ALPHA EXCHANGE INC.

NOTICE OF APPROVAL

AMENDMENTS TO TSX ALPHA EXCHANGE TRADING POLICIES

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information contained in Form 21-101F1 and the Exhibits thereto (the "Protocol"), Alpha Exchange Inc. ("TSX Alpha Exchange") has adopted, and the OSC has approved, amendments (the "Amendments") to the TSX Alpha Exchange trading policies (the "TSX Alpha Rules"). The Amendments are public interest amendments to the TSX Alpha Rules. The Amendments were published for public comment in a request for comments on November 6, 2014 ("Request for Comments").

Reasons for the Amendments

The Amendments are being made to the TSX Alpha Rules to reflect changes being made to the market model for TSX Alpha Exchange.

The Amendments will facilitate the implementation of a unique market model intended to offer premium economics and quality of execution for active natural flow, while improving trading conditions for those liquidity providers willing to commit size. The TSX Alpha Exchange market model will achieve these benefits through the application of an order processing delay ("speedbump") to orders that have the potential to take liquidity and a minimum size for liquidity providing orders, together with fees[1] that will be attractive to active natural flow while not deterring passive liquidity provision.

By improving the trading economics for Canadian retail and institutional flow, this model will present a more competitive alternative for retail order flow that might otherwise be executed in the U.S. and will reduce the corresponding risk to the quality and vibrancy of Canadian capital markets. In addition, a number of additional changes have been made to simplify and streamline the TSX Alpha Exchange offerings.

A blackline of the 'TMX Equity Markets Order Types and Functionality Guide' showing changes that will be implemented to accommodate the Amendments is available on our website.

Summary of Comments and Responses

TSX Alpha Exchange received 14 comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX Alpha Exchange's responses, is attached as **Appendix A**.

---

[1] Subject to regulatory approval.

TSX Alpha Exchange respects the public comment process and appreciates the value such public input provides. TSX Alpha Exchange thanks the commenters for their submissions.

Commenters raised concerns regarding the potential risk of increased quote fading arising from speedbumps, and the possible effect of this on execution quality. A number of these commenters suggested that these potential risks would be mitigated by approving the Amendments on the basis of TSX Alpha Exchange being a 'non-protected' marketplace.[2] This would allow participants additional flexibility to determine whether, how and when to access displayed orders on TSX Alpha Exchange based on best execution considerations. We agree that 'non-protected' status would largely address these concerns, and are supportive of the decision by the OSC to approve the Amendments on a 'non-protected' basis.

We have also decided, in response to comments, to reduce the speedbump duration initially to a range of 1 – 3 milliseconds (randomized), a level that is reflective of existing network latencies. This, together with the effect of our planned minimum size requirements, will further reduce any potential risk for quote fading for those dealers that choose to execute client orders on a 'non-protected' TSX Alpha Exchange. Minimum size requirements are being finalized and will be announced in advance of implementation.

Text of the Final Amendments

No changes have been made to the Amendments since publication of the Request for Comments. The Amendments will be finalized in the form attached as **Appendix B**.

Effective Date

The effective date of the Amendments will be announced once the launch date has been finalized.

---

[2] For the purposes of the application of the CSA's Order Protection Rules set out in Part 6 on National Instrument 23-101 *Trading Rules*.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

1. BMO Nesbitt Burns (BMO)
2. Canadian Securities Traders Association (CSTA)
3. CIBC World Markets (CIBC)
4. IGM Financial (IGM)
5. ITG Canada (ITG)
6. KOR Group (KOR)
7. Maison Placements Canada (Maison)
8. National Bank Financial (NBF)
9. Raymond James Ltd. (RJL)
10. RBC Capital Markets (RBC)
11. Scotia Capital (SCI)
12. TD Securities, Inc. (TD)
13. Aequitas Neo Exchange (Aequitas)
14. Chi-X Canada (Chi-X)

Capitalized terms used and not otherwise defined shall have the meaning given in the Request for Comments published on the OSC website on November 6, 2014.

Note: The TSX Alpha Exchange responses anticipate OSC consideration of the TSX Alpha Exchange proposal on the basis of it being treated as 'non-protected' for the purposes of the application of the Order Protection Rule.

Summarized Comments Received	TSX Response
Two commenters expressed concern regarding the risk of Canadian order flow migrating away from our domestic market and were supportive of the objectives underlying the TSX Alpha Exchange proposal to mitigate this risk. (RJL, TD) A supportive commenter noted that there are currently no mechanisms for retail orders in Canada to capture benefits accessible in the US, including superior execution quality relative to non-retail orders, larger fills and price improvement. (SCI)	We acknowledge and appreciate the support from commenters regarding the underlying objectives of the changes to TSX Alpha Exchange, which are intended to provide superior, domestic execution for active natural order flow in a way that will help retain that order flow in Canada.
A number of commenters expressed the view that OPR should not apply to a speedbump market given the potential added complexities for order handling and routing and other issues	We appreciate commenters' views and are supportive of an approach under which OPR does not apply to visible speedbump markets.

that might arise from the application of a delay in the processing of received orders. (BMO, NBF, RBC, SCI, TD, Chi-X, CSTA)	The concerns arising from the application of OPR to a visible speedbump market apply to all visible speedbump markets. We therefore expect that the status of other visible speedbump markets under OPR will be revisited to ensure consistency in how the principles of OPR are applied. These principles and their application should be the same regardless of the nature of the speedbump or how it is applied because any complexities and issues that might arise from a delay on accessing liquidity arise through the application of the delay itself, and are not dependent on the type or category of participant to which that delay is applied.
Application of speedbump and related implications	
Commenters that identified implications for order handling and routing where OPR is applied to a visible speedbump market focused on concerns around added routing complexity, particularly for large active orders accessing liquidity at multiple price levels, and on the implications for execution quality to the extent the speedbump might promote signaling and quote fading. (BMO, CSTA, IGM, ITG, KOR, RBC, SCI, TD, Aequitas, Chi-X)

Two commenters indicated that if the minimum size requirements are sufficiently large, it may counter-balance these issues. (CSTA, KOR) One of the commenters suggested the size should be significantly larger than the typical size of a retail order and cover the majority of active parent orders handled by smart routers. (CSTA) | We believe these concerns would be largely addressed if TSX Alpha Exchange was considered to be 'non-protected' for OPR purposes. In these circumstances, participants would have the flexibility to determine whether, how and when to access displayed orders on TSX Alpha Exchange taking into consideration any potential implications for best execution, in terms of both the risks and benefits for client orders. As participants observe best execution being met on TSX Alpha Exchange, they can choose to include TSX Alpha Exchange as a routing destination to achieve improved quality and cost of execution.

In response to comments, we have decided to reduce the speedbump duration initially to a range of 1 – 3 milliseconds (randomized), a level that is reflective of existing network latencies. This, together with the effect of our planned minimum size requirements, will further reduce any risk of quote fading for those dealers that would choose to continue to execute client orders on a 'non-protected' TSX Alpha Exchange.

Benefits to be considered relative to risks

We believe the TSX Alpha Exchange model, even if considered to be 'non-protected' under OPR, will present a number of benefits for investors and the dealers handling investor orders that will |

	more than offset the potential risks identified by commenters. These benefits are expected to include: • better average trade prices for active retail and institutional flow and greater certainty of execution as a result of increased market-wide volumes that will result from net new liquidity provided on TSX Alpha Exchange; • higher fill sizes and increased execution quality facilitated by the minimum size requirements to be applied to Post Only orders; • increased likelihood of receiving a full fill on TSX Alpha Exchange for both retail and institutional orders, resulting in decreased opportunities for signaling and quote fading otherwise present today; • lower explicit trading costs for dealers managing natural retail and institutional active order flow as a result of inverted make/take pricing[3]; and • reduced complexity, fragmentation and associated costs to be realized through the closure of TMX Select and Alpha IntraSpread, and the streamlining and harmonization of TSX Alpha Exchange's product offering. *Means to manage any significant issues, should they arise* We believe that considering TSX Alpha Exchange to be 'non-protected' would address the concerns raised by comments. However, if TSX Alpha Exchange's short duration speedbump materially increases occurrences of signaling and quote fading in the market (contrary to our expectations), then there are a variety of additional remedial actions that we could take (in addition to a dealer choosing to execute its client orders elsewhere).

---

[3] Subject to regulatory approval.

