



# **Aequitas NEO Exchange Inc.**

## **Trading Functionality Guide**

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## Table of Contents

<b>1</b>	<b>INTRODUCTION</b> .....	<b>7</b>
<b>2</b>	<b>CONTACT INFORMATION</b> .....	<b>7</b>
<b>3</b>	<b>OVERVIEW</b> .....	<b>8</b>
3.1	TRADING BOOKS .....	8
3.1.1	NEO-L.....	8
3.1.2	NEO-N .....	8
3.1.3	NEO-D .....	8
3.1.4	Crossing Facility .....	9
3.1.5	Special Settlement Terms (“SST”) Facility.....	9
3.2	TRADED SECURITIES .....	9
<b>4</b>	<b>TRADING SESSIONS</b> .....	<b>9</b>
4.1	HOURS OF OPERATION.....	9
4.1.1	NEO-L – Other Traded Securities .....	9
4.1.2	NEO-L - NEO-Listed Securities (with Closing Call) .....	9
4.1.3	NEO-L – NEO-L Listed Securities (without Closing Call).....	10
4.1.4	NEO-N – All Securities.....	10
4.1.5	NEO-D – All Securities.....	10
4.1.6	Crossing Facility – All Securities .....	10
4.1.7	SST Facility – All Securities.....	11
4.2	CLASSIFICATION OF TRADER IDS.....	11
4.2.1	NEO Trader™ IDs classified as Retail.....	11
4.2.2	Latency Sensitive Trader IDs.....	11
<b>5</b>	<b>TRADING IN NEO-L</b> .....	<b>11</b>
5.1	PRE-OPEN .....	11
5.1.1	Calculated Opening Price (“COP”) .....	12
5.1.1.1	<i>Calculated Opening Price Example</i> .....	12

5.2	OPENING CALL (OPENING CALL ELIGIBLE SECURITIES) .....	13
5.3	CONTINUOUS TRADING .....	13
5.3.1.1	<i>Continuous Trading in NEO-L – Trading Example.....</i>	<i>14</i>
5.3.2	Odd-Lot and Mixed-Lot Orders .....	14
5.3.3	Participation in the Closing Call .....	15
5.3.4	Calculated Closing Price (“CCP”) .....	15
5.3.4.1	<i>Calculated Closing Price Example .....</i>	<i>15</i>
5.4	CLOSING CALL .....	16
5.4.1.1	<i>Closing Call Example .....</i>	<i>17</i>
5.4.2	Delayed Closing (Closing Call Eligible Securities only) .....	17
5.5	EXTENDED TRADING .....	18
<b>6</b>	<b>TRADING IN NEO-N .....</b>	<b>18</b>
6.1	CONTINUOUS TRADING .....	18
6.2	MARKET DATA DISSEMINATION IN NEO-N .....	19
6.2.1	NEO-N Price Display Example.....	19
6.3	SIZE-TIME PRIORITY.....	20
6.3.1	Size-Time Example .....	20
6.4	SPEED BUMP .....	20
<b>7</b>	<b>TRADING IN NEO-D .....</b>	<b>21</b>
7.1	PRE-OPEN .....	21
7.2	CONTINUOUS TRADING .....	21
7.2.1	Matching State Participation and Minimum Acceptable Quantity Constraints ...	21
7.2.1.1	<i>Minimum Acceptable Quantity Trading Example .....</i>	<i>22</i>
7.2.2	Dark Order Matching (Active to Passive Orders) .....	22
7.2.3	Dark Order Matching (Passive to Passive Orders).....	23
7.2.4	NEO-D Trading Example .....	23
<b>8</b>	<b>TRADING IN CROSSING FACILITY .....</b>	<b>24</b>

<b>9</b>	<b>TRADING IN SST FACILITY .....</b>	<b>24</b>
9.1	CONTINUOUS TRADING .....	24
9.1.1	SST Orders Trading Example.....	25
<b>10</b>	<b>TRADING FEATURES AND ORDER TYPES.....</b>	<b>25</b>
10.1	ORDER PROTECTION RULE (OPR) .....	25
10.1.1	Directed Action Order ("DAO") .....	25
10.1.2	Protect and Reprice Order .....	25
10.1.2.1	<i>Protect and Reprice Order Trading Example.....</i>	<i>25</i>
10.1.3	Protect and Cancel Order .....	26
10.1.3.1	<i>Protect and Cancel Order Trading Example.....</i>	<i>26</i>
10.2	SELF TRADE PREVENTION .....	26
10.2.1	Self Trade Prevention Trading Example .....	27
10.3	ORDER TYPES.....	27
10.3.1	Overview of Order Types (on NEO Exchange) .....	28
10.3.2	Market Order .....	29
10.3.3	Limit Order.....	29
10.3.4	Midpoint Pegged Order.....	29
10.3.4.1	<i>Midpoint Pegged Order - NEO-L .....</i>	<i>29</i>
10.3.4.2	<i>Midpoint Pegged Order - NEO-N .....</i>	<i>30</i>
10.3.4.3	<i>Midpoint Pegged Order - NEO-D .....</i>	<i>30</i>
10.3.5	Duration Orders .....	30
10.3.5.1	<i>Fill or Kill Order ("FOK").....</i>	<i>30</i>
10.3.5.2	<i>Immediate or Cancel ("IOC").....</i>	<i>31</i>
10.3.5.3	<i>Market on Open ("MOO") / Limit on Open ("LOO") .....</i>	<i>31</i>
10.3.5.4	<i>Market on Close ("MOC") / Limit on Close ("LOC") .....</i>	<i>31</i>
10.3.5.5	<i>Good for Day Order ("DAY").....</i>	<i>31</i>
10.3.5.6	<i>Good till Cancelled Order ("GTC") .....</i>	<i>32</i>

10.3.5.7	Good till Time Order ("GTT") .....	32
10.3.5.8	Good till Date Order ("GTD") .....	32
10.3.5.9	Imbalance Only Order ("IO") .....	32
10.3.5.10	Regular Hours Only ("RHO") .....	32
10.3.6	Iceberg Orders.....	32
10.3.6.1	Iceberg Order Trading Example .....	32
10.3.7	Mixed Lot Order .....	33
10.3.8	Odd Lot Order.....	33
10.3.9	Passive Only Reprice Order.....	33
10.3.9.1	Passive Only Reprice Order Trading Example .....	33
10.3.10	Passive Only Cancel Order.....	34
10.3.10.1	Passive Only Cancel Order Trading Example.....	34
10.3.11	Short Sale Order .....	34
10.3.12	Attributed and Anonymous Orders.....	34
10.3.12.1	Anonymous Order and Broker Preference Trading Example .....	34
10.3.13	Bypass Order.....	35
10.3.13.1	Bypass Order Trading Example.....	35
10.3.14	Minimum Acceptable Quantity (MAQ).....	36
10.3.15	Matching State Participation .....	36
10.3.16	Cross Types.....	36
10.3.16.1	Bypass Cross .....	36
10.3.16.2	National Cross.....	36
10.3.16.3	Internal Cross .....	36
10.3.16.4	Basis Cross.....	36
10.3.16.5	Contingent Cross .....	36
10.3.16.6	VWAP Cross.....	36

10.3.16.7	<i>Derivative Cross</i> .....	36
<b>11</b>	<b>DESIGNATED MARKET MAKER (DMM) PROGRAM</b> .....	<b>37</b>
11.1	OVERVIEW .....	37
11.2	DMM OBLIGATIONS .....	37
11.3	DMM BENEFITS .....	39
11.3.1	Market Maker Volume Allocation (“MMVA”) .....	39
11.3.1.1	<i>Market Maker Volume Allocation Trading Example</i> .....	39
11.3.2	Issuer Performance Program .....	40
11.4	COMPETITION FOR ASSIGNMENTS .....	40
<b>12</b>	<b>OTHER FEATURES</b> .....	<b>41</b>
12.1	CIRCUIT BREAKERS .....	41
12.2	SINGLE STOCK CIRCUIT BREAKERS .....	41
12.3	CANCEL ON DISCONNECT .....	42
12.4	STANDARD TRADING UNITS .....	42
12.5	STANDARD TRADING PRICE INCREMENTS .....	42
12.6	SECURITY TIERS .....	42
12.7	TRADING HALTS .....	42
12.7.1	No Matching Halt .....	43
12.7.2	Full Halt .....	43
12.8	DROP COPY .....	43
<b>13</b>	<b>REFERENCES</b> .....	<b>43</b>

# 1 Introduction

This document contains a description of Aequitas NEO Exchange (“NEO” or “NEO Exchange”) functionality and will be updated annually or, more frequently, as new features become available. Capitalized words not defined here are defined in the NEO Exchange Trading Policies (the “Trading Policies”) and in the case of a discrepancy between this document and the Trading Policies, the Trading Policies will apply.

# 2 Contact Information

NEO Business Operations and the NEO Account Management team are the two main points of contact for anything relating to trading functionality and solutions. Contact Business Operations for support enquiries and the Account Management team about our products and services.

<b>CONTACT</b>	<b>PHONE</b>	<b>EMAIL</b>
<b>Business Operations</b>	(416) 933-5950	<a href="mailto:ExchangeOperations@neostockexchange.com">ExchangeOperations@neostockexchange.com</a>
<b>Account Management</b>	(416) 933-5955	<a href="mailto:NEOTradingSales@neostockexchange.com">NEOTradingSales@neostockexchange.com</a>

Business Operations support is available Monday through Friday as follows:

- Production Support: 06:00 (EST) to 19:00 (EST)
- GTE Support: 09:00 (EST) to 17:00 (EST)

## 3 Overview

### 3.1 Trading Books

NEO Exchange offers unique functionality in three distinct trading books to benefit natural investors. The connection to the trading books is established via FIX Order Entry sessions.

