

Notice to Participating Organizations and Members



March 9, 2009

2009-010

Re: Amendments to the TSX Venture Exchange (TSXV) Rulebook to allow for migration to the TSX Quantum™ trading engine

As identified in PO Notice 2008-023, the British Columbia and Alberta Securities Commissions approved amendments to the TSXV Rulebook that enable securities listed on TSXV to migrate to TSX Quantum. The amendments: (i) revise the opening allocation algorithm on TSXV to operate in a manner that is similar to the opening on Toronto Stock Exchange; and (ii) delete the TSXV odd lot premium and discount structure. Details of the TSXV migration to TSX Quantum are set out in PO Notice 2009-009.

The amendments change the current TSXV opening allocation model to guarantee that market orders will be filled at the opening. This new opening allocation model will reward those traders who are willing to trade at any price, therefore validating TSXV's price discovery mechanism. The amendments will also delete odd lot premium and discount pricing. The result of this change will be an increase in transparency when odd lots are traded, and a cost savings to end customers trading in odd lots on TSXV.

The amendments to revise the TSXV opening allocation will come into effect on Monday, May 4, 2009. The amendments that delete the odd lot premium and discount structure and update the odd lot trading policy will come into effect on Friday, May 1, 2009.

The amendments are attached as Schedule A.

If you have any questions, please contact Deanna Dobrowsky, Director, Regulatory Affairs, TSX Group at (416) 947-4361.

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About TMX Group Inc. (TSX-X)

TMX Group's key subsidiaries operate cash and derivative markets for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, Montreal Exchange, Natural Gas Exchange, Boston Options Exchange (BOX), Shorcan, Equicom and other TMX Group companies provide trading markets, clearing facilities, data products and other services to the global financial community. TMX Group is headquartered in Toronto with offices in Montreal, Calgary and Vancouver. For more information about TMX Group, visit our website at www.tsx.com.

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Schedule A

RULE C.2.00 – TRADING PROCEDURES AND PRACTICES

Opening

C.2.04 – Execution of Trades at an Opening

- (1) Subject to Rule C.2.05, listed securities shall open for trading at the opening time and opening trades shall be at the Calculated Opening Price.
- (2) The following shall be completely filled at the opening:
 - (a) market orders and better-priced limit orders for client accounts;
 - (b) market orders and better-priced limit orders for non-client accounts that were entered prior to the two minutes immediately preceding the time of the opening;
~~and~~
 - (c) market orders and better-priced limit orders for non-client accounts entered during the two minutes immediately preceding the time of the opening and that affected the Calculated Opening Price, where the security opens at the opening time; and
 - (d) market orders and better-priced limit orders for non-client accounts entered during the two minutes immediately preceding the time of the opening where the opening of the security is delayed pursuant to Rule C.2.05.
- (3) The following orders are eligible to participate during the opening in time priority sequence but are not guaranteed to be filled:
 - ~~(a) — market orders;~~
 - (a) ~~(b)~~ limit orders at the opening price; and
 - (b) ~~(c)~~ market orders and better-priced limit orders for non-client accounts that were entered during the two minutes immediately preceding the time of the opening and that did not affect the Calculated Opening Price, where the security opens at the opening time.
- (4) Trades shall be allocated among orders at the Calculated Opening Price in the following manner and sequence:
 - (a) to orders guaranteed a fill pursuant to Rule 2.04(2); then
 - (b) all possible crosses shall be executed; then
 - ~~(c) — market orders; then~~
 - (c) ~~(d)~~ limit orders at the opening price, and better-priced limit orders and market orders for non-client accounts that were entered during the two minutes immediately preceding the time of the opening and ~~that~~ did not affect the Calculated Opening Price, according to time priority.

~~Rule C.2.04(4) Amended November 4, 2003~~

- ~~(5) — Where the opening is delayed and opens without a scheduled opening time, non-clients shall not attempt to affect the allocation of shares while not altering the Calculated Opening Price.~~

- (5) ~~(6)~~ Orders at the opening price that are not completely filled at the opening shall remain in the Book, at the opening price.