	Remedial actions may include increases to minimum size requirements, and further adjustments to the speedbump duration, or both. For example, we would expect that increasing the minimum size requirements would increase displayed size at top-of-book, thereby further reducing the potential for signaling and quote fading issues by reducing the need for cross-market and multi-price sweeps, and through increased opportunities for achieving a full fill on TSX Alpha Exchange. To the extent that liquidity providers cannot accommodate an increased minimum size requirement for a particular symbol at a point in time, this will result in an absence of liquidity on TSX Alpha Exchange for that symbol, thereby removing any reason to access TSX Alpha Exchange. Minimum size requirements can therefore act as an 'all-or-nothing' control and are an effective remedy against quote fading. Modifications in speedbump duration or a narrowing of the randomization range are another tool that would help reduce any incremental impact of the TSX Alpha Exchange speedbump (when balanced against the benefits of the liquidity to be available on TSX Alpha Exchange), by increasing the effectiveness of routers in accessing the displayed liquidity on TSX Alpha Exchange and by further reducing quote fading opportunities.
Three commenters identified the randomized nature of the proposed speedbump as a contributor to the above-noted issues (BMO, CSTA, SCI). One of these commenters suggested that if the duration of the speedbump was fixed rather than randomized, it would help towards addressing quote fade risks and other issues that might arise with multi-price sweeps. (SCI)	In our view, a randomized speedbump will better facilitate the desired outcome of increased displayed size at top of book and increased execution quality on TSX Alpha Exchange for both active retail and institutional flow. We note that if TSX Alpha Exchange is to be considered 'non-protected' under OPR, dealers will have increased flexibility to determine whether, how and when to access TSX Alpha Exchange displayed orders in the context of best execution of the potential impact on its client orders. We also believe that the short duration of the speedbump initially planned will help mitigate the identified risks, and appropriately balances these risks against the benefits.

Some commenters indicated that the TSX Alpha Exchange model furthers the trend towards segmentation. (BMO, CSTA, NBF, RBC, TD, SCI) Certain of these commenters suggested that the TSX Alpha Exchange model is designed to specifically target smaller active retail orders, while discouraging or prejudicing large institutional orders. (CSTA, Maison, RBC, SCI) One of these commenters questioned whether prejudicing large orders was appropriate in the spirit of fair access. (CSTA) Some commenters expressed the view that the speedbump proposed by TSX Alpha Exchange, being uniformly applied to liquidity taking orders from all market participants, is a more fair and equitable approach and consistent with fair access principles, as compared to a model under which the speed bump is applied to a specified class of participants. (CIBC, TD, Chi-X) Another was of the view that participants who do not find value in marketplace speedbumps can simply continue to trade on other venues at no detriment. (CIBC)	The TSX Alpha Exchange model represents a market-driven commercial solution to the issue of the migration of retail order flow away from the Canadian markets that was designed to work within the existing regulatory framework. Part of achieving this objective involved designing a speedbump that would apply equally to all liquidity taking orders, irrespective of the type or class of account or participant, and consistent with the principles underlying fair access. The model is also designed to better service retail needs while not precluding participation by institutional orders that would also benefit. Active institutional orders will benefit from increased displayed size on TSX Alpha Exchange, while passive institutional orders will benefit from an increased likelihood of interacting with natural active order flow. The use of incentives is intended to promote certain types of behaviours (e.g., speedbump and minimum posting requirement to promote size, rebates to attract to cost-sensitive active flow). Creating incentives to promote certain types of behaviors and order flow is a common practice employed by all marketplaces in some form or other, and naturally results in varying degrees and forms of segmentation. We note, however, that incentives are different from explicit and prejudicial forms of segmentation applied based on type or category of participant such as those recently approved for Aequitas. We also note that by creating a model that incents retail order flow to execute in Canada, we are seeking to support the integrity and vibrancy of the Canadian capital markets, which benefits all investors including institutional clients. Any 'hollowing' of the Canadian market will have a much stronger negative impact on quality of execution for large and small institutional orders than any incremental quote fading that may be made possible through the introduction of the short duration speedbump on TSX Alpha Exchange.

Two commenters expressed the view that the speedbump violates section 5.8 of NI 21-101, as it results in discrimination against liquidity taking orders routed across multiple marketplaces in favour of directed liquidity taking orders targeted to consume liquidity on TSX Alpha Exchange only. (ITG, RBC)	It is our understanding that the section 5.8 of NI 21-101 pertains specifically to discrimination between orders routed to a marketplace and orders entered directly to the same marketplace and is intended to prevent a marketplace from discriminating against an order sent from a competing marketplace's router. The speedbump applies to all orders that have the potential to take liquidity. There is no difference in treatment between speedbumped orders entered directly to TSX Alpha Exchange vs. those received from a router, and therefore no discrimination that would be in violation of the requirements.
Four commenters indicated that the TSX Alpha Exchange model and a lack of the application of a speedbump to Post Only orders favours HFT liquidity provision, thereby facilitating signaling and quote fade issues, and disadvantaging institutional passive orders. (CSTA, IGM, KOR, Maison, RBC) One of these commenters expressed that strategies involving orders that are not intended to be executed may create a false and misleading perception of liquidity on a marketplace, and that the TSX Alpha Exchange proposal enables this by facilitating rapid order cancellation and unreliable quotes. (CSTA)	Post Only orders are a common offering amongst Canadian equities marketplaces today, including on Aequitas Neo Book, which also has a speedbump and where all passive orders are effectively Post Only.[4] Excluding Post Only orders that meet minimum size requirements from the speedbump on TSX Alpha Exchange is intended to allow any type of participant providing liquidity to effectively manage risk, where the cost of adverse selection is more important than the opportunity cost of a missed fill caused by a minimal delay in the booking of an order. Through this, we intend to promote more aggressive quoting and higher displayed size to the benefit of liquidity taking natural investors. The minimum size requirements are imposed as a trade-off to the benefit of avoiding the speedbump, and to facilitate the desired outcome of increased displayed sizes. By not extending this benefit to small-sized Post Only orders (they will be rejected

---

[4] Section 8.03 of Aequitas Neo Exchange Trading Policies states that: "Liquidity Providing Orders posted in the NEO Book™ will be booked and will not interact with any Liquidity Providing Orders resting in the NEO Book™. A Liquidity Providing Order entered into the NEO Book™ that would be tradable would be immediately cancelled unless marked as Protect and Reprice." In TSX Alpha Exchange's Trading Policies a "Post Only" order is defined as an order that "is cancelled at the time of entry if any portion of the order is immediately tradable." The "Protect Reprice" functionality is also available for use on a Post Only order entered to TSX Alpha Exchange, as it is for the similar Liquidity Providing Order upon entry to Aequitas Neo Book™.

	upon entry), we believe this will help to mitigate some of the noted concerns.

The model also encourages any party that can post size greater than the minimum size requirements, including an institutional client, to use the Post Only order attribute. Any party that does not wish to commit to the specified minimum size will still be able to post passively on TSX Alpha Exchange, but their orders will be subject to the speedbump. We view the difference in treatment between larger Post Only and small-sized / non-Post Only as reasonable considering the trade-off imposed on larger Post Only orders in the form of minimum size requirements, and considering that access to the benefits to be afforded to Post Only orders will be available to all.   We expect that the benefits conferred on Post Only orders that meet minimum size requirements will encourage and justify use by a variety of participant types, and specifically for institutional passive orders. We would also expect that best execution considerations should support the placement of large-sized Post Only orders on TSX Alpha Exchange by or on behalf of institutional clients.