#### 3.1.1 NEO-L

The NEO-L book is a transparent order book and consists of the following features:

- Make-Take fee model
- Traditional Market by Order market data feed
- Matching algorithm that prioritizes NEO Trader™ orders over Latency Sensitive Trader orders
- Odd Lot and Mixed Lot order support
- Opening and Closing Call support for NEO-Listed securities
- Long order support (i.e. Good Till Cancel and Good Till Date) support for NEO-Listed securities

#### 3.1.2 NEO-N

The NEO-N book offers features common to both transparent and hidden order books and consists of the following features:

- Take-Make (inverted) fee model
- Unique Market by Price market data feed which aggregates orders by price level which offers pre-trade anonymity
- Size-Time priority model which rewards larger orders and also prioritizes NEO Trader™ orders over Latency Sensitive Trader orders
- A speed bump mechanism is applied to active Latency Sensitive Trader orders

#### 3.1.3 NEO-D

The NEO-D book is a fully hidden order book and consists of the following features:

- Take-Make (inverted) fee model
- Size-Time priority model which rewards larger orders and also elevates NEO Trader™ orders over Latency Sensitive Trader orders
- Orders are fully hidden and are not disseminated over market data feed (full pre-trade anonymity)
- Supports a Minimum Acceptable Quantity (“MAQ”) order attribute to set the minimum contra order size an order will trade with



- Allows passive orders to set which duration order type flow type they will interact with

### 3.1.4 Crossing Facility

The Crossing Facility is a service available to all market participants. It supports the execution of various types of intentional crosses in any of the securities traded on NEO Exchange free of charge. Cross interference with orders in any of the trading books is not supported.

### 3.1.5 Special Settlement Terms (“SST”) Facility

The Special Settlement Terms facility provides the ability to trade orders with non-standard settlement terms. Terms orders execute against contra-orders with the same settlement terms only. Odd lots and mixed lots are not supported.

## 3.2 Traded Securities

The NEO Exchange trades NEO-Listed securities and all TSX, TSX Venture and CSE Listed securities. See above for trading session information.

# 4 Trading Sessions

## 4.1 Hours of Operation

### 4.1.1 NEO-L – Other Traded Securities

NEO-L trading schedule for other traded securities including TSX, TSX-V and CSE:

<b>TIME</b>	<b>SESSION</b>
<b>8:00AM - 5:00PM<sup>1</sup></b>	<b><i>Continuous Trading</i></b> - All order types are accepted.

### 4.1.2 NEO-L - NEO-Listed Securities (with Closing Call)

NEO-L trading schedule for NEO-Listed securities eligible for a closing call:

<b>TIME</b>	<b>SESSION</b>
<b>7:00AM – 9:30AM</b>	<b><i>Pre-Open/Opening Call</i></b> – Opening call order types are accepted.
<b>9:30AM – 4:00PM</b>	<b><i>Continuous Trading</i></b> – All order types are accepted. <b><i>Closing Call</i></b> – Closing-eligible orders are the only new orders accepted in this session. Orders persisting beyond 4:00PM from the

<sup>1</sup>The odd lot facility is available between 9:30AM and 4:00PM. Odd lot or mixed lot orders sent outside of those hours will be rejected.

<b>4:00PM – 4:05PM</b>	Continuous Trading Session will participate in the Closing Call and can continue to be modified. Closing call will occur at randomized time within 30 seconds following the end of the Closing Call.
<b>4:05PM – 5:00PM</b>	<b>Extended Trading</b> – Only orders submitted at the security’s closing price are accepted. Order modifications to amend the price will not be accepted.

#### 4.1.3 NEO-L – NEO-L Listed Securities (without Closing Call)

NEO-L trading schedule for NEO-Listed securities without a closing call:

<b>TIME</b>	<b>SESSION</b>
<b>7:00AM – 9:30AM</b>	<b>Pre-Open/Opening Call</b> – Opening call order types are accepted.
<b>9:30AM – 4:00PM</b>	<b>Continuous Trading</b> – All order types are accepted.
<b>4:00PM – 5:00PM</b>	<b>Extended Trading</b> – As these securities will not have a Closing Call, only orders submitted at a price of the last trade in the Continuous Trading session are accepted. Order modifications to amend the price will not be accepted.

#### 4.1.4 NEO-N – All Securities

NEO-N trading schedule for all traded securities including NEO, TSX, TSX-V and CSE:

<b>TIME</b>	<b>SESSION</b>
<b>8:00AM - 5:00PM</b>	<b>Continuous Trading</b> - All order types are accepted for all traded securities (NEO, TSX, TSXV, CSE).

#### 4.1.5 NEO-D – All Securities

NEO-D trading schedule for all traded securities including NEO, TSX, TSX-V and CSE:

<b>TIME</b>	<b>SESSION</b>
<b>8:00AM – 9:30AM</b>	<b>Pre-Open</b> – Passive orders accepted only.
<b>9:30AM – 4:00PM</b>	<b>Continuous Trading</b> – All dark order types are accepted for all traded securities (NEO, TSX, TSXV, CSE).

#### 4.1.6 Crossing Facility – All Securities

Crossing Facility trading schedule for all traded securities including NEO, TSX, TSX-V and CSE:

<b>TIME</b>	<b>SESSION</b>
<b>8:00AM - 5:00PM</b>	<b>Continuous Trading</b> – All intentional cross types accepted for all traded securities.

#### 4.1.7 SST Facility – All Securities

SST Facility trading schedule for all traded securities including NEO, TSX, TSX-V and CSE:

<b>TIME</b>	<b>SESSION</b>
<b>9:30AM - 4:00PM</b>	<b><i>Continuous Trading</i></b> – All special settlement term order types are accepted for all traded securities (NEO, TSX, TSXV, CSE).

## 4.2 Classification of Trader Ids

A key component for NEO Exchange is the differentiation between Trader IDs as being either a NEO Trader™ or a Latency Sensitive Trader. Members have the responsibility to certify their Trader IDs as one of these two categories, defined in the Trading Policies and set out below:

- *Latency Sensitive Trader (“LST”)* is latency sensitive, high frequency trader who trades for its own account using technology and automated, co-located trading strategies. Typically, this includes having a server installed in the same data centre as, or in close proximity to, any Canadian exchange or alternative trading system located in the Greater Toronto Area.
- *NEO Trader™* means an account type or an investor that trades through an account type, other than LST (e.g. “Client” account type).

### 4.2.1 NEO Trader™ IDs classified as Retail

Trader IDs that handle flow exclusively from Retail Customers can be classified as such.

### 4.2.2 Latency Sensitive Trader IDs

A trader type classified as an LST may be a Designated Market Maker (“DMM”), but includes any dealer that trades for its own account using co-located automated trading strategies. Second type of a LST may be DEA client that access markets with proprietary technology, using only dealer-provided pre-trade risk filters, and direct orders to venues without relying on their dealers to make the routing decisions. Any type of client flow where the client has no control over which marketplace their orders get routed to is not considered to be LST.

## 5 Trading in NEO-L

### 5.1 Pre-Open

During the pre-open session, market and limit orders can be entered, but will not be executed until the Opening Call. In addition, any previous submitted duration orders (GTD, GTC) saved in the system from previous day will be available during this session.

Market on Close (“MOC”), Limit on Close (“LOC”), and Imbalance Only (“IO”) orders may also be entered at this time. See [section 10.3.5](#) for a description of these order types.

### 5.1.1 Calculated Opening Price (“COP”)

The calculated opening price (“COP”) and imbalance will be published on the multicast market data feed with each change through the pre-open session. IO order quantity is not included as a part of the COP or imbalance calculations. In the event more than one opening execution price is available, the opening price will be determined by the following rules:

- a) The price that maximizes the trade volume;
- b) If more than one price is determined in a), the price that ensures the minimum imbalance; and
- c) If still more than one price is available, the price that is closest to the instrument’s previous close.

#### 5.1.1.1 Calculated Opening Price Example

Previous closing price is 10.35.

The NEO-L order book is as follows:

Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Sell Order
B1	1300	Mkt	Mkt	1000	S4
B2	100	10.35	10.35	300	S5
B3	300	10.34	10.36	100	S6

Cumulative buy and sell quantities which can be matched at each price level, can be calculated as displayed in the table below:

Cumulative Buy Size	Price	Cumulative Sell Size	Matchable Size	Imbalance
1300	10.36	1400	1300	-100
1400	10.35	1300	1300	100
1700	10.34	1000	1000	700

The calculation based on the defined rules above:

- Based on rule 1, prices 10.34 and 10.35 can trade the largest volume (1300 shares)
- Of the orders that satisfy rule 1, both 10.34 and 10.35 leave the least imbalance (100 shares)
- Of the order that satisfy rule 2, price 10.35 is the closest to the previous closing price
- Therefore, the COP is 10.35.

## 5.2 Opening Call (Opening Call Eligible Securities)

At the start of the Opening Call, the orders eligible to trade within the Opening Call will be matched at the COP in the following sequence:

1. Market and Market on Open orders
2. Better-priced Limit and Limit on Open orders
3. Limit and Limit on Open orders priced at the COP
4. Imbalance Only orders, on the aggressing side

If there are multiple orders within each order type above, the trading priority in which they will be processed is in Broker / NEO Trader™ / Time priority.

