

# Notice to Participating Organizations

February 24, 2012

2012-010

## **TSX Trading Rule Amendments Related to Market Making and to Permit Trading of Securities Listed on other Canadian Exchanges**

The Ontario Securities Commission (OSC) has approved two sets of amendments to the Rules of the Toronto Stock Exchange. These rule amendments, as described below, are effective as of Friday, February 24, 2012.

### **Market Making Amendments**

The OSC has approved rule amendments that will assist TSX Market Makers in performing their market making obligations in a multi-marketplace and increasingly electronic trading environment. The amendments that have been approved provide for: elimination of the anti-scooping rule; elimination of Market Maker capital requirements; elimination of the Market Maker stabilization rule; the ability for Market Makers to execute booked oddlots at their limit price; and new requirements on the use of the Minimum Guaranteed Fill and oddlot facilities. A blacklined text of the amendments as approved by the OSC is provided at Appendix "A". Note that the elimination of the anti-scooping rule and the rule change that enables Market Makers to execute booked oddlots at their limit price will come into effect at a later date, after applicable systems changes have been made. A notice to market participants will be disseminated prior to the implementation of these two changes.

### **Amendments to Trade Other Listed Securities**

The OSC has approved rule amendments that confirm TSX's ability to facilitate trading in securities that are not listed by Toronto Stock Exchange, so long as the securities have been listed by another exchange that is recognized by a securities regulatory authority in a Canadian jurisdiction. A blacklined text of the amendments as approved by the OSC is provided at Appendix "B". TSX will provide notice to market participants prior to trading any issues that are not listed by Toronto Stock Exchange.

Participating Organizations should contact their TMX Account Manager with any questions:

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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, TMX Select, Montreal Exchange, Canadian Derivatives Clearing Corporation, Natural Gas Exchange, Boston Options Exchange (BOX), Shorcan, Shorcan Energy Brokers, Equicom and other TMX Group companies provide listing markets, trading markets, clearing facilities, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montreal, Calgary and Vancouver), in key U.S. markets (Houston, Boston and Chicago) as well as in London and Beijing. For more information about TMX Group, visit our website at [www.tmx.com](http://www.tmx.com). Follow TMX Group on Twitter at <http://twitter.com/tmxgroup>.

A French version of this notice is available on our web site at [www.tmx.com](http://www.tmx.com). Une version française de cet avis est disponible sur notre site Web à l'adresse [www.tmx.com](http://www.tmx.com).

## APPENDIX “A”

### ***Rules of the Toronto Stock Exchange***

#### **Rule 4-602 Qualifications (Amended)**

(1) No person shall be approved as a Market Maker unless such person has demonstrated market making experience that is acceptable to the Exchange.

(2) No Participating Organization shall be approved as a Market Maker Firm unless the Participating Organization:

(a) has provided sufficient trading desk and operations area support staff; ~~and~~ and

(b) has installed a terminal acceptable to the Exchange that will permit it to properly carry out its market making responsibilities; ~~and~~ and

~~(c) satisfies the minimum capital requirements as determined by the Exchange in order for the Participating Organization to support its market making responsibilities.~~

(c)  
Repealed (•)

Amended (~~July 23, 2004~~ •)

#### **Policy 4-602 Qualifications**

##### **(1) Designated Market Maker Contact**

Market Maker Firms are required to have experienced personnel to effectively perform the market making assignments. In addition to appointing a Responsible Designated Trader for each security of responsibility, a Market Maker Firm must designate an individual within the firm to manage the firm's market making responsibilities and to be the primary contact with the Exchange with respect to the firm's market making assignments.

##### **(2) Capital Requirements**

~~Market Maker Firms are required to satisfy and maintain minimum capital requirements as determined by the Exchange from time to time, and shall notify the Exchange promptly in the event of a failure to meet such capital requirements. An example of the financial data that must be provided by a Market Maker Firm is set out in the form provided on the TSX website. The Exchange believes that it is paramount that Market Maker Firms have sufficient financial resources to effectively perform their market making responsibilities. Failure to satisfy the capital requirements may result in a reallocation of security assignments by the Exchange to another Market Maker.~~

Repealed (•)

~~Amended (July 23, 2004)~~

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#### **Rule 4-604 Responsibilities of Market Makers (Amended)**

Market Makers shall trade on behalf of their own accounts to a reasonable degree under existing circumstances, particularly when there is a lack of price continuity and lack of depth in the market or a temporary disparity between supply and demand and in each of their securities of responsibility shall:

- (a) contribute to market liquidity and depth, and moderate price volatility;
- (b) maintain a continuous two-sided market within the spread goal for the security agreed upon with the Exchange;
- (c) maintain a market for the security on the Exchange that is competitive with the market for the security on the other exchanges on which it trades;
- (d) perform their duties in a manner that serves to uphold the integrity and reputation of the Exchange;
- (e) in the case of a Market Maker Firm, arrange for a back-up Responsible Designated Trader for each security assignment, and in the case of a Market Maker that is an Approved Trader, arrange for a back-up Market Maker, who in their absence, will carry out the responsibilities set out in this Rule;
- (f) guarantee fills for [incoming tradeable](#) odd lot and mixed lot orders at the current board lot quotation; ~~and fill booked oddlots which become tradeable due to a boardlot quote change at the oddlot's original limit price~~
- (g) maintain the size of the Minimum Guaranteed Fill requirements agreed upon with the Exchange;
- (h) comply with the Minimum Guaranteed Fill requirements agreed upon with the Exchange, which include guaranteeing an automatic and immediate "one price" execution of disclosed MGF-eligible orders;
- (i) be responsible for managing the opening of their securities of responsibility in accordance with Exchange Requirements and, if necessary, for opening those securities or, if appropriate, requesting that a Market Surveillance Official delay the opening;
- (j) assume responsibility for certain additional listed securities in accordance with applicable Exchange Requirements;
- (k) assist Participating Organizations in executing orders; and
- (l) assist the Exchange by providing information regarding recent trading activity and interest in their securities of responsibility.

Amended (~~March 1, 2011~~)

#### **Policy 4-604 Responsibilities of Market Makers**

##### **(1) Assistance to Market Surveillance Officials and Participating Organizations**

Market Makers shall report forthwith any unusual situation, rumour, activity, price change or transaction in any of their securities of responsibility to a Market Surveillance Official. As much as possible, Market Makers shall assist Participating Organizations' traders by providing them with information regarding recent trading activity and interest in their securities of responsibility. They shall assist traders in matching offsetting orders. Based on their knowledge of current market conditions, Market Makers shall, on a best efforts basis, identify anomalies in Participating Organizations' orders in the Book and bring them to the attention of those Participating Organizations or to the Exchange.

##### **(2) Availability and Coverage**

Each Market Maker must ensure that its securities of responsibility are continuously monitored during the trading day. In this regard, Market Makers must have adequate back-up procedures and coverage by qualified individuals in cases of any absences due to illness, vacation or other reasons.

