

Appendix C Alpha Trading Rules

SECTION 1.1 – DEFINITIONS

~~DMA-Eligible~~ Electronic Access Client

~~A DMA-Eligible~~ An Electronic Access Client is a client of a Sponsoring Member to which it provides electronic access sponsored access: to the Alpha Systems ~~and that is in the following manner:~~

- (a) “direct electronic access”;
- (b) a “routing arrangement”; or
- (c) an “order execution service”;

in each case as that term is defined in UMIR.

~~(1) A client that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the customer and falls into one of the following categories:~~

- ~~(a) An insurance company as defined in section 2(13) of the U.S. Securities Act of 1933,~~
- ~~(b) An investment company registered under the U.S. Securities Act of 1933 or any business development company as defined in section 2(a)(48) of that Act,~~
- ~~(c) A small business investment company licensed by the U.S. Small Business Administration under section 301 (c) or (d) of the U.S. Small Business Investment Act of 1958,~~
- ~~(d) A plan established and maintained by a U.S. state, its political subdivisions, or any agency or instrumentality of a U.S. state or its political subdivisions, for the benefit of its employees,~~
- ~~(e) An employee benefit plan within the meaning of Title I of the U.S. Employee Retirement Income Securities Act of 1974,~~
- ~~(f) A trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in (d) or (e) above, except trust funds that include as participants individual retirement accounts or U.S. H.R. 10 plans,~~
- ~~(g) A business development company as defined in section 202(a)(22) of the U.S. Investment Advisers Act of 1940,~~
- ~~(h) An organization described in section 501 (c)(3) of the U.S. Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933 or a savings and loan~~

~~association or other institution referenced in section 3(a)(5)(A) of the U.S. Securities Act of 1933 or a foreign bank or savings and loan association or equivalent institution), partnership or Massachusetts or similar business trust, and~~

~~(i) An investment adviser registered under the U.S. Investment Advisers Act.~~

~~(2) A client that is a dealer registered pursuant to section 15 of the U.S. Securities Exchange Act of 1934, acting for its own account or the accounts of other Eligible Clients, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer, provided that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer.~~

~~(3) A client that is an investment company registered under the U.S. Investment Company Act, acting for its own account or for the accounts of other Eligible Clients, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies and, for these purposes, "family of investment companies" means any two or more investment companies registered under the U.S. Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided, for these purposes:~~

~~(a) Each series of a series company (as defined in Rule 18f-2 under the U.S. Investment Company Act) shall be deemed to be a separate investment company; and~~

~~(b) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority owned subsidiary of the other investment company's adviser (or depositor).~~

~~(4) A client, all of the equity owners of which are Eligible Clients, acting for its own account or the accounts of other Eligible Clients.~~

~~(5) A client that is not an individual, with total securities under administration or management exceeding \$10 million, where the client is a resident in a Basel Accord country as defined in the General Notes and Definitions section of the Joint Regulatory Financial Questionnaire and Report.~~

~~(6) A client that is a bank as defined in section 3(a)(2) of the U.S. Securities Act of 1933, or any savings and loan institution or other institution as referenced in section 3(a)(5)(A) of the U.S.~~

~~Securities Act of 1933, acting for its own account or the accounts of other Eligible Clients, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million.~~

~~(7) a client that is; (i) a non-individual; (ii) with total securities under administration or management exceeding \$10 million; and (iii) carries on business in a foreign jurisdiction and may trade under the laws of the foreign jurisdiction for the account of another person or company using direct market access and is regulated in the foreign jurisdiction by a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding~~

~~(8) —~~

DIVISION 2 — ~~DMA ELIGIBLE CLIENTS AND MEMBER SPONSORED ACCESS~~ MEMBERS PROVIDING THIRD PARTY ELECTRONIC ACCESS

4.3 ~~SPONSORING MEMBER SUPERVISORY RESPONSIBILITIES~~ THIRD PARTY ELECTRONIC ACCESS TO MARKETPLACES

~~(1) If a Sponsoring Member provides access to the Alpha Systems to its DMA Eligible Clients, then prior to granting such access, the Sponsoring Member shall enter into a binding legal agreement with such DMA Eligible Client which contains, at a minimum, the prescribed terms and conditions set out in section 4.5 and shall provide to Alpha any DMA Eligible Client documentation as requested by Alpha from time to time~~ A Sponsoring Member may provide a third party with electronic access to the Alpha System in the following manner:

- (a) “direct electronic access”;
- (b) a “routing arrangement”; or
- (c) an “order execution service”;

in each case as that term is defined in UMIR.

- ~~(2) A Sponsoring Member which enters into an agreement with a DMA Eligible Client to transmit orders received from the DMA Eligible Client in accordance with these Trading Policies shall exercise due diligence to ensure that each such DMA Eligible Client complies with all Alpha Requirements and shall put in place policies and procedures governing, and be responsible for, compliance with the Alpha Requirements with respect to the entry and execution of orders transmitted by DMA Eligible Clients through the Member.~~
- ~~(3) The Sponsoring Member shall have the ability to receive an immediate report of the entry and execution of orders entered by the DMA Eligible Client. The Sponsoring Member shall have the capability of rejecting orders that do not fall within the designated parameters of authorized orders for a particular DMA Eligible Client.~~
- ~~(4) The Sponsoring Member shall have procedures in place to ensure that DMA Eligible Clients use system interconnects and can comply with the Alpha Requirements and other applicable regulatory requirements.~~
- ~~(5) The eligibility of DMA Eligible Clients using system interconnects shall be reviewed at least annually by the Sponsoring Member.~~
- ~~(6) In addition to all other account documentation, the Sponsoring Member shall ensure specifically that the Sponsoring Member or Alpha has the right, at any time and for any reason, including if compelled to do so by any regulatory authority or Alpha to discontinue receiving or processing orders which will be routed to the System from any DMA Eligible Client.~~

