



# **NEO Exchange**

## **Data Instructions**

***Market Data Usage Requirements Summary***

***As of July 1, 2021***

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# 1 Introduction

This document (the “**Data Instructions**”) sets out guidelines and policies with respect to the use of, pricing, reporting and processes relating to market data from Neo Exchange Inc. (“**NEO Exchange**” or “**NEO**”). Please note that any capitalized terms herein have the meaning set out in the NEO Exchange data agreement (the “**Data Agreement**”).

The NEO Exchange operates three trading books: NEO-L, NEO-N & NEO-D, as well as a Crossing Facility. NEO publishes both pre-trade and post-trade information for NEO-L & NEO-N, and post-trade information only for NEO-D and the Crossing Facility.

For details about applicable fees, please refer to the NEO Exchange data fee schedule (the “**Data Fee Schedule**”).

## 1.1 Definitions

The following definitions are included in this document for convenience. They are intended to complement the definitions in the Data Agreement. If, however, there is any conflict between the definitions, the Data Agreement prevails.

“**Affiliates**” are related to but are different legal entities than the entity licensed by the Data Agreement.

“**Market Data**” is public Data that is used or distributed under a Data Agreement.

“**Member’s Private Data**” is Data relating to a Member’s or its clients’ trading-related activities on the NEO Exchange provided to the Member by NEO regarding such trading-related activities, which for greater certainty does not include Market Data.

“**Non-Professional User**” is an individual who views or uses the Market Data in a personal capacity for his/her own personal investment activities or those of an immediate family member, and not as a principal, officer, partner, employee, contractor or agent of any business, or on behalf of any other individual or business.

“**Professional User**” is an individual, company or other corporate body who is not a Non-Professional User.

“**Retail-Professional User**” is a Professional user whose primary business focus is providing financial and securities trading advice to retail clients.

“**Real-Time Market Data**” is all Market Data for the first 15 minutes following publication from any NEO Exchange market data source. Subsequent to this 15 minute period, Market Data will be considered delayed and real-time fees will no longer apply.

“**Website**” refers to the NEO Exchange website at [www.neo.inc](http://www.neo.inc).

## 2 Data Agreement

All recipients of Data from the NEO Exchange are required to sign a Data Agreement unless the Market Data is supplied by a redistributor who incorporates usage guidelines in its own subscriber agreement (see section 3.3). This applies regardless of whether the Market Data is received directly from the exchange, from a connectivity services provider<sup>1</sup>, or from the TMX Information Processor.

If a Data Recipient wishes to re-distribute the Market Data to external parties, they will have to ensure that their agreement with the external parties contains at least the minimum terms included in Exhibit D of the Data Agreement, or substantially similar terms. Re-distribution to Affiliates is permitted under the Data Agreement so long as a list of all relevant Affiliates is included as part of the applicable Data Agreement submission.

As a part of the Data Agreement, the Data Recipient will have to supply a description of their system for all Data and keep it current. The description should be a diagram showing how the Data is received, in which systems it is used and how entitlements are controlled. Any use of Member’s Private Data must be included in the description; however, no further action or payment is required on the part of the Data Recipient for this use, unless it changes. If the Data Recipient plans to change its use of Member’s Private Data, it must notify NEO Exchange in advance of such change.

“Enterprise” agreements are available upon request, which would cover unlimited Market Data usage for the Data Recipient and its Affiliates (each an “**Enterprise Agreement**”).

## 3 Data Usage

### 3.1 Display

Display use refers to when NEO Market Data is displayed visually on a device (e.g. a data desktop application, desktop trading application, etc.) for an individual user. Please note that NEO Exchange applies a MISU approach (defined below) allowing data to be displayed on multiple devices for the same individual user without incurring additional fees.

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<sup>1</sup> Subject to a Connectivity Services Agreement, which stipulates that they can only provide the Data to parties that have signed a Data Agreement.

Display use is differentiated based on whether the user is a Professional, Retail-Professional or Non-Professional User, which trading books the user has subscribed to, whether the securities are NEO-listed or Other Traded Securities (“OTS”), whether it is Level 1 or Level 2 Market Data and whether data is delivered in a streaming or per-quote (snapshot) format.

A display license may also be required for a wallboard type display where the intended viewers include more than a single person.

