“shareholder” means a person or company that holds any class or series of voting shares of Cboe Canada;

“significant shareholder” means a person or company that:

(i) beneficially owns or exercises control or direction over more than 10% of the outstanding shares of CGM or Cboe Canada provided, however, that the ownership of or control or direction over CGM shares in connection with the following activities will not be included for the purposes of determining whether the 10% threshold has been exceeded:

(A) investment activities on behalf of the person or company or its affiliated entity where such investments are made (I) by a bona fide third-party investment manager with discretionary authority (subject to such retained discretion in order for the person or company or its affiliated entity to fulfil its fiduciary duties); or (II) by an investment fund or other pooled investment vehicle in which the person or company or such affiliated entity has directly or indirectly

invested and which is managed by a third party who has not been provided with confidential, undisclosed information about CGM,

- (B) acting as a custodian for securities in the ordinary course,
- (C) normal course trading (including proprietary client facilitation trading) and wealth management activities (including, for greater certainty, in connection with the management of any mutual funds, pooled funds, trust accounts, estate portfolios, and other investor funds and portfolios), including electronic securities trading, conducted for or on behalf of clients of the person or company, provided that any fund manager with discretionary authority carrying out such activities on behalf of such clients, or such clients, have not been provided with confidential, undisclosed information about CGM,
- (D) the acquisition of CGM shares in connection with the adjustment of index-related portfolios or other "basket" related trading,
- (E) making a market in securities to facilitate trading in shares of CGM by third-party clients or to provide liquidity to the market in the person or company's capacity as a designated market maker for shares of CGM securities, in the person or company's capacity as designated market maker for derivatives based on CGM shares, or in the person or company's capacity as market maker or "designated broker" for exchange traded funds which may have investments in shares of CGM, in each case in the ordinary course, (which, for greater certainty, will include acquisitions or other derivative transactions undertaken in connection with hedging positions of, or in relation to, CGM shares), or
- (F) providing financial services to any other person or company in the ordinary course of business of its and their banking, securities, wealth, and insurance businesses, provided that such other person or company has not been provided with confidential, undisclosed information about CGM,

and subject to the conditions that the ownership of or control or direction over CGM shares by a person or company in connection with the activities listed in (A) through (F) above:

- (G) is not intended by that person or company to facilitate evasion of the 10% threshold set out in clause (i), and
 - (H) does not provide that person or company the ability to exercise voting rights over more than 10% of the voting shares of CGM in a manner that is solely in the interests of that person or company as it relates to that person or company's ownership of or control or direction over the subject shares, except where the ability to exercise voting rights over more than 10% of the voting shares arises as a result of the activities listed in (E) above in which case the person or company must not exercise its voting rights with respect to those voting shares; or
- (ii) is a shareholder whose nominee is on the Board of Cboe Canada, for as long as the nominee of that shareholder remains on the Board of Cboe Canada; and

"unaudited non-consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that

- (i) they are not audited; and
 - (ii) investments in subsidiary entities, jointly controlled entities, and associates are accounted for as specified for separate financial statements in International Accounting Standard 27 Separate Financial Statements.
- (b) For the purposes of this Schedule, an individual is independent if the individual is "independent" within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*, as amended from time to time, but is not independent if the individual:
- (i) is a partner, officer, director, or employee of a Cboe Canada marketplace participant or an associate of that partner, officer, or employee;
 - (ii) is a partner, officer, director, or employee of an affiliated entity of a Cboe Canada marketplace participant who is responsible for or is actively engaged in the day-to-day operations or activities of that Cboe Canada marketplace participant;

- (iii) is an officer or an employee of Cboe Canada or any of its affiliates;
 - (iv) is a partner, officer, or employee of a significant shareholder or any of its affiliated entities or an associate of that partner, officer, or employee;
 - (v) is a director of a significant shareholder or any of its affiliated entities or an associate of that director;
 - (vi) is a person who owns or controls, or is the officer or employee of a person or company that owns or controls, directly or indirectly, more than 10% of the shares of Cboe Canada;
 - (vii) is the director of a person or company that beneficially owns or controls, directly or indirectly, more than 10% of any class or series of voting shares of Cboe Canada;
 - (viii) is a director that was nominated, and as a result appointed or elected, by a significant shareholder; or
 - (ix) has, or has had, any relationship with a significant shareholder that could, in the view of the Nomination Committee, having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of Cboe Canada.
- (c) For the purposes of paragraph (b), the Nominating Committee may waive the restrictions set out in subparagraphs (b)(v), (vii) and (viii) provided that:
- (i) the individual being considered does not have, and has not had, any relationship with a shareholder that could, in the view of the Nominating Committee, having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of Cboe Canada;
 - (ii) Cboe Canada publicly discloses the use of the waiver with reasons why the particular candidate was selected;
 - (iii) Cboe Canada provides advance notice of the waiver to the Commission, at least 15 business days before the public disclosure in sub-paragraph (c)(ii) is made, and
 - (iv) the Commission does not object within 15 business days of its receipt of the notice provided under sub-paragraph (c)(iii) above.