Finally, we agree that strategies involving the entry of orders that are not intended to be executed may create a false and misleading perception of liquidity on a marketplace, and should continue to be monitored by IIROC as is the case today, regardless of the type of order used to execute such strategies. |
| One commenter indicated that if TSX Alpha Exchange is not protected for OPR purposes, it would be best to make the speedbump duration longer and the randomization range smaller. This would mitigate speed advantages between liquidity providers and put a premium on size commitment and pricing, improving the available liquidity and outcomes for active order flow. (NBF) | We appreciate the suggestion, but have decided in response to other comments to initially launch with a randomized speedbump that is between 1 and 3ms in length in order to balance the benefits and outcomes we are trying to achieve, and the risks that commenters associated with the longer speedbump originally proposed. |

Minimum size requirements for Post Only orders	
One commenter viewed minimum posting size as an important feature for facilitating certainty of execution on TSX Alpha Exchange, and was of the view that this should be a commercial negotiation between TSX Alpha Exchange and its liquidity providers to ensure an appropriate equilibrium point between certainty of execution and the economics for the provided liquidity. (NBF)	We agree that refinement of minimum size requirements post-launch of TSX Alpha Exchange may be necessary in order to find the best balance between the competing interests of liquidity providers and liquidity takers. We intend to provide sufficient transparency and notice of changes to minimum order sizes.
A commenter not opposed to the introduction of Post Only orders with minimum size constraints requested further details and made suggestions regarding how minimum volume requirements would be disseminated and managed. (CIBC)	Minimum size requirements will be communicated for all symbols in advance of implementation, and will be disseminated in the TSX Alpha Exchange data feeds on a daily basis. We intend for there to be a limited number of minimum size categories to reduce the potential for complexity and confusion. We do not anticipate frequent changes to the sizes assigned to each category (e.g., quarterly).
The same commenter proposed an alternative approach of allowing all passive orders above the minimum size requirements to bypass the speedbump, regardless of whether it is marked Post Only, suggesting it to be a simpler implementation of the same concept. (CIBC)	We considered this approach, but were concerned that it may be inconsistent with our objective of assisting liquidity provision through the application of the speedbump to any order that has the possibility of taking liquidity (regardless of size). We continue to believe that the better approach is to provide choice to users as to how they manage their passive orders, subject to appropriate trade-offs.
One commenter expressed concern that the imposition of a minimum size to bypass the speedbump would limit the ability of participants to split their passive order among venues, without encountering a latency tax. (ITG)	Participants will continue to be able to choose to split their passive order among venues (including TSX Alpha Exchange). In addition, there are no obligations to post passively on a particular market. A participant is free to choose: (1) whether to post size on TSX Alpha Exchange and avoid the speedbump; (2) post small size on TSX Alpha Exchange and be subject to the speedbump, or (3) post elsewhere. The choice made is a best execution decision that should be viewed in terms of the costs and benefits of that decision for the client.

Inverted make-take pricing model	
Three commenters indicated a view that the plan for inverted make-take pricing contributes to perverse asymmetrical incentives and inefficiencies in equity markets by putting broker interests in direct conflict with their clients. (KOR, RBC, Aequitas)	The payment of rebates for active orders is intended to help replicate some of the incentives that have made the routing of retail order flow outside of Canada attractive. To disallow active rebates would put Canadian marketplaces at a competitive disadvantage relative to execution options available in the US (including active rebates offered by US marketplaces on which interlisted securities are traded.)

In addition, there are currently other equities marketplaces in Canada using an inverted make-take model for trading fees – this is not new or novel.

The concerns relating to conflicts of interest arise wherever there are differences in fee models and fee levels between marketplaces for trading the same securities. We expect that dealers will continue to manage these conflicts in the context of achieving best execution for their clients when making decisions regarding order placement on TSX Alpha Exchange, just as they must do today given the range of fee models and levels offered within Canada and the US. |
| *Cost implications* | |
| Some commenters raised concerns with the costs to dealers and service vendors that may result from any added complexity or from any needed changes to order routing strategies. (CSTA, ITG, SCI, Aequitas)

One commenter did not anticipate the introduction of new order types and market access speed delays on TSX Alpha Exchange would introduce significant cost or complexity at-the-trade, but would introduce "marginally greater complexity to smart order routing logic and to trading platforms in general". However, it identified these as being limited to the introduction of new order types and offset by | As noted by a commenter and consistent with industry feedback received by TSX Alpha Exchange in general, many participants and vendors expect to see cost savings in the form of simplified operational infrastructure and testing processes as a result of the reduced complexity from the streamlining of the TSX Alpha Exchange offering and from the decommissioning of two order books, TMX Select and Alpha Intraspread. The TSX Alpha Exchange model is also expected to bring benefits through better quality execution and rebates for active order flow that should also be considered. |

reduced complexity via the streamlining of the TSX Alpha Exchange offering. (CIBC)	Any potential costs associated with the implementation of the speedbump on TSX Alpha Exchange are dependent on the extent to which any complexities or impacts actually materialize, considering that the speedbump will be initially implemented with a duration that is reflective of existing differences in network latencies that participants are already accustomed to managing. In addition, any concerns about potential costs would be largely addressed if TSX Alpha Exchange is 'non-protected' for OPR purposes. In such circumstances, dealers would have added flexibility and discretion to determine whether, how and when to access TSX Alpha Exchange, taking into consideration the potential costs and risks and weighing these against the benefits of the new TSX Alpha Exchange model for client orders. This added flexibility will have direct implications on the extent and timing of any modifications to routing strategies that a dealer or vendor might choose to make. We acknowledge that in some cases, participants may choose to undertake routing related changes to assist in achieving best execution and competitive differentiation in an environment with 'non-protected' speedbump markets. In these cases, we view this as part of the continued adaptation and optimization of order routing that has taken place over many years and that will continue to occur in response to constantly evolving market and competitive dynamics. In other cases, we understand that participants may choose to not make immediate changes to their routing technology when the TSX Alpha Exchange model is introduced. We believe that many participants will initially use existing or slightly modified configurability and functionality to manage the new TSX Alpha Exchange model. Such participants will evaluate and modify smart order routing strategies if a need to make changes is demonstrated over time.

Two commenters identified increased compliance monitoring costs as a potential outcome. (CIBC, Aequitas). One identified these costs as arising from the need for more complex trade supervision and compliance programs to manage the random nature of speedbumps and other intra-market complications relating to trade-through processing, order protection and best execution measurement. (CIBC)	It appears that the specific concerns identified may relate to the potential effect of randomization on sequencing of orders, and how this might complicate order and trade monitoring and supervision processes that are dependent on sequencing being maintained. We have designed the speedbump in a way that will maintain sequencing of received orders for execution processing purposes, despite randomization of the speedbump delay, to help minimize the downstream implications (including for compliance monitoring). Further, we believe that the more general concern about compliance complexities can arise for any 'protected' visible market with a speedbump or explicit segmentation. Some of these concerns would be addressed if TSX Alpha Exchange was to be considered 'non-protected'. These concerns should therefore be considered by regulators more broadly as part of any continued review of the application of OPR to speedbump markets, rather than in the context of specific marketplace proposals. Notwithstanding the above, we also expect that any participant that is classified, or has clients that will be classified, as 'Latency Sensitive Traders' for the purposes of the application of a randomized delay to liquidity taking orders on Aequitas Neo Book (e.g., co-located formal ETF Market Makers) might face similar issues pertaining to trade supervision and compliance. For such participants, we expect that any solution for issues arising for trade supervision and compliance could be leveraged for the purposes of the TSX Alpha Exchange speedbump.

Other changes proposed to TSX Alpha Exchange to streamline and harmonize existing functionality

Comments were received in support of the closure of TMX Select and Alpha IntraSpread, and the measures proposed to streamline and harmonize existing TSX Alpha Exchange functionality relative to functionality on the other TMX equities marketplaces. A reduction in	We acknowledge and appreciate the support from commenters regarding the changes intended to reduce market complexity,

market complexity and costs were identified as the main benefits. (BMO, CIBC,CSTA, NBF, RJL)	fragmentation and costs for the trading community, without compromising on choice.