## 3.2 Non-Display

Non-display use refers to when NEO Market Data is used in an application that is not primarily for display use. Such applications are classified as relating to either trading or analysis purposes. A trading-related application is an application that uses the Market Data for the purpose of generating orders in an automated or semi-automated manner. An analysis-related application is any other use for the Market Data that is not directly related to trading.

A license for non-display use covers unlimited usage within the legal entity, but does not cover usage for Affiliates, unless specifically set out in the terms of an Enterprise Agreement.

### 3.2.1 Trading Applications

Examples include, but are not limited to, smart order routers, execution algorithms, arbitrage strategies and market making strategies.

### 3.2.2 Analysis Applications

Examples include, but are not limited to, risk management systems, storing of real-time Market Data for historical data testing purposes and calculation of derived Market Data.

## 3.3 Distribution

Distribution (or re-distribution) of Market Data occurs when a Data Recipient is supplying the Market Data to Affiliates or other external parties for display and/or non-display use pursuant to a Market Data Agreement. The entity licensed to distribute the Market Data (“**Distributor**”), is responsible for reporting to the NEO Exchange details of who is receiving the distributed Market Data and for what purpose, and is also liable for all fees related to perceived or actual Market Data usage.

### 3.3.1 External Distribution

Distribution of Market Data to external parties (legal entities) that are not affiliated with the Data Recipient, for display or non-display use, is considered external distribution.

### 3.3.2 Internal Distribution

Internal distribution is distribution of Market Data by the Data Recipient to partners, officers, employees or other representatives of its Affiliates, for display or non-display use.

### 3.3.3 Distribution of Feeds for Display or Non-Display Usage

If the Market Data is distributed in feed format (i.e. uncontrolled) to an external party that is not an Affiliate listed in the Data Agreement, the NEO Exchange will require a Data Agreement directly with that external party. In this case, the Distributor must receive approval from the NEO Exchange prior to enabling the external party with real-time NEO Market Data.

If the Market Data is distributed for non-display purposes where the Distributor can control the usage of the Market Data (i.e. the Distributor is providing trading algorithms to external parties and the Market Data is part of that solution), there is no requirement for a Data Agreement with the external client.

### 3.3.4 Approved Data Distributors

A list of all approved external Market Data Distributors can be found on the Website.

### 3.3.5 Other Market Data Usage

Delayed Market Data (15 minutes or more), can be used free of charge and without reporting requirements. This usage must, however, be reflected in the system description provided in Exhibit B to the Data Agreement, as amended.

Storage by a Data Recipient of historical Market Data for compliance purposes is allowed unless its Data Agreement is terminated and notice given to delete any such stored Market Data.

## 4 Fees

For all fees, please see the Data Fee Schedule, which is posted on the Website.

### 4.1 Data Feed (via Distributor) Fees

The NEO Exchange charges a monthly access fee per physical location receiving real-time NEO Exchange Market Data via a data feed. One access fee per physical location, per Data Distributor will apply. Total access fees will be determined by the number of physical locations reported to the NEO Exchange, and whether Level 1 or Level 2 NEO Market Data is being received. The first instance of Distributor-delivered NEO Market Data will be considered the Primary Data Feed. In cases where there are multiple data

feeds with both Level 1 and Level 2 NEO Market Data, the Level 2 data feed will be considered to be the Primary Data Feed.

## 4.2 Display Fees

The NEO Exchange charges a monthly fee for each individual user that has access to the Market Data in a real-time streaming or per-quote (snapshot) format. An individual user may display the data on multiple devices without incurring multiple charges. For example, a trader who has access to NEO Market Data both via his or her trading system as well as a data vendor terminal will only have to pay once for that data (see MISU section under Reporting below).

As per the Data Fee Schedule, the NEO Exchange charges different fees for different services to different data recipients. The fees are grouped by whether the listing exchange is NEO Exchange or the securities are OTS, i.e., TSX, TSX Venture Exchange and CSE securities, by trading book (NEO-L, NEO-N & NEO-D), whether or not the user views only the top of book or the full depth of book (Level 1 or Level 2) and whether Market Data is used in a streaming or per-quote (snapshot) format. Furthermore, there are different fees for Professional, Retail-Professional and Non-Professional Users.