2. PUBLIC INTEREST RESPONSIBILITIES

- (a) Cboe Canada must conduct its business and operations in a manner that is consistent with the public interest.
- (b) The mandate of the Board must expressly include regulatory and public interest responsibilities of Cboe Canada.

3. SHARE OWNERSHIP RESTRICTIONS

- (a) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert may beneficially own or exercise control or direction over:
 - (i) more than 10% of any class or series of voting shares of Cboe Canada and, thereafter,
 - (ii) more than 50% of any class or series of voting shares of Cboe Canada.
- (b) The articles of Cboe Canada must contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares, and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

4. RECOGNITION CRITERIA

Cboe Canada must continue to meet the criteria for recognition set out in Schedule 1 to the Order.

5. FITNESS

In order to ensure that Cboe Canada operates with integrity and in the public interest, Cboe Canada will take reasonable steps to ensure that each director or officer of Cboe Canada is a fit and proper person. As part of those steps, Cboe Canada will consider

whether the past conduct of each director or officer affords reasonable grounds for the belief that the director or officer will perform their duties with integrity and in a manner that is consistent with Cboe Canada's public interest responsibilities.

6. BOARD OF DIRECTORS

- (a) Cboe Canada must ensure that at least 50% of its Board members are independent.
- (b) The chair of the Board must be independent or, if this is not the case, the Board will have appointed a Lead Director.
- (c) In the event that Cboe Canada fails to meet the requirements under (a) or (b), it must immediately advise the Commission and take appropriate measures to promptly remedy such failure.
- (d) Cboe Canada must ensure that its Board is subject to requirements that the quorum for the Board consists of a majority of the Board members, with at least 50% being independent.

7. NOMINATING COMMITTEE

Cboe Canada must maintain a Nominating Committee of the Board that, at a minimum:

- (a) is made up of at least three directors, at least 50% of which must be independent;
- (b) confirms the status of a nominee to the Board as independent before the individual is appointed to the Board or the name of the individual is submitted to the shareholder(s) of Cboe Canada as a nominee for election to the Board, whichever comes first;
- (c) confirms, on an annual basis, that the status of the directors that are independent has not changed;
- (d) assesses and approves all nominees of management to the Board; and
- (e) has a requirement that the quorum consist of at least 50% of independent directors.

8. REGULATORY OVERSIGHT COMMITTEE

- (a) Cboe Canada must establish and maintain a Regulatory Oversight Committee that, at a minimum:
 - (i) is made up of at least three directors, a majority of which must be independent;
 - (ii) reviews and decides, or makes recommendations to the Board, on proposed regulation and rules that must be submitted to the OSC for review and approval under *Schedule 4 Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto* of this Order;
 - (iii) considers real or perceived conflicts of interest that may arise, including but not limited to the following contexts:
 - (A) ownership interests in Cboe Canada by any Cboe Canada marketplace participant with representation on the Board of Cboe Canada,
 - (B) significant changes to the ownership of Cboe Canada, and
 - (C) the profit-making objective and the public interest responsibilities of Cboe Canada, including general oversight of the management of the regulatory and public interest responsibilities of Cboe Canada;
 - (iv) oversees the establishment of mechanisms to avoid and appropriately manage conflicts of interest or potential conflicts of interest, perceived or real, including any policies and procedures that are developed by Cboe Canada, including those that are required to be established pursuant to the Schedules of this Order;
 - (v) reviews the effectiveness of the policies and procedures regarding conflicts of interest on a regular, and at least annual, basis;
 - (vi) reports in writing directly to the Commission on any matter that the Regulatory Oversight Committee deems appropriate or that is required by the Commission without first requiring Board approval for such reporting.

- (b) The Regulatory Oversight Committee must provide such information as may be required by the Commission from time to time.

