

Notice to Participating Organizations and Members



February 16, 2011

2011-012

Introduction of Dark Order Types

As a follow up to PO Notice # 2010-030 published on September 27, 2010, this notice is to provide further details on the introduction of non-displayed, or Dark, order types for Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV) listed securities.

Effective March 1, 2011, subject to regulatory fee approval, the TSX/TSXV Dark Mid-point and Dark Limit order types will be available and integrated into the existing order books on each Exchange to support the continuous interaction between visible and dark orders. Integrating non-displayed liquidity with Canada's most extensive displayed order book in a manner that preserves the fairness and integrity of the market provides tremendous benefits to market participants by providing additional trade execution choices, meaningful price improvement and cost saving opportunities, as well as valuable liquidity-seeking options.

Dark Orders Release #1 – Implementation Details

Dark Orders will be introduced for TSX and TSXV symbols in a phased approach:

1. On Tuesday March 1, 2011, the following symbols will be enabled for Dark orders:

<u>Symbol</u>	<u>Name</u>
BBD.B	Bombardier Inc.
COS	Canadian Oil Sands Limited
SC	Shoppers Drug Mart Corporation

2. Following the target symbols, the constituents of the S&P/TSX 60 Index and select ETFs will be enabled for Dark orders

3. The timing for enabling the remaining TSX and TSX Venture symbols will be determined at a later date based on customer feedback and an assessment of the Dark order types trading activity

Notification will be provided at least a week in advance of enabling additional symbols to support Dark orders. Note that symbols enabled for dark trading are identified on a daily basis within the symbol status message distributed on TMX market data feeds.

Fees:

Effective March 1, 2011, subject to regulatory fee approval, the TSX/TSXV Equity Fee Schedule Fees will be adjusted to include transaction fees associated with Dark order types. Dark orders will initially be supported only for stocks trading at a price of \$1 or greater.

Dark order fees are designed to provide liquidity takers an opportunity to significantly reduce their transaction fees while benefiting from price improvement and efficiencies from accessing both dark and visible liquidity through one routing destination and one single transaction. When executing against passive Dark liquidity, either as a dark or displayed order, a fee of \$0.0010 per active share will be charged, representing up to a 70% reduction in active fees for visible liquidity takers. When executing against displayed liquidity, an active Dark order will be charged \$0.0035 per share, an active fee similar to a visible liquidity taker.

Passive Dark orders will not be charged any fee when executing against either a visible or Dark order. Posting a TSX/TSXV Dark order will provide opportunities to minimize market impact costs when anonymously seeking liquidity, and will maximize execution opportunities by continuously exposing passive dark orders to Canada's largest pool of visible order flow.

Please refer to the attached Equity Trading Fee Schedule which reflects all changes associated with Dark orders effective March 1, 2011.

Dark Order Type Documentation:

The following materials are available to provide further information on TSX/TSXV Dark order types:

- Dark Order Types Feature Sheet – overview of TSX/TSXV Dark orders
- TSX/TSXV Dark Liquidity Guide – detailed information related to dark liquidity and Dark orders
- Protocol Specifications – Updated STAMP and FIX specifications detailing the protocol changes associated with these new order types, available since September 27, 2010

To obtain copies of any of the above material, please contact your Account Manager, or Vendor Services at vendor_services@tmx.com. Attached is a table detailing the order entry and data feed specification changes associated with Dark Orders Release #1.

Dark Orders – Release #2

The following enhancements to provide additional value to customers using TSX/TSXV Dark orders are expected to be available for external testing in GTE by the end of March 2011, and introduced in the second quarter of 2011:

- Introduction of an optional Minimum Quantity to specify a minimum fill size for mid-point orders. This feature will assist with reducing market impact for large-sized orders, and facilitate the execution of blocks.
- New public order numbers will be generated every time an iceberg ‘reloads’ and every time a dark order receives a new passive fill. This feature will enhance the anonymity of non-displayed orders by masking the pattern of fills for any given iceberg order and any given dark order.
- Dark orders will be enabled on stocks trading under fifty cents. Mid-points at these price levels can execute at a quarter cent increment, where the last sale price set by the execution will be rounded up a full tick to three decimal places (the valid trading increment). To accommodate the increased decimal precision, price fields have been expanded to five decimal places.