The board lot portion of a mixed lot order for an eligible security can participate in the Opening Call and be included in the COP and imbalance calculations. The odd lot portion of a mixed lot and strict odd lot orders for eligible securities will be executed following the Opening Call at the start of the continuous trading session at the COP. Any unfilled market orders following the Opening Call will be booked in NEO-L as limit orders at the COP. Unfilled quantities of any MOO, LOO and IO orders will be cancelled immediately after the Opening Call.

Eligible NEO-Listed securities may have additional support from the DMM to facilitate the Opening Call and transition into continuous trading. Immediately preceding the Opening Call, the DMM may be given time to assess the overall quality of the book, the imbalance, and the opening price as part of their fair and orderly markets obligation. The DMM may:

- a) Proceed with the Opening Call;
- b) Enter an IO order to reduce/eliminate an imbalance and then proceed with the Opening Call; or
- c) Delay the opening.

In the absence of an instruction by the DMM, the security will be systematically opened according to the NEO Exchange opening procedures.

## 5.3 Continuous Trading

A tradable order entered into NEO-L will execute against resting orders (other than special terms orders – see [section 9](#) for more information) in Price / Broker / NEO Trader™ / Time priority. Any order that is anonymous or jitney will not be considered in broker preference matching.

At a particular price, orders in the NEO-L will be processed in the following sequence:

- a) A resting order will be executed in priority to all orders at inferior prices;

- b) A visible resting order has priority over a non-visible resting order at the same price at the time of execution;
- c) If multiple resting orders exist at the same price then the priority sequence is as follows:
  - i. Any resting order entered by the same member (if there are multiple orders, then any resting NEO Trader™ entered by the same member according to time priority followed by all other orders by same member in time priority)
  - ii. Any resting orders from NEO Trader™ will be matched according to time priority
  - iii. Any DMM resting order at the price subject to the Market Maker Volume Allocation (See [section 11.3.1](#) for more information)
  - iv. All other resting orders according to time priority

An order in NEO-L will lose its time priority if (a) its visible volume is increased; (b) the price is amended, or (c) the order attribution is amended (to / from anonymous).

All visible orders resting on NEO-L except odd lot orders are disseminated on the public market data feed with broker attribution (unless marked anonymous).

#### 5.3.1.1 Continuous Trading in NEO-L – Trading Example

The NEO-L order book is as follows:

Buy Order	Buy Firm	Buy Trader	Buy Size	Buy Price	Sell Price	Sell Size	Sell Trader	Sell Firm	Sell Order
B1	A	LST	100	10.99	11.01	300	LST	B	S1
B2	D	LST	200	10.99	11.01	100	NEO Trader™	C	S2
					11.01	400	LST	A	S3
					11.01	200	NEO Trader™	A	S4

If Broker A submits, on behalf of a NEO Trader™ account, an order, B3, to buy 1000 shares at price of 11.01, the following trade(s) will occur:

- **Trade 1:** 200 @ 11.01 (B3 / S4, due to broker and NEO Trader™ priority over S1, S2, S3)
- **Trade 2:** 400 @ 11.01 (B3 and S3, due to broker priority over S1, S2)
- **Trade 3:** 100 @ 11.01 (B3 and S2, due to NEO Trader™ priority over S1)
- **Trade 4:** 300 @ 11.01 (B3 and S1).

#### 5.3.2 Odd-Lot and Mixed-Lot Orders

The NEO Exchange does not have a separate order book for odd lot orders and such orders are directed to NEO-L. If odd lot orders are marketable on entry (i.e. at or better than the opposite side of the NBBO) the orders are automatically executed upon entry

by the DMM at the current NBB or NBO. If the odd lot order is a limit order and not tradeable on entry, it will be booked at its limit price and only trade at the NBBO when its limit price becomes in range of the opposite side of the NBBO.

A mixed lot order will be split into a board lot and an odd lot portion upon entry. The odd lot portion of a resting mixed lot order will only trade when the board lot portion is completely filled. The odd lot portion will receive the same price as the last traded price of the board lot portion.

Odd lot orders that are not duration orders (i.e. not GTC, GTD) will be subject to an Odd Lot Expiry time, which is currently set to the end of the continuous trading session. This is to prevent excessive odd lot fills at the end of the trading session.

### 5.3.3 Participation in the Closing Call

At the end of the continuous trading session, all orders that are ineligible to participate in the Closing Call will expire and any remaining orders are eligible to participate in the Closing Call. All previously entered Closing Call eligible orders (MOC, LOC) entered prior to the Closing Call that have remained hidden in the system until this session will be inserted in NEO-L to participate in the Closing Call.

### 5.3.4 Calculated Closing Price ("CCP")

The calculated closing price ("CCP"), imbalance direction and size will be continuously published with each change affecting the CCP while in the Closing Call. These changes may include new MOC and LOC orders, as well as amendments or cancellations to existing MOC and LOC orders. In the event that more than one execution price is available, the CCP will be determined by the following rules:

- a) The price that maximizes the trade volume;
- b) If more than one price is determined in a), the price that will leave the smallest imbalance; and
- c) If still more than one price is available, the price that is closest to the instrument's last traded price on NEO Exchange.

#### 5.3.4.1 Calculated Closing Price Example

Last Sale Price on NEO-L is 10.01.					
The NEO-L order book is as follows:					
Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Sell Order
B1	500	Mkt	Mkt	900	S6
B2	100	10.02	9.99	100	S7
B3	1400	10.01	10.00	1000	S8
B4	800	10.00	10.01	200	S9

B5	300	10.00	10.01	900	S10
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Cumulative buy and sell quantities which can be matched at each price level, can be calculated as displayed in the table below:

<b>Cumulative Buy Size</b>	<b>Price</b>	<b>Cumulative Sell Size</b>	<b>Matchable Size</b>	<b>Imbalance</b>
600	10.02	3100	600	-2500
2000	10.01	3100	2000	-1100
3100	10.00	2000	2000	-1100
3100	9.99	1000	1000	2100

The calculation based on the defined rules above:

- Based on rule 1, prices 10.00 and 10.01 can trade the largest volume (2000 shares)
- Of the orders that satisfy rule 1, both 10.00 and 10.01 leave the least imbalance (1100 shared)
- Of the order that satisfy rule 2, price 10.01 is the closest to the last traded price on NEO Exchange
- Therefore, the CCP is 10.01.

## 5.4 Closing Call

The Closing Call for each of the Closing Call eligible securities will occur at a randomized time within 30 seconds following the end of the session. At the start of the execution, the side opposite of the indicated imbalance direction will aggress the book. In the absence of an imbalance, the buy side will aggress the sell side.

The orders eligible to trade in the Closing Call will be matched at the CCP in the following sequence:

- MOC orders will have priority
- Better priced Limit and LOC orders
- Limit and Limit on Close orders priced at the CCP
- Imbalance Only orders, on the aggressing side

If there are multiple orders within each order type above, the trading priority in which they will be processed is in Broker / NEO Trader™ / Time priority.

Mixed lot and odd lot orders will not be eligible for entry during the Closing Call. Remaining mixed lot orders during the continuous trading session will have the board lot portion contribute to the Closing Call. Upon execution of the Closing Call, any remaining odd lot orders will expire.



### 5.4.1.1 Closing Call Example

The NEO-L order book is as follows:

Buy Ord	Buy TIF	Buy Entry Time	Buy Size	Buy Price	Sell Price	Sell Size	Sell Entry Time	Sell TIF	Sell Ord
B3	MOC	16:00PM	400	Mkt	Mkt	500	09:30AM	MOC	S1
B1	LOC	08:20AM	100	10.05	10.04	400	15:58PM	LOC	S3
B2	LOC	15:58PM	500	10.04	10.05	200	14:30PM	LOC	S2

Cumulative buy and sell quantities which can be matched at each price level, can be calculated as displayed in the table below:

Cumulative Buy Size	Price	Cumulative Sell Size	Matchable Size	Imbalance
500	10.05	1100	500	-600
1000	10.04	900	900	100

An imbalance publication message on the market data feed would be disseminated with the following fields (only a subset of the message, refer to NITCH specification for additional fields):

Field	Value
Imbalance	100
Imbalance Direction	Buy
Calculated Closing Price	10.04

At 4:05, the Closing Call will execute at a CCP of 10.04 and the following trades would occur:

- **Trade 1:** 400 @ 10.04 (B3/S1)
- **Trade 2:** 100 @ 10.04 (B1/S1)
- **Trade 3:** 400 @ 10.04 (B2/S3)
- Remaining orders and volume will be expired at the conclusion of Closing Call.

### 5.4.2 Delayed Closing (Closing Call Eligible Securities only)

In the event of a delayed closing, the Exchange will publish a message containing the affected symbol(s). Following this, new orders, as well as amendments and cancellations, may be entered to participate in the Closing Call.

As these orders come in, the CCP will be recalculated. Once the CCP does not exceed established price band parameters, the Closing Call will attempt to complete at the CCP. Where the CCP still exceeds the price band parameters, subsequent attempts will be made at time intervals specified by notice to Members.

In the event that the Closing Call still cannot complete due to the CCP exceeding price band parameters, the Exchange may adjust the reference price with appropriate notice to Members.

## 5.5 Extended Trading

The extended trading session follows for all NEO-Listed securities, where matching can only occur at the closing price. New orders and price amendments are only allowed at that price. Odd lot trading is not supported in this session; while the board lot portion of mixed lots may trade, the odd lot portion will not.

# 6 Trading in NEO-N

## 6.1 Continuous Trading

Only IOC and FOK orders entered in NEO-N may interact with resting orders in NEO-N. Any other order entered into NEO-N that would be immediately tradable upon entry will be cancelled back to the user (unless flagged as protect and reprice – [see section 10.1](#) for more information). The orders are given trading priority based on in price / broker / NEO Trader™ / Size-Time priority. Furthermore, some IOC/FOK orders are subject to a speed bump (see [section 6.4](#) for more information).