9. CONFLICTS OF INTEREST AND CONFIDENTIALITY

- (a) Cboe Canada must establish, maintain, and require compliance with policies and procedures that:
 - (i) require that confidential information regarding Cboe Canada marketplace operations, Cboe Canada regulation functions, a Cboe Canada marketplace participant or a Cboe Canada issuer that is obtained by a partner, director, officer, or employee of a significant shareholder through that individual's involvement in the management or oversight of marketplace operations or regulation functions of Cboe Canada:
 - (A) be kept separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (B) not be used to provide an advantage to Cboe Canada, CGM, or CGM's affiliated entities;
- provided that nothing in this section will be construed to limit Cboe Canada from providing to CGM and its affiliated entities necessary information.
- (b) Cboe Canada must establish, maintain, and require compliance with policies and procedures that identify and manage conflicts of interest or potential conflicts of interest arising from the listing of the shares of any significant shareholder or an affiliate of a significant shareholder on Cboe Canada.
- (c) Cboe Canada must regularly review compliance with the policies and procedures established in accordance with (a) and (b) and must document each review, and any deficiencies, and how those deficiencies were remedied.

10. ACCESS

Cboe Canada's requirements must provide access to the facilities of Cboe Canada only to properly registered investment dealers that are members of CISO and satisfy reasonable access requirements established by Cboe Canada.

11. REGULATION OF CBOE CANADA MARKETPLACE PARTICIPANTS AND CBOE CANADA ISSUERS

- (a) Cboe Canada must establish, maintain, and require compliance with policies and procedures that effectively monitor and enforce the Rules against Cboe Canada marketplace participants and Cboe Canada issuers, either directly or indirectly through a regulation services provider.
- (b) Cboe Canada has retained and will continue to retain CISO as a regulation services provider to provide, as agent for Cboe Canada, certain regulation services that have been approved by the Commission.
- (c) Cboe Canada must perform all other regulation functions not performed by CISO, and must maintain adequate staffing, systems and other resources in support of those functions. Cboe Canada must obtain prior Commission approval before outsourcing such regulation functions to any party, including affiliated entities or associates of Cboe Canada.
- (d) Cboe Canada must notify the Commission of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business or otherwise.

12. FEES, FEE MODELS AND INCENTIVES

- (a) Cboe Canada must not, through any fee schedule, any fee model or any contract, agreement, or other arrangement with any marketplace participant or any other person or company, provide:
 - (i) any discount, rebate, allowance, price concession, or other similar arrangement that is accessible only to, whether as designed or by implication, a particular marketplace participant or any other particular person or company, or
 - (ii) any discount, rebate, allowance, price concession, or other similar arrangement for any service or product offered by Cboe Canada or CGM and its affiliated entities and significant shareholders that is conditional upon:

- (A) the requirement to have Cboe Canada be set as the default or first marketplace a marketplace participant routes to, or
 - (B) the router of Cboe Canada being used as the marketplace participant's primary router.
- (b) Except with the prior approval of the Commission, Cboe Canada must not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:
 - (i) any discount, rebate, allowance, price concession, or other similar arrangement on any services or products offered by Cboe Canada or CGM and its affiliated entities and significant shareholders that is conditional upon the purchase of any other service or product provided by Cboe Canada or CGM or any affiliated entity, or
 - (ii) any discount, rebate, allowance, price concession, or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies.
- (c) Cboe Canada must obtain prior Commission approval before implementing any new, or amendments to, fees and fee models, including any new, or amendments to any, incentives relating to arrangements that provide for equity ownership in Cboe Canada for marketplace participants or their affiliated entities based on trading volumes or values on Cboe Canada.
- (d) Except with the prior approval of the Commission, Cboe Canada must not require another person or company to purchase or otherwise obtain products or services from Cboe Canada or CGM and its affiliated entities and significant shareholders as a condition of Cboe Canada supplying or continuing to supply a product or service.
- (e) If the Commission considers that it would be in the public interest, the Commission may require Cboe Canada to submit for approval by the Commission a fee, fee model, or incentive that has previously been submitted to and/or approved by the Commission.
- (f) Where the Commission decides not to approve the fee, fee model, or incentive submitted under (e), any previous approval for the fee, fee model, or incentive must be revoked, if applicable, and Cboe Canada will no longer be permitted to offer the fee, fee model or incentive.

13. ORDER ROUTING

Cboe Canada must not support, encourage, or incent, either through fee incentives or otherwise, Cboe Canada marketplace participants, CGM affiliated entities, or significant shareholders to coordinate the routing of their orders to Cboe Canada.

14. FINANCIAL REPORTING

Cboe Canada must deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days from the commencement of each fiscal year.

15. FINANCIAL VIABILITY MONITORING

- (a) Cboe Canada must maintain sufficient financial resources for the proper performance of its functions and to meet its responsibilities.
- (b) Cboe Canada must calculate the following financial ratios monthly:
 - (i) a current ratio, being the ratio of current assets to current liabilities;
 - (ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses, and other liabilities) to EBITDA (earnings before interest, taxes, stock-based compensation, depreciation, and amortization) for the most recent 12 months; and
 - (iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,in each case following the same accounting principles as those used for the unaudited non-consolidated financial statements of Cboe Canada.
- (c) Cboe Canada must report quarterly in writing to the Commission the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (b).