Once finalized, confirmation of the implementation and GTE dates for this enhancement release will be communicated in a subsequent notice.

Updated STAMP and FIX specifications detailing the protocol changes associated with the above enhancements are now available and can be requested through Vendor Services at vendor_services@tmx.com. Attached is a table detailing the order entry and data feed specification changes associated with these changes.

Please contact your TMX Account Manager with any questions or comments related to TSX/TSXV Dark Order types.

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About TMX Group (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, Shorcan, Equicom and other TMX Group companies provide trading markets, clearing facilities, data products and other services to the global financial community who access Canada's capital markets. TMX Group is headquartered in Toronto with offices in Montreal, Calgary and Vancouver. For more information about TMX Group, visit our website at www.tmx.com.

Change Tracking
Formatting changes, or clarification to existing schedule
Changes previously announced on January 27, 2011, PO Notice # 2011-005
Changes associated with Dark Orders

Equity Trading Fee Schedule Effective March 1, 2011

One Time Set-Up Fees for New Participating Organizations and Members

Toronto Stock Exchange	Fee
Application Fee:	\$5,000
Registration Fee (trading applicant):	\$60,000
\$45,000 of the registration fee will be applied as a credit towards the first year's trading fees	
Registration Fee (non-trading applicant):	\$15,000
\$45,000 will be applied as a trading registration upgrade fee with the trading activation of a PO number	
\$45,000 of the registration upgrade fee will be applied as a credit towards the first year's trading fees	
TSX Venture Exchange	Fee
Application Fee:	\$1,000
Registration Fee (trading applicant):	\$30,000
\$22,500 of the registration fee will be applied as a credit towards the first year's trading fees	
Registration Fee (non-trading applicant):	\$7,500
\$22,500 will be applied as a trading registration upgrade fee with the trading activation of a PO number	
\$22,500 of the registration upgrade fee will be applied as a credit towards the first year's trading fees	

Trading Fees (volume-based, except as otherwise stated)

Toronto Stock Exchange	Fee
Basic Fee:	\$1,500 per month per participating organization
Opening Trades:	\$0.0030 / share / side up to a maximum of \$30 per side Monthly fee cap at maximum \$100,000 per firm
Must Be Filled (MBF):	\$0.003 / share / side up to a maximum of \$90 per side
Market on Close (MOC):	\$0.003 / share / side up to a maximum of \$30 per side
Extended Trading:	\$0.001 / share / side
Market Makers: Applies to symbols of responsibility	
High Priced Equities	Charge \$0.0033 per active share Credit \$0.0033 per passive share
Low Priced Equities	Charge \$0.0003 per active share Credit \$0.0003 per passive share
<ul style="list-style-type: none"> Fees waived for Opening trades MOC and Extended Trading billed at the normal rate for each product Net Market Maker credits will be applied to offset the firm's other trading charges and any residual credit will be rebated back to the firm Net Market Maker charges under the active/passive schedule will be capped at \$0.00 per symbol, up to a maximum of \$20,000 per symbol ETF Market Makers will be credited an additional \$0.001 per passive share (for equities over \$1) to help offset trading fees incurred from active ETF hedging activities 	

- Charge per active share for High Priced Equities is reduced to \$0.0010 if traded against passive Dark Order volume.

Minimum Guaranteed Fill (MGF) Cancellations: \$100 per cancellation
Attributed to the participant responsible for causing an MGF trade to be cancelled

MGF and Odd Lot Fill: \$0.0039 per share for High Priced Equities
\$0.0010 per share for Low Priced Equities
Applies to trades executed against the Market Maker guaranteed fill service

Special Settlement Terms: \$0.001 / share / side up to a maximum of \$100 per side

The following TSX security categories are excluded from the calculation of post-open continuous market fees, and are billed as follows:

Rights/Warrants: Active side - charged 1/40th of 1% of the value traded up to a maximum of \$50 / trade, minimum charge \$0.50 / trade
Passive side - no charge
Intentional crosses and opening trades - charged 1/80th of 1% of the value / side up to a maximum of \$50 / trade