##### **(3) Maintenance of a Two-Sided Market**

Market Makers must call a continuous two-sided market in their securities of responsibility. In order to assist them in carrying out this responsibility, Market Makers are given certain privileges and are exempted pursuant to Rule 3.1 of UMIR from the short sale rule when carrying out their market making obligations.

**1. Spread Maintenance**—Market Makers shall maintain the spread goal agreed upon with the Exchange in each of their securities of responsibility on a time-weighted average basis. The Exchange monitors spreads on an ongoing basis, and assesses the performance of Market Makers on a monthly basis.

**2. Relief from Spread Goals**—The initial establishment of a spread goal for a security is subject to negotiation between each Market Maker and the Exchange. The Market Maker shall notify the Exchange if the Market Maker is unable to maintain its spread goal. Any further changes to the spread goal are also subject to negotiation.

**3. Odd-lot Responsibilities**—General—Market Makers shall maintain an odd lot market at the board lot quotation [for immediately tradeable incoming oddlots. Booked oddlots which become tradeable due to a boardlot quote change will execute at their original limit price.](#)

**Expiring Rights and Warrants**—Market Makers shall not be responsible for providing bids and offers for odd lots in rights and warrants within 10 days of the date of expiry of the right or warrant. If a Market Maker chooses to trade odd lots of such securities during this period, the Market Maker must do so at the board lot quotation unless prior consent of a Market Surveillance Official for a wider spread is obtained.

**Special Circumstances**—The above exemption is also available in any securities that are affected by special circumstances relative to that security. If a Market Maker wishes to call an odd-lot market at a different price than the board lot market, the prior consent of a Market Surveillance Official must be obtained.

**4. Relief from Responsibilities in Unusual Situations**—In extreme cases, such as illiquidity in a security on expiry of a take-over bid, a Market Surveillance Official may relieve a Market Maker from its responsibility to maintain a posted bid or offer. This exemption is also available when a Market Maker's obligation to post an offer would require it to assume or to increase a short position in a security that the Market Maker cannot reasonably be expected to cover because of the relative liquidity of that security or lack of securities available for borrowing.

## **5. Client Priority and Frontrunning**

**Client Priority**—The in-house client priority rule in UMIR Rule 5.3 requires Participating Organizations to execute their client orders ahead of any non- client orders at the same price. This rule applies to trading by Market Makers. Market Makers may participate in trading with one or more of their firm's client orders if the Participating Organization obtains the express consent of the client(s) involved.

**Frontrunning Client Orders**—UMIR Rule 4.1 prohibits Participating Organizations, Approved Persons and persons associated with a Participating Organization from taking advantage of non-public material information concerning imminent transactions in equities, options or futures markets. Information about a trade is material if the trade would reasonably be expected to move the market in which the frontrunning trade is made. The frontrunning restrictions apply to Market Makers. Participating Organizations, Approved Persons and persons associated with a Participating Organization are prohibited from taking advantage of a client's order by trading ahead of it in the same or a related market. A trade made solely for the benefit of the client for whom the imminent transaction will be made, and a trade that is a bona fide hedge of a position that the Participating Organization has agreed to assume from a client, are exempt from the restrictions.

**Frontrunning in Options and Futures**—The restrictions further prohibit a frontrunning trade in the options or futures markets with knowledge of an imminent undisclosed material transaction in any of the equities, options or futures markets, including transactions by another Participating Organization. Again, a trade made solely for the benefit of the client for whom the imminent

transaction will be made, and a trade that is a bona fide hedge of a position that the Participating Organization has assumed or agreed to assume from a client, are exempt from the restrictions.

**Tipping and Trading Ahead**—Participating Organizations and Approved Persons and persons associated with a Participating Organization are prohibited from tipping others about an imminent undisclosed material order to be executed for one of the firm's clients in any market, including the equities market.

The Participating Organization executing the order may, however, contact the Market Maker to ask for assistance (for example, to ask if the Market Maker knows of Participating Organizations who may want to take the other side of the trade). If details of an imminent material trade in one of their securities of responsibility have been disclosed by another Participating Organization to the Market Maker, the Market Maker is prohibited from trading ahead of that order unless the Market Maker receives the express consent of the Participating Organization involved.

**6. Client-Principal Trading**—Trades by Market Makers with clients of their Participating Organization, whether made pursuant to their market-making obligations or not, must comply with all UMIR Requirements governing client-principal trading.

Amended (~~July 23, 2004~~)

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#### **Rule 4-605 Stabilizing Trades (Amended)**

~~(1) In this Rule, "neutral trades" means trades that would otherwise be destabilizing trades except that:~~

- ~~(a) the Market Maker is unwinding a long or short position in a security taken previously;~~
  - ~~(b) the trade is made pursuant to the Market Maker's obligation to fill a MGF order;~~
  - ~~(c) the trade is made pursuant to the Market Maker's obligation to maintain a specific maximum spread between bid and ask quotes; or~~
  - ~~(d) the trade is made for the purpose of maintaining a proportionate market (based on the conversion ratio) in a security that another security is convertible into or in the convertible security;~~
- ~~provided that, in the case of the exceptions in (b), (c), and (d) above, the Market Maker is on the passive side of the trade.~~

~~(2) At least 70% of Market Makers' trades in their securities of responsibility shall be stabilizing or neutral trades.~~

~~Amended (July 23, 2004)~~

~~Repealed (•)~~

#### **Policy 4-605 Stabilizing Trades**

~~(1) Reporting and Performance Measurement~~

~~In accordance with Rule 4-605(2), it is expected that at least 70% to 80% of Market Makers' trades in their securities of responsibility shall be stabilizing or neutral trades. Performance in this area will be measured periodically by the Exchange and reported to the Exchange. If 30% or more of a Market Maker's trades in their securities of responsibility are destabilizing trades, based on the number of transactions, share volume, dollar value of trading or any combination of those factors, the Market Maker's performance shall be considered unsatisfactory and the Market Maker may be subject to any of the penalties set out in this Policy.~~

~~(2) Exemption for Certain Interlisted Securities~~

~~In order to encourage trading in certain interlisted securities on the Exchange, Market Makers shall be exempt from the stabilization requirements in dealing in all U.S.-based interlisted issues and in those Canadian-based interlisted issues in which more than 25% of the trading occurred on exchanges in the United States or on NASDAQ in the preceding year.~~

### ~~(3) Application of Stabilization Requirement to Trading in Other Markets~~

~~The stabilization requirements apply to all trading by Market Makers in listed securities, whether on the Exchange or on another Canadian exchange. The exemptions contained in this Policy also apply to such trading.~~

~~Amended (July 23, 2004)~~

~~[Repealed \(•\)](#)~~

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### **Rule 4-701 Execution of Trades at the Opening**

(1) Subject to Rule 4-702, listed securities shall open for trading at the opening time, and any opening trades shall be at the calculated opening price.