- (d) If Cboe Canada determines that it does not have, or anticipates that, in the next twelve months, it will not have sufficient financial resources for the proper performance of its functions and to meet its responsibilities, it will immediately notify the Commission along with the reasons and any impact on the financial viability of Cboe Canada.
- (e) Upon receipt of a notification made by Cboe Canada under (d), the Commission may, as determined appropriate, impose additional terms and conditions on Cboe Canada.

16. ADDITIONAL INFORMATION

- (a) Cboe Canada must provide the Commission with:
 - (i) the information set out in Appendix A to this Schedule, as amended from time to time; and
 - (ii) any information required to be provided by Cboe Canada to CIRO, including all order and trade information, as required by the Commission.

17. GOVERNANCE REVIEW

- (a) At the request of the Commission, Cboe Canada must engage an independent consultant, or independent consultants acceptable to the Commission to prepare a written report assessing the governance structure of Cboe Canada (**Governance Review**).
- (b) The written report must be provided to the Board of Cboe Canada promptly after the report's completion and then to the Commission within 30 days of providing it to the Board.
- (c) The scope of the Governance Review must be approved by the Commission.

18. PROVISION OF INFORMATION

- (a) Cboe Canada must, and must cause its Canadian affiliated entities to, promptly provide to the Commission, on request, any and all data, information, and analyses in the custody or control of Cboe Canada or any of its Canadian affiliated entities, without limitations, redactions, restrictions, or conditions, including, without limiting the generality of the foregoing:
 - (i) data, information, and analyses relating to all of its or their businesses; and
 - (ii) data, information, and analyses of third parties in its or their custody or control.
- (b) Cboe Canada must share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

19. COMPLIANCE WITH TERMS AND CONDITIONS

- (a) Cboe Canada must certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or another executive officer, within one year of the effective date of its recognition as an exchange pursuant to this Order and every year subsequent to that date, or at any times required by the Commission, that it is in compliance with the terms and conditions applicable to it in the Order and describe in detail:
 - (i) the steps taken to require compliance;
 - (ii) the controls in place to verify compliance;
 - (iii) the names and titles of employees who have oversight of compliance.
- (b) If Cboe Canada or any of its directors, officers, or employees become aware of a breach or a possible breach of any of the terms and conditions applicable to Cboe Canada under the Schedules to the Order, such person must, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of the breach or possible breach. The director, officer, or employee of Cboe Canada must provide to the Regulatory Oversight Committee details sufficient to describe the nature, date, and effect (actual and anticipated) of the breach or possible breach.
- (c) The Regulatory Oversight Committee must, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by (d).

- (d) The Regulatory Oversight Committee must promptly cause to be conducted an investigation of the breach or possible breach reported under (b). Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Cboe Canada under the Schedules to this Order, the Regulatory Oversight Committee must, within two business days of such determination, notify the Commission of its determination and must provide details sufficient to describe the nature, date, and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX A

Additional Reporting Obligations

1. Ad Hoc

- (a) Immediate notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding, or other similar agreement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, or (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, listing agreements, data subscription agreements, etc.).
- (b) Immediate notification if Cboe Canada:
 - (i) becomes the subject of any order, directive, or similar action of a governmental or regulatory authority;
 - (ii) becomes aware that it is the subject of a criminal or regulatory investigation; or
 - (iii) becomes, or it is notified in writing that it will become, the subject of a material lawsuit.
- (c) Any strategic plan for Cboe Canada, within 30 days of approval by the Board.
- (d) Any information submitted by Cboe Canada to a Canadian securities regulatory authority under a requirement of a recognition order, exemption order, or NI 21-101, provided concurrently.
- (e) Copies of all notices, bulletins, and similar forms of communication that Cboe Canada sends to the Cboe Canada marketplace participants or Cboe Canada issuers.
- (f) Prompt notification of any suspension or delisting of a Cboe Canada issuer, including the reasons for the suspension or delisting.
- (g) Prompt notification of any initial listing application received from a significant shareholder or any of its affiliates.
- (h) Prompt notification of any initial listing application received from a Competitor.
- (i) Prompt notification of any application for exemption or waiver from requirements received from a significant shareholder or any of its affiliates.