A tradable (IOC or FOK) order entered into NEO-N will execute against resting orders in the following sequence:

- a) A resting order at a particular price will be executed in priority to all orders at inferior prices;
- b) A visible resting order has priority over a non-visible resting order at the same price at the time of execution;
- c) If multiple resting orders exist at the same price then the priority sequence is as follows:
  - i. Any resting order entered by the same member (if there are multiple orders, then any resting NEO Trader™ entered by the same member according to Size-Time priority followed by all other orders by same member in time priority)
  - ii. Any resting orders from NEO Trader™ will be matched according to Size-Time priority then
  - iii. Any DMM resting order at the price subject to the MMVA (See [section 11.3.1](#) for more information)
  - iv. All other resting orders according to Size-Time priority (see [section 6.3](#) for more information).

An order in NEO-N will lose its time priority if (a) its visible volume is increased; (b) the price is amended, or (c) The order attribution is amended (to/from anonymous).

If there are resting orders in NEO-N order book marked as RHO, it will be expired at the conclusion of the Continuous Trading session.

All remaining resting orders in NEO-N will be expired at the conclusion of the trading day.

## 6.2 Market Data Dissemination in NEO-N

NEO-N provides a market-by-price display only, meaning that all orders resting in NEO-N order book that are priced at or outside the NBBO are disseminated on the public data feed by price level. The volume for each price level is:

- a) For non-pegged orders priced outside the NBBO, the aggregate volume of all visible orders at that price level (the hidden portion of iceberg volume is not included); and
- b) For orders priced at the NBBO, the aggregate volume of all visible orders at the NBBO, plus the aggregate volume of all tradable mid-point pegged orders.

Mid-point orders that are not tradable are removed from the public market data feed until such time as the market conditions change and the mid-point volume becomes executable, or the price of the order is amended such that it can execute.

Trades executed in NEO-N are disseminated on the public data feed with broker attribution (unless the order was entered as anonymous).

### 6.2.1 NEO-N Price Display Example

The current NBBO is 10.01 – 10.06.									
The NEO-N order book is as follows:									
Order	Order Type	Iceberg	Bid Size	Bid Price	Sell Price	Sell Size	Iceberg	Order Type	Order
B6	Midpoint	-	300	10.06	10.06	400	-	Midpoint	S10
B8	Midpoint	-	600	10.03	10.11	100	500	Limit	S9
B7	Limit	-	500	10.01	10.11	100	500	Limit	S13
B1	Limit	1000	200	10.00	10.12	500	-	Limit	S5
B2	Limit	-	500	9.99	10.14	200	1000	Limit	S11
B3	Limit	1000	200	9.99	10.14	400	-	Limit	S12
*Midpoint order, B3 due to its price cap of 10.03 will not contribute the displayed quantity at 10.01 below as it is not tradable at the current midpoint.									
The market-by-price dissemination will be as follows:									
Bid Size		Bid Price		Sell Price		Sell Size			
800		10.01		10.11		600			
200		10.00		10.12		500			

700	9.99	10.14	600
-----	------	-------	-----

### 6.3 Size-Time Priority

The Size-Time trading priority is an allocation methodology utilized in NEO-N and NEO-D to determine the sequence in which orders will trade when there are multiple potential matches at a given price.

First, if any single resting order can completely fill the incoming order, then that order will trade. If more than one resting order can fill the incoming order completely (or if no resting order can fill it completely), the highest overall Size-Time ranking score among those resting orders will determine which trades first.

The Size-Time ranking is calculated as a weighted average of three different order rankings:

- a) the remaining resting order size
- b) the priority timestamp
- c) the time of the last partial fill.

The weighting used for the calculation is subject to change and will be published by notice to Members.

#### 6.3.1 Size-Time Example

The NEO-N Size-Time ranking calculated using equal weighting is as follows:

Priority Time	Time of Last Fill	Remaining Size	Priority Time Rank	Last Fill Rank	Size Rank	Overall Size-Time Rank
10:13:01	10:13:01	1200	2	1	3	<b>1</b>
10:10:28	10:34:28	1100	1	3	4	<b>2</b>
10:15:37	10:35:37	1600	3	4	1	<b>3</b>
10:15:38	10:35:28	1600	4	5	1	<b>4</b>
10:30:50	10:33:20	1000	5	2	5	<b>5</b>

The order at the top of the list will have priority.

### 6.4 Speed Bump

All incoming IOC or FOK orders originating from a Trader ID that is classified as a Latency Sensitive Trader will be subject to a randomized delay of 3-9 milliseconds. The delay occurs before the order is released into the Exchange engine. An order entered into the Exchange system cannot be modified or cancelled while subject to the speed bump; the

order will be fully processed with any non-tradable volume cancelled back to the originator.

No other order types or order operations from any market participant are subject to the speed bump.

## 7 Trading in NEO-D

### 7.1 Pre-Open

During the pre-open session, fully hidden Day or RHO dark passive orders can be entered but will not be executed until the start of the Continuous Trading session. Orders can be amended and / or cancelled during this session.

### 7.2 Continuous Trading

In NEO-D, orders will execute at or within the NBBO (as per IIROC dark rules) in trading priority by Price / Broker / NEO Trader™ / Size-Time priority. NEO-D has two classifications for orders: dark passive and dark active orders.

- *Dark passive orders* may be submitted only as a midpoint and with durations DAY or RHO. Dark passive orders may trade with other dark orders subject to Matching State Participation (“MSP”) and Minimum Acceptable Quantity (“MAQ”) constraints. Passive orders may trade with incoming active and passive orders immediately on entry and with other resting passive orders upon NBBO updates.
- *Dark active orders* may be submitted as a midpoint, limit or market and can only be active only (IOC or FOK). Dark active orders may have a MAQ specified and may trade with other passive orders only at the midpoint of the NBBO.

#### 7.2.1 Matching State Participation and Minimum Acceptable Quantity Constraints

When trading in NEO-D, members can optionally place a Matching State Participation (“MSP”) constraint on dark passive orders. The MSP constraint allows the member to identify the type of contra order the passive order will interact with including (a) active only orders; (b) passive only orders; or (c) both active and passive orders.

Minimum Acceptable Quantity constraints can be specified on both active and passive orders and indicates the minimum contra order size with which the order is willing to trade. Contra orders less than the MAQ size will be ineligible to trade with the order. Only singular orders with sufficient quantity to meet the MAQ will be considered (Single Fill MAQ Match Type).

### 7.2.1.1 Minimum Acceptable Quantity Trading Example

The current NBBO is 10.05 – 10.06.

The NEO-D order book is as follows:

Ord	Brk	MAQ	Bid Size	Bid Price	Sell Price	Sell Size	MAQ	MSP	Trd Type	Brk	Ord
B1	B	Act. only	1000	10.04	10.05	1000	-	Act. only	LST	A	S2
					10.05	1500	500	Act. only	NEO Trader™	A	S3
					10.05	1000	100	Act. only	LST	B	S4
					10.06	1000	1000	Act. only	LST	A	S5

If Broker B submits, on behalf of a NEO Trader™ account, an active IOC dark order B6 to buy 4000 shares, with MAQ (1000) at market price, the following trade(s) will occur:

- **Trade 1:** 1000 @ 10.055 (B6/S4; S4 fulfills MAQ and has broker priority over S2, S3, S5)
- **Trade 2:** 1500 @ 10.055 (B6/S3; S3 fulfills MAQ and has NEO Trader™ priority over S2)
- **Trade 3:** 1000 @ 10.055 (B6/S2)
- B6 cannot trade with S5 as it does not fulfill its MAQ, thus remaining volume is cancelled.

### 7.2.2 Dark Order Matching (Active to Passive Orders)

A tradable dark active order entered into NEO-D will execute against dark passive orders in the following sequence:

1. A resting order at a particular price will be executed in priority to all orders at inferior prices;
2. If multiple resting orders exist at the same price then the priority sequence is as follows:
  - i. Any resting order entered by the same member (if there are multiple orders, then any resting NEO Trader™ entered by the same member according to Size-Time priority followed by all other orders by same member in time priority)
  - ii. Any resting orders from NEO Trader™ will be matched according to Size-Time priority, then
  - iii. All other resting orders according to Size-Time priority (see [section 5.1.2](#)), then

- iv. Within each of the priority tiers above, orders will only trade if they fulfill the MAQ and MSP constraints of the contra order with which they are interacting.

### 7.2.3 Dark Order Matching (Passive to Passive Orders)

Dark passive orders can trade with other dark passive orders immediately on entry if both MSP and MAQ constraints are fulfilled. The trades between two dark passive orders will follow the same trading priority sequence outlined in [section 7.2.1](#).

When there are dark passive orders resting in the NEO-D order book, a trade may also occur when the NBBO changes if the orders are executable at the midpoint of the updated NBBO. Using the same trading priority sequence outlined in [section 7.2.1](#), buy side passive orders (sequenced in time priority) will aggress sell side passive orders.

### 7.2.4 NEO-D Trading Example

The current NBBO = 9.03 – 9.05.

The NEO-D order book is as follows:

Ord	Brk	Tdr Type	MSP	Bid Size	Bid Price	Sell Price	Sell Size	MSP	Trd Type	Brk	Ord
B1	B	LST	Act. only	1000	9.04	9.05	1000	Pas. only	NEO Trader™	B	S3
B2	B	LST	Act. Only	1000	9.02						
B4	A	LST	Both	1000	9.04						
B5	A	NEO Trader™	Both	1000	9.04						
B6	C	NEO Trader™	Both	1000	9.04						
B7	A	NEO Trader™	Pas. only	1000	9.05						

\*Orders in NEO-D order book are sorted based on time priority on entry.