Other

Three commenters expressed the view that the changes present the risk of losing institutional flow on interlisted securities to the U.S. markets. (ITG, Maison, Aequitas).	We believe this comment is premised on concerns around potential complexities for order handling / routing and risks associated with the proposed speedbump that might cause participants to choose to send their order flow elsewhere. These concerns would be addressed if TSX Alpha Exchange was considered to be 'non-protected' for OPR purposes, as participants would have increased choice as to whether, how and when to access displayed quotes on TSX Alpha Exchange. In addition, we believe these comments do not contemplate the incentives for institutional flow to remain in Canada that will arise from the benefits of the TSX Alpha Exchange model, including: • retention of retail flow in Canada, facilitating continued depth and narrow spreads; • increased opportunity for better average trade prices from increased market-wide displayed liquidity at top-of-book; and • higher average fill sizes or complete fills on TSX Alpha Exchange for algo-managed orders, which we understand represents a significant percentage of institutional flow.
Two commenters submitted that the examples provided of other markets that apply delays in the processing of orders should not be viewed as precedents due to differences in functionality and stated objectives. (ITG, SCI)	Each of the markets identified in the notice apply some form of delay to orders before processing them for execution. As such, they serve as examples, even if they differ in terms of application and objective. What all of these delays have in common is that they impose a delay on accessing liquidity and therefore have the potential to create the

	complexities and issues raised by some commenters. The closest example in the Canadian context for equities trading is Aequitas Neo Book. The primary differences between the Aequitas Neo Book and the proposed TSX Alpha Exchange model are as follows: • the TSX Alpha Exchange speedbump will be applied on a more equitable basis to all liquidity taking orders (the Aequitas speedbump is limited to a specified class of participants); • the initial duration of the randomized speedbump on TSX Alpha Exchange at 1-3ms will be shorter than the duration of the Aequitas speedbump at 3-9ms; • both Post Only and non-Post Only passive order types can be posted to TSX Alpha Exchange (it appears that all passive orders on Aequitas Neo book are effectively Post Only);[5] and • liquidity-taking on TSX Alpha Exchange is available to marketplace orders of longer duration than 'immediate' (all active orders entered to Aequitas are 'immediate-or-cancel' order types).
One commenter suggested that the minimum resting time for the 'long life' order type being considered for TSX and TSX Venture should be within the 5 to 10 second range. (RJL)	While out of scope for the proposed amendments for TSX Alpha Exchange, we appreciate the feedback regarding changes planned for TSX and TSX Venture that are intended to empower natural investors and other non-latency sensitive participants by rewarding committed liquidity. We welcome and encourage additional feedback. We plan to publish the proposed 'long life' order type for comment in the coming months.

---

[5] See footnote 2.

APPENDIX B

TEXT OF THE FINAL AMENDMENTS

Trading Policy Manual

Change History

Version	Change	Date
V 1.0	Rebranded for Alpha Exchange	April 1, 2012
V1.1	Changes to IntraSpread and Opening Functionality	April 1, 2012
V 1.2	Changes to IntraSpread facility and Inside Match order respecting UMIR Dark liquidity provisions, effective October 15, 2012	July 16, 2012
	Changes to short sell functionality respecting UMIR short selling provisions, effective October 15 2012.	
	Change to TTM consolidated order book depth.	
V.1.3	Changes to reflect migration to TSX Quantum platform.	February 25, 2013
V.1.4	Changes to designation of eligible clients category.	September 30, 2013
V.1.5	Changes to Electronic Access Client Section	March 1, 2014
V.1.6	Various Changes.	**[TBD]**, 2015

- An order processing delay will be imposed on orders that have the potential to take passive liquidity and a minimum volume requirement will be introduced for orders that have an explicit Post Only instruction.
- Eligibility of the opening auction on a symbol level will be introduced.
- Odd-lots will auto-execute against the TMX Alpha Odd lot dealer at the National Best Bid/Offer.
- Additional features to prevent wash trading will be introduced (Cancel Oldest and Decrement and Cancel self trading features).
- The IntraSpread facility will be decommissioned.
- Intentional crosses will not be subject to CLOB interference.
- The extended trading session will be discontinued and special trading terms will not be supported.
- The OPR Route Out Service will be removed.

Table of Contents

Definitions and Interpretations

1.1   DEFINITIONS

Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in Alpha Requirements that is defined or interpreted in

(a)   Ontario securities law,

(b)   UMIR, or

(c)   IIROC Rules,

has the same meaning in these Trading Policies.

The following terms have the meanings set out when used in the Alpha Requirements and apply to the trading of Traded Securities unless otherwise specified:

Alpha	TSX Alpha Exchange marketplace
Alpha Approval	Any approval given by Alpha under the Alpha Requirements.
Alpha Best Bid and Offer (ABBO)	In respect of a particular security, the best bid, the highest price and its corresponding volume that a Member has published to buy, and the best offer, the lowest price and its corresponding volume that a Member has published to sell, in the Alpha CLOB.
Alpha Last Sale Price (ALSP)	The price at which the last trade of a Board Lot was executed on Alpha.
Alpha Requirements	Alpha Requirements include the following:
	(1) These Trading Policies;
	(2) Obligations arising out of the Member Agreement; or
	(3) Any forms issued pursuant to these Trading Policies and any obligations related to or created by such Forms;
	(4) UMIR; and
	(5) Ontario securities law, and any decision thereunder as it may be amended, supplemented and in effect from time to time.
Alpha Systems	The electronic systems operated by Alpha for providing all facilities and services related to the trading of Traded Securities on Alpha.
Approved Trader	An employee of a Member, or an employee of a client of a Sponsoring Member, authorized through a direct market access arrangement to enter orders onto a marketplace as a trader, who

	has been provided with a trading identifier to be used when accessing a marketplace.
Board	The Board of Directors of Alpha and any committee of the Board of Directors to which powers have been delegated.
Board Lot	A standard trading unit.
Bypass Cross	A Cross that has a bypass marker.
Bypass Order	An order that has a bypass marker to indicate that it is intended to be a bypass order as defined in UMIR.
Calculated Opening Price (COP)	A single price calculated for a security whereby the trading volume is maximized and the trading imbalance is minimized and is within parameters defined by Alpha in the opening call.
Central Limit Order Book (CLOB)	The electronic book containing all Board Lot orders entered for execution in a continuous manner with price and priority rankings.
Clearing Corporation	CDS Clearing and Depository Services Inc. and any successor corporation or entity recognized as a clearing agency.
Cross	A trade resulting from the entry by a Member or Electronic Access Client of both the order to purchase and the order to sell a security.
Directed Action Order (DAO)	A specific order type as defined in NI 23-101 that informs a marketplace that the order can be immediately carried out without delay or regard to any other better priced orders displayed by another marketplace.
Decision	Any decision, direction, order, ruling, guideline or other determination of Alpha, or of the Market Regulator made in the administration of these Trading Policies.
Electronic Access Client	An Electronic Access Client is a client of a Sponsoring Member to which it provides electronic access to the Alpha Systems in the following manner: (a) "direct electronic access"; (b) a "routing arrangement"; or (c) an "order execution service"; in each case as that term is defined in UMIR.
IIROC	The Investment Industry Regulatory Organization of Canada.
IIROC Rules	UMIR and IIROC's dealer member rules.

Internal Cross	A Cross between two accounts which are managed by a single firm acting as a portfolio manager with discretionary authority to manage the investment portfolio granted by each of the holders of the accounts and includes a trade in respect of which the Member or Electronic Access Client is acting as a portfolio manager in authorizing the trade between the two accounts.
Market Regulator	IIROC or such other person recognized by the Ontario Securities Commission as a Regulation Services Provider for the purposes of Ontario securities law and which has been retained by Alpha as an acceptable Regulation Services Provider.
Member	A member approved by Alpha to access the Alpha Systems, provided such access has not been terminated.
Member Agreement	The agreement entered into between Alpha and a Member which sets out the terms and conditions of the Member's access to the Alpha Systems.
Member Related Entity[1]	A Person that is an affiliated entity of a Member, or a control person of a Member or of which the Member is a control person, and that carries on as a substantial part of its business in Canada that of a broker, dealer or advisor in securities and that is not itself a Member.
Member Related Person[2]	A Member Related Person is A Member Related Entity, An employee, agent or contractor acting as an employee of a Member or a Member Related Entity, Partners, directors and officers of a Member or Member Related Entity, An Approved Trader; and Any other Person designated by Alpha.
Mixed Lot	An order containing at least one Board Lot and an Odd Lot.
National Best Bid and Offer (NBBO)	The best bid and best offer of at least a Board Lot on all visible marketplaces, but does not include special terms orders.

---

[1] Note that this definition is being used for the purpose of these Trading Policies and may differ from definitions used by other parties.