(2) The following orders shall be completely filled at the opening:

(a) market orders and better-priced limit orders ~~for client accounts;~~ [and](#)

(b) MBF orders; [and](#)

~~(c) market orders and better-priced limit orders for non-client accounts that were entered prior to the two minutes immediately preceding the opening time; and~~

~~(d) market orders and better-priced limit orders for non-client accounts that were entered during the two minutes immediately preceding the opening time where the opening of the security is delayed pursuant to Rule 4-702, or where the order affected the Calculated Opening Price.~~

~~[\(c\)](#)  
[Repealed \(•\)](#)~~

~~[\(d\)](#)  
[Repealed \(•\)](#)~~

Amended (~~September 12, 2008~~ [•](#))

(3) The following orders are eligible to participate in the opening but are not guaranteed to be filled:

(a)

Repealed (August 7, 2001)

(b) limit orders at the opening price; ~~and~~ [and](#)

~~(c) market orders and better-priced limit orders for non-client accounts that were entered during the two minutes immediately preceding the opening time and that did not affect the Calculated Opening Price, where the security opens at the opening time.~~

~~[\(c\)](#)~~

[Repealed \(•\)](#)

Amended (~~September 12, 2008~~•)

(4) Unless otherwise provided, trades shall be allocated among orders at the opening price in the following manner and sequence:

- (a) trades shall be allocated to orders guaranteed a fill pursuant to Rule 4-701(2) then;
- (b) all possible crosses shall be executed; then
- (c)

Repealed (August 7, 2001)

- (d) to limit orders at the opening price according to time priority.

(5)

Repealed (August 7, 2001)

(6)

Repealed (August 7, 2001)

(7) Orders at the opening price that are not completely filled at the opening shall remain in the Book, at the opening price.

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## **Policy 4-802 Allocation of Trades**

### **(1) MGF Facility**

The MGF facility provides an automatic and immediate "one price" execution of Participating Organizations' disclosed client market orders and disclosed client tradeable limit orders, of up to the MGF in the security at the current displayed market price. [For purpose of the MGF Facility, client order means any order that does not satisfy definition under Policy 4-802-1\(a\)\(ii\) – MGF Ineligible Orders.](#)

### **(a) Obligations**

(i) Market Makers shall buy or sell the balance of an incoming MGF-eligible disclosed order at the current market price when there are not sufficient committed orders to fill the incoming order at that price. Market Makers shall also purchase or sell to any imbalance of MGF-eligible disclosed orders on the opening that cannot be filled by orders in the Book.

(ii) [MGF Ineligible Orders must be marked as MGF-NO, and are defined as orders that meet any or all of the conditions specified below:](#)

- [1. If a client order is entered on the Exchange in a size smaller than the MGF for that security, but is part of a larger order \(including an order that is split and sent to more than one marketplace for](#)



execution), or if multiple orders smaller than the MGF for a security are received from/entered by the same client, on a given day, the orders are MGF Ineligible.

2. Any order entered by a Direct Market Access (DMA) client, whether an individual, or broker, is MGF Ineligible (unless the DMA client is a broker acting as an "agent" for retail client order flow).

3. Any client order generated by a computer algorithm is MGF Ineligible.

4. Generally any order from customer who is involved in trading the markets directly on an active and continuous daily basis is MGF Ineligible.

5. Any order on behalf of a U.S. broker-dealer ("U.S. dealer"). This restriction does not include orders on behalf of a client of a U.S. dealer. See Policy 4-802(3) below.

MGF fills which occur in violation of the guidelines detailed above may be cancelled by the Exchange upon request by the Market Maker. Notwithstanding the above, the Exchange may cancel any trades deemed to be improper use of the MGF facility, or take such other action as the Exchange considers appropriate in the circumstances.

### **(b) Size of MGF**

The minimum size of MGF is calculated as one share less than two board lots.

For example, for securities with a board lot size of 100 securities, the minimum is 199 securities. This minimum is acceptable for Tier A securities and Tier B securities. The calculated minimum MGF may; however, be set at a size that is higher than the minimum. For example, the minimum size of the MGF for Tier A securities is usually greater than 599 shares (for securities with a 100 share board lot).

### **(2) Market Maker Participation**

At the option of the Market Maker, the Market Maker may participate in any disclosed immediately tradeable orders (including non-client [and MGF-ineligible](#) orders) that are equal to or less than the size of the Market Maker's MGF for the security. The Market Maker may participate for 40% of the MGF order at the bid price, the ask price, or both. While the Market Maker is participating, all disclosed client orders that are equal to or less in size than the MGF for the security, including those marked "~~BK~~[MGF-NO](#)", shall be guaranteed a fill. If the Market Maker is not participating, only disclosed MGF-eligible orders shall be guaranteed a fill.

### **(3) Use of MGF by US Dealers**

Orders on behalf of ~~American securities dealers~~ ("U.S. dealers") to buy or sell listed securities ~~that are interlisted with NASDAQ~~ are not eligible for entry into the MGF system. The orders (if they would otherwise be MGF-eligible) must be marked "~~BK~~[MGF-NO](#)" in order to avoid triggering the responsible Market Maker's MGF obligation. This Policy applies even if the U.S. dealer is paying a commission. Orders on behalf of clients of U.S. dealers are eligible for entry into the system. Participating Organizations accepting an order from a U.S. dealer must ascertain whether the order is on behalf of a client. If the Participating Organization is unable to determine the status of the order, the order is to be treated as ineligible for entry into the MGF system. Orders on behalf of U.S. dealers that are facilitating a trade for a client of that dealer (i.e. the dealer has already filled the client's trade in the US by acting as the counterparty to the trade, and is now offsetting that position on the Exchange) are not eligible for entry into the MGF system and must be marked "~~BK~~[MGF-NO](#)".

[Amended \(•\)](#)

### **(4) Oddlot Facility**

Market Makers also guarantee incoming tradeable odd lots at the best posted market on the Exchange. The Market Maker's responsibilities in regard to odd lots are the same as its responsibilities for MGF's. Participating Organizations are not permitted to: split larger orders from a single account into odd lots; enter multiple odd lots from a single account on a specific security on a given day; or enter the odd lot portion of a mixed lot order immediately prior to entering the board lot portion.

~~Amended (March 1, 2011)~~

Oddlot fills which occur in violation of the guidelines detailed above may be cancelled by the Exchange upon request by the Market Maker. Notwithstanding the above, the Exchange may cancel any trades deemed to be improper use of the Odd Lot facility, or take such other action as the Exchange considers appropriate in the circumstances.

