

FORM FBOT—ATTACHMENT F-1a

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Apr 08 2011

The Canadian Securities Administrators (CSA) today published for comment proposed National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*. The proposed rule is designed to establish a regulatory framework for electronic trading in Canada.

Under the proposal, marketplace participants will be obligated to establish, maintain and ensure compliance with appropriate controls, policies and procedures, in order to manage the risks associated with various methods of electronic trading, including direct electronic access (DEA), the use of algorithms and high frequency trading. Additionally, the proposed rule enhances the current requirements imposed on marketplaces to ensure they take an active role in managing the risks to fair and orderly trading posed by electronic trading.

"Technological innovations in the Canadian marketplace underscore the importance of ensuring the risks associated with electronic trading are effectively managed and supervised," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "The framework proposed today is an important step in managing these risks and maintaining investor confidence in our markets."

The proposed rule was developed following consultations with marketplaces, marketplace participants and service vendors. It is consistent with international developments in electronic trading, including the International Organization of Securities Commissions' (IOSCO) 2010 report *Principles for Direct Electronic Access to Markets*. The CSA acknowledge the assistance of staff of the Investment Industry Regulatory Organization of Canada (IIROC) in the development of the proposal.

Investors and market participants are encouraged to submit comments on the proposed rule by July 8, 2011. For more information visit the websites of the CSA members.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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