[2] Note that this definition is being used for the purpose of these Trading Policies and may differ from definitions used by other parties

National Last Sale Price (NLSP)	The most recent trade of at least a Board Lot on any marketplace, other than a special terms trade.
Notice	A communication or document given, delivered, sent or served by Alpha.
Odd Lot	Any amount less than a Board Lot.
Odd Lot Dealer	A Member appointed by Alpha as an Odd Lot dealer for a particular security to perform the functions described in Part VI.
Odd Lot Order Book (OLOB)	The electronic book containing all Odd Lot orders.
Order Protection Rule (OPR)	The requirements set out in Part 6 of NI 23-101, pertaining to trade throughs of protected orders.
Other Marketplace	An exchange, quotation and trade reporting system, or alternative trading system other than Alpha, which is subject to National Instrument 23-101 – Trading Rules, on which any of the same securities as are tradable on Alpha are tradable, which has been identified as a Protected Marketplace by an applicable regulatory authority, excluding marketplaces which Alpha specifically identifies as an excepted Other Marketplace.
Person	Includes without limitation an individual, corporation, incorporated syndicated or other incorporated organization, sole proprietorship, partnership or trust.
Settlement Day	Any day on which trades may be settled through the facilities of the Clearing Corporation.
Sponsoring Member	A Member that provides a Electronic Access Client with access to the Alpha Systems.
Traded Security	A security eligible to be traded on Alpha
Trading Contract	Any agreement or contract:

    (1)   To buy or sell any Traded Security through Alpha's facilities; or

    (2)   For delivery of, or payment for, any Traded Security (or

security which was a Traded Security when the contract was made) arising from settlement through the Clearing Corporation.

Trading Policies   These Alpha Exchange trading policies, as they may be amended or supplemented from time to time.

UMIR   The Universal Market Integrity Rules adopted by IIROC as amended, supplemented and in effect from time to time.

1.2   INTERPRETATION

(1)   A company is an affiliate of another company if one of them is a subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same Person.

(2)   The division of Alpha Requirements into separate policies, divisions, sections, subsections and clauses and the provision of a table of contents, headings and notes is for convenience of reference only and shall not affect the construction or interpretation of Alpha Requirements.

(3)   The words "hereof," "herein," "hereby," "hereunder" and similar expressions mean the whole of these Trading Policies and not simply the particular section of the Trading Policies in which the term is mentioned, unless the context clearly indicates otherwise.

(4)   The word "or" is not exclusive.

(5)   The word "including," when following any general statement or term, does not limit the meaning of the general statement or term to the specific matter immediately following the statement or term.

(6)   Unless otherwise specified, any reference to a statute includes that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that supersedes that statute or regulation.

(7)   Unless otherwise specified, any reference to a rule, policy, blanket order or instrument includes all amendments made and in force from time to time, and to any rule, policy, blanket order or instrument that supersedes that rule, policy, blanket order or instrument.

(8)   Grammatical variations of any defined term have the same meaning.

(9)   Any word imputing gender includes the masculine, feminine and neuter genders.

(10)   Any word in the singular includes the plural and vice versa.

(11)   All references to time in Alpha Requirements are to Toronto time unless otherwise stated.

(12)   All references to currency in Alpha Requirements are to Canadian dollars unless otherwise stated.

PART II. Application of Policies and Authority of Alpha

2.1 APPLICATION OF POLICIES

(1) Members and Member Related Persons must comply with all applicable Alpha Requirements when trading on Alpha.

(2) Alpha may take disciplinary action against any Member or Member Related Person who violates any Alpha Requirement.

2.2 EXERCISE OF POWERS

(1) Unless otherwise expressly provided, whenever Alpha is given any power, right, exercise of discretion or entitlement to take action in respect of Alpha Requirements, the same may be exercised by the Board, any Committee of the Board, the appropriate officers of Alpha or any committee or person designated by the Board of Alpha, including the Market Regulator.

(2) Unless the subject matter or context otherwise requires, any action taken by a Person under subsection (1) is subject to the overall authority of the Board.

2.3 GENERAL EXEMPTIVE RELIEF

(1) Alpha may exempt any Member from the application of any Alpha Requirement, if in the opinion of Alpha, the provision of such exemption:

  (a) Would not be contrary to the provisions of the Securities Act (Ontario) and the rules and regulations thereunder or UMIR;

  (b) Would not be prejudicial to the public interest or to the maintenance of a fair and orderly market; and

  (c) Is warranted after due consideration of the circumstances.

2.4 NO WAIVER OF RIGHTS

(1) Failure by Alpha or the Market Regulator to exercise any of its rights, powers or remedies under Alpha Requirements or their delay to do so is not a waiver of those rights, powers or remedies.

(2) The single or partial exercise of a right, power or remedy does not in any way limit the ability of Alpha or the Market Regulator to exercise that right, power or remedy.

(3) Any waiver of a right, power or remedy must be in writing and may be general or particular in its application.

2.5 ANTI-AVOIDANCE

(1) If, in the opinion of Alpha, a Member has organized its business and affairs for the purpose of avoiding the application of any Alpha Requirement, Alpha may apply such Alpha

Requirement to the Member in the same manner as if such provision had directly applied to such Member.

PART III.   Membership

DIVISION 1 — APPROVAL

3.1   QUALIFICATION FOR BECOMING A MEMBER

(1)   An applicant must
  (a)   be a dealer member of IIROC (or any successor recognized as a self regulatory entity or comparable self-regulatory entity) in good standing;
  (b)   be a participant of the Clearing Corporation or have entered into an arrangement for the clearing and settlement of trade with a participant in the Clearing Corporation; and
  (c)   meet Alpha Requirements, including completion of a Member Agreement.
(2)   Membership is not transferable or assignable.
(3)   Membership is solely an authorization to have access to Alpha Systems and to trade on Alpha and does not confer any ownership or shareholder rights.

3.2   APPLICATION AND APPROVAL

(1)   An applicant for membership shall submit:
  (a)   a completed Member Agreement; and
  (b)   such information, books and records as may be reasonably required by Alpha to ascertain relevant facts bearing on the applicant's qualifications or activities on the Alpha Systems.
(2)   Alpha may:
  (a)   approve an applicant for membership without condition,
  (b)   defer approval pending receipt of further information concerning the applicant,
  (c)   approve a Person as a Member subject to such terms and conditions as are appropriate or necessary to ensure compliance with Alpha Requirements, or
  (d)   refuse the application for such factors it considers relevant, including
    (i)   past or present misconduct by the applicant or any Member Related Person,
    (ii)   the applicant or any Member Related Person refuses to comply with Alpha Requirements,
    (iii)   the applicant is not qualified by reason of integrity, solvency, training or experience, or
    (iv)   such approval is otherwise not in the public interest.
(3)   An applicant that is approved subject to conditions or is rejected may appeal the Decision using the procedures set out in Part 9.
(4)   Subject to the exercise of a right of appeal, a rejected applicant may not reapply for a period of six months following the date of refusal.

DIVISION 2 — CONTINUING REQUIREMENTS

3.3 AUTHORIZED REPRESENTATIVE

(1) Each Member must appoint a senior officer, director or partner as its representative who shall be named in the Member Agreement.

(2) The representative shall:

(a) have authority to speak for the Member in dealings with Alpha; and

(b) serve as primary contact to Alpha on inquiries regarding the conduct and supervision of the Member's Approved Traders and Electronic Access Clients.

(3) A Member must give Alpha notice of a change of its representative at least 10 business days prior to the change unless circumstances make this impossible, in which case notice must be given as soon as possible.

3.4 PAYMENT OF FEES, ETC.

(1) Members must pay all fees and charges fixed by Alpha and the Market Regulator, which are due and payable as Alpha or the Market Regulator require from time to time.

(2) Alpha may at any time, and from time to time, on not less than 30 days' Notice to Members, increase any or all fees or charges. Alpha may decrease fees by providing Members with Notice of such a change within 30 days prior to the effective date of the change.

(3) Alpha may suspend without further notice a Member that has not paid any fees or charges within 30 days of becoming payable, and such suspension shall remain in place until all outstanding fees and charges have been paid by the Member. If the Member has not paid all outstanding fees and charges within 15 days of such suspension, Alpha may terminate such Member's membership.

3.5 CONTINUING SRO MEMBERSHIP

(1) A Member that ceases to comply with the requirements of Section 3.1(1) must notify Alpha immediately.

(2) A Member must inform Alpha immediately if it ceases to be a member of, or becomes aware that it is being investigated by, or is subject to an enforcement action (a hearing has been scheduled) by a recognized self-regulatory organization.

(3) If a Member ceases to be a member of IIROC (or any successor recognized as a self regulatory entity or comparable self-regulatory entity), it may be suspended pursuant to Section 3.10(1)(a) or terminated as a Member of Alpha pursuant to Section 3.13(1)(b), at the discretion of Alpha. In case of termination, the Member may reapply for membership with

Alpha upon becoming reinstated as a member of IIROC, by following the procedures set forth in Section 3.2.