If Broker A submits, on behalf of a NEO Trader™ account, an active IOC dark order S8 to sell 6000 shares at market price, the following trade(s) will occur:

- **Trade 1:** 1000 @ 9.04 (S8/B5; B5 has broker and NEO Trader™ priority over B4, B6 and B1)
- **Trade 2:** 1000 @ 9.04 (S8/B4; B4 has broker priority over B6 and B1)
- **Trade 3:** 1000 @ 9.04 (S8/B6; B6 has NEO Trader™ priority over B1)
- **Trade 4:** 1000 @ 9.04 (S8/B1)
- Remaining quantity of S8 is cancelled.

Note that S8 did not trade with B2 as B2 is not tradable at the current midpoint (due to price cap). Also, S8 did not trade with B7 as B7 will only interact with passive orders in NEO-D.

If subsequently, NBBO updates to 9.04 – 9.06, the following trade(s) will occur:

- **Trade 5:** 1000 @ 9.05 (B7/S3)

## 8 Trading in Crossing Facility

The Crossing Facility is available to print intentional crosses at or inside the NBBO, without interference from orders resting in NEO-L or NEO-N.

Printing crosses:

- A Member may report crosses made off-exchange, subject to any regulatory provisions applicable to the entry of crosses.
- National and Internal crosses entered during the continuous trading session must be made at a price that is at or within the NBBO.
- Bypass Crosses and specialty price crosses such as Basis, Special Terms and Volume-Weighted Average Price will not be reflected in the last traded price and will not be used in the determination of the closing price.
- Crosses may be submitted with a price up to four decimal places.

All cross types support the entry of mixed and odd lot orders with the exception of Bypass Crosses which cannot be of an odd lot quantity.

## 9 Trading in SST Facility

### 9.1 Continuous Trading

Special Settlement Terms ("SST") orders must be submitted to the SST facility with a corresponding settlement option. Continuous matching will only occur in this facility with orders that have the same settlement terms and if applicable, identical settlement dates.

The following comprise the special settlement terms options:

- Cash – Trades settle on the current business day;
- Next Day – Trades settle on the next business day;
- Future Date – Trades settle on the date provided by the user, which must be greater than the standard settlement term of T+2; or
- Non-Net – Trades settle in the standard period of three days on a non-net basis.



### 9.1.1 SST Orders Trading Example

The SST order book is as follows:

Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Order Type/SST	Sell Broker	Sell Order
B1	100	11.15	11.16	1000	Limit / Next Day	C	S2
			11.16	200	Limit / Cash	A	S3
			11.16	300	Limit / Cash	C	S4

If Broker C submits an order, B5, to buy 500 shares at 11.16 with `SettlmntTyp=1` (Cash), following trade(s) will occur:

- **Trade 1:** 200 @ 11.16 (B5/S3; S3 will execute as the terms match)
- Note, S2 is skipped as the terms do not match and broker and LTI priorities are not applicable to SST Facility, thus S4 does not get priority over S3.
- **Trade 2:** 300 @ 11.16 (B5/S4).

## 10 Trading Features and Order Types

### 10.1 Order Protection Rule (OPR)

Per NI-21-101 *Trading Rules*, NEO Exchange supports trading of order types that offer order protection upon execution.

#### 10.1.1 Directed Action Order (“DAO”)

A DAO order is a limit or market order as defined in National Instrument 23-101 *Trading Rules*. Available on NEO-L, NEO-N, NEO-D and the SST facility.

#### 10.1.2 Protect and Reprice Order

A protect and reprice order is a limit or market order that will execute to the extent possible at the NBBO before adjusting the price of any residual volume that would trade at a worse price than available on another marketplace, or unintentionally lock/cross the market. Orders will be re-priced to one trading increment from the opposite side of the NBBO (NBO-1 for buy orders and NBB+1 for sell orders). Available on NEO-L and NEO-N. *Note: on NEO-N, resting orders are not eligible to trade with one another; as a result, these tradable passive orders will only be re-priced.*

##### 10.1.2.1 Protect and Reprice Order Trading Example

The current NBBO in NEO-L is 11.15 – 11.17.

Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Order Type	Sell Broker	Sell Order
B1	100	11.15	11.16	(1000)	Hidden Midpoint	C	S4
B2	100	11.14	11.17	200	Limit	A	S5
B3	300	11.12	11.18	300	Limit	C	S6

If Broker D submits an order, S7, to sell 500 shares at 11.13, with HandlInst=6 (Protect and Reprice), following processing will occur:

- **Trade 1:** 100 @ 11.15 (S7/B1)
- NBBO is updated: 11.14 - 11.17
- **Trade 2:** 100 @ 11.14 (S7/B2)
- NBBO is updated: 11.13 - 11.17
- Order S7 will be repriced to 11.14 and booked on the sell side of NEO-L.

### 10.1.3 Protect and Cancel Order

A protect and cancel order is a limit or market order that will execute to the extent possible at the NBBO before cancelling any residual volume that would trade at a worse price than available on another marketplace, or unintentionally lock/cross the market. Available on NEO-L and NEO-N. *Note: on NEO-N, resting orders are not eligible to trade with one another; as a result, these tradable passive orders will only be canceled.*

#### 10.1.3.1 Protect and Cancel Order Trading Example

The current NBBO in NEO-L is 11.15 - 11.17.

Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Order Type	Sell Broker	Sell Order
B1	100	11.15	11.16	(1000)	Hidden Midpoint	C	S4
B2	100	11.14	11.17	200	Limit	A	S5
B3	300	11.12	11.18	300	Limit	C	S6

If Broker D submits an order, S7, to sell 500 shares at 11.13, with HandlInst=5 (Protect and Cancel), following processing will occur:

- **Trade 1:** 100 @ 11.15 (S7/B1)
- NBBO is updated: 11.14 - 11.17
- **Trade 2:** 100 @ 11.14 (S7/B2)
- NBBO is updated: 11.13 - 11.17
- Order S7 will be cancelled.

## 10.2 Self Trade Prevention

A self trade prevention feature identifies a trade between two orders originating from the same member based on unique self-trade key identified set by the user on the order.

- *Trade no Print* feature allows an incoming order to execute against a resting order from the same member with a self trade feature and matching self trade keys to occur. However, the trade will not be disseminated on the public market data feed and does not update the last traded price, daily volume, value, or other trading statistics. The trade is still sent to the Clearing Corporation for settlement to facilitate reconciliation.

Self trade prevention applies to unintentional crosses in the continuous trading session only.

The feature is applicable to board lot orders and the board lot portion of mixed lot orders. Available on NEO-L, NEO-N, NEO-D and the SST facility.

### 10.2.1 Self Trade Prevention Trading Example

The NEO-L order book is as follows:

Buy Order	Buy Broker	Buy STP Key	Buy Size	Buy Price	Sell Price	Sell Size	Sell Broker
B1	A	-	600	10.05	10.06	1000	A
B2	B	12345	900	10.05	10.06	500	B
B3	B	1A250	1500	10.05	10.07	2200	C

If Broker B submits a sell order, S6, to sell 3000 shares at market price, with self trade key 12345 the following trade(s) will occur:

- **Trade 1:** 900 @ 10.05 (S6/B2; B2 has broker and time priority and matching self trade keys over B3. This trade is not disseminated on public feed and does not set any of the statistics including the last sale price).
- **Trade 2:** 1500 @ 10.05 (S6/B3; B3 has broker priority over B1. Trade is disseminated on public feed and sets the last sale price).
- **Trade 3:** 600 @ 10.05 (S6/B1).

## 10.3 Order Types

NEO Exchange supports a number of order types and attributes that are available on NEO-L, NEO-N, NEO-D, Crossing Facility and SST facility.

### 10.3.1 Overview of Order Types (on NEO Exchange)

<b>ORDER TYPES</b>	<b>AVAILABLE IN NEO-L – Other Listed</b>	<b>AVAILABLE IN NEO-L – NEO Listed</b>	<b>AVAILABLE IN NEO-N</b>	<b>AVAILABLE IN NEO-D</b>	<b>AVAILABLE IN CROSSING FACILITY</b>	<b>AVAILABLE IN SST FACILITY</b>
Limit Order	Yes	Yes	Yes	Yes**	No	Yes
Market Order	Yes	Yes	Yes	Yes**	No	Yes
Midpoint Pegged	No	Yes	Yes	Yes	No	No
Fill or Kill (FOK)	Yes	Yes	Yes	Yes	No	No
Immediate or Cancel (IOC)	Yes	Yes	Yes	Yes	No	No
Market on Open (MOO)	No	Yes	No	No	No	No
Limit on Open (LOO)	No	Yes	No	No	No	No
Market on Close (MOC)	No	Yes	No	No	No	No
Limit on Close (LOC)	No	Yes	No	No	No	No
Good for Day (Day)	Yes	Yes	Yes	Yes	Yes	Yes
Good till Time (GTT)	Yes	Yes	Yes	No	No	Yes
Good till Cancelled (GTC)	No	Yes	No	No	No	Yes
Good till Date (GTD)	No	Yes	No	No	No	Yes
Imbalance Only (IO)	No	Yes	No	No	No	No
Regular Hours Only (RHO)	Yes	Yes	Yes	Yes	No	Yes
Iceberg	Yes	Yes	Yes	No	No	No
Mixed Lot	Yes	Yes	No	No	Yes*	No
Odd Lot	Yes	Yes	No	No	Yes*	No
Directed-Action Order	Yes	Yes	Yes	Yes	Yes	Yes
Passive Only Re-price	Yes	Yes	Yes	No	No	No
Passive Only Cancel	Yes	Yes	Yes	No	No	No
Protect & Re-price	Yes	Yes	Yes	No	No	No
Protect & Cancel	Yes	Yes	Yes	No	No	No
Short Sale	Yes	Yes	Yes	Yes	Yes	Yes
Self-Trade Prevention	Yes	Yes	Yes	Yes	No	Yes
Attributed & Anonymous	Yes	Yes	Yes	Yes	Yes	No
Bypass Order	Yes	Yes	Yes	No	No	No

Minimum Acceptable Quantity (MAQ)	No	No	No	Yes	No	No
Matching State Participation	No	No	No	Yes	No	No
Bypass Cross	No	No	No	No	Yes	No
National Cross	No	No	No	No	Yes	No
Internal Cross	No	No	No	No	Yes	No
Basis Cross	No	No	No	No	Yes	No
Contingent Cross	No	No	No	No	Yes	No
VWAP Cross	No	No	No	No	Yes	No
Derivative Cross	No	No	No	No	Yes	No

\* All cross types support the entry of mixed and odd lot orders with the exception of Bypass Crosses which cannot be of an odd lot quantity.