<b>Data Groups</b>	<b>Description</b>
NEO listed securities – Level 1 & Level 2	Full depth of book for all securities that are both listed and traded on the NEO Exchange
Other Traded Securities (OTS) – Level 1	Top of book data for all securities that are listed on TSX, TSX-V & CSE and traded on the NEO Exchange
Other Traded Securities (OTS) – Level 2	Full depth of book for all securities that are listed on TSX, TSX-V & CSE and traded on the NEO Exchange

## 4.3 Non-Display Fees

The NEO Exchange charges a fixed monthly fee to each entity that uses the Market Data in a non-display manner for either trading or analysis purposes. A Non-Display Market Data license provides for the data to be used in any number of applications within the legal entity. If the Market Data is also used by Affiliates for non-display purposes, a separate fee applies for each such Affiliate unless specifically defined in the terms of an Enterprise Agreement.

The Market Data can be received from multiple sources for the same legal entity without incurring multiple non-display charges. For example, if a Data Recipient gets the Market Data directly from the NEO Exchange for one trading application and from the Information Processor for another trading application, they would still only pay one non-display fee for trading use.



## 4.4 Distribution Fees

Distribution fees apply when a Data Recipient re-distributes the Market Data to Affiliates, or other external parties. There is no distribution fee if the Market Data is used within the legal entity subject to the Data Agreement.

The distribution fee is dependent on the number of individual users and Affiliates to which the Market Data is distributed, and is based on what is reported on a monthly basis.

## 4.5 Trials

The NEO Exchange allows Market Data to be used for trial purposes, without reporting requirements, up to a maximum of 30 days.

# 5 Reporting Requirements

The Data Recipient subject to the Data Agreement is responsible for reporting its usage of real-time Market Data on a monthly basis. In the event the Data Recipient acts as a Distributor, it is also responsible for reporting real-time Market Data usage for the portion that is distributed to its Affiliates and external clients<sup>2</sup>.

## 5.1 Multiple User Single Device (MISU)

Clients wishing to benefit from the MISU approach will have to supply the NEO Exchange with reporting reconciliation for billing purposes. Single vendor netting of users is allowed without report reconciliation.

## 5.2 Frequency and Format

NEO provides a template for reporting Market Data usage, which is to be submitted no later than 15 business days after each month end. The report should reflect the usage as of the end of the previous month. For the purpose of invoicing, any changes that happened during the month (adding/removing users etc.) will be deemed to have occurred at the beginning of the month. As an example, if a user was removed in the middle of the month, that user is not part of the reported total at the end of the month and not subject to any fee for that month (conversely a Data Recipient would pay for the full month if a user is added in the middle of the month). For approved Data Recipients with non-display usage that is unlikely to change during the year, an annual

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<sup>2</sup> This does not preclude the circumstance where the client has also executed a Data Agreement and will also be responsible for reporting its usage over and above what the Distributor reports.

report can be submitted every January. In the case of annual reporting the onus will be on the Data Recipient to notify the NEO Exchange of any change in usage in the interim.

### 5.3 Contact Information

Reports and questions on reporting should be sent to [NEODataReporting@neostockexchange.com](mailto:NEODataReporting@neostockexchange.com).

For all other questions, please contact [NEODataSales@neostockexchange.com](mailto:NEODataSales@neostockexchange.com).

## 6 Exempt Uses

The NEO Exchange allows Market Data to be used free of charge and without any reporting requirements by the Data Recipient in the following cases:

- At a disaster recovery site, provided that the Market Data is not used simultaneously at the primary site. An exception would be during disaster recovery testing.
- For development purposes which involve non-production consumption of the Market Data.
- For data display product demonstrations.
- For short term data display needs at conferences and seminars.
- For Market Data consumption requirements related to College or University courses involving simulated trading experiences.

Any other testing or informational use of Market Data that is disclosed by the Data Recipient in writing to NEO and confirmed in writing as acceptable by the exchange, is also exempt from fees and reporting requirements.

## 7 Billing

All fees, as presented in the Data Fee Schedule, are payable in accordance with the terms of the Data Agreement and the invoice. Fees for international data subscribers will be expressed and payable in U.S. dollars. Any domestic data subscribers, as identified by address details included within a completed Data Agreement, billed for NEO data usage by a vendor in U.S. dollars, may apply to NEO for a credit equivalent to the Canadian dollar currency exchange rate on those particular fees billed by the vendor.

The Data Recipient is responsible for payment for all of its internal use and its external use of NEO data (if it is a Distributor). If a client of a NEO Data Recipient has signed their own Data Agreement directly with NEO, that client becomes responsible for reporting and payment for its own data usage.

## 8 Audits

NEO Exchange audit rights are set out in section 9 of the Data Agreement.