Notes/Debentures: \$0.10 per \$1000 par value / side

Exchangeables: Each trade (including intentional crosses) charged a flat fee of \$2/ side

TSX Venture Exchange	Fee
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Basic Fee:	\$750 per month per member
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Opening Trades:	\$0.0012 / share / side up to a maximum of \$60 per side Monthly fee cap at maximum \$55,000 per firm
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Toronto Stock Exchange and TSX Venture Exchange Post-Open Continuous Market Fees

Low Priced Equity Fee:

Post-Open Continuous Market Trades for all TSX/TSXV equities where the trade price per-share is under \$1:

Charge \$0.0003 per active share¹

Credit \$0.0001 per passive share¹

¹Applies to standard **continuously traded** active and passive shares only.

High Priced Equity Fee:

Post-Open Continuous Market Trades for all TSX/TSXV equities where the trade price per-share is \$1 or over:

Fees to Take Liquidity ²	Fee / Share
Monthly active volume: $X \leq 250\text{MM}$ shares	\$0.0035
Monthly active volume: $X > 250\text{MM}$ shares	\$0.0034
Monthly active volume: $X > 250\text{MM}$ shares ³	\$0.0033
Active volume traded against Dark Order volume	\$0.0010

²Applies to active shares only

³Volume thresholds are based on volume activity billed as post-open continuous market trades.

TMX Customer Reward Tier rate applies only when all Rewards Program Qualification Criteria are met

Liquidity Provider Credit ²	Credit / Share
Monthly passive volume: $X \leq 250\text{MM}$ shares	\$0.0031
Monthly passive volume: $X > 250\text{MM}$ shares	\$0.0031
Monthly passive volume: $X > 250\text{MM}$ shares ³	\$0.0032

²Applies to passive shares only

³Volume thresholds are based on volume activity billed as post-open continuous market trades.

TMX Customer Reward Tier rate applies only when all Rewards Program Qualification Criteria are met:

TMX Customer's Rewards Program Qualification Criteria

- A minimum of 80% of all executed volume, including Dark Order volume, across all Canadian marketplaces must be on TMX.
- Qualification for this reward tier is based on meeting the trading threshold for a preceding 6 month period. The discount for the customer reward tier rates will be calculated and accumulated monthly and paid initially after the first six month period, and thereafter will be paid monthly subject to continuing qualification.

- Orders marked Jitney are not volume activity billed as post-open continuous market trades, and are billed at the base rate.
- Where liquidity is provided by the undisclosed portion of an iceberg during the post-open continuous market the credit is capped at a credit of \$0.0002 per share for equities where the trade price per-share is \$1 or over, or capped at \$0.000 for equities where the trade price per-share is under \$1, for such undisclosed volume.
- Undisclosed iceberg volume, Dark Order volume, volume traded against Dark Order volume, and Jitney volume are not included in the determination of the volume thresholds for post-open continuous market trades.
- A firm-wide net post-open continuous market credit will first be applied to offset the firm's other trading charges. Any remaining net credit will be paid out to the firm.

Cross Printing Facility:

FREE

Unintentional crosses are billed according to post-open continuous market fees

Specialty Crosses:

FREE

Basis, VWAP, Contingent, Special Trading Session, Internal crosses ~~charged~~.

NEX

Fee

Trades

\$0.0005 / share / side

\$3.00 per side minimum / \$50 per side maximum

Toronto Stock Exchange's Electronic Liquidity Provider (ELP) Program

Post-Open Continuous Market Trades for all TSX equities specified by TSX for pre-approved qualifying ELPs where the trade price per-share is \$1 or over:

Charge \$0.0033 per active share⁴
Credit \$0.0032 per passive share⁴

⁴Applies to standard **continuously traded** active and passive shares only. Volume based on activity generated by the ELP as standard post-open continuous market trades. Dark Orders are excluded from the ELP program and qualification criteria, and are billed at the Dark Order Type rates. Charge per active share for High Priced Equities is reduced to \$0.0010 if traded against Dark Order volume.