(4)   Alpha may from time to time review the continued eligibility of a Member for membership.

3.6   NOTIFICATIONS

(1)   A Member must give Alpha written notice of:
  (a)   a change of its name or the name under which it does business; or
  (b)   a change in the address of its head office.
(2)   The Member must give such notice at least 10 business days prior to the change.

3.7   MAINTAINING RECORDS

(1)   The Member shall be responsible for maintaining any required records relating to transactions sent and received by it on the Alpha Systems. For the purpose of this section records relating to transactions will include all information directly or indirectly relating to orders routed to the Alpha Systems or trades executed on the Alpha Systems.

3.8   TRAINING

(1)   The Member shall be responsible for developing and providing comprehensive training and materials for Approved Traders (and any other Person deemed appropriate by the Member) with respect to applicable regulatory requirements relating to, among other things, the entry and trading of orders through Alpha and other Canadian marketplaces required to allow the Member to meet its obligations under applicable regulatory requirements, these Trading Policies and the Member Agreement.

DIVISION 3 — TERMINATION OF MEMBERSHIP

3.9   VOLUNTARY SURRENDER

(1)   A Member may resign its membership by giving not less than 30 days' prior written notice.
(2)   Alpha may postpone the effective date of termination if the Member
  (a)   is the subject of disciplinary proceedings or is under investigation for a failure to comply with Alpha Requirements, or
  (b)   has any trades outstanding.

3.10   SUSPENSION BY ALPHA WITHOUT PRIOR NOTICE

(1)   A Member may be suspended immediately and without prior notice if any of the following events occur:
  (a)   the Member ceases to comply with the requirements of Section 3.1(1);

(b)   the Member is for any reason unable to meet its obligations as they generally become due;

(c)   the Member has ceased paying its current obligations in the ordinary course of business as they become due;

(d)   the aggregate of the property of the Member is not, at a fair valuation, sufficient, or if disposed of in a fairly-conducted sale under legal process, would not be sufficient to enable payment of all of its obligations due or becoming due;

(e)   the Member defaults in, or fails to meet or admits its inability to meet its liabilities to the Canadian Investor Protection Fund or the Clearing Corporation or another Member;

(f)   Section 3.13(1) applies and Alpha has elected not to exercise its right to terminate the Member's membership pursuant to such section;

(g)   Section 3.4(3) applies; or

(h)   continued access by the Member raises inappropriate risk to the operations of Alpha, financial risk to other Members, and/or market quality issues.

> **Commentary:** A suspension without prior notice under Section 3.10(1) will only be considered where the continuing trading by the Member will put Alpha or any of its Members at risk of serious immediate harm.

(2)   The Member may, at Alpha's discretion, be reinstated with or without any restrictions upon the Member demonstrating to Alpha's satisfaction that:

(a)   it now complies with all provisions of Section 3.1,

(b)   if the Member has been suspended due to the occurrence of one or more of the events listed in Section 3.10(1), such events have been remedied to Alpha's satisfaction; and

(c)   it otherwise meets the criteria for membership with Alpha.

3.11 DISCRETIONARY SUSPENSION

(1)   Alpha may, in its sole and absolute discretion, suspend the Member's access to the System for any period of time as Alpha believes is advisable. Alpha shall, where practical, provide prior written notification of such a suspension. Where the provision of prior written notice is impractical, Alpha shall promptly notify the Member that access has been suspended. In each case Alpha shall advise of the reasons for such suspension.

> **Commentary:** Examples of situations where Alpha may exercise its discretion to suspend a Member's access to the System include:
>
> 1.   runaway algorithmic trading by an employee or Electronic Access Client;
> 2.   failure to provide information in response to a request due to concerns about order entry or other Alpha Requirements.

(2) The Member's access to the System may, at Alpha's discretion, be reinstated upon the Member demonstrating to Alpha's satisfaction that the reasons for the suspension have been remedied.

3.12 TERMINATION BY ALPHA WITH NOTICE

(1) Alpha may terminate a membership by giving not less than 5 days' prior written notice if Alpha has concluded after reasonable investigation that the Member has
  (a) failed to comply or is not in compliance with Alpha Requirements; or
  (b) engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of Alpha.

3.13 TERMINATION BY ALPHA WITHOUT NOTICE

(1) Alpha may terminate a membership without notice if:
  (a) the Member has committed an act of bankruptcy as provided in the Bankruptcy and Insolvency Act (Canada); or
  (b) Section 3.4(3) or Section 3.5(3) applies.
    Commentary: A termination without notice under Section 3.13(1) will only be considered where the continuing trading by the Member will put Alpha or any of its Members at risk of serious immediate harm.

(2) A Member must give Alpha immediate notice on the occurrence of an act listed in subsection (1)(a).

3.14 EFFECT OF SUSPENSION OR TERMINATION

(1) Upon suspension or termination, Alpha may at its discretion cancel all of the Member's or former Member's open orders or impose any other restrictions and/or conditions on the Member's rights until the Member has been reinstated in accordance with Section 3.14(3) or Section 3.14(4).

(2) A Member that has been suspended or terminated or that has been deprived of some of the rights of membership under Alpha Requirements does not for that reason alone lose its rights in respect of any claims it may have against another Member unless such rights are expressly dealt with.

(3) A Member that has been suspended may have its rights reinstated, at Alpha's discretion, upon providing evidence, satisfactory to Alpha in its sole discretion, that the reason for the suspension has been remedied.

(4) A Member that has had its membership terminated may, no sooner than six months after the date of the termination of membership, reapply for membership with Alpha by following the procedures set out in Section 3.2.

Commentary: The requirements in this section 3.14(4) supersede any ability of a Member to re-apply for membership pursuant to the provisions of section 3.5(3).

PART IV.   Access to Trading

4.1   APPROVED TRADERS

(1)   A Member must provide Alpha with the names and identifiers of all Approved Traders.

(2)   A Member must maintain a list of all Approved Traders and their identifiers for the preceding 7-year period.

(3)   A Member must give Alpha written notice of additions or terminations of Approved Traders at least 10 business days prior to the change unless circumstances make such prior notice of a termination impossible, in which case notice must be given as soon as possible.

(4)   The Member shall be responsible for all instructions entered, transmitted or received under an Approved Trader identifier, and for the trading and other consequences thereof.

4.2   ACCESS

(1)   A Member must not allow an employee to enter orders or Crosses on Alpha if the person is not properly qualified in accordance with the requirements of a Market Regulator or securities regulatory authority.

(2)   Alpha may suspend an Approved Trader's access to the Alpha Systems without notice if it concludes after reasonable investigation that the Approved Trader is misusing the Alpha Systems or is causing a disorderly market.

> **Commentary**: This section includes a conclusion that the Approved Trader has engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of Alpha, for example where such conduct, business or affairs would cause technical problems for the Alpha System or a market integrity issue.

(3)   Subject to Section 4.2(2), Alpha may suspend an Approved Trader's access to the Alpha Systems by giving not less than 5 days' prior written notice if Alpha has concluded after reasonable investigation that the Approved Trader has failed to comply or is not in compliance with Alpha Requirements.

(4)   A Member must terminate an Approved Trader's access to the Alpha Systems immediately upon receiving notice and must not reinstate access without Alpha's written approval. If the Member fails to comply with this provision, Alpha shall have the right to take such action as it considers necessary, in its sole discretion, to prevent access to the Alpha Systems by any person, including the termination of the Member's right to access the Alpha Systems in its entirety.

(5)   Upon termination of an Approved Trader, Alpha may in its sole discretion cancel all open orders entered by that trader.

> **Commentary**: In making any decision regarding cancellation of orders under this provision, Alpha will take into consideration the interests of the clients of the Member.

A Member shall cease use of the Alpha Systems as soon as practicable after it is notified by Alpha of, or it otherwise becomes aware of or suspects, a technical failure or security breach of the Alpha Systems and shall immediately notify Alpha of such failure or breach of security in accordance with the notice provisions set out in these Trading Policies.

