

# Notice to Members

November 24, 2014

2014-033

## British Columbia Securities Commission approval of Market on Close Enhancements

This notice is to confirm approval by the British Columbia Securities Commission with respect to the amendments of rule C.2.55 of the TSX Venture rule book on the Market on Close facility. The MOC trading enhancements will be available in the TSX Venture production environment on January 12, 2015.

These changes are currently available in the Gateway Test Environment (GTE) for external testing. Updated FIX and STAMP specifications reflecting these enhancements are available through the TMX Equity Markets Documentation Portal at: [www.tcbdata.com/tmxequitymarkets/login.cfm](http://www.tcbdata.com/tmxequitymarkets/login.cfm)

Updated documentation reflecting the upcoming changes are 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

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.

### **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 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 TSXV BBO midpoint price which was used to determine which LOC orders were to be included in the MOC imbalance calculation.

The following Self Trade Enhancements will also be available for Members of TSX Venture on January 12, 2015.

## **2. New Self-Trade Prevention Features**

To aid participants and members to comply with their regulatory obligation to prevent wash trades, 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.

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)**

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