Each individual ELP within a Participating Organization or its direct market access customer must be pre-qualified based on its proven experience in conducting high-frequency electronic trading. Once pre-qualified, each of a Participating Organization that undertakes proprietary trading or proprietary traders within a Participating Organization may be assigned a unique ELP-eligible Trader ID. The above ELP rates will apply individually to each pre-qualified ELP that has traded ELP-eligible securities at least 65% passively with a minimum daily average of 500,000 passive shares within 25 or more ELP-eligible equities in a month. Participation in the ELP program is subject to an ELP subscriber agreement.

Toronto Stock Exchange and TSX Venture Exchange Dark Order Types (Mid-Point, Dark Limit)

Dark Order volume for all TSX and TSXV equities is excluded from the calculation of post-open continuous market fees.

For Dark Orders where the trade price per-share is \$1 or over:

Taking Dark Liquidity	Charge \$0.0010 per active share trading against Dark Order volume
Taking Displayed Liquidity	Charge \$0.0035 per active share trading against displayed order volume

Providing Dark Liquidity	FREE - no fee or rebate for passive shares
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TSX Venture Exchange Listing Incentive Program

For details on the TSX Venture Exchange Listing Incentive Program refer to '[Notice to Participating Organizations & Members](#)' #2008-011.

Other Fees

Product	TSX	TSXV	TSX and TSXV
Connectivity (LANX)			No Charge ⁸
New STAMP / FIX certification			\$3,000
Session bundle set-up			\$500 per bundle
Broadcast Feeds (TBF / CBF):			
Participating Organization/Member ⁸	\$9,000 per month	\$6,000 per month	\$12,500 per month
Vendor	\$10,000 per month	\$6,500 per month	\$14,500 per month
Additional broadcast feeds ⁹			\$600 per port
Base amount for weekend tests			\$2,500 per test
GTE only			\$2,000 per month

⁸ Vendor and participating organization/member are responsible for carrier communications costs

⁹ For standard 2 port set-up, limit 2 connections per port

All fees are in Canadian dollars and are subject to applicable taxes

Notice to Participating Organizations and Members

Dark Order Types –Release #1 Summary of Order Entry and Market Data Feed Specification Changes

Feature	Description	FIX OE	STAMP OE	Broadcast Feed	TL1	TL2	TQL1 (Quantum Feeds)	TQL2 (Quantum Feeds)
Dark Mid-Point order	An order with full pre-trade anonymity which will only execute at the mid-point of the NBBO	TSXUndisplayed (7726)=Y Indicates the order is completely non-displayed TSXPegType (7723)=M Indicates order is priced at the National Best Bid/Offer mid-point	Undisplayed (604)=Y Indicates the order is completely non-displayed PegType (597)=M Indicates order is priced at the National Best Bid/Offer mid-point	Order responses: Fully encrypted Trade Report: Undisplayed (604) and PegType (597) Added to private content LastSale (114) The rounded price when the trade occurs at an invalid tick increment Price (41) The non-rounded trade price Display volume (150) Set to 0 for the side which is dark	Message type A: Equity Trade: Trade Price will be a rounded price when the trade occurs at an invalid tick increment Message type H: Equity Trade Cancellation: Trade Price will be a rounded price when the trade occurs at an invalid tick increment	Trade Report: LastSale (114) A rounded price when the trade occurs at an invalid tick increment Price (41) The non-rounded trade price Display volume (150) Set to zero for the side which is dark Symbol Status: LastSale (114) A rounded price when the last trade occurred at an invalid tick increment	Equity Trade: LastSale A rounded price when the trade occurs at an invalid tick increment Price The non-rounded trade price Equity Trade Cancelled: LastSale A rounded price when the trade occurs at an invalid tick increment Price The non-rounded trade price	Trade Report: LastSale A rounded price when the trade occurs at an invalid tick increment Price The non-rounded trade price Buy Display Volume Set to zero if side is dark Sell Display volume Set to zero if side is dark