\*\*These order types are currently only allowed for dark active orders

### 10.3.2 Market Order

As defined in UMIR, a market order is an order to be executed upon entry to a marketplace to buy or sell a security at the best ask or bid price. Market orders are available in both NEO-L, NEO-N and NEO-D. Any unfilled market orders with a persistent duration (day, etc.) in NEO-L will book at the Last Sale Price.

### 10.3.3 Limit Order

As defined in UMIR, a limit order is an order to buy or sell a security at a specified maximum or minimum price. Limit orders are available on NEO-L, NEO-N and NEO-D.

### 10.3.4 Midpoint Pegged Order

Midpoint pegged orders have their execution price pegged to the midpoint of the NBBO. The execution price is automatically adjusted in response to changes in the NBBO. These orders are not tradable if there is no valid NBBO present (both bid and offer are required).

Pegged orders can be optionally assigned a price which acts as a threshold cap limiting the price at which the order will trade.

#### 10.3.4.1 Midpoint Pegged Order - NEO-L

NEO-L supports midpoint orders, which are also fully hidden. Incoming orders may trade with a midpoint order and any other resting liquidity. An active midpoint order may also be used to only trade against another midpoint orders.

Midpoint pegged orders are only available for NEO-Listed securities and are not supported for notes and debentures in NEO-L.

#### 10.3.4.2 Midpoint Pegged Order – NEO-N

NEO-N supports transparent midpoint orders which are displayed at the NBB (if a buy order) or the NBO (if a sell order).

In NEO-N, only tradable midpoint order volume will be displayed. If a midpoint pegged order is not tradable as a result of its limit price being above (below) the limit price for a buy (sell) order, the volume will not be displayed until such time as the market conditions change or the limit price is amended.

Midpoint pegged orders are not supported for notes and debentures in NEO-N.

#### 10.3.4.3 Midpoint Pegged Order – NEO-D

See Trading on NEO-D section, [section 7](#) for more information.

#### 10.3.5 Duration Orders

Duration order types will determine the amount of time an resting order remains active and executable on NEO-L, NEO-N and NEO-D.

##### 10.3.5.1 Fill or Kill Order (“FOK”)

A FOK limit order or market order that is to be filled immediately in full, or cancelled. Available on NEO-L, NEO-N and NEO-D.

##### 10.3.5.1.1 Fill or Kill Order Trading Example

The NEO-L order book is as follows:

Order	Broker	Buy Size	Buy Price	Sell Price	Sell Size	Broker	Order
B1	A	400	4.65	4.67	900	B	S4
B2	C	1000	4.65	4.70	1500	A	S5
B3	B	700	4.65				

If Broker B submits an order, S6, to sell 2000 shares at 4.60, the following trade(s) will occur:

- No trades occur as the incoming order cannot be fully filled, thus is cancelled.

If Broker B submits a sell order, S7, to sell 2500 shares at market price, following the trading priorities on NEO-L, the following trade(s) will occur:

- **Trade 1:** 400 @ 4.65 (S7/B1; B1 is the best priced order)
- **Trade 2:** 700 @ 4.65 (S7/B3; B3 has broker priority over B2)
- **Trade 3:** 1000 @ 4.65 (S7/B2).

- Remainder of S7 is cancelled as it cannot be booked in NEO-L due to its duration.

### 10.3.5.2 Immediate or Cancel ("IOC")

An IOC limit order or market order that is to be filled immediately in full or in part, with the unfilled quantity cancelled. Available on NEO-L, NEO-N and NEO-D.

#### 10.3.5.2.1 Immediate or Cancel Trading Example

The NEO-N order book is as follows:

Order	Broker	Buy Size	Buy Price	Sell Price	Sell Size	Broker	Order
B1	A	400	24.22	24.26	900	B	S4
B2	C	1000	24.22	24.27	1500	A	S5
				24.27	600	C	S6

If Broker B submits an order, B7, to buy 2000 shares at 24.27, the following trade(s) will occur:

- **Trade 1:** 900 @ 24.26 (B7/S4; S4 is the best priced order)
- **Trade 2:** 1100 @ 24.27 (B7/S5).

Resulting NEO-N order book is as follows:

Order	Broker	Buy Size	Buy Price	Sell Price	Sell Size	Broker	Order
B1	A	400	24.22	24.27	600	C	S6
B2	C	1000	24.22	24.27	400	A	S5

### 10.3.5.3 Market on Open ("MOO") / Limit on Open ("LOO")

A limit or market order that may only participate in the Opening Call. Any unfilled quantity will expire at the conclusion of the Opening Call. Available on NEO-L for NEO-Listed securities only.

### 10.3.5.4 Market on Close ("MOC") / Limit on Close ("LOC")

A limit or market order that may only participate in the Closing Call. Any unfilled quantity will expire at the conclusion of the Closing Call. Available on NEO-L for eligible NEO-Listed securities only.

### 10.3.5.5 Good for Day Order ("DAY")

A day limit order that is valid until it is fully filled or cancelled, and expires at the conclusion of the trading day. Available on NEO-L, NEO-N, NEO-D and the SST facility.

10.3.5.6 Good till Cancelled Order (“GTC”)

A GTC limit order that is valid for 90 calendar days, or until it is fully filled or cancelled. Available in NEO-L for NEO-Listed securities only and for all securities traded on the SST facility.

10.3.5.7 Good till Time Order (“GTT”)

A GTT limit order that is valid until it is fully filled or cancelled, and expires at a specified time on the day it is entered. Available on NEO-L, the SST facility and NEO-N.

10.3.5.8 Good till Date Order (“GTD”)

A GTD limit order that will remain in the book until the end of a user specified date, not to exceed 90 days. Available on NEO-L for NEO-Listed securities only and for any securities traded on the SST facility.

10.3.5.9 Imbalance Only Order (“IO”)

An IO order that can only execute against opening auction imbalances. Unfilled IO orders will expire at the beginning of continuous trading session. Available on NEO-L for NEO-Listed securities only.

10.3.5.10 Regular Hours Only (“RHO”)

A RHO order that is valid for “regular hours only” and can only be entered between 9:30AM and 4:00PM in NEO-L and between 8:00AM and 4:00PM in NEO-N. Any resting orders marked RHO will be expired at 4:00PM by the system. Available on NEO-L, NEO-N, NEO-D and the SST facility. RHO orders will not participate in Opening and Closing Calls.

10.3.6 Iceberg Orders

An iceberg order is a limit order that specifies a total size and a disclosed size. Once the disclosed size is executed in full, another order will be displayed with priority corresponding to the release time, and the hidden quantity will be reduced accordingly. If the iceberg’s disclosed size is only partially filled, the order will not lose priority. Available on NEO-L and NEO-N.

10.3.6.1 Iceberg Order Trading Example

The NEO-L order book is as follows:

Order	Broker	Trader Type	Iceberg Hidden Qty	Buy Size	Buy Price	Sell Price	Sell Size	Broker	Order
B1	B	NEO Trader™	600	200	10.15	10.17	600	C	S6



B2	C	LST	800	300	10.15				
B5	A	NEO Trader™	600	200	10.15				
B7	A	LST	-	300	10.15				

If Broker A submits an order, S8, to sell 2000 shares at 10.15, the following trade(s) will occur:

- **Trade 1:** 200 @ 10.15 (S8/B5; B5 has broker and NEO Trader™ priority over B1, B2, B7)
- **Trade 2:** 200 @ 10.15 (S8/B7; B7 has broker priority over B1, B2)
- **Trade 3:** 300 @ 10.15 (S8/B1; B1 has NEO Trader™ priority over B2)
- **Trade 4:** 300 @ 10.15 (S8/B2)

The remaining volume of incoming order, S8, will continue to trade with the hidden portions of the icebergs in a single execution. Replenished orders will not be disseminated on the public market data feed.

- **Trade 5:** 600 @ 10.15 (S8/B5; B5 has broker and NEO Trader™ priority over B1, B2)
- **Trade 6:** 800 @ 10.15 (S8/B1; B1 has NEO Trader™ priority over B2)
- **Trade 7:** 600 @ 10.15 (S8/B2).

### 10.3.7 Mixed Lot Order

A mixed lot order is a limit or market order containing at least one board lot and one odd lot. Available on NEO-L only.

