

Notice to Participating Organizations

August 9, 2012

2012-038

Exchange Traded Fund (ETF), Exchange Traded Note (ETN) and Exchange Traded Receipt (ETR) eligibility for the TSX Market on Close Facility

As a follow up to PO Notice 2012-032 published on July 13, 2012, this notice is to confirm effective **August 10, 2012** all ETFs, ETNs and ETRs listed on the Toronto Stock Exchange (TSX) will be enabled for the TSX MOC facility.

Following the issuance of the initial PO notice a number of discussions were initiated with MOC participants regarding the pilot ETFs which were enabled for the MOC facility on May 14, 2012 and the final phase of ETFs, ETNs and ETRs to be added to the facility. In response to feedback received through these additional discussions and to further strengthen market quality controls the MOC Closing Price Acceptance (CPA) parameter will be reduced to 1% from 3% for all ETFs, ETNs and ETRs.

ETF/ETN/ETR Volatility Parameters

To support market quality all ETFs, ETNs and ETRs enabled for the MOC facility will have their Price Movement Extension Parameter (PME) and Closing Price Acceptance Parameter (CPA) set to **1%** effective August 10, 2012. For all other MOC eligible securities, the existing TSX MOC volatility parameters of PME = 3% and CPA = 10% will remain.

MOC Volatility Parameters

Price Movement Extension (PME) Parameter

The Price Movement extension parameter is used to determine whether or not the Calculated Closing Price (CCP) at the end of the continuous trading session is acceptable. The PME will allow a percent range off of the VWAP of the last 20 minutes of regular market trading and the last board-lot sale price from the continuous market. If the CCP exceeds the PME parameter the symbol will be transitioned into a price movement extension state where additional offsetting liquidity may be entered.

Closing Price Acceptance (CPA) Parameter

The Closing Price Acceptance parameter is used to determine whether or not the CCP at the end of the price movement extension is acceptable. The CPA will allow a percent range off of the VWAP of the last 20 minutes of regular market trading and the last board-lot sale price from the continuous market. If at the end of the price movement extension state the CCP exceeds the CPA parameter, the CCP will be the price that will trade the most volume, leaving the least imbalance, while not exceeding the CPA range.

The MOC facility provides equal access and opportunity in setting the closing price, increased price discovery efficiency and reduced volatility of the closing price for symbols eligible for the MOC facility.

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 (New York, Houston, Boston and Chicago) as well as in London and Beijing. For more information about TMX Group, visit our website at www.tmx.com. Follow TMX Group on Twitter at <http://twitter.com/tmxgroup>.

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