



# FPL Canadian Electronic Trading Conference 2009

*Toronto Hilton  
June 1 and 2, 2009*

## Achieving Best Execution



Morgan Stanley





## Session Participants

# Achieving Best Execution – A Challenge in the Canadian Marketplace

- Wendy Rudd, CEO, TriAct (Moderator)
- Sonali GuptaBhaya, Legal Counsel, Market Regulation, OSC
- Felix Mazer, Policy Counsel, IIROC
- Tal Cohen, CEO, Chi-X Canada
- Megan Child, VP, Goldman Sachs



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### **Achieving Best Execution – A Challenge in the Canadian Marketplace**

**Sonali GuptaBhaya, OSC**



# Background

What is best execution?

Elements of best execution include:

- price
- speed of execution
- certainty of execution
- total transaction cost



## Best Execution – Recent Amendments

- Amendments pertaining to best execution in effect September 2008
- “best execution” means the most advantageous execution terms reasonably available under the circumstances
- Key elements



## Best Execution – Recent Amendments

- Obligation applies to dealers and advisers
- Dealers
  - obligation to deal fairly, honestly and in good faith with their clients
  - specific requirements: NI 23-101, UMIR
- Advisers
  - general duty to act in the best interests of clients
- Focus on policies and procedures
- Reporting requirements for marketplaces and dealers proposed in October 2008



## Trade-through Protection

- Obligation not to trade at an inferior price
  
- General framework
  - Marketplace obligation to establish, maintain and enforce written policies and procedures
  - Exceptions in particular circumstances
  - Difference between best execution and trade-through



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## Achieving Best Execution

### **Discussion and Q&A**



## Discussion and Q&A

- OSC amendments on "Best Execution"
- Difference between "Trade through" and the Bypass order marker rule
- Bypass rule changes
- Marketplace response to Best Execution
- Global response to Best Execution i.e. MiFID
- Best Execution impacts on commission sharing
- Locked market affects on Best Execution
- Trade through rules and Best Execution