

## NOTICE OF PROPOSED AMENDMENTS AND REQUEST FOR COMMENTS

### ALPHA EXCHANGE INC.

Alpha Exchange Inc. (“**Alpha**”) is publishing this Notice of Proposed Amendments and Request for Comments in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto” regarding certain amendments to how Self-Trade Management interacts with Self-Trade Prevention on Alpha, as described below (the “**Amendments**”).

Market participants are invited to provide comments. Comments should be in writing and delivered by July 8, 2024 to:

Joanne Sancı  
Senior Counsel, Regulatory Affairs  
TMX Group  
100 Adelaide Street West, Suite 300  
Toronto, Ontario M5H 1S3  
Email: [tsxrequestforcomments@tsx.com](mailto:tsxrequestforcomments@tsx.com)

A copy should also be provided to:

Trading & Markets Division  
Ontario Securities Commission  
20 Queen Street West  
Toronto, Ontario M5H 3S8  
Email: [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by staff at the Ontario Securities Commission (“**OSC**”), and in the absence of any regulatory concerns, a notice will be published to confirm approval by the OSC.

### **Background, Outline and Rationale for the Amendments**

Self-trade prevention (or “**STP**”) is an optional order feature that prevents two orders from the same broker from executing against each other based on unique trading keys defined by the broker. These features provide more opportunities for individuals to participate on both sides of the market (ie. buy/sell) without unintentionally violating ‘wash trading’ rules under the Universal Market Integrity Rules (“**UMIR**”). UMIR permits participants to place buy and sell orders on a market for a given stock at the same price so long as that participant only trades with others and does not cross its own orders. Preventing self-trading ensures there is no misleading appearance of additional trading in a stock.

Certain solutions to assist trading participants in managing accidental trades with themselves (“**wash trades**”) are currently available on Alpha, Toronto Stock Exchange, and TSX Venture, including, for example:

- (i) Cancel Newest Self-Trade Prevention;
- (ii) Cancel Oldest Self-Trade Prevention;
- (iii) Decrement Largest and Cancel Smallest Self-Trade Prevention;
- (iv) Self-Trade Management Order Feature (“**STM**”); and
- (v) Do Not Trade Self-Trade Prevention (known as “No Cancel (XM)” on Alpha DRK).

STM is an optional trading feature that suppresses trades fro

## **Analysis of Impact**

## APPENDIX A

### BLACKLINED VERSION OF ALPHA RULES REFLECTING THE AMENDMENTS

[...]

#### Change History

Version	Change	Date
[...]		
<a href="#">V.1.11</a>	<a href="#">Changes to Self-Trade Management</a>	<a href="#">*, 2024</a>
[...]		

#### 5.13 Self Trade Management

- (1) Alpha Self Trade Management is a designation that suppresses trades that occur in the Continuous Trading Session in the CLOB from the public feed, where orders on both sides of the trade are from the same Member and contain the same “self trade key” set by the Member. [If the Self Trade Management instruction matches with a self trade prevention instruction with matching self-trade keys, this trade will be suppressed from the public feed.](#)
- (2) Self Trade Management applies

## APPENDIX B

### CLEAN VERSION OF ALPHA RULES REFLECTING THE AMENDMENTS

[...]

#### Change History

Version	Change	Date
[...]		
V.1.11	Changes to Self-Trade Management	*, 2024
[...]		

#### 5.13 Self Trade Management

- (1) Alpha Self Trade Management is a designation that suppresses trades that occur in the Continuous Trading Session in the CLOB from the public feed, where orders on both sides of the trade are from the same Member and contain the same “self trade key” set by the Member. If the Self Trade Management instruction matches with a self trade prevention instruction with matching self-trade keys, this trade will be suppressed from the public feed.
- (2) Self Trade Management applies only to unintentional trading (e.g. does not apply to Crosses).
- (3) The designation is only applicable in Continuous Trading in CLOB.
- (4) Self trades that occur in the CLOB Continuous Trading Session are not disseminated on the public trade messages and do not update the last sale price, daily volume and turnover, or other trading statistics.
- (5) The designation is applicable to board lot orders and board lot portion of mixed lot orders.

**Commentary:** The unique trading key provided by the Member for Self Trade Management is intended for use only on buy and sell orders for accounts that may result in trades where there is no change in beneficial or economic ownership.