2. Quarterly Reporting

- (a) A quarterly report summarizing all exemptions or waivers granted during the period pursuant to the Rules to any Cboe Canada marketplace participant or Cboe Canada issuer, which must include the following information:
 - (i) the name of the Cboe Canada marketplace participant or Cboe Canada issuer;
 - (ii) the type of exemption or waiver granted during the period;
 - (iii) the date of the exemption or waiver; and
 - (iv) a description of Cboe Canada's reason for the decision to grant the exemption or waiver.
- (b) A quarterly report regarding initial listing applications containing the following information:
 - (i) the name of any Cboe Canada issuer whose initial listing application was conditionally approved, the date of such approval, the type of listing, the category of listing and, if known, whether the issuer was denied an application to list its securities on another marketplace;
 - (ii) the name of any issuer whose initial listing application was rejected and the reasons for rejection, by category of listing; and
 - (iii) the name of any issuer whose initial listing application was withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category of listing.

The information required by section 2(b)(i) above should disclose whether the issuer is an Emerging Market Issuer, whether the listing involved an agent, underwriter or Canadian securities regulatory authority, and any additional requirements imposed by Cboe Canada.

- (c) A quarterly report summarizing all significant incidents of non-compliance by Cboe Canada issuers identified by Cboe Canada during the period, together with a summary of the actions taken to address and resolve the incidents of non-compliance.
- (d) A quarterly report listing all the Competitors listed on Cboe Canada.
- (e) A quarterly report summarizing instances where conflicts of interest or potential conflicts of interest with respect to Competitors have been identified by Cboe Canada and how such conflicts were addressed.

3. Annual Reporting

- (a) At least annually, or more frequently if required by the Commission, an assessment of the risks, including business risks, facing Cboe Canada and the plan for addressing such risks.
- (b) An annual report, the scope of which must be approved by the Commission, relating to compliance with the use of certain designations by marketplace participants, including the results of reviews of marketplace participants' use of such designations and a description of the actions taken to address and resolve instances of material non-compliance.

SCHEDULE 3

TERMS AND CONDITIONS APPLICABLE TO CGM

20. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

21. PUBLIC INTEREST RESPONSIBILITIES

CGM shall ensure that Cboe Canada conducts the business and operations of a recognized exchange in a manner that is consistent with the public interest.

22. ALLOCATION OF RESOURCES

- (a) To ensure Cboe Canada can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law, CGM shall, for so long as Cboe Canada carries on business as an exchange, facilitate the allocation of sufficient financial and non-financial resources for the operations of the exchange.
- (b) CGM shall notify the Commission immediately upon being aware that it is or will be unable to allocate sufficient financial or other resources to Cboe Canada, as required under paragraph (a).

23. PROVISION OF INFORMATION

CGM shall promptly provide to the Commission, on request, any and all data, information, and analyses in its custody or control related to the business and operations of Cboe Canada without limitations, redactions, restrictions, or conditions, provided that nothing in this section will be construed to abrogate solicitor-client privilege or any similar doctrines that may apply to communications with and work product produced by counsel.

SCHEDULE 4

**PROCESS FOR THE REVIEW AND APPROVAL OF RULES AND
THE INFORMATION CONTAINED IN FORM 21-101F1 AND THE EXHIBITS THERETO**

1. Purpose

This Protocol sets out the procedures a recognized exchange (Exchange) must follow for any Rule or Change, both as defined in section 2 below, and describes the procedures for their review by Commission Staff (Staff) and approval by the Commission or the Director. This Protocol also establishes requirements regarding the time at which an Exchange may begin operations following recognition by the Commission.

2. Definitions

For the purposes of this Protocol:

- (a) *Change* means a Fee Change, a Housekeeping Change, or a Significant Change.
- (b) *Director* means "Director" as defined in subsection 1(1) of the *Securities Act* (Ontario).
- (c) *Fee Change* means any new fee or fee model of the Exchange and any amendment to a fee or fee model.
- (d) *Fee Change subject to Public Comment* means a Fee Change that, in Staff's view, may have a significant impact on the Exchange, its market structure, members, issuers, investors, or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.
- (e) *Housekeeping Change* means an amendment to the information in Form 21-101F1 that
 - (i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors, or the Canadian capital markets, or
 - (ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.
- (f) *Housekeeping Rule* means a new Rule or an amendment to a Rule that
 - (i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors, or the Canadian capital markets, or
 - (ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.
- (g) *Public Interest Rule* means a Rule or an amendment to a Rule that is not a Housekeeping Rule.
- (h) *Rule* includes a rule, policy, and other similar instrument of the Exchange.
- (i) *Significant Change* means an amendment to the information in Form 21-101F1 other than
 - (i) a Housekeeping Change,
 - (ii) a Fee Change, or
 - (iii) a Rule,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101CP.