DIVISION 2 — MEMBERS PROVIDING THIRD PARTY ELECTRONIC ACCESS

4.3   THIRD PARTY ELECTRONIC ACCESS TO MARKETPLACES

A Sponsoring Member may provide a third party with electronic access to the Alpha System in the following manner:

(a)   "direct electronic access";

(b)   a "routing arrangement"; or

(c)   an "order execution service";

in each case as that term is defined in UMIR.

4.4   CONDITIONS FOR CONNECTIONS

(1)   A Sponsoring Member may permit orders received electronically from a third party to which it has granted electronic access in accordance with Section 4.3 to be transmitted to the Alpha System provided that the Sponsoring Member:

(a)   has obtained prior written approval of Alpha that the system of the Sponsoring Member is permitted to transmit orders to the Exchange;

(b)   has ensured its system is subject to an executed standard agreement with Alpha governing the connection between the system of the Member and the Alpha System;

(c)   complies with Canadian regulatory requirements governing the provision of third party electronic access to marketplaces;

(d)   ensures that its system supports compliance with Alpha Requirements dealing with the entry and trading of orders by all third parties who have been provided with electronic access to Alpha;

(e)   ensures security of access to its system such that only persons authorized by the Sponsoring Member are provided access to Alpha; and

(f)   designates a specific person as being responsible for the system of the Sponsoring Member used to transmit orders;

(2)   The system of the Sponsoring Member includes any system through which an order designated with the Sponsoring Member identifier is transmitted to the Exchange, including without limitation, the technology systems of the Sponsoring Member, the approved technology system of a service provider retained by the Sponsoring Member, or an approved system that the Sponsoring Member permits the third party access client to transmit orders through to the Exchange.

4.5   RESPONSIBILITY OF SPONSORING MEMBER

A Sponsoring Member which provides a third party with electronic access to Alpha in accordance with Section 4.3 shall:

(a)   be responsible for compliance with Alpha Requirements with respect to the entry and execution of orders transmitted by each Electronic Access Client;

(b)   provide Alpha with prior written notification of the individual appointed to be responsible for such compliance;

(c)   immediately disclose to Alpha the unique client identifier associated with each third party electronic access client that is used for the purpose of providing third party electronic access to Alpha;

(d)   inform Alpha immediately if it knows or has reason to believe that it or its third party electronic access client has or may have breached a material provision of:
   (i) the Alpha Requirements; or
   (ii) the agreement contemplated by Section 4.4(1)(b); and

(e)   immediately notify Alpha if the Sponsoring Member terminates a third party electronic access client's access to Alpha.

4.6   TERMINATION OF THIRD PARTY ELECTRONIC ACCESS

(1)   Alpha may suspend a third party's electronic access to the Alpha System without notice if it concludes that the third party:
(a)   misused the Alpha System or has interfered with fair and orderly markets;
(b)   failed to comply or is not in compliance with Alpha Requirements; or
(c)   engaged in conduct, business or affairs that is unbecoming, inconsistent with just and equitable principles of trade or detrimental to the interests of Alpha.

(2)   A Sponsoring Member must terminate a third party's access to Alpha's System immediately upon receiving notice from Alpha or the Market Regulator of such required termination and must not reinstate that third party's access to Alpha's System without Alpha's written approval.

PART V. Governance of Trading Sessions

DIVISION 1 — GENERAL

5.1   MARKET INTEGRITY AND GENERAL COMPLIANCE REQUIREMENT

(1)   Each Member and each Approved Trader on Alpha shall comply with all Alpha Requirements.

5.2   TIMES OF SESSIONS

(1)   On each business day Alpha will be open for trading sessions.

(2)   Alpha will determine from time to time the opening and closing times for each session and will publish the time of the sessions by Notice to Members.

(3)   The current trading sessions are:
   (a)   System open for queries
   (b)   Pre-opening
   (c)   Opening Call (subject to symbol eligibility)
   (d)   Continuous trading session

5.3   CHANGES TO TRADING SESSIONS

(1)   The CEO of TMX Group Limited or any person designated by the CEO may at any time in the event of an emergency
   (a)   suspend all trading at any session or sessions or trading in any security during any session or sessions, or
   (b)   close, reduce, extend or otherwise alter the time of any session or sessions.

5.4   TRADES OR QUERIES OUTSIDE OF TRADING SESSION HOURS

(1)   No Member or Electronic Access Client may make a bid, offer or transaction on Alpha or issue a commitment to trade on Alpha outside trading session hours.

(2)   Members and Electronic Access Clients have the ability to run queries on the Alpha Systems during and outside of trading session hours.

5.5   TRADING HALTS

(1)   Alpha can initiate a trading halt based on certain external events at any time.

(2)   The Market Regulator may initiate a trading halt due to market conditions, or to allow for the dissemination of material information by an issuer.

(3)   Trading may be halted by Alpha or any applicable securities regulatory authority.

   Commentary: Examples of circumstances when a halt may occur include:

   1.   Halt trading of a security to permit the dissemination of material news; or

2. Halt trading of a security during a trading halt imposed by another marketplace to permit the dissemination of material news; or

3. Halt trading in a security when Alpha determines that extraordinary market activity in the security is occurring, such as the execution of a series of transactions for a significant dollar value at prices substantially unrelated to the current market for the security, as measured by the NBBO; or

4. other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

(4) Once the security is halted the security enters a Pre-open phase. If the security as determined by the exchange is eligible for the Opening auction, order entry, amendment and cancellation of orders is permitted but no matching is permitted. When the halt is lifted an opening auction is initiated. If the security is not eligible for the Opening auction cancellation of orders is permitted, order entry, amendment or matching is not permitted.

(5) For greater certainty, in the event that the decision as to whether to impose a halt has been outsourced to the Market Regulator, such decision will be made by such Market Regulator and not by Alpha. In all other cases, Alpha may make the decision to impose a trading halt, but Alpha will make all reasonable efforts to coordinate any such decision with the Market Regulator.

Commentary: Notification messages pertaining to trading halts are sent out on the Alpha public feed.

5.6   PRICE VOLATILITY PARAMETERS

(1) Freeze limits are:

1. configurable for each security and are determined at Alpha's discretion;

2. established by applying a pre-determined price deviation against the most recent independent Alpha trade or another reference price; and

3. breached when an order, if executed, will cause the price of the security to exceed the freeze limit, and produce a temporary suspension of trading on the security.

4. When a security freezes, Alpha staff to assess and determine whether the order will be allowed, and whether to resume trading in the security. While the security is frozen, further order entry is prevented and existing orders cannot be cancelled or modified.

(2) Bid/Ask limits:

1. are configurable across the market based on the security's quoted price, and apply automatically to market and better price limit orders; and

2. limit the number of ticks past the best bid price or best ask price an order can trade through.

If an incoming tradable order hits the bid/ask limit and still has volume remaining, the remaining volume is booked at the bid/ask limit.

5.7 CANCELLATION AND CORRECTION OF TRADES BY ALPHA

(1) Subject to Section 5.8, Alpha retains the discretion to cancel and correct executed trades on Alpha that have not yet been submitted by Alpha to the clearing agency clearance and settlement process for the purposes of mitigating errors made by Alpha in order execution. Cancellation or correction of trades involving orders with regulatory markers (insider or significant shareholder) will be subject to the guidelines set out by Market Regulator or any other applicable regulator.

> **Commentary**: Decisions may require consultation with and instructions by Market Regulator and/or other marketplaces and the counterparties of the trade.

5.8 ERROR CORRECTIONS REQUESTED BY MEMBER

(1) A Member, and persons authorized by the Member to do so, may seek to have a trade cancelled or changed.

(2) Trade Cancellations or Amendments at the Opening:

(a) *Requests for cancelling trades that occurred at the opening.* Any trade that occurs during the opening can only be cancelled upon consent of both parties to the trade or upon instructions of the Market Regulator. The trader can seek the consent of the party on the other side to cancel the trade, request Alpha to seek consent from the contra-party or can call the Market Regulator who can then instruct Alpha to cancel or correct the trade. .

(b) *Requests to amend or correct a trade at the opening.* Any request to change the price or increase the volume of a trade that occurs during the opening can only be amended upon consent of both parties to the trade and consent of a representative of the Market Regulator or upon instructions of a representative of the Market Regulator. Any request to decrease the volume of a trade that occurs during the opening can only be amended upon consent of both parties to the trade or upon instructions of the Market Regulator. The trader can seek the consent of the party on the other side to cancel the trade, request Alpha to seek consent from the contra-party or can call the Market Regulator who can then instruct Alpha to cancel or correct the trade.