### 10.3.8 Odd Lot Order

An odd lot order is a limit or market order containing less than one board lot. Available on NEO-L only.

### 10.3.9 Passive Only Reprice Order

A Passive Only reprice order is a limit or market order that is re-priced to one trading increment from the opposite side of the NBBO at the time of entry (NBO-1 for buy orders and NBB+1 for sell orders) and at the time of a price amendment if any portion of the order is tradable upon entry. Available on NEO-L and NEO-N.

#### 10.3.9.1 Passive Only Reprice Order Trading Example

The current NBBO in NEO-L is 50.25 – 50.26.

Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Order Type	Sell Broker	Sell Order
B1	500	50.25	50.25	(400)	Hidden Midpoint	C	S4

B2	1000	50.25	50.26	700	Limit	A	S5
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If Broker B submits an order, B6, to buy 2000 shares at 50.26, with ExecInst=100 (PO re-price), following processing will occur:

- As the incoming order B6 cannot be booked as it is tradable, thus is repriced to 50.25 and booked on the buy side of the NEO-L order book.

### 10.3.10 Passive Only Cancel Order

A Passive Only Cancel order is a limit order that is cancelled at time of entry if any portion of the order is immediately tradable. Available on NEO-L and NEO-N. *This is the default order handling instruction if a tradable passive order is entered onto NEO-N.*

#### 10.3.10.1 Passive Only Cancel Order Trading Example

The current NBBO in NEO-L is 50.25 – 50.26.

Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Order Type	Sell Broker	Sell Order
B1	500	50.25	50.25	400	Hidden Midpoint	C	S4
B2	1000	50.25	50.26	700	Limit	A	S5

If Broker B submits an order, B6, to buy 2000 shares at 50.26, with ExecInst=6 (PO Cancel), following processing will occur:

- As the incoming order B6 is tradable and cannot be booked, due to its ExecInst, it is canceled as it would otherwise create a locked NBBO if booked.

### 10.3.11 Short Sale Order

A short sale order is a limit or market sell order where the Member has indicated that the order quantity is fully or partially to be sold short. Available on NEO-L, NEO-N and NEO-D.

### 10.3.12 Attributed and Anonymous Orders

A limit order entered into the exchange system is by default attributed, unless marked anonymous by the user. An order must be attributed in order to participate in broker preferencing, thus anonymous orders do not contribute. Orders with special settlement terms must be attributed. Available on NEO-L, NEO-N and NEO-D.

#### 10.3.12.1 Anonymous Order and Broker Preference Trading Example

The NEO-L order book is as follows:

Buy Order	Buy Size	Buy Price	Sell Price	Sell Size	Order Type	Sell Broker	Sell Order
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B7	500	10.24	10.25	400	Hidden Midpoint	C	S1
B8	1000	10.23	10.25	700	Limit	A	S2
			10.25	500	Limit	001 (B)	S3
			10.25	600	Limit	B	S4
			10.25	100	Limit	C	S5

If Broker B submits an order, B9, to buy 1300 shares at 10.25, following trade(s) will occur:

- **Trade 1:** 600 @ 10.25 (B9/S4; S4 has broker priority over S3 as S3 is anonymous order and does not participate in broker preferencing).
- **Trade 2:** 700 @ 10.25 (B9/S2 due to time priority).

### 10.3.13 Bypass Order

A bypass order is a limit or market IOC or FOK order that, when marked bypass, will only execute with visible quantity, skipping any hidden volume, including the non-visible portion of iceberg orders, at a given price level. *Note: tradable midpoint pegged order volume in NEO-N will execute against incoming bypass orders as the volume is displayed at the NBB or NBO.* Available on NEO-L and NEO-N.

#### 10.3.13.1 Bypass Order Trading Example

The NEO-L order book is as follows:

Order	Broker	Order Type	Iceberg Hidden Qty	Buy Size	Buy Price	Sell Price	Sell Size	Broker	Order
B1	B	Hidden Midpoint	-	(200)	10.15	10.17	600	C	S6
B2	C	Iceberg	800	300	10.15				
B5	A	Iceberg	600	200	10.15				
B7	A	Limit	-	300	10.15				

If Broker B submits an order, S8, to sell 1000 shares at 10.15, with Bypass=Y, the following trade(s) will occur:

- **Trade 1:** 300 @ 10.15 (S8/B2; B2 will execute ahead of B1 as B1 is hidden and bypass orders do not interact with hidden volume)
- **Trade 2:** 200 @ 10.15 (S8/S5)
- **Trade 3:** 300 @ 10.15 (S8/B7)
- Remaining quantity of S8 is cancelled.

#### 10.3.14 Minimum Acceptable Quantity (MAQ)

See trading in NEO-D section, [section 7](#) for more information.

#### 10.3.15 Matching State Participation

See trading in NEO-D section, [section 7](#) for more information.

#### 10.3.16 Cross Types

##### 10.3.16.1 Bypass Cross

A Bypass Cross is an intentional cross entered at an agreed-upon price during the continuous trading session indicating that, at time of submission, all visible better-priced order quantity has been executed (via submission of a bypass order), allowing for printing without interference from any orders on NEO-L and NEO-N.

##### 10.3.16.2 National Cross

A National Cross is an intentional cross entered at an agreed price during the continuous trading session, which at the time of entry is at or within the NBBO.

##### 10.3.16.3 Internal Cross

An intentional cross between two accounts managed by the same portfolio manager, which at the time of entry was at or within the NBBO.

##### 10.3.16.4 Basis Cross

A Basis Cross is an intentional cross whereby a basket of securities is transacted based on the execution of related exchange traded derivatives.

##### 10.3.16.5 Contingent Cross

A Contingent Cross is an intentional cross resulting from a paired order placed by the Member on behalf of a client that was contingent on the execution of a different order for the same client with an offsetting volume in a related security.

##### 10.3.16.6 VWAP Cross

A VWAP Cross is an intentional cross executed at a volume-weighted average price of a security.

##### 10.3.16.7 Derivative Cross

A Derivative Cross is a prearranged trade resulting from an order entered on a marketplace by a Participant or Access Person for a particular security to be fully offset by a trade in a related security that is a derivative instrument.

# 11 Designated Market Maker (DMM) Program

## 11.1 Overview

The NEO Exchange DMM program establishes a balance between obligations and benefits to achieve meaningful results. The role of the DMM to provide liquidity to securities trading on NEO Exchange (NEO-Listed, TSX-Listed, TSX-Venture Listed, CSE-Listed). All DMMs must be IIROC members trading for their own accounts to assist in maintaining a fair and orderly market and to achieve reasonable price continuity for assigned securities in both NEO-L and NEO-N. DMMs will be monitored with performance metrics made available to ensure maximum effectiveness of the program.

## 11.2 DMM Obligations

DMM obligations include two-sided continuous quoting with size and spread requirements over a proportionate assignment of liquid and illiquid securities. This ensures viable economics for market makers and a viable liquidity safety net for those securities that need it the most.

For NEO-Listed securities, the DMM will also be responsible for facilitating the opening call, delayed opening and resumption of trading following a halt for assigned securities.

DMMs must also facilitate the automatic execution of all odd lot orders for their assigned securities. To ensure there is auto-execution of odd lots across most, if not all securities traded on the NEO Exchange, for any unassigned securities, a fourth tier exists for which there are no quoting obligations and no benefits, only odd lot obligations.

### TSX/TSXV/CSE Listed Securities (other than ETFs & CEFs) trading >=\$1

	<b>Obligations (per Book and per Security)</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Quoting</b>	Two-sided quote, X% of time between 9:30AM-4.00PM	95%	95%	95%
<b>Size &amp; Spread</b>	Number of board lots (BL) within X% of last sale price, minimum 2 BL on each side	10BL, 1.5%	6BL, 3%	4BL, 5%

### TSX/TSXV/CSE Listed ETFs & CEFs

	<b>Obligations (per Book and per Security)</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Quoting</b>	Two-sided quote, X% of time between 9.30am-4.00pm	95%	95%	95%

<b>Size &amp; Spread</b>	Number of board lots (BL) within X% of last sale price, minimum 5 BL on each side	50BL, 3%	30BL, 4%	15BL, 5%
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#### TSX/TSXV/CSE Listed Securities trading <=\$1

	<b>Obligations (per Book and per Security)</b>	<b>\$0.05- \$0.2</b>	<b>\$0.21- \$0.50</b>	<b>\$0.51- \$0.99</b>
<b>Quoting</b>	Two-sided quote, X% of time between 9.30am-4.00pm	95%	95%	95%
<b>Size &amp; Spread</b>	Number of board lots (BL) within fixed spread, minimum 1 BL on each side	4BL, \$0.03	4BL, \$0.05	4BL, \$0.07

#### NEO Listed Corporate Securities

	<b>Obligations (per Book and per Security)</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Quoting</b>	Two-sided quote, X% of time between 9.30am-4.00pm	95%	95%	95%
<b>Size &amp; Spread</b>	Number of board lots (BL) within X% of last sale price, minimum 2 BL on each side	10BL, 1.5%	6BL, 3%	4BL, 5%
<b>Presence</b>	X% of the time @ NBB and NBO	20%	30%	40%

#### NEO Listed ETFs & CEFs

	<b>Obligations (per Book and per Security)</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Quoting</b>	Two-sided quote, X% of time between 9.30am-4.00pm	95%	95%	95%
<b>Size &amp; Spread</b>	Number of board lots (BL) within X% of last sale price, minimum 2 BL on each side	50BL, 2%	30BL, 3%	15BL, 4%
<b>Presence</b>	X% of the time @ NBB and NBO	20%	30%	40%

#### NEO Listed Structured Products

	<b>Obligations (per Book and per Security)</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Quoting</b>	Two-sided quote, X% of time between 9.30am-4.00pm			95%
<b>Size &amp; Spread</b>	Number of board lots (BL) within X% of last sale price, minimum 2 BL on each side			30BL, 5%
<b>Presence</b>	X% of the time @ NBB and NBO			40%

See [section 12.6](#) for tier definitions.