- (j) *Significant Change subject to Public Comment* means a Significant Change that
 - (i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101CP, or
 - (ii) in Staff's view, may have a significant impact on the Exchange, its market structure, members, issuers, investors, or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

3. Scope

The Exchange and Staff will follow the process for review and approval set out in this Protocol for all Changes, new Rules, and Rule amendments.

4. Board Approval

The Exchange's board of directors, or a duly authorized committee of the board, must approve all Rules prior to their submission under this Protocol.

5. Waiving or Varying the Protocol

- (a) The Exchange may submit a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.
- (b) Staff will use their best efforts to provide to the Exchange within five business days of receipt of its request either:
 - (i) written notice that Staff object to granting the waiver or variation; or
 - (ii) written notice that the waiver or variation has been granted by Staff.

6. Commencement of Exchange Operations

The Exchange must not begin operations until a reasonable period of time after the Exchange is notified that it has been recognized by the Commission.

7. Materials to be Submitted and Timelines

- (a) Prior to the implementation of a Fee Change, Public Interest Rule, or Significant Change, the Exchange will provide Staff with the following materials:
 - (i) a cover letter that, together with the notice for publication submitted under paragraph (a)(ii), if applicable, fully describes:
 - (A) the proposed Fee Change, Public Interest Rule, or Significant Change;
 - (B) the expected date of implementation of the proposed Fee Change, Public Interest Rule, or Significant Change;
 - (C) the rationale for the proposal and any relevant supporting analysis;
 - (D) the expected impact, including the quantitative impact, of the proposed Fee Change, Public Interest Rule or Significant Change on the market structure, members and, if applicable, on investors, issuers, and the capital markets;
 - (E) the expected impact of the Fee Change, Public Interest Rule, or Significant Change on the Exchange's compliance with Ontario securities law requirements and in particular requirements for fair access and maintenance of fair and orderly markets;
 - (F) a summary of any consultations, including consultations with external parties, undertaken in formulating the Fee Change, Public Interest Rule, or Significant Change, and the internal governance process followed to approve the Rule or Change;
 - (G) for a proposed Fee Change:
 - 1. the expected number of marketplace participants likely to be subject to the new fee, along with a description of the costs they will incur; and
 - 2. if the proposed Fee Change applies differently across types of marketplace participants, a description of this difference, how it impacts each class of affected marketplace participant, including, where applicable, numerical examples, and any justification for the difference in treatment.
 - (H) if the Public Interest Rule or Significant Change will require members or service vendors to modify their systems after implementation of the Rule or Change, the expected impact of the

- Rule or Change on the systems of members and service vendors together with an estimate of the amount of time needed to perform the necessary work and how the estimated amount of time was deemed reasonable in light of the expected impact of the Public Interest Rule or Significant Change on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets;
- (I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;
 - (J) a discussion of any alternatives considered; and
 - (K) if applicable, whether the proposed Fee Change, Significant Change, or Public Interest Rule would introduce a fee model, feature, or Rule that currently exists in other markets or jurisdictions;
- (ii) for a proposed Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment, a notice for publication that generally includes the information required under paragraph (a)(i), except information that, if included in the notice, would result in the public disclosure of sensitive information or confidential or proprietary financial, commercial, or technical information;
 - (iii) for a proposed Public Interest Rule, the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules, and if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and
 - (iv) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F1 showing the proposed Change.
- (b) The Exchange will submit the materials set out in subsection (a)
 - (i) at least 45 days prior to the expected implementation date of a proposed Public Interest Rule or Significant Change; and
 - (ii) at least fifteen business days prior to the expected implementation date of a proposed Fee Change.
 - (c) For a Housekeeping Rule, the Exchange will provide Staff with the following materials:
 - (i) a cover letter that fully describes the Rule and indicates that it was classified as a Housekeeping Rule and provides an analysis of the rationale for the classification, and the date or proposed date of implementation of the Rule;
 - (ii) the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules;
 - (iii) if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and
 - (iv) a notice for publication on the OSC website or in the OSC Bulletin that contains the information in paragraph (ii) as well as the implementation date for the Rule and indicates that the Rule has been classified as a Housekeeping Rule and was not published for comment.
 - (d) For a Housekeeping Change, the Exchange will provide Staff with the following materials:
 - (i) a cover letter that indicates that the change was classified as a Housekeeping Change and, for each Housekeeping Change, provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and
 - (ii) blacklined and clean copies of Form 21-101F1 showing the Change.
 - (e) The Exchange will submit the materials set out in subsection (d) by the earlier of:
 - (i) the Exchange's close of business on the 10th calendar day after the end of the calendar quarter in which the Housekeeping Change was implemented; and
 - (ii) the date on which the Exchange publicly announces a Housekeeping Change, if applicable.

