

CSA Notice of Approval Amendments to National Instrument 21-101 *Marketplace Operation* and Changes to Companion Policy 21-101CP *Marketplace Operation*

June 18, 2020

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are adopting amendments to:

- National Instrument 21-101 *Marketplace Operation* (**Instrument**)
- Form 21-101F1 *Information Statement - Exchange or Quotation and Trade Reporting System* (**Form 21-101F1**)
- Form 21-101F2 *Information Statement – Alternative Trading System* (**Form 21-101F2**)
- Form 21-101F3 *Quarterly Report of Marketplace Activities* (**Form 21-101F3**)
- Form 21-101F5 *Information Statement – Information Processor* (**Form 21-101F5**).

In connection with the above, the CSA is also making changes to Companion Policy 21-101CP to National Instrument 21-101 *Marketplace Operation* (**Companion Policy**).

The amendments to the Instrument, Form 21-101F1, Form 21-101F2, Form 21-101F3, Form 21-101F5 and the changes to the Companion Policy are together referred to as the **Amendments**. Form 21-101F1, Form 21-101F2, Form 21-101F3, and Form 21-101F5 are collectively referred to as the **Forms**. The Instrument, Forms and Companion Policy are collectively referred to as **NI 21-101**.

The purposes of the Amendments are described in the “Substance and Purpose” section below.

This Notice contains the following annexes:

- **Annex A** – Summary of Changes to NI 21-101 (against version currently-in-effect)
- **Annex B** – List of commenters
- **Annex C** – Summary of comments and CSA responses
- **Annex D** – Amendments to National Instrument 21-101 *Marketplace Operation* (including amendments to the Forms)

- **Annex E** – Changes to Companion Policy 21-101CP to National Instrument 21-101 *Marketplace Operation*
- **Annex F** – Blacklined Amendments to National Instrument 21-101 *Marketplace Operation* (showing the changes to the Instrument, Forms and Companion Policy)
- **Annex G** – Local Matters (published only in local jurisdictions where such additional information is relevant)

Provided all necessary ministerial approvals are obtained, the Amendments will come into force on **September 14, 2020**.

This Notice, including its annexes, is available on the websites of the CSA jurisdictions, including:

www.albertasecurities.com
www.bcsc.bc.ca
www.fcaa.gov.sk.ca
www.fcnb.ca
www.lautorite.qc.ca
www.mbsecurities.ca
nssc.novascotia.ca
www.osc.gov.on.ca

Background

The Instrument establishes the regulatory framework for marketplaces and information processors (**IPs**) that carry on business in the CSA jurisdictions. Together with the Forms, the Instrument requires, among other things, marketplaces and IPs to provide the CSA with comprehensive reporting of all aspects of their operations, both at the time the marketplace and the IP commence operations and anytime the marketplace and IP make changes to that information. The Instrument also requires marketplaces to report, on a quarterly basis, information about the trading activity on the marketplace during the previous quarter.

The Instrument also establishes requirements regarding the information technology systems used by marketplaces and IPs to support their operations, including developing and maintaining adequate internal controls and information technology general controls over critical systems, conducting capacity stress tests on such systems, developing and maintaining reasonable business continuity and disaster recovery plans, and conducting an independent review of these systems (**ISR**).

On April 18, 2019, the CSA published proposed amendments to NI 21-101 for public comment.

Substance and Purpose

The primary purpose of the Amendments is to reduce the regulatory burden associated with the reporting requirements for marketplaces and IPs in NI 21-101. The Amendments will, in our view, streamline these requirements by eliminating duplicative reporting as well as reporting that

does not materially contribute to the CSA's oversight of marketplaces and IPs while maintaining a robust reporting framework that supports the objectives of the CSA's oversight, including providing protection to investors and fostering fair and efficient capital markets and investor confidence. The Amendments are also intended to enhance the requirements in relation to the IT systems maintained by marketplaces and IPs. The Amendments clarify testing and reporting requirements and introduce an appropriate focus on cyber resilience.

Specific purposes of the Proposed Amendments include:

- Streamlining reporting requirements in the Instrument and Forms by eliminating the need to report superfluous information and eliminating duplicative reporting requirements;
- Enhancing the systems-related requirements in Part 12 and Part 14 of the Instrument and related guidance in the Companion Policy by optimizing the reporting of material systems incidents by marketplaces and IPs, establishing requirements to promote the cyber resilience of marketplaces and IPs, and providing for consistency with recent changes to the systems requirements for clearing agencies in National Instrument 24-102 *Clearing Agency Requirements*;
- Making other non-substantive changes, corrections and clarifications to NI 21-101.

Summary of Comments Received by the CSA

In response to the publication of the proposed amendments, we received submissions from five commenters. We have considered the comments received and thank all commenters for their thoughtful input on the proposed amendments. A list of commenters who submitted comment letters together with a summary of their comments and the CSA's responses to those comments is attached to this Notice at Annexes B and C respectively. Copies of the comment letters are available at www.osc.gov.on.ca

Summary of Changes to the Instrument, Forms and Companion Policy

Annex A to the Notice includes a summary of notable changes to the Instrument, Forms and Companion Policy, including changes made to the versions published for comment on April 18, 2019.

Questions

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