Dark Limit order	An order with full pre-trade anonymity which will only execute at or inside the NBBO	TSXUndisplayed (7726)=Y Indicates the order is completely non-displayed	Undisplayed (604)=Y Indicates the order is completely non-displayed	Order responses: Fully encrypted Trade Report: Undisplayed (604) and PegType (597) Added to private content LastSale (114) The rounded price when trade occurs at an invalid tick increment Price (41) The non-rounded trade price Display volume (150) Set to zero for the side which is dark	Message type A: Equity Trade: Trade Price will be a rounded price when the trade occurs at an invalid tick increment Message type H: Equity Trade Cancellation: Trade Price will be a rounded price when the trade occurs at an invalid tick increment	Trade Report: LastSale (114) A rounded price when the trade occurs at an invalid tick increment Price (41) The non-rounded trade price Display volume (150) Set to zero for the side which is dark Symbol Status: LastSale (114) A rounded price when the last trade occurred at an invalid tick increment	Equity Trade: LastSale A rounded price when the trade occurs at an invalid tick increment Price The non-rounded trade price Equity Trade Cancelled: LastSale A rounded price when the trade occurs at an invalid tick increment Price The non-rounded trade price	Trade Report: LastSale A rounded price when the trade occurs at an invalid tick increment Price The non-rounded trade price Buy Display Volume Set to zero if side is dark Sell Display volume Set to zero if side is dark
Dark order eligibility	Notification of dark eligibility for the symbol	No impact	No impact	Symbol status: AcceptUndisplayed (605)=Y Indicates if the symbol is eligible to trade dark orders Stock status: AcceptUndisplayed (605)=Y Intraday notification if the dark eligibility for the symbol has changed	No impact	Symbol status: AcceptUndisplayed (605)=Y Indicates if the symbol is eligible to trade dark orders Stock status: AcceptUndisplayed (605)=Y Intraday notification if the dark eligibility for the symbol has changed	No impact	No impact

Dark Order Types –Release #2

Summary of Order Entry and Market Data Feed Specification Changes

Feature	Description	FIX OE	STAMP OE	Broadcast Feed	TL1	TL2	TQL1 (Quantum Feeds)	TQL2 (Quantum Feeds)
Min Qty	Optional tag only permitted on dark orders that will specify the minimum fill volume which must be satisfied for the order to trade	MinQty (110)	MinQty (598)	MinQty (598) Added to private content	No impact	No impact	No impact	No impact
Decimal expansion	Enterprise initiative to enable prices to be processed up to 5 decimal places. (Please note valid trading increments will remain enforced)	Numeric price 1*6Di gi t ["." " 1*5Di gi t]	Numeric price 1*6Di gi t ["." " 1*5Di gi t]	Numeric price 1*6Di gi t ["." " 1*5Di gi t]	No impact	Numeric price 1*6Di gi t ["." " 1*5Di gi t]	No impact	No impact
Enhancing Iceberg Anonymity	Feature to minimize public disclosure of an iceberg Feature will be triggered when the display volume of an iceberg order is exhausted and there is remaining volume on the order*	No impact	No impact	Trade report: Display volume (150) Set to zero for iceberg side PriorityTimestamp (178) Not present Assign Time priority message: Will no longer be sent Order Cxl/Confirm message will be issued:	No impact	Trade report: Display volume (150) Set to zero for iceberg side PriorityTimestamp (178) Not present Assign Time priority message: Will no longer be sent Order	No impact	Trade Report: Buy Display Volume Set to zero for iceberg side Sell Display volume Set to zero for iceberg side Assign Time priority message: Will no longer be sent

				ConfirmationType (16) = Booked Volume (64) = Refreshed display volume Order Number (40) Unique number is assigned Private order number (214) Original order number for the iceberg order IcebergRefresh (606) =Y Indicates that the booked message is the result of an iceberg being refreshed		Cxl/Confirm message will be issued: ConfirmationType (16) = Booked Volume (64) = Refreshed display volume Order Number (40) Unique number is assigned		Order Cxl/Confirm message will be issued: ConfirmationType = Booked Volume = Refreshed display volume Order ID Unique number is assigned
Enhancing Dark Order Anonymity	An additional feature to minimize disclosure of dark order intentions After the first fill of a dark order a unique public order number will be assigned to any subsequent fills.	No impact	No impact	Trade Report: Order Number (40) Unique after the first fill Private order number (214) Original order number for the dark order	No impact	Trade Report: Order Number (40) Unique after the first fill	No impact	Trade Report: Buy Order ID: Unique is side was dark Sell Order ID: Unique is side was dark

* Feature will be applied to passive and re-priced short iceberg orders