8. Review by Staff of notice and materials to be published for comment

- (a) Within 5 business days of the receipt of the notice and materials submitted by the Exchange relating to a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment, in accordance with subsection 7(a), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis, and discussion to elicit meaningful public comment, and will promptly notify the Exchange of any deficiency requiring a resubmission of the notice and/or materials.
- (b) Where the notice and/or materials are considered by Staff to be deficient, the Exchange will amend and resubmit the notice and/or materials accordingly, and the date of resubmission will serve as the submission date for the purposes of this Protocol.
- (c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 9.

9. Publication of a Public Interest Rule, Significant Change Subject to Public Comment, or Fee Change Subject to Public Comment

- (a) As soon as practicable after the receipt of the notice and materials submitted by the Exchange relating to a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment in accordance with subsection 7(a), Staff will publish in the OSC Bulletin and/or on the OSC website, the notice prepared by the Exchange, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the Exchange within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.
- (b) If public comments are received
 - (i) the Exchange will forward copies of the comments promptly to Staff; and
 - (ii) the Exchange will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

10. Review and Approval Process for Proposed Fee Changes, Public Interest Rules, and Significant Changes

- (a) Staff will use their best efforts to complete their review of a proposed Fee Change, Public Interest Rule, or Significant Change within:
 - (i) 45 days from the date of submission of a proposed Public Interest Rule or Significant Change; and
 - (ii) fifteen business days from the date of submission of a proposed Fee Change.
- (b) Staff will notify the Exchange if they anticipate that their review of the proposed Fee Change, Public Interest Rule, or Significant Change will exceed the timelines in subsection (a).
- (c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change, Public Interest Rule, or Significant Change, Staff will use best efforts to provide the Exchange with a comment letter promptly by the end of the public comment period for a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment, and promptly after the receipt of the materials submitted under section 7 for all other Changes.
- (d) The Exchange will respond to any comments received from Staff in writing.
- (e) Unless Staff agree to an extension of time, if the Exchange fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the Exchange will be deemed to have withdrawn the proposed Fee Change, Public Interest Rule, or Significant Change. If the Exchange wishes to proceed with the Fee Change, Public Interest Rule, or Significant Change after it has been deemed withdrawn, the Exchange will have to re-submit it for review and approval in accordance with this Protocol.
- (f) Upon completion of Staff's review of a Fee Change, Public Interest Rule, or Significant Change, Staff will submit the Change or Rule to the Director or, in the circumstances described in subsection (g), to the Commission, for a decision within the following timelines:
 - (i) for a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the Exchange;

- (ii) for any other Significant Change, the later of 45 days from the date of submission of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange; or
 - (iii) for any other Fee Change, the later of fifteen business days from the date of submission of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange.
- (g) A Fee Change, Public Interest Rule, or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection (f):
 - (i) if the proposed Fee Change, Public Interest Rule, or Significant Change introduces a novel feature to the Exchange or the capital markets;
 - (ii) if the proposed Fee Change, Public Interest Rule, or Significant Change raises significant regulatory or public interest concerns; or
 - (iii) in any other situation where, in Staff's view, Commission approval is appropriate.
- (h) Staff will promptly notify the Exchange of the decision.
- (i) If a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and/or on the OSC website promptly after the approval:
 - (i) a notice indicating that the proposed Rule or Change is approved;
 - (ii) the summary of public comments and responses prepared by the Exchange, if applicable; and
 - (iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the Exchange and a blacklined copy of the revised Rule or Change highlighting the revisions made.

11. Review Criteria for a Fee Change, Public Interest Rule, and Significant Change

- (a) Staff will review a proposed Fee Change, Public Interest Rule, or Significant Change to assess whether it is in the public interest for the Director or the Commission to approve the Rule or Change. In making this determination, Staff will have regard for the purposes of the *Securities Act* (Ontario) as set out in section 1.1 of the *Securities Act* (Ontario). The factors that Staff will consider in making their determination also include whether:
 - (i) the Rule or Change would impact the Exchange's compliance with Ontario securities law;
 - (ii) the Exchange followed its established internal governance practices in approving the proposed Rule or Change;
 - (iii) the Exchange followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose, and effect of the Rule or Change; and
 - (iv) the Exchange adequately addressed any comments received.

12. Effective Date of a Fee Change, Public Interest Rule, or Significant Change

- (a) A Public Interest Rule or Significant Change will be effective on the later of:
 - (i) the date that the Exchange is notified that the Change or Rule is approved;
 - (ii) if applicable, the date of publication of the notice of approval on the OSC website;
 - (iii) if applicable, the implementation date established by the Exchange's Rules, agreements, practices, policies, or procedures; and
 - (iv) the date designated by the Exchange.