Document comparison done by Workshare DeltaView on Thursday, September 08, 2011 10:20:01 PM

Input:	
Document 1	file://J:/TSX Inc/Rule Book (Inc)/2011/Market Making/Documents/Revised MM Rule_Original_Clean Copy.doc
Document 2	file://J:/TSX Inc/Rule Book (Inc)/2011/Market Making/Documents/Revised MM Rule Changes_Clean 08sep11.doc
Rendering set	standard

Legend:	
<u>Insertion</u>	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Insertions	60
Deletions	40
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	100

## APPENDIX “B”

RULES (AS AT ●)	POLICIES
<p><b><u>PART 1 - INTERPRETATION</u></b></p> <p><b>1-101 Definitions (Amended)</b></p> <p>(1) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <ul style="list-style-type: none"> <li>(a) defined or interpreted in section 1 of the <i>Securities Act</i> has the meaning ascribed to it in that section;</li> <li>(b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;</li> <li>(c) defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection;</li> <li>(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection; and</li> <li>(e) defined or interpreted in UMIR has the meaning ascribed to it in that document.</li> </ul> <p><b>Amended (April 1, 2002)</b></p>	
<p>(2) In all Exchange Requirements, unless the subject matter or context otherwise requires:</p> <p>*****</p>	
<p><b>“ask price” or “offer price”</b> means the lowest price of a committed order to sell at least one board lot of a particular <del>listed</del> security.</p> <p><b><u>Amended (●)</u></b></p>	
<p>*****</p> <p><b>“better-priced limit order”</b> means a limit order entered prior to the opening of trading of a <del>listed</del> security to buy at a price that is higher than the opening price,</p>	

RULES (AS AT ●)	POLICIES
<p>or to sell at a price that is lower than the opening price.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>“<b>bid price</b>” means the highest price of a committed order to buy at least one board lot of a particular <del>listed</del> security.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>*****</p>	
<p>“<b>board lot</b>” means:</p> <p><del>(a)</del> <a href="#"><u>(a)</u></a> 1,000 units of a <del>listed</del> security trading at less than \$0.10 per unit;</p> <p><del>(b)</del> <a href="#"><u>(b)</u></a> 500 units of a <del>listed</del> security trading at \$0.10 or more per unit and less than \$1.00 per unit;</p> <p><del>(c)</del> <a href="#"><u>(c)</u></a> 100 units of a <del>listed</del> security trading at more than \$1.00 per unit; and</p> <p><del>(d)</del> <a href="#"><u>(d)</u></a> such other number of units of a <del>listed</del> security as may be specified by the Exchange from time to time in respect of a particular <del>listed</del> security or class of <del>listed</del> securities.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>“<b>Book</b>” means the electronic file of committed orders for <del>listed</del> securities but does not include the MOC Book.</p> <p>Amended (<del>March 29, 2004</del>) <a href="#"><u>●</u></a></p>	
<p>*****</p>	

RULES (AS AT ●)	POLICIES
<p><b>“calculated opening price” or “COP”</b> is the price of opening trades in a <del>listed</del> security calculated in the manner prescribed by the Board.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>*****</p>	
<p><b>“committed order”</b> means an offer to buy or sell a specific number of shares or units of a <del>listed</del> security at a specific price that is entered in the Book and that is open for acceptance by any other Participating Organization.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>*****</p>	
<p><b>“Exchange Contract”</b> means any contract:</p> <ul style="list-style-type: none"> <li>(a) to buy or sell any <del>listed</del> security, if such contract is made through the facilities of the Exchange; or</li> <li>(b) for delivery of and payment for any <del>listed security (or security which was a listed security)</del> <a href="#"><u>security that was posted for trading on the Exchange</u></a> when the contract was made, arising from settlement through the Clearing Corporation.</li> </ul> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>*****</p>	
<p><b>“Last Sale Price”</b> means:</p>	

RULES (AS AT ●)	POLICIES
<p>(a) in respect of a MOC Security, the calculated closing price; and</p> <p>(b) in respect of any other <del>listed</del> security, the last board lot sale price of the security on the Exchange in the Regular Session.</p> <p>Amended (<del>March 10, 2006</del>)●</p>	
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<p>“<b>listed company</b>” <u>or “listed issuer”</u> means an issuer which has one or more classes of its securities listed for trading by the Exchange.</p> <p><u>Amended (●)</u></p>	
<p>“<b>listed security</b>” means a security <u>listed by the Exchange and</u> posted for trading on the Exchange.</p> <p><u>Amended (●)</u></p>	
*****	
<p>“<b>program trade</b>” means one of a series of market orders in <del>listed</del> securities, including Index Participation Units, underlying an Index that is being undertaken in conjunction with a trade in derivatives the underlying interest of which is the Index that is traded in accordance with Exchange Requirements governing such trades.</p> <p><u>Amended (●)</u></p>	

RULES (AS AT ●)	POLICIES
<p><b>“Proprietary Electronic Trading System”</b> or <b>“PETS”</b> means an electronic trading system operated or sponsored by a Participating Organization which matches buy and sell orders in <del>listed</del> securities, but does not include a system which solely matches orders of one Participating Organization and the clients of that Participating Organization.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>*****</p>	
<p><a href="#"><u><b>“security”</b> when used to describe a security that trades on the Exchange means:</u></a></p> <p><a href="#"><u>(a) a listed security (as such term is defined herein); and</u></a></p> <p><a href="#"><u>(b) a security that is posted for trading on the Exchange, but not listed by the Exchange.</u></a></p> <p><a href="#"><u>Added (●)</u></a></p>	
<p><b>“settlement day”</b> means any Trading Day on which settlements in <del>listed</del> securities may occur through the facilities of the Clearing Corporation.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p>*****</p>	
<p><b>“Special Trading Session”</b> means a Session during which trading in a <del>listed</del> security is limited to the execution of transactions at a single price.</p> <p><a href="#"><u>Amended (●)</u></a></p>	



RULES (AS AT ●)	POLICIES
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<p>“<b>trading system</b>” includes all facilities and services provided by the Exchange to facilitate trading, including, but not limited to: electronic systems for trading <del>listed</del> securities; data entry services; any other computer-based trading systems and programs; communications facilities between a system operated or maintained by the Exchange and a trading or order routing system operated or maintained by a Participating Organization, another market or other person approved by the Exchange; and price quotations and other market information provided by or through the Exchange.</p> <p><a href="#">Amended (●)</a></p>	
*****	
<p><b><u>PART 2 – ACCESS TO TRADING</u></b></p> <p>*****</p> <p><b>DIVISION 4– SUPERVISION OF TRADING</b></p> <p>*****</p> <p><b>2-405 Confirmation</b></p> <p>(1) A Participating Organization that has acted in the purchase or sale of a <del>listed</del> security <a href="#">on the Exchange</a> shall promptly send or deliver to its client, if any, a written confirmation of the purchase or sale setting forth the following:</p> <p>*****</p> <p><a href="#">Amended (●)</a></p>	

