

## **CSA Staff Notice 21-309 *Information Processor for Exchange-Traded Securities Other Than Options***

### **Questions and Answers**

*1. What information will TSX as the information processor offer?*

TSX as the information processor will disseminate the following products:

- "Consolidated Data Feed", which will provide access to pre- and post-trade market data from each contributing marketplace;
- "Consolidated Last Sale", which will provide consolidated, real-time last sale data from all contributing marketplaces; and
- "Canadian Best Bid and Offer", which will provide a consolidated best bid and offer for all equity securities

The inclusion of a consolidated depth-of-book product will depend on the outcome of the discussions relating to the proposed CSA Trade-Through Protection Rule (amendments to National Instrument 21-101 *Marketplace Operation* and NI 23-101 *Trading Rules* published on October 17, 2008). The consolidated depth-of-book product would provide a single consolidated view of the order book.

*2. Are market participants required to purchase the information provided by the information processor?*

No. The information processor is not the only source from which real-time data can be obtained. Participants may rely on other data sources to obtain the data that they need, such as information vendors or direct data feeds from the marketplaces.

*3. How will TSX address the conflicts of interest, whether real or perceived, associated with it being a competing marketplace and an information processor?*

The primary steps to be taken by TSX in addressing potential conflicts of interest are as follows:

- a Governance Committee with marketplace representation will be established that will make decisions with respect to significant areas of the operations of the information processor;
- policies and procedures will be established to ensure that TSX staff who are not involved in operating the information processor do not acquire knowledge of, or access to, competitor data or client information;

- agreements with contributing marketplaces will include detailed terms that will ensure, on a commercial basis, that data transmitted to the TSX information processor will not be inappropriately manipulated by TSX; and
- third party technology, that will be independent from the technology of the exchanges owned and operated by TSX, will be used to consolidate the data.

In addition, TSX has provided undertakings (included at Appendix B to the Notice) to address governance and conflicts, including that the TSX information processor will not give the Toronto Stock Exchange or TSX Venture Exchange an unfair advantage with respect to their data as compared to other marketplaces.

4. *Why is TSX allowed to act as an IP given the recent data outages?*

The recent data outages related to the dissemination of TSX's own trading data. The Consolidated Data Feed technology to be used for the information processor function was unaffected and continued to disseminate consolidated data for all other marketplaces that use the service. More information can be obtained from the TSX.

5. *What is the impact of the information processor on fees for market data?*

The information processor's fee model maintains the status quo with respect to market data fees. Marketplace participants will continue to pay current fees charged by each marketplace for consolidated data obtained through the information processor. We expect that data fees will not increase as a result of the introduction of an information processor. In addition, we note that we will be monitoring marketplaces to ensure that the fees they charge, and pass through the information processor, do not unreasonably prohibit, condition, or limit access to their services.

The CSA will begin a review of market data fees and will, upon the completion of this review, determine what, if any, steps may be needed to address any issues. We note that because it is important to have an information processor established now to consolidate data from multiple marketplaces, we decided not to delay the introduction of the information processor until the completion of this review.