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TMX Equities Trading Notice

TMX Equities to Introduce Trading of Sustainable Bonds

TMX Equities Trading is pleased to announce our intention to post for trading sustainable bonds on the Toronto Stock Exchange ("TSX"). The TMX Group is a proud signatory of the UN Sustainable Stock Exchange Initiative. We are committed to promoting responsible investment in sustainable development. In order to help move capital from where it is today to where it needs to be tomorrow, the TMX Group will post select sustainable bond issues, excluding all corporate issuers (including TSX listed issuers) other than quasi governmental corporations, for trading on the TSX. This initiative is expected to increase the accessibility and visibility of sustainable bonds by leveraging existing equity trading infrastructure to allow investors to trade sustainable bonds the same way they trade equities today.

In connection with this initiative, proposed changes to trading functionality and TSX's trading rules have been filed for regulatory review and a Request for Comment will be published in the coming weeks. All proposed changes are subject to regulatory approval.

Initiative summary

- Sustainable bonds are bonds where the proceeds are used to finance projects that bring clear environmental and/or social-economic benefits.
- TSX will not post for trading any bonds issued by corporate issuers, including TSX-listed issuers, other than quasi governmental corporations.
- The sustainable bonds posted for trading will not be listed on TSX. TSX continues to be open to listing any securities of its listed issuers, including debt securities, subject to specified listing criteria.

By posting sustainable bonds for trading on the same fully transparent continuous trading model as utilized for equities, broker dealers will benefit from being able to offer new products in the sustainable investing space directly to their clients on the same equity trading platform, with minimal to no operational and system changes. Investors would benefit from the ease of access by leveraging the existing equity trading infrastructure to trade sustainable bonds the same way they can trade equities today.

Trading Mechanics

The trading of sustainable bonds on the TSX will be implemented in a way that leverages existing trading and clearing infrastructure in order to minimize impacts on dealers and vendors. For example:

- Trading will be accessible through existing order entry connections to the TSX. No new connections are required.
- Order and trade information will be disseminated through TSX's existing real-time market data feeds.
- All sustainable bonds made available for trading will clear and settle through the same Canadian Depository for Securities (CDS) infrastructure and processes applicable to trades in TSX-listed securities.
- Sustainable bonds posted for trading will follow the same hours of operation as TSX-listed products. Orders will be accepted in the pre-open session, and trades can be executed at the last sale price during the extended trading session.

The TSX will not offer Odd Lot, Market On Close (MOC) or Must Be Filled (MBF) facilities for sustainable bonds. Sustainable bonds will also not be available on TSX DRK. Sustainable bonds will be differentiated from other securities through a ".SB" extension on the symbol name, a new product type of "Bond", and a new listing market value to denote that these securities are unlisted.

Subject to regulatory approval, we anticipate launching this new offering in Q4 2020. Changes are available for testing in our Gateway Test Environment (GTE) effective Friday June 5, 2020. Updated order entry and feed specifications reflecting this enhancement are now available through the [TMX Webstore](#).

For more information regarding this notice, please contact the Account Management Team.

Jeff Foster	(416) 947-4229
Laura Hanschke	(416) 947-4257
Pete Osborne	+44 7555 690 996
Jon Schneider	(416) 947-4484
Michael Tintinaglia	(416) 947-6679