Amended •

C.2.05 – Delayed Openings

- (1) A security shall not open for trading if, at the opening time, orders that are guaranteed to be filled pursuant to Rule C.2.04(2) cannot be completely filled by offsetting orders.
- (2) A Market Official may delay the opening of a security for trading on the Exchange if:
- (a) ~~Trading at the opening in a particular security may be delayed if~~ the Calculated Opening Price exceeds price volatility parameters set by the Exchange; or
- (b) the opening of another marketplace where the security is traded has been delayed.
- (3) If the opening of the listed security is delayed, a Market Official shall open the security for trading according to Exchange Requirements.

Amended •

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C.2.08 – Responsibility for Odd Lots

Pursuant to Policy CR11, where the Exchange allocates listed securities to an Odd Lot Member, the Odd Lot Member shall be responsible for guaranteeing odd lot bids or offers, through orders generated automatically by the trading system, ~~at no greater premium or discount from the board lot quotation set out by the Exchange in Rule C.2.09.~~

Amended •

C.2.09 – ~~Odd Lot Premium and Discount~~(Deleted)

~~The schedule of maximum allowable odd lot premiums or discounts shall be as follows:~~

All Securities	Maximum Odd Lot/Premium or Discount
Selling Under \$.50	\$0.02
Selling at \$.50 and Under \$1.00	\$0.03
Selling at \$1.00 and Under \$5.00	\$0.05
Selling at \$5.00 and over	\$0.10

Rule C.2.09 deleted •

Policy Statement CR11

Odd Lot Trading Policy

1. Inventory of securities traded in odd lots is considered the property and the responsibility of the Odd Lot Member.
2. The Odd Lot Member may assign one or more of its own ~~Full~~-Approved Trader employee(s) as its Odd Lot Trader(s).
3. Each Odd Lot Member may be assigned and maintain ~~up to 375~~ a number of Exchange-listed securities in their odd lot inventory.
4. ~~When the odd lot inventory for every Odd Lot Member exceeds 375 Exchange listed securities by an aggregate maximum of 375, new~~ New Members will be invited to apply to participate in odd lot trading of said securities at the discretion of the Exchange.
- ~~5. If more than one Member makes application to participate in odd lot trading, the Exchange will select the Member by way of Lottery.~~
- ~~6. If no new Member applies to become an Odd Lot Member, the excess inventory will remain with the existing Odd Lot Member until such time that a new Member does make application to participate.~~
5. ~~7.~~ If an Odd Lot ~~Trader requests or~~ Member is requested by the Exchange to withdraw from the pool of Odd Lot ~~Traders~~ Members, the Exchange will provide the Odd Lot Member ~~may, at its discretion, reassign its~~ with no less than 6 months notice before the Exchange reassigns the odd lot inventory to another ~~Approved Trader employee of that same~~ Odd Lot Member or ~~give up its total Odd Lot Inventory to the Exchange for reassignment to a new Member. In the latter event, and notwithstanding the provisions of CR11.5, the Exchange will invite other Member Firms to apply for the Odd Lot Inventory~~ to a new Member.
6. ~~8.~~ If an Odd Lot Member wishes to give up any part of its ~~total~~ Odd Lot Inventory, ~~including but not restricted to the provisions in CR11.7, they~~ it must give the Exchange not less than ~~90~~ 60 days notice of ~~their~~ its intention to withdraw ~~their~~ its services.
7. ~~9.~~ The method of allocating and/or reallocating odd lot securities between Odd Lot Members will be determined by the Exchange.
- ~~10. The Odd Lot Trader for a listed security may make a sale of one board lot after the acquisition of an odd lot in carrying out the Odd Lot Dealer's responsibilities.~~
- ~~11. The Odd Lot Member must adhere to Rules C.2.08 & C.2.09 with respect to the premiums and discounts permitted by the Exchange.~~
8. ~~12.~~ A name change and/or symbol change of an issue will not be considered, for purposes of odd lot inventory allocation, a newly listed security.

Amended •