(3) Trade Cancellations or Amendments during Continuous Session:

(a) *Requests for cancelling trades that occurred during the continuous trading session.* Any trade that occurs can only be cancelled upon consent of both parties to the trade

or upon instructions of the Market Regulator. The trader can seek the consent of the party on the other side to cancel or correct the trade, request Alpha to seek consent from the contra-party or can call the Market Regulator who can then instruct Alpha to cancel or correct the trade.

(b) *Requests to amend or correct a trade during the continuous trading session.* Any request to change the price or increase the volume of a trade that occurs during the continuous trading session can only be amended upon consent of both parties to the trade and consent of a representative of the Market Regulator or upon instructions of a representative of the Market Regulator. Any request to decrease the volume of a trade that occurs during the continuous trading session can only be amended upon consent of both parties to the trade or upon instructions of the Market Regulator. The trader can seek the consent of the party on the other side to cancel the trade, request Alpha to seek consent from the contra-party or can call the Market Regulator who can then instruct Alpha to cancel or correct the trade.

(4) Requests for trade cancellations or amendments on T+1 and T+2. Members must send requests for trade cancellations or amendments on T+1 or T+2, for trades executed on T, directly to the Clearing Corporation. Alpha cannot process these requests.

> **Commentary**: *Market Regulator time limit*. It is the Member's obligation to promptly contact the Market Regulator if it wants to seek a decision from it regarding whether it will permit a cancellation or amendment. Generally the Market Regulator must be contacted within 30 minutes of the time of the trade.

DIVISION 2 — ORDER ENTRY

5.9 ORDER TYPES

Immediate or Cancel (IOC)	An order that is to be filled immediately in full or in part, with the unfilled quantity cancelled.
Fill or Kill (FOK)	An order that is to be filled immediately in full, or cancelled.
Day	Order that is valid until it is fully filled or cancelled by the Member or Electronic Access Client or until the end of the continuous trading session
Good till Cancel	Order that remains valid until it is fully filled or is cancelled by the Member or Electronic Access Client.

Good till Date	Order that is valid until it is fully filled or cancelled by the Member or Electronic Access Client or until a specified expiry date
Limit Order	An order to buy or sell a security at a price equal to, or better than, the specified limit price. An unfilled Limit Order entered during the Pre-Open session will be available for trading in the Continuous Trading session
Market Order	An order to buy or sell a security at the best price available, up to a specified volume.
Mixed Lot	An order for at least one Board Lot and an Odd Lot.
Odd Lot	An order for less than a Board Lot.
On-Stop	An order that becomes a Limit Order if a specified price (the stop price) is reached, or passed.
Post Only (PO)	The PO order is cancelled at the time of entry if any portion of the order is immediately tradable. PO orders are also cancelled if the order becomes active due to a price change (i.e., a price amendment). PO orders are subject to a minimum volume requirement to be accepted by Alpha.
Short Sell	An order to sell a security that the seller does not own (either directly, or through an agent or trustee) at the time of the order.
Iceberg	A Limit Order that specifies a total size and a disclosed size. Once the disclosed size is executed in full, the new quantity of the disclosed size is released with time priority corresponding to the release time.

5.9.1   ORDER PROCESSING DELAY

New orders, order amendments and order cancels entered without an explicit Post Only instruction will incur a delay prior to Alpha processing the order. The delay will be determined by Alpha and communicated to clients through Notices to Members.

5.9.2   PRICE RELATED ORDERS

A "price-related execution condition" means any restrictions that apply to the price at which an order can execute. Alpha supports the following price conditions:

(a) **Market Order**: Executed at multiple price levels until the volume of the order is satisfied. The unfilled part of the order is converted to a Limit Order at a price equal to the price of the last fill.

(b) **Limit Order**: Executed at the price equal to or better than the specified limit price.

5.9.3   VOLUME- RELATED ORDERS

These are volume-related execution conditions: IOC orders and FOK orders.

5.9.4   TIME RELATED ORDERS

These are orders with time-related conditions, which limit the time the unfilled part of the order remains in the order book. (Note that for Good till Cancel Orders, Alpha will automatically cancel the order if it is older than a set number of days determined by Alpha. Currently, Good till Cancel orders are cancelled after 90 days).

5.9.5   ON-STOP ORDERS

An On-Stop order activates once the specified trigger price is equal to or better than the ALSP. A buy On-Stop order triggers a buy order when the ALSP is greater to or equal to the stop price. A sell On-Stop order triggers a sell order when the ALSP is less than or equal to the stop price.

The trading system will reject an On-Stop order with a Limit price that is not equal to the trigger price.

5.9.6   SHORT SALE ORDERS

A Short Sell order is an order to sell a security that the seller does not own.

Commentary: Members are responsible for the identification and designation of short sell and short-marking exempt orders.

5.9.7   ICEBERG ORDERS

An Iceberg order is a Limit Order containing a total size and a disclosed size. The CLOB displays the disclosed size. Once the displayed size is completely executed, the CLOB will display another order equal to the originally disclosed size and the undisclosed size, or reserve, will be reduced accordingly.

(a)   A Bypass Order must be entered as a Limit Order during the Continuous Trading session.
(b)   The Bypass marker is only allowed on Board Lot orders.
(c)   A Bypass Order only executes against disclosed volume.

Commentary: All Bypass Orders are IOC; as a result all CFO or Cancel instructions with the bypass marker are rejected.

5.9.9   MIXED AND ODD LOT ORDERS

A Mixed Lot order is a Market Order or Limit Order for a quantity that is larger than a Board Lot but is not a Board Lot.

 An Odd Lot order is a Market Order or Limit Order for a quantity that is less than a Board Lot.

5.10 ACCOUNT TYPES

(1)   The Alpha Systems support order entry for:
(a)   Client accounts;
(b)   House or principal accounts;
(c)   Non-client accounts;
(d)   Options Market Maker;
(e)   Options Firm;
(f)   Equity Specialist.

5.11 CROSSES

(1)   A Member or Electronic Access Client may report Crosses made outside the CLOB subject to any regulatory provisions applicable to the entry of Crosses.
(2)   Subject to any exemptions in Sections 5.11.1 and 5.11.2, Crosses update NLSP and must be entered at a price that is at or within the ABBO.

5.11.1   SPECIALTY PRICE CROSSES

(a)   **Basis Cross**
A trade whereby a basket of securities or an index participation unit is transacted at prices achieved through the execution of related exchange-traded derivative instruments which may include index futures, index options and index participation units in an amount that will correspond to an equivalent market exposure. Basis Cross may be entered outside of ABBO and does not set NLSP.
(b)   **VWAP Cross**

A transaction for the purpose of executing a trade at a volume-weighted average price of a security traded for a continuous period on or during a trading day on Toronto Stock Exchange. VWAP Cross may be entered outside of ABBO and does not set NLSP.

(c) **Contingent Cross**

A trade resulting from a paired order placed by a Member on behalf of a client to execute an order on a security that is contingent on the execution of a second order placed by the same client for an offsetting volume of a related security. Contingent Cross does set the NLSP and must be at or within the ABBO

5.11.2 BYPASS CROSSES

Crosses marked as Bypass Crosses can be entered outside of ABBO and do not set NLSP. Bypass Crosses must be for a round lot quantity.

5.12 CANCEL ON DISCONNECT

Cancel on disconnect (COD) is an optional gateway session feature that will restrict order entry capability of specified session bundles and attempt to cancel all entered outstanding open orders per session upon involuntary loss of connectivity between TMX and the client. Once the COD is triggered, the associated session bundle will be blocked and new orders entered will be rejected on the associated order entry port until session is re-opened and re-established upon client requests. All open orders pertaining to the associated session bundle will be cancelled, with the exception of duration orders (i.e. GTC/GTD) and cancellation due to the stock/stock group state (e.g. stock is frozen, stock sate is inhibited).

5.13 SELF TRADE MANAGEMENT

(1)   Alpha Self Trade Management is a designation that suppresses trades that occur in the Continuous Trading Session in the CLOB from the public feed, where orders on both sides of the trade are from the same Member and contain the same "self trade key" set by the Member.

(2)   Self Trade Management applies only to unintentional trading (e.g. does not apply to Crosses).

(3)   The designation is only applicable in Continuous Trading in CLOB.

(4)   Self