



## EQUITIES TRADING NOTICE

# MGF-Eligible Trader ID Authorization Toronto Stock Exchange

As part of the changes to the TSX Market Making Program, TSX is making improvements to the Minimum Guaranteed Fill (MGF) facility. In particular, TSX is introducing an additional enforcement mechanism to better prevent misuse of the MGF facility by only accepting MGF orders from pre-qualified MGF-eligible Trader IDs. By disqualifying orders originating from Trader IDs that have not been pre-qualified as MGF-eligible, TSX can better ensure compliance with the MGF eligibility rules and increase Market Maker confidence in committing additional guaranteed liquidity at the TSX best bid and offer (TBBO) for MGF-eligible orders.

To be clear, any Trader ID that sends orders that meet the MGF-eligibility criteria may qualify as a MGF-eligible Trader ID. In addition, all orders, including retail or institutional orders, sent through a MGF-eligible Trader ID must meet the MGF eligibility criteria and continue to be marked MGF-YES to receive a MGF fill. Orders sent through a MGF-eligible Trader ID that are not MGF eligible should be marked MGF-NO. TSX will continue to default an order not marked to be considered MGF-NO and therefore not eligible to receive an MGF fill. The requirement to designate an order as MGF YES or NO is no different than what is required today.

Also note the criteria by which an order is MGF-eligible remains substantively the same as the current criteria, except for the increase in MGF-eligible order size whereby a split child order may now be MGF-eligible if: (a) the larger buy (sell) order is equal to or less than the size of the TSX best offer (bid) size; and (b) the client buy (sell) order is sent to execute on the Exchange at the same time as the remainder of the larger buy (sell) order is sent to execute on other marketplaces. Please see Appendix A for a summary of the MGF-eligibility criteria changes.

The TSX Market Making changes will be effective November 27, 2017. Further details of all Market Making changes, including specifications, were previously published in Equities Trading Notices [2017-007](#), [2017-022](#), and [2017-027](#).

To qualify as a "MGF-eligible Trader ID", participants must certify their MGF-eligible Trader IDs with TSX by completing the [TSX MGF-Eligible Trader ID AUTHORIZATION REQUEST form](#) and sending it to Victor Ciampini at [Victor.Ciampini+mgf@tmx.com](mailto:Victor.Ciampini+mgf@tmx.com) no later than November 15,

2017. TSX will review these Trader IDs to verify MGF-eligibility prior to approving and enabling them as a MGF-eligible Trader IDs.

While best efforts will be made to approve and enable MGF-eligible Trader IDs as quickly as possible, any requests received after November 15 may not be enabled as MGF-eligible for launch on November 27. Note that any orders, including those marked as MGF-eligible, will not receive MGF fills until the Trader ID has been enabled as MGF-eligible.

For more information, please contact the [Account Management Team](#).

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Appendix A - Changes to MGF-Eligibility Criteria

Other than those noted below, all MGF-eligible criteria as defined in Policy 4-802(1)(a)(iii) remain unchanged.

For ease of reference, below are links to current and new Policy 4-802:

Current TSX Rule Book: <https://www.tsx.com/resource/en/1464>

Future TSX Rule Book (effective Nov 27, 2017): <https://www.tsx.com/resource/en/1588/>

MGF Criteria	Current (Prior to Nov 27, 2017)	New (Effective Nov 27, 2017)	TSX Rules Reference (effective Nov 27, 2017)
Trader ID eligibility	All Trader IDs may interact with MGF facility	Only pre-qualified MGF Trader IDs will interact with MGF facility	Policy 4-802 (1)(a)(ii)
MGF-Eligible Order Size	MGF-sized or less	Size of MGF + TBBO size, or less	Policy 4-802 (1)(a)(iii)(1.)
Order splitting	Order cannot be split	Order can be split as long as: (a) the larger buy (sell) order is equal to or less than the specified MGF-Eligible Order Size*; and (b) the client buy (sell) order is sent to execute on the Exchange at the same time as the remainder of the larger buy (sell) order is sent to execute on other marketplaces.	Policy 4-802 (1)(a)(iii)(1.)

\* MGF-Eligible Order Size is currently defined as the sum of the best ask (bid) size displayed on the TSX and the MGF size for that security.