

Notice to Participating Organizations and Members

September 26, 2014

2014-026

Toronto Stock Exchange (TSX), TSX Venture Exchange (TSXV) Trading Enhancements – Revised Implementation Date

The implementation date for the trading enhancements originally outlined in PO Notice #2014-025 (<http://www.tsx.com/resource/en/1039>) has been rescheduled from December 1, 2014 to **January 12th, 2015**. This is in response to customer feedback indicating that an extended period of time is required for MOC users to familiarize themselves and adapt to the revised Market on Close model prior to a major index rebalancing event. Please note that the revised implementation date would include all features included in this release as outlined below.

The enhancements have been approved by the Ontario Securities Commission on August 28, 2014 (<http://www.osc.gov.on.ca/en/21333.htm>). Approval by British Columbia Securities Commission in respect of the TSXV MOC enhancements is pending.

These changes will be available in the Gateway Test Environment (GTE) for external testing on October 1st, 2014. Updated FIX and STAMP specifications reflecting these enhancements are now available through the TMX Equity Markets Documentation Portal at: www.tcbdata.com/tmxequitymarkets/login.cfm

Updated documentation reflecting the upcoming changes are now available on the TMX website:

MOC FAQ:
<http://www.tsx.com/resource/en/1>

TMX Order Types and Functionality Guide:
<http://www.tsx.com/resource/en/133>

1. Market on Close (MOC) Facility – TSX and TSX Venture

The following enhancements were developed based on extensive consultation with industry participants as well as feedback received as part of the Ontario Securities Commission Request for Comments of May 1st 2014.

MOC and Limit-on-Close (LOC) Order Volumes

The board lot volume restriction will be removed for MOC and LOC orders. MOC and LOC orders will be accepted into the MOC order book with board lot, mixed lot and odd lot volumes.

Pre-Imbalance LOC Orders

LOC orders will be accepted into the MOC order book prior to the MOC imbalance broadcast under the following conditions:

- 1) LOC orders will now also be accepted during the following market states: Pre-Open and Post-Open (pre-imbalance LOC orders);
- 2) The price and volume of pre-imbalance LOC orders will not be restricted (i.e. post-imbalance LOC order entry restrictions will not apply);
- 3) Pre-imbalance LOC orders may be modified or cancelled prior to the MOC imbalance broadcast;
- 4) Pre-imbalance LOC orders that did not contribute to the imbalance may be cancelled after the imbalance has been published. Please note that this differs from the May 1st 2014 original proposal, and was changed based on the feedback received during the comment period.

MOC Imbalance Determination

The MOC imbalance calculation will be modified to take into account pre-imbalance LOC orders. In addition to MOC orders, LOC orders that are priced equal to or more aggressive than the TSX or TSXV Best-Bid-and-Offer (BBO) mid-point at the time of the calculation will be considered when determining the MOC imbalance. The imbalance side and size will be determined as the difference between the aggregate eligible buy MOC/LOC volume and aggregate eligible sell MOC/LOC volume.

MOC Imbalance Message

A single MOC imbalance message will continue to be disseminated for each MOC eligible symbol. Included in the imbalance message will be the TSX/TSXV BBO midpoint price which was used to determine which LOC orders were to be included in the MOC imbalance calculation.

2. New Self-Trade Prevention Features – TSX and TSX Venture

To aid participants and members to comply with their regulatory obligation to prevent wash trades, TSX and TSX Venture will be introducing the following Self Trade Prevention features to complement the “Cancel Newest” Self Trade prevention feature currently available.

Cancel Oldest Self-Trade Prevention

The Cancel Oldest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys. The passive order will be cancelled and the active order will trade up or down to its limit, booking any remaining volume if eligible.

Decrement Largest and Cancel Smallest Self-Trade Prevention

The Decrement Largest and Cancel Smallest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys. If both orders are equivalent size, both orders will be cancelled. If orders are not equivalent in size, the smaller order will be cancelled and the larger order will be decremented by the size of the smaller order. If the larger order was passive, the remaining volume will continue to rest in the book; if the larger order was active, the balance of the order will trade up or down to its limit, booking any remaining volume if eligible.

Self-Trade Management Order Feature

The Self-trade Management instruction will permit an incoming order to execute with a passive order from the same broker with a self-trade management instruction and matching self-trade keys, however this trade will be suppressed from the public feed. Self-trade management applies only to unintentional self-trading and thereby does not affect the current handling of Crosses. The unique trading key provided by the participant for Self-Trade Management is intended for use only on buy and sell orders for accounts that may result in trades where there is no change in beneficial ownership.

3. Specialty Priced Crosses - TSX

Specialty priced crosses (Basis, Contingent, STS, VWAP) will be accepted with mixed lot and odd lot volumes. Contingent crosses with mixed lot volumes will be permitted to establish a last sale price in the same manner as a board lot contingent cross.

For additional information regarding these enhancements please contact TMX Market Operations at (416) 947-4705, or the Account Management Team.

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About TMX Group (TSX-X)

TMX Group's key subsidiaries operate cash and derivative markets and clearinghouses for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, TMX Select, Alpha Group, The Canadian Depository for Securities, Montreal Exchange, Canadian Derivatives Clearing Corporation, Natural Gas Exchange, BOX Options Exchange, Shorcan, Shorcan Energy Brokers, Equicom and other TMX Group companies provide listing markets, trading markets, clearing facilities, depository services, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montreal, Calgary and Vancouver), in key U.S. markets (New York, Houston, Boston and Chicago) as well as in London, Beijing and Sydney. For more information about TMX Group, visit our website at www.tmx.com. Follow TMX Group on Twitter at <http://twitter.com/tmxgroup>.

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