RULES (AS AT ●)	POLICIES
<p><b><u>PART 3 – GOVERNANCE OF TRADING SESSIONS</u></b></p> <p><b>DIVISION 1 – SESSIONS</b></p> <p>*****</p> <p><b>3-102 Trades Outside of Hours for Sessions</b></p> <p>Except as approved by a Market Surveillance Official, no trade in a <del>listed</del> security shall be made on the Exchange at a time prior to the dissemination by the Exchange on the trading system of a message opening the Session or at a time after the dissemination by the Exchange on the trading system of a message closing the Session.</p> <p><a href="#"><u>Amended (●)</u></a></p> <p>*****</p>	
<p><b>3-205 General Prescriptive Power</b></p> <p>The Board may prescribe such other terms and conditions, as the Board considers appropriate in the circumstances, related to:</p> <p>(a) trading in <del>listed</del> securities, <a href="#"><u>including trading in listed securities</u></a> either on or off the Exchange; and</p> <p>(b) settlement of <del>trades in listed</del> securities <a href="#"><u>traded on the Exchange</u></a>.</p> <p><a href="#"><u>Amended (●)</u></a></p> <p>*****</p>	
<p><b><u>PART 4 – TRADING OF <del>LISTED</del> SECURITIES</u></b></p> <p><b>DIVISION 1 - MARKET FOR <del>LISTED</del> SECURITIES</b></p> <p>*****</p> <p><b>4-104 Proprietary Electronic Trading Systems</b></p> <p>(1) A Participating Organization may operate or sponsor a PETS provided the Participating</p>	

RULES (AS AT ●)	POLICIES
<p>Organization has provided to the Exchange reasonable prior notice of:</p> <ul style="list-style-type: none"> <li>(a) the intention of the Participating Organization to operate or sponsor a PETS;</li> <li>(b) the functionality of the PETS; and</li> <li>(c) any material modifications to the operation or functionality of the PETS.</li> </ul> <p>(2) The operation of a PETS shall be:</p> <ul style="list-style-type: none"> <li>(a) limited to orders for more than: <ul style="list-style-type: none"> <li>(i) 1,200 units of a <del>listed</del> security other than a debt security, and</li> <li>(ii) \$10,000 in principal amount of a <del>listed security that is a</del> debt security;</li> </ul> </li> <li>(b) subject to Exchange Requirements; and</li> <li>(c) integrated with the Exchange's market.</li> </ul> <p><a href="#"><u>Amended (●)</u></a></p>	

RULES (AS AT ●)	POLICIES						
<p>*****</p> <p><b>DIVISION 4 – GENERAL TRADING RULES</b></p> <p><b>4-401 Trading in the Book</b></p> <p>(1) The Book shall contain and display all committed orders to buy or sell a <del>listed</del> security that are made on the Exchange, unless otherwise provided by the Exchange.</p> <p>(2) Only committed orders shall participate in trading, except for trading in the special terms market.</p> <p>(3) All trades <del>in listed securities</del> on the Exchange shall be executed in the Book, unless otherwise provided by the Exchange.</p> <p>Amended (<del>March 10, 2006</del>)●</p>							
<p>*****</p> <p><b>4-404 Minimum Ticks</b></p> <p>Until otherwise fixed by the Board, orders for <del>listed</del> securities shall only be entered on the Exchange at the following price increments:</p> <table data-bbox="157 938 766 1036"> <tr> <td></td><td>Increment</td></tr> <tr> <td>Selling under \$0.50 .....</td><td>\$0.005</td></tr> <tr> <td>Selling at \$0.50 and over .....</td><td>\$0.010</td></tr> </table> <p>Amended (●)</p>		Increment	Selling under \$0.50 .....	\$0.005	Selling at \$0.50 and over .....	\$0.010	
	Increment						
Selling under \$0.50 .....	\$0.005						
Selling at \$0.50 and over .....	\$0.010						
<p><b>4-405 Approved Traders (Sub (4) Deleted)</b></p> <p>(1) Except as permitted by the Exchange, no person shall enter orders or trade <del>listed</del> securities for or on behalf of a Participating Organization (whether as principal or agent) on the Exchange by any means unless that person has been approved for access to the equities market as an Approved Trader by the Exchange.</p> <p>(2) The Exchange may delegate the authority to approve persons to enter orders and trade <del>listed</del> securities on the Exchange to another self-regulatory organization designated by the Board.</p>	<p>*****</p>						

RULES (AS AT ●)	POLICIES
<p>*****</p> <p><a href="#">Amended (●)</a></p>	
<p><b>4-406 Trades on a "When Issued" Basis</b></p> <p>(1) The Exchange may post any security to trade on a when issued basis if such security is conditionally approved for listing <del>on the Exchange</del> <a href="#">by a recognized exchange</a>.</p> <p>(2) Unless otherwise specified, trades on a when issued basis are subject to all applicable Exchange Requirements relating to trading in a <del>listed</del> security, notwithstanding that the security is not listed.</p> <p>(3) All trades on a when issued basis shall be cancelled if the Exchange determines that the securities subject to such trades will not be issued.</p> <p><a href="#">Amended (●)</a></p>	
<p><b>4-407 Advantage Goes with Securities Sold</b></p> <p>(1) Except as provided in Rule 4-407(2), in all trades of <del>listed</del> securities <a href="#">on the Exchange</a>, all entitlements to receive dividends or any other distribution made or right given to holders of that security shall pass with the security and shall belong to the purchaser, unless otherwise provided by the Exchange or the parties to the trade by mutual agreement.</p> <p>(2) In all sales of <del>listed</del> bonds and debentures <a href="#">on the Exchange</a>, all accrued interest shall belong to the seller unless otherwise provided by the Exchange or parties to the trade by mutual agreement.</p> <p>(3) Claims for dividends, rights or any other benefits to be distributed to holders of record of <del>listed</del> <a href="#">these</a> securities on a certain date shall be made in accordance with the procedures established by the Clearing Corporation.</p> <p><a href="#">Amended (●)</a></p> <p>*****</p>	
<p><b>DIVISION 7 – OPENING</b></p> <p><b>4-701 Execution of Trades at the Opening</b></p>	

RULES (AS AT ●)	POLICIES
<p>(1) Subject to Rule 4-702, <del>listed</del> securities shall open for trading at the opening time, and any opening trades shall be at the calculated opening price.</p> <p><a href="#"><u>Amended (●)</u></a></p> <p>*****</p>	
<p><b>4-702 Delayed Openings (Amended)</b></p> <p>(1) A security shall not open for trading if, at the opening time:</p> <ul style="list-style-type: none"> <li>(a) orders that are guaranteed to be filled pursuant to Rule 4-701 cannot be completely filled by offsetting orders; or</li> <li>(b) the COP exceeds price volatility parameters set by the Exchange.</li> </ul> <p>(2) The Market Maker or Market Surveillance Official may delay the opening of a security for trading on the Exchange if:</p> <ul style="list-style-type: none"> <li>(a) the COP differs from the previous closing price for the security or from the anticipated opening price on any other recognized stock exchange where the security is listed by an amount greater than the greater of 5% of the previous closing price for the security and \$0.05;</li> <li>(b) the opening of another recognized <del>stock</del> exchange where the security is <del>interlisted</del><a href="#"><u>listed</u></a> for trading has been delayed; or</li> <li>(c) the COP is less than the permitted difference from the previous closing price for the security, but is otherwise unreasonable.</li> </ul> <p>(3) <b>Repeal proposed August 9, 2002 (pending regulatory approval)</b></p> <p>(4) If the opening of the <del>listed</del> security is delayed, the Market Maker or Market Surveillance Official, as the case may be, shall open the security for trading according to Exchange Requirements.</p> <p><b>Amended (<del>July 23, 2004</del>)<a href="#"><u>●</u></a></b></p>	
<p>*****</p> <p><b>DIVISION 9 – SPECIAL TRADING SESSION</b></p>	