### 11.3 DMM Benefits

#### 11.3.1 Market Maker Volume Allocation (“MMVA”)

DMMs are provided with a unique Market Maker Volume Allocation for their assigned securities on NEO Exchange to balance their obligations. The MMVA allows the DMM to participate in NEO-L and NEO-N (independently), up to 15% of the daily traded volume versus Latency Sensitive Traders (LST) in each book. DMM orders will be given matching priority over LST traders until they reach the 15% maximum allocation, at which time their orders will resume the normal priority sequencing. DMMs will defer their allocation priority when NEO Trader™ orders reside on the book with better priority. The priority only applies to the visible portion of their order. Any non-visible volume will trade according to regular matching priorities. The MMVA allocation is executed without order fragmentation which means that the full size of their visible order will move to the top of the queue and trade with the next incoming order if they have not exceeded their 15% allocation.

Failure to meet the obligations (see [section 11.2](#)) in relation to a particular security for more than 25% of the trading days in a month will lead to the removal of the MMVA benefit for that security the following month. The MMVA will be reinstated only when the DMM has fulfilled the obligations again for the security for a full month (for 75% of the trading days in the month, at a minimum). If the DMM fails to meet the obligations for 75% of the trading days in a month in an assigned security, the Exchange has the discretion to provide it with a brief grace period to ensure its obligations were met for 75% of the extended period. If the DMM still fails to meet the minimum standard, then the MMVA for the security in question will be turned off for the remainder of the month.

##### 11.3.1.1 Market Maker Volume Allocation Trading Example

The NEO-L order book is as follows:

Order	Buy Size	Buy Price	Sell Price	Sell Size	Trader Type	Broker	Order
B8	1000	9.99	10.00	2000	NEO Trader™	A	S1
			10.00	1000	NEO Trader™	B	S2
			10.00	17000	NEO Trader™	B	S3
			10.00	17000	LST	B	S4
			10.00	4000	LST	A	S5
			10.00	6000	DMM	A	S6
			10.00	4000	DMM	A	S7

If Broker B submits an order, B9, to buy 47000 shares at 10.00, the following trade(s) will occur:

- **Trade 1:** 1000 @ 10.00 (B9/S2; S2 has broker priority)
- **Trade 2:** 17000 @ 10.00 (B9/S3; S3 has broker priority)
- **Trade 3:** 6000 @ 10.00 (B9/S6; S6 has MM priority as MM is under allocated)
- **Trade 4:** 17000 @ 10.00 (B9/S4; S4 has broker priority)
- **Trade 5:** 2000 @ 10.00 (B9/S1; S1 has NEO Trader™ priority)
- **Trade 6:** 4000 @ 10.00 (B9/S7; S7 has MM priority as MM is under allocated).

### 11.3.2 Issuer Performance Program

A third benefit, exclusive to NEO-Listed securities, is the Issuer Performance Program. An issuer will partner with a preferred DMM and may offer a monetary incentive to the DMM to provide quality quotes in their listing.

## 11.4 Competition for Assignments

DMMs have the ability to compete for assignments in TSX, TSXV and CSE listed securities (Other Traded Securities). To do so, a DMM must outperform the incumbent DMM across the following two factors:

1. Threshold Pass Rate Factors – which, depending on the type of security, are identical to the existing DMM obligations as outlined in [section 11.2](#) above. A DMM must meet these factors for 75% of the trading days in a month.
2. Competitive Factors – NBBO presence, with passive traded volume used as a tie breaker.

The table below outlines the aforementioned factors, showing the 'Threshold Pass Rate Factors' for securities priced over \$1 (non-ETFs and non-CEFs) as an example:

Factors		Tier 1	Tier 2	Tier 3	Details
<b>Threshold Pass Rate Factors*</b> (Same as those who win MMVA benefit)	Quoting	95%	95%	95%	Two sided quote, X% of time between 9:30-4:00
	Size/Spread	10BL 1.5%	6BL 3%	4BL 5%	# of BLs w/in X% of last sale price, min 2 BL each side
<b>Competitive Factors*</b> (To win assignment)	NBBO Presence	1. NBBO Presence rounded to the nearest 5% 2. If multiple DMMs are tied on the rounded NBBO Presence, the DMMs' average daily traded passive volume (over the month) will be used as a tie breaker			

\*Threshold Pass Rate Factors are monitored across both NEO-L & NEO-N. The NBBO Presence is only measured in NEO-L, but the assignment, if applicable, is won for both NEO-L & NEO-N.



## 12 Other Features

### 12.1 Circuit Breakers

NEO Exchange has implemented marketplace thresholds in accordance with IIROC guidance.

For All Equity Securities not subject to SSCB:

<b>Price</b>	<b>Threshold Value</b>
>0.00 to <\$0.50	300%
≤0.50 to <1.00	50%
≤1.00 to <5.00	30%
≤5.00 to <10.00	20%
≤10.00 to <30.00	15%
≤30.00	10%

For All Notes and Debenture Securities:

<b>Price</b>	<b>Static Price Band</b>
Any price	20%

For All Exchange Traded Funds other than Leveraged Exchange Traded Funds:

<b>Price</b>	<b>Static Price Band</b>
Any price	10%

For All Leveraged Exchange Traded Funds:

<b>Price</b>	<b>Static Price Band</b>
Any price	Multiple of leverage multiplied by 10%

For All Securities subject to SSCBs (Excluding ETFs):

<b>Price</b>	<b>Static Price Band</b>
Any price	10%

### 12.2 Single Stock Circuit Breakers

In cases of short term volatility in trading, IIROC has introduced Single Stock Circuit Breakers as a auto trading halt event to further mitigate market volatility.

It is applied to each security that is a constituent of the S&P/TSX Composite Index; and each Exchange Traded Fund (ETF) which is comprised principally of listed securities. A

five-minute halt of trading in a security will be automatically triggered across all Canadian marketplaces if the price of the security swings 10% or more within a five-minute period. All trades executed at more than 5% beyond the price that triggered the SSCB will be cancelled.

### 12.3 Cancel on Disconnect

A Member can instruct NEO Exchange to cancel all orders in the event that the FIX session those orders were entered through gets disconnected. The functionality can be configured on each FIX session independently.

### 12.4 Standard Trading Units

The Standard Trading Unit for a given symbol is defined in UMIR as per the table below.

<b>Price</b>	<b>Board Lot</b>
> \$1.00	100 shares
Between \$0.10 and < \$1.00	500 shares
< \$0.10	1000 shares

### 12.5 Standard Trading Price Increments

<b>Price Range</b>	<b>Tick Size</b>
< \$0.50	0.005
> \$0.50	0.010

### 12.6 Security Tiers

All securities traded on the NEO Exchange are categorized as belonging to a specific tier. The tier is used to determine the DMM obligations for a security (see section 10.2). The tier is determined by the Median Daily traded Value (MDV) for each security. MDV is calculated based on monthly trading activity across all Canadian marketplaces and the security tiers are revised once per quarter.

<b>TIER</b>	<b>MDV</b>
1	> \$10,000,000
2	\$1,000,000 - \$10,000,000
3	< \$1,000,000

Any security that trades less than 100 times per day is automatically put in Tier 3 regardless of MDV.

### 12.7 Trading Halts

NEO Exchange supports two types of halts that can be initiated based on certain external events: (1) No Matching Halt, and (2) Full Halt.

### 12.7.1 No Matching Halt

During a No Matching Halt, order entry, amendments and cancels are resting orders are allowed, but no trading will occur. When the halt is lifted for trading to resume, the security enter a pre-open session where order entry, order amendments and cancellations are allowed. For NEO-L, the pre open session will be followed by an auction (same as described in [section 5.2](#)) will take place following the resumption of Continuous Trading session. For NEO-N and NEO-D, only resting / passive orders may be entered until the Continuous Trading sessions are resumed.

### 12.7.2 Full Halt

During a Full Halt, order entry, amendments of resting orders and trading are not allowed, though resting orders may be cancelled.

## 12.8 Drop Copy

Drop copy is designed to facilitate real time monitoring of activity (orders and trades activity) on NEO Exchange as a secondary destination through separate FIX session connections. Drop copy sessions is only supported in FIX protocol.

Drop copy session setup is facilitated by the NEO Trading Services team.

## 13 References

Reference	Link
NEO Trading Policies	<a href="https://www.aequitasneo.com/documents/en/trading-data/neo-trading-policies-july-5-2018v2.pdf">https://www.aequitasneo.com/documents/en/trading-data/neo-trading-policies-july-5-2018v2.pdf</a>
UMIR Rules	<a href="http://www.iiroc.ca/industry/rulebook/Pages/UMIR-Marketplace-Rules.aspx">www.iiroc.ca/industry/rulebook/Pages/UMIR-Marketplace-Rules.aspx</a>
IIROC	<a href="http://www.iiroc.ca">www.iiroc.ca</a>
IIROC - SSCB	<a href="http://www.iiroc.ca/industry/rulebook/Pages/SSC-Breakers.aspx">http://www.iiroc.ca/industry/rulebook/Pages/SSC-Breakers.aspx</a>