4.4 ~~TERMINATION OF SPONSORED ACCESS~~ CONDITIONS FOR CONNECTIONS

- ~~(1) Alpha may suspend a DMA Eligible Client's access to Alpha Systems without notice if it concludes after reasonable investigation that the DMA Eligible Client has:~~
 - ~~(a) misused the Alpha Systems or has caused a disorderly market;~~
 - ~~(b) failed to comply or is not in compliance with; or~~

- ~~(c) engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of Alpha.~~
- ~~(2) A Sponsoring Member must terminate a DMA Eligible Client's access to the Alpha Systems immediately upon receiving notice from Alpha or the Market Regulator and must not reinstate access to Alpha Systems without Alpha's written approval.~~

(1) A Sponsoring Member may permit orders received electronically from a third party to which it has granted electronic access in accordance with Section 4.3 to be transmitted to the Alpha System provided that the Sponsoring Member:

(a) has obtained prior written approval of Alpha that the system of the Sponsoring Member is permitted to transmit orders to the Exchange;

(b) has ensured its system is subject to an executed standard agreement with Alpha governing the connection between the system of the Member and the Alpha System;

(c) complies with Canadian regulatory requirements governing the provision of third party electronic access to marketplaces;

(d) ensures that its system supports compliance with Alpha Requirements dealing with the entry and trading of orders by all third parties who have been provided with electronic access to Alpha;

(e) ensures security of access to its system such that only persons authorized by the Sponsoring Member are provided access to Alpha; and

(f) designates a specific person as being responsible for the system of the Sponsoring Member used to transmit orders;

(2) The system of the Sponsoring Member includes any system through which an order designated with the Sponsoring Member identifier is transmitted to the Exchange, including without limitation, the technology systems of the Sponsoring Member, the approved technology system of a service provider retained by the Sponsoring Member, or an approved system that the Sponsoring Member permits the third party access client to transmit orders through to the Exchange.

4.5 ~~TERMS AND CONDITIONS~~ RESPONSIBILITY OF SPONSORING MEMBER

~~For the purposes of Section 4.3(1), the agreement between the Member and the DMA Eligible Client shall provide that:~~

- ~~1) the DMA Eligible Client will only enter orders in compliance with Alpha Requirements and other applicable regulatory requirements respecting the entry and trading of orders;~~
- ~~2) specific parameters defining the orders that may be entered by the DMA Eligible Client are stated, including restriction to specific securities or size of orders;~~
- ~~3) the Sponsoring Member has the right to reject an order for any reason;~~

- ~~4) the Sponsoring Member has the right to change or remove an order in the Alpha Systems and has the right to cancel any trade made by the DMA Eligible Client for any reason;~~
- ~~5) the Sponsoring Member has the right to discontinue accepting orders from the DMA Eligible Client at any time without notice;~~
- ~~6) the Sponsoring Member agrees to train the DMA Eligible Client in the Alpha Requirements dealing with the entry and trading of orders and other applicable Alpha Requirements, so that individuals with adequate training and knowledge of applicable regulatory requirements will be provided with access to the Alpha Systems;~~
- ~~7) the Sponsoring Member accepts the responsibility to ensure that revisions and updates to Alpha Requirements relating to the entry and trading of orders are promptly communicated to the DMA Eligible Client;~~
- ~~8) the Alpha Systems are being provided on an "as is" basis and none of Alpha, its related parties, subsidiaries, affiliates, partners, officers, directors and employees or Member makes any warranty (whether express or implied) as to the operation of the Alpha Systems or its fitness for purpose. In no event shall Alpha, its related parties, subsidiaries, affiliates, partners, officers, directors and employees have any liability to DMA Eligible Clients under, or related to, the agreement;~~
- ~~9) all disclaimers or other limitations shall apply irrespective of the nature of the loss or of the cause of action (including but not limited to breach of contract, breach of warranty, negligence, strict liability, tort) and shall survive a fundamental breach or breaches of the agreement.~~

A Sponsoring Member which provides a third party with electronic access to Alpha in accordance with Section 4.3 shall:

- (a) be responsible for compliance with Alpha Requirements with respect to the entry and execution of orders transmitted by each Electronic Access Client;
- (b) provide Alpha with prior written notification of the individual appointed to be responsible for such compliance;
- (c) immediately disclose to Alpha the unique client identifier associated with each third party electronic access client that is used for the purpose of providing third party electronic access to Alpha;
- (d) inform Alpha immediately if it knows or has reason to believe that it or its third party electronic access client has or may have breached a material provision of:
 - (i) the Alpha Requirements; or
 - (ii) the agreement contemplated by Section 4.4(1)(b); and
- (e) immediately notify Alpha if the Sponsoring Member terminates a third party electronic access client's access to Alpha.

4.6 TERMINATION OF THIRD PARTY ELECTRONIC ACCESS

(1) Alpha may suspend a third party's electronic access to the Alpha System without notice if it concludes that the third party:

(a) misused the Alpha System or has interfered with fair and orderly markets;

(b) failed to comply or is not in compliance with Alpha Requirements; or

(c) engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of Alpha.

(2) A Sponsoring Member must terminate a third party's access to Alpha's System immediately upon receiving notice from Alpha or the Market Regulator of such required termination and must not reinstate that third party's access to Alpha's System without Alpha's written approval.