RULES (AS AT ●)	POLICIES
<p><b>4-901 General Provisions (Amended)</b></p> <p>(1) All <del>listed</del>-securities shall be eligible for trading during the Special Trading Session, provided that a MOC Security shall not be eligible for trading until the completion of the Closing Call in respect of that MOC Security.</p> <p><a href="#"><u>Amended (●)</u></a></p> <p>*****</p>	
<p><b>DIVISION 10 – PROGRAM TRADING</b></p> <p><b>4-1001 Short Sale Exemption</b></p> <p>A program trade is exempt from Rule 4-301 providing the short position is entered into within 30 minutes of the establishment of the corresponding long position and the sale is a reasonable hedge of the long position.</p>	<p><b>4-1001 Short Sale Exemption</b></p> <p>(1) Definition of Program Trading for Short Sale Exemption</p> <p>For purposes of Rule 4-1001, a program trade is:</p> <ul style="list-style-type: none"> <li>(a) a simultaneous trade in <del>listed</del>-securities comprising at least 80 percent of the component share weighting of an Index that offsets a pre-existing position in: <ul style="list-style-type: none"> <li>(i) a future, the underlying interest of which is the Index,</li> <li>(ii) an option, the underlying interest of which is the Index, or</li> <li>(iii) an option, the underlying interest of which is the Index Participation Unit in respect of the Index;</li> </ul> </li> <li>(b) a trade in Index Participation Units that offsets a pre-existing position in: <ul style="list-style-type: none"> <li>(i) a future, the underlying interest of which is the Index in respect of the Index Participation Unit,</li> <li>(ii) an option, the underlying interest of which is the Index in respect of the Index Participation Unit, or</li> <li>(iii) <del>listed</del>-securities comprising at least 80 percent of the component share weighting of the Index Participation Unit; or</li> </ul> </li> </ul>

RULES (AS AT ●)	POLICIES
	<p>(c) a trade in units of a trust which is a mutual fund trust for the purposes of the <i>Income Tax Act</i> (Canada) where substantially all of the assets of the fund are the same as the underlying interest of an option or future listed on an exchange that offsets a pre-existing position in:</p> <ul style="list-style-type: none"> <li>(i) the applicable future,</li> <li>(ii) the applicable option, or</li> <li>(iii) <del>listed</del> securities comprising at least 80 percent of the component share weighting of the portfolio of the mutual fund.</li> </ul> <p><a href="#"><u>Amended (●)</u></a></p> <p>*****</p>
<p>*****</p> <p><b>4-1003 Offsetting Orders on Expiry</b></p> <p>Orders in <del>listed</del> securities that offset an expiring Index derivatives position, or that substitute an equities position for an expiring Index derivatives position, shall be entered as prescribed by the Exchange.</p> <p><a href="#"><u>Amended (●)</u></a></p>	<p><b>4-1003 Offsetting Orders on Expiry</b></p> <p>(1) Definition of Program Trading for Must-Be-Filled Orders</p> <p>For purposes of Rule 4-1003, a program trade is a simultaneous trade undertaken on the expiry date of an option or future in <del>listed</del> securities comprising at least 70 percent of the component share weighting of an Index where such trade offsets a pre-existing position in a future or an option the underlying interest of which is the Index.</p> <p>(2) Must-Be-Filled Order Reporting Requirements</p> <p>The following requirements apply to Must-Be-Filled Orders:</p> <ul style="list-style-type: none"> <li>(a) <i>Entry of Orders</i> – A Must-Be-Filled Order shall be entered on the day prior to the expiry date (normally a Thursday) during the Special Trading Session or at such other times as may be required or permitted by the Exchange (the “reporting time”). An order for a program trade may be entered at a time other than the reporting time only with the consent of the Exchange.</li> </ul>



RULES (AS AT ●)	POLICIES
	<p>A Must-Be-Filled Order may be cancelled prior to the end of the reporting time through normal cancellation and correction procedures. After the end of the reporting time, each Must-Be-Filled Order is committed and may be withdrawn from the trading system only with the consent of the Exchange.</p> <p>The Exchange may release a ticker notice regarding material imbalances in orders for a particular <del>listed</del> security after the end of the reporting time.</p> <p><b>Amended (September 12, 2008 ●)</b></p> <ul style="list-style-type: none"> <li>(b) <i>Prearranged Trades</i> – A Participating Organization with both sides of a program trade arranged may enter the orders at a time other than during the reporting time. The trading system will seek out such orders and will cross them automatically where possible.</li> <li>(c) <i>Automatic matching</i> – The trading system will automatically match all program trades, market orders and better-priced limit orders where possible. Any imbalance after matching of these orders will be included in the regular opening following the normal allocation rules and receive the calculated opening price. Market orders and better-priced limit orders will be filled first against an imbalance of large program trades.</li> </ul>
<p>*****</p> <p><b>DIVISION 11 — SPECIAL TERMS</b></p> <p><b>4-1103 Exchange for Physicals and Contingent Option Trades</b></p> <p>Orders which are conditional upon a simultaneous trade in a derivative on another exchange shall be special terms trades and shall be traded in accordance with the prescribed procedures and conditions.</p>	<p><b>4-1103 Exchange for Physicals and Contingent Option Trades</b></p> <p>(1) Application</p> <p>This Policy applies to each person who has been granted trading access to the Exchange and who seeks to enter an order on the Exchange for a <del>listed</del> security which is contingent upon the execution of one or more trades in an option on the Montreal Exchange or who seeks to exchange an index futures contract that is <del>listed for trading</del><u>traded</u> on the Exchange for the equivalent number of <del>listed</del> securities underlying the futures contract (including an equivalent number of index participation</p>

RULES (AS AT ●)	POLICIES
	<p>units) on a contingent basis.</p> <p>(2) Procedure for Contingent Option Trade</p> <p>If a person to whom this Policy applies seeks to enter an order on the Exchange for a <del>listed</del> security which is contingent upon the execution of one or more trades in an options market, the following rules shall apply:</p> <ul style="list-style-type: none"> <li>(a) the trade in the <del>listed</del> security and the offsetting option trades must be for the same account;</li> <li>(b) the option portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the option is listed and such approval shall be evidenced by the initials of the governor or official on the options trade ticket;</li> <li>(c) the options trade ticket shall be time stamped;</li> <li>(d) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the contingent trade including the name of the person with trading access to the Exchange with whom the contingent trade has been made;</li> <li>(e) the trade in the <del>listed</del> security must be within the existing market for the <del>listed</del> security on the Exchange at the time of the telephone call to Trading and Client Services;</li> <li>(f) a copy of the options trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and</li> <li>(g) provided the trade has been made and reported in accordance with the above rules, the Exchange shall manually execute the trade in the <del>listed</del> security as a special terms trade with the marker “MS” effective as of the time stamped on the option trade ticket.</li> </ul> <p>(3) Procedure for Exchange for Physicals</p>