- (b) The Exchange must not implement a Fee Change unless the Exchange has provided stakeholders, including marketplace participants, issuers, and vendors, as applicable, with notice of the Fee Change at least five business days prior to implementation.
- (c) Where a Significant Change involves a material change to any of the systems, operated by or on behalf of the Exchange, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the Exchange is notified that the Significant Change is approved.
- (d) In determining what constitutes a reasonable period of time for purposes of implementing a Significant Change under paragraph (c), Staff will consider how the Significant Change will impact the Exchange, its market structure, members, issuers, investors, or the Canadian capital markets or otherwise raises regulatory or public interest concerns.
- (e) The Exchange must notify Staff promptly following the implementation of a Public Interest Rule, Significant Change, or Fee Change that becomes effective under subsections (a) and (b).
- (f) Where the Exchange does not implement a Public Interest Rule, Significant Change, or Fee Change within 180 days of the effective date of the Fee Change, Public Interest Rule, or Significant Change, as provided for in subsections (a) and (b), the Public Interest Rule, Significant Change or Fee Change will be deemed to be withdrawn.

13. Significant Revisions and Republication

- (a) If, subsequent to its publication for comment, the Exchange revises a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Rule or Change, Staff will, in consultation with the Exchange, determine whether or not the revised Rule or Change should be published for an additional 30-day comment period.
- (b) If a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment is republished under subsection (a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the Exchange, and an explanation of the revisions and the supporting rationale for the revisions.

14. Withdrawal of a Fee Change, Public Interest Rule, or Significant Change

- (a) If the Exchange withdraws a Fee Change, Public Interest Rule or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.
- (b) If the notice of withdrawal relates to a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and/or on the OSC website as soon as practicable.
- (c) If a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 10(e), Staff will prepare and publish a notice informing market participants that the Exchange did not proceed with the Rule or Change.

15. Effective Date of a Housekeeping Rule or Housekeeping Change

- (a) Subject to subsections (c) and (d), a Housekeeping Rule will be effective on the later of
 - (i) the date of the publication of the notice to be published on the OSC website or in the OSC Bulletin, in accordance with subsection (e), and
 - (ii) the date designated by the Exchange.
- (b) Subject to subsections (c) and (d), a Housekeeping Change will be effective on the date designated by the Exchange.
- (c) Staff will review the materials submitted by the Exchange for a Housekeeping Change or Housekeeping Rule to assess the appropriateness of the categorization of the Rule or Change as housekeeping within five business days from the date that the Exchange submitted the documents in accordance with subsections 7(c) and 7(d). The Exchange will be notified in writing if there is disagreement with respect to the categorization of the Rule or Change as housekeeping.

- (d) If Staff disagree with the categorization of the Rule or Change as housekeeping, the Exchange will immediately repeal the Change, if applicable, submit the proposed Rule as a Public Interest Rule or the proposed Change as a Significant Change, and follow the review and approval processes described in this Protocol as applying to a Public Interest Rule or Significant Change, including those processes applicable to a Significant Change subject to Public Comment, if applicable.
- (e) If Staff do not disagree with the categorization of the Rule, Staff will publish a notice to that effect in the OSC Bulletin or on the OSC website as soon as is practicable.

16. Immediate Implementation of a Public Interest Rule or Significant Change

- (a) The Exchange may need to make a Public Interest Rule or Significant Change effective immediately where the Exchange determines that there is an urgent need to implement the Rule or Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the Exchange, its members, other market participants, issuers, or investors.
- (b) When the Exchange determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible, but in any event, at least five business days prior to the proposed implementation of the Public Interest Rule or Significant Change. The written notice will include the expected effective date of the Public Interest Rule or Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must follow within five business days following the Exchange receiving notice that Staff agrees with immediate implementation of the Public Interest Rule or Significant Change.
- (c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the Exchange, in writing, of the disagreement no later than the end of the third business day following submission of the notice under subsection (b). If the disagreement is not resolved, the Exchange will submit the Public Interest Rule or Significant Change in accordance with the timelines in section 7.

17. Review of a Public Interest Rule or Significant Change Implemented Immediately

A Public Interest Rule or Significant Change that has been implemented immediately in accordance with section 16 will be published, if applicable, and reviewed and approved by the Director or by the

Commission in accordance with the procedures set out in section 10, with necessary modifications. If the Director or the Commission does not approve the Public Interest Rule or Significant Change, the Exchange will immediately repeal the Rule or Change and inform its members of the decision.

18. Application of Section 21 of the *Securities Act* (Ontario)

The Commission's powers under subsection 21(5) of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Rule or Change having been approved under this Protocol.