Self Trade Prevention Order Feature

Self trade prevention is an optional order feature that prevents two orders from the same Participating Organization or Member Firm from executing against each other based on unique trading keys defined by the Participant/Member. An active order is rejected instead of trading against a resting order from the same Participant/Member with the same unique trading key.

Self trade prevention functionality is available for both TSX and TSX Venture Exchange symbols, where orders are designated to prevent self trading through new FIX and STAMP tags.

Benefits

This feature provides more opportunities for individuals to participate on both sides of the market without unintentionally violating 'wash trading' rules described in UMIR 2.2. Rules permit individuals to place buy and sell orders on a market for a given stock at the same price so long as that individual only trades with others and does not cross his own orders. Preventing self trading ensures there is no misleading appearance of additional trading in a stock.

Example

In the following example, individual B is bidding anonymously and has the second-best time priority in the TSX order book as show below:

Individual	Bid Volume	Bid Price
A	100	$10.00
B (self trade unique key: 123)	400	$10.00
C	200	$10.00

If individual B enters a sell for 800 @ $10.00 that is marked to prevent self-trades with unique key "123" it will:

1. Fill 100 @ $10.00 against A
2. Cancel remaining sell 700, of which the self trade details "avoided trade of 400 @ $10" is reported privately to B.
3. C remains unfilled due to lower time priority

To further illustrate, if the self trade prevention was not used on either the buy or the sell order generated by individual B, his sell for 800 @ $10.00 would clean out all of the bids and then offer the remaining 100 but in doing so would violate UMIR's wash trade rules:

1. Fill 100 @ $10.00 against A
2. Fill 400 @ $10.00 against B (wash trade violation of UMIR 2.2)
3. Fill 200 @ $10.00 against C
4. Book B's remaining sell order of 100 @ $10.00

Note that the self-trade prevention feature is optional. The unique customer keys are managed by each Participating Organization. Self-trade prevention will only prevent trades during continuous trading where both orders originate from a single Participant/Member and where the unique customer key (defined by the Participant) is identical on both the buy and sell orders. Self trade prevention does not prevent the incoming order from trading against other orders that may have higher priority due to price, time or market maker participation. Self trade prevention keys are ignored during stock openings, MOC (Market On Close) and during extended trading hours. Note that the market maker has the option to participate but does not have the responsibility to guarantee minimum fill sizes when an order's tradable volume has been reduced due to self trade prevention. The Self trade prevention key is allowed on day and GTC orders but not on mixed/odd lot or special terms. The self trade prevention key can be CFO'ed to a different value but cannot be removed (nullified) without canceling the order.

Toronto Stock Exchange | TSX Venture Exchange | Montréal Exchange | Natural Gas Exchange | Montréal Climate Exchange | Boston Options Exchange

Canadian Derivatives Clearing Corporation | TMX Datalinx | Equicom | PC Bond | Shorcan

FIX / STAMP Protocol Changes

Self Trade Prevention	FIX Tags defined/reserved	STAMP and Private TBF Tags defined/reserved
Order Entry: Prevents trading against self by "N" reducing the volume of the active (newest) order based on "M" (member) key supplied in fix tag 7714 or STAMP tag 587 by the broker. Does not prevent the active order from executing against other orders with higher priority (based on regular TSX order book allocation).	7713 TSXNoTradeFeat= NM 7714 TSXNoTradeKey= 6 characters alphanumeric	586 NoTradeFeat= NM 587 TSXNoTradeKey= 6 characters alphanumeric
Killed Order Response: Responds privately with all relevant details of the prevented trade	7715 TSXNoTradeOrderNum= the resting order's privateordernumber (note private order number is only different from public order number when the order is anonymous) 7716 TSXNoTradeVol= Volume of for the prevented trade 7717 TSXNoTradePrice= Price for the prevented trade	588 NoTradeOrderNum= the resting order's privateordernumber (note private order number is only different from public order number when the order is anonymous) 590 NoTradeVol=Volume of for the prevented trade 589 TSXNoTradePrice=Price for the prevented trade

For technical specifications regarding the new tags introduced to support this feature please refer to the latest TSX FIX and STAMP protocol specifications, or contact Vendor Services at **416-947-4705.**

For more information please contact your Account Manager (contacts listed at **http://www.tmx.com/en/trading/contact_us/index.html**) or our Sales group at **trading_sales@tsx.com.**

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