RULES (AS AT ●)	POLICIES
	<p>If a person to whom this Policy applies seeks to exchange a futures contract for the equivalent number of <del>listed</del>-securities underlying the futures contract (including an equivalent number of units of the applicable Index Participation Fund or mutual fund), the following provisions shall apply:</p> <ul style="list-style-type: none"> <li>(a) the trade in the <del>listed</del>-security and the trade in the futures contract must be for the same account;</li> <li>(b) the equities component may be made as a cross or as a trade between persons with trading access on the Exchange;</li> <li>(c) the futures portion of the trade must be approved by a floor governor or other exchange official of the stock exchange on which the future is listed and such approval shall be evidenced by the initials of the governor or official on the futures trade ticket;</li> <li>(d) the futures trade ticket shall be time stamped;</li> <li>(e) the person shall telephone Trading and Client Services of the Exchange at (416) 947-4440 and provide the details of the exchange including the name of the person with trading access to the Exchange with whom the exchange has been made;</li> <li>(f) the trade in the listed securities made during the Regular Session will be at the bid price of the listed securities on the Exchange at the time of the telephone call to Trading and Client Services and the trade in <del>listed</del>-securities made after the end of the Regular Session will be at the last sale price of the <del>listed</del>-securities on the Exchange provided that where the last sale price is outside of the closing quotes for any <del>listed</del>-security the price for that <del>listed</del> security shall be the bid or offer which is closest to the last sale price;</li> <li>(g) a copy of the futures trade ticket as initialled by a floor governor or exchange official and time stamped shall be provided by facsimile transmission to Trading and Client Services at (416) 947-4280 within ten minutes following the time stamp on the ticket; and</li> </ul> <p>provided the trade has been made and reported in accordance</p>

RULES (AS AT ●)	POLICIES
	<p>with the above rules, the Exchange shall manually execute the trade in the <del>listed</del> securities as a special terms trade with the marker “MS” effective as of the time stamped on the futures trade ticket.</p> <p>Amended (<del>September 12, 2008</del>)●</p>
<p><u><b>DIVISION 12 – TRADING OF SECURITIES NOT LISTED BY THE EXCHANGE</b></u></p> <p><u><b>4-1201 Requirements</b></u></p> <p><u>(1) The Exchange, in its discretion, may post for trading securities that are listed by another exchange recognized in a jurisdiction in Canada.</u></p> <p><u>(2) The Exchange may remove a posted security from trading at any time without prior notice.</u></p> <p><u>(3) The Exchange will halt the trading of a posted security if:</u></p> <p><u>(a) the security is subject to a regulatory halt; or</u></p> <p><u>(b) the security is no longer listed by a recognized exchange or is suspended from trading by the recognized exchange.</u></p> <p><u>Added (●)</u></p>	
<p><u><b>PART 5 – CLEARING AND SETTLEMENT OF TRADES IN <del>LISTED</del> SECURITIES</b></u></p> <p><b>DIVISION 1 – GENERAL SETTLEMENT RULES</b></p> <p><b>5-101 Definitions</b></p> <p>In this Part:</p> <p><b>“Buy-In Notice”</b> means the written notice in the form required by the Exchange</p>	

RULES (AS AT ●)	POLICIES
<p>to be delivered by a Participating Organization which has failed to receive <del>listed</del> securities to which it is entitled from another Participating Organization.</p> <p><b>"delivery"</b> or <b>"delivered"</b> means the transfer of <del>listed</del> securities through physical transfer of certificates evidencing the <del>listed</del> security, or by transfer of a book-based position in accordance with the rules of the Clearing Corporation.</p> <p><b>"delivering Participating Organization"</b> means a Participating Organization obligated to make settlement by delivering <del>listed</del> securities against payment.</p> <p><b>"depository eligible transaction"</b> means a transaction in securities for which affirmation and settlement can be performed through the facilities of a securities depository by book entry settlement or certificate based settlement.</p> <p><b>"first settlement cycle"</b> means the settlement cycle through the Clearing Corporation for <del>listed</del> securities as prescribed in the written procedures of the Clearing Corporation.</p> <p><a href="#">Amended (●)</a></p>	
<p><b>5-102 Clearing and Settlement</b></p> <p>(1) All <a href="#">Exchange</a> trades in <del>listed</del> securities shall be reported, confirmed and settled through the Clearing Corporation pursuant to the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by the Exchange, or unless the rules of the Clearing Corporation do not permit settlement of that trade through its facilities.</p> <p>(2) <del>Trades</del><a href="#">Exchange trades</a> that are not confirmed and settled through the Clearing Corporation shall be governed by the Rules in Division 2 in addition to the Rules in this Division.</p> <p><a href="#">Amended (●)</a></p>	
<p><b>5-103 Settlement of Exchange Trades</b></p> <p>(1) Exchange trades in <del>listed</del> securities shall settle on the third Settlement Day after the trade date, unless otherwise provided by the Exchange or the parties to the trade by mutual</p>	

RULES (AS AT ●)	POLICIES
<p>agreement.</p> <p>(2) Notwithstanding Rule 5-103(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:</p> <p>(a) trades on a when issued basis made:</p> <p>(i) prior to the second Trading Day before the anticipated date of issue of the security shall be settled on the anticipated date of issue of such security, and</p> <p>(ii) on or after the second Trading Day before the anticipated date of issue of the security shall settle on the third settlement day after the trade date, provided if the security has not been issued on the date for settlement such trades shall be settled on the date that the security is actually issued;</p> <p>(b) trades for rights, warrants and installment receipts made:</p> <p>(i) on the third Trading Day before the expiry or payment date shall be for special settlement on the Settlement Day before the expiry or payment date,</p> <p>(ii) on the second and first Trading Day before the expiry or payment date, shall be cash trades for next day settlement, and</p> <p>(iii) on expiry or payment date shall be cash trades for immediate settlement and trading shall cease at 12:00 Noon (unless the expiry or payment time is set prior to the close of business in which case trading shall cease at the close of business on the first Trading Day preceding the expiry or payment), provided selling Participating Organizations must have the securities that are being sold in their possession or credited to the selling account's position prior to such sale;</p> <p>(c) cash trades in <del>listed</del> securities for next day delivery shall be settled through the facilities of the Clearing Corporation on the first settlement cycle following the date of the trade or, if applicable, over-the-counter, by noon of the first settlement day following the trade; and</p> <p>(d) cash trades in <del>listed</del> securities that have been designated by the Exchange for same day settlement shall be settled by over-the-counter delivery no later than 2:00 p.m. on the trade day.</p> <p>(3) Notwithstanding Rule 5-103(1), an Exchange Contract may specify delayed delivery which shall provide the seller with the option to deliver at any time within the period specified in the contract, and, if no time is specified, delivery shall take place at the option of the seller within thirty days from the date of the trade unless the parties by mutual agreement specify</p>	

RULES (AS AT ●)	POLICIES
<p>a delivery date more than thirty days from the date of the trade.</p> <p><a href="#">Amended (●)</a></p>	
<p>*****</p> <p><b>5-108 When Security Delisted, Suspended or No Fair Market</b></p> <p>(1) The Exchange may postpone the time for delivery on Exchange Contracts if:</p> <ul style="list-style-type: none"> <li>(a) the listed security is delisted;</li> <li>(b) trading is suspended in the <del>listed</del> security; or</li> <li>(c) the Exchange is of the opinion that there is not a fair market in the <del>listed</del> security.</li> </ul> <p>(2) If the Exchange is of the opinion that a fair market in the <del>listed</del> security is not likely to exist the Exchange may provide that the Exchange Contracts be settled by payment of a fair settlement price and if the parties to the Exchange Contract can not agree on the amount, the Exchange shall fix the fair settlement price after providing each party with an opportunity to be heard.</p> <p><a href="#">Amended (●)</a></p>	

RULES (AS AT ●)	POLICIES
<p><b>DIVISION 2 – OVER-THE-COUNTER SETTLEMENT</b></p> <p><b>5-201 Delivering Participating Organization Responsible for Good Delivery Form</b></p> <p>(1) Delivering Participating Organization Responsible for Form of Certificate</p> <p>The delivering Participating Organization is responsible for the genuineness and complete regularity of the <del>listed</del> security, and a certificate that is not in proper negotiable form shall be replaced forthwith by one which is valid and in prior negotiable form, or by a certified lieu cheque, if a replacement certificate is not available.</p> <p>(2) Where Certificates Delivered Not Acceptable to Transfer Agents</p> <p>A Participating Organization that has received delivery of a certificate that is not acceptable as good transfer by the transfer agent shall return it to the delivering Participating Organization, which shall make delivery of a certificate that is good delivery or of a certified lieu cheque in place thereof.</p> <p><a href="#"><u>Amended (●)</u></a></p>	
<p><del>***</del></p> <p><b>DIVISION 3 – CLOSING OUT CONTRACTS</b></p> <p><b>5-301 Buy-ins (Amended)</b></p> <p>(1) Failed trade</p> <p>In the event that a Participating Organization fails to:</p> <ul style="list-style-type: none"> <li>(a) carry out an Exchange Contract within the time provided in the Exchange Requirements; or</li> <li>(b) settle a loan of securities as provided in Rule 5-301(2); or</li> <li>(c) deliver securities as provided in Rule 5-301(3), such Participating Organization is in default of the Exchange Contract and the trade may be closed out, <a href="#"><u>at the discretion of the Exchange</u></a>, through the buy-in procedure set out in this Division.</li> </ul> <p>(2) Security Loans</p>	



RULES (AS AT ●)	POLICIES
<p>In the absence of any agreement to the contrary, a loan of <del>listed</del> securities between Participating Organizations may be called through service of notice in writing of termination of the loan to the borrowing Participating Organization and the borrowing Participating Organization shall return securities of the same class as those loaned in the specified quantity by the close of business on the third Settlement Day following the date of receipt of such notice.</p> <p>(3) Other Failed Positions</p> <p>In the absence of any agreement to the contrary, a Participating Organization shall deliver <del>listed</del> securities to another Participating Organization pursuant to an obligation to deliver that results from a reorganization of the issuer, an allocation of securities or any other obligation considered applicable by the Exchange.</p> <p>*****</p> <p>Amended (April 3, 2000)</p>	
<p><b>5-302 Special Provisions for Buy-Ins from Securities Loans and Other Failed Positions</b></p> <p>In connection with a buy-in that is the result of a default pursuant to Rules 5-301(2) or (3), the following rules shall apply in addition to the provisions of Rule 5-301:</p> <ol style="list-style-type: none"> <li>1. If the Participating Organization in default wishes to dispute the claim, the Participating Organization shall file a dispute in writing with the Exchange before 1:00 p.m. on the day that the Notice is effective and if the dispute is not resolved by agreement between the Participating Organizations or the buy-in is disapproved by a Market Surveillance Official, the dispute shall be determined by arbitration in accordance with Rule 2-308.</li> <li>2. Where the Participating Organization in default delivers the <del>listed</del> securities subject to the Buy-In Notice prior to execution of the buy-in, the Participating Organization in default shall notify the Exchange and the buy-in will be cancelled upon confirmation by the Exchange of the delivery of the listed securities.</li> <li>3. The Participating Organization which has issued a Buy-In Notice may extend the buy-in by delivering a notice of extension in writing to the Exchange before 3:00 p.m. on the day the</li> </ol>	

RULES (AS AT ●)	POLICIES
<p>buy-in is to be executed.</p> <ol style="list-style-type: none"> <li>4. Failure to settle a trade that is the result of a buy-in that is the result of a default in accordance with the terms of the buy-in, if not resolved by the Participating Organizations concerned, shall be resolved by cancellation of the buy-in contract and issuance of a further buy-in and, in such case, the Participating Organization selling to the original buy-in shall be liable for any loss or damage resulting from failure to deliver.</li> <li>5. Following execution of a buy-in, the Participating Organization that issued the Buy-In Notice shall notify the Participating Organization in default in writing of the amount of the difference between the amount to be paid on the Exchange Contract closed out, and the amount paid on the buy-in, if any, and such difference shall be paid to the Participating Organization entitled to receive the same within 24 hours of receipt of such notice.</li> <li>6. Where more than one buy-in has been arranged in connection with the same <del>listed</del> securities, the Market Surveillance Official may combine any number of the trades.</li> </ol> <p><a href="#">Amended (●)</a></p>	
<p>*****</p> <p><b>5-304 Restrictions on Participating Organizations' Involvement in Buy-ins</b></p> <ol style="list-style-type: none"> <li>(1) No Participating Organization shall knowingly permit any person on whose behalf a Buy-In Notice has been issued to fill all or any part of such order by selling the securities for the account of that person or an associated account and prior to selling to a buy-in, the Participating Organization, shall receive written or verbal confirmation that the order to sell is not being placed on behalf of the account of the person on whose behalf the Buy-In Notice was issued or an associated account.</li> <li>(2) A Participating Organization that issued a Buy-In Notice and the Participating Organization against whom a Buy-In Notice has been issued may supply all or a part of the <del>listed</del> securities provided that the principal supplying the <del>listed</del> securities is not: <ol style="list-style-type: none"> <li>(a) the Participating Organization;</li> <li>(b) an Approved Person or employee of the Participating Organization; or</li> <li>(c) an associate of any person described in Rules 5-304(2)(a) or (b).</li> </ol> </li> <li>(3) If <del>listed</del> securities are supplied by the Participating Organization that issued the Buy-In Notice, delivery shall be made in accordance with the terms of the contract thus created, and the Participating Organization shall not, by consent or otherwise, fail to make such</li> </ol>	

RULES (AS AT ●)	POLICIES
delivery. <a href="#">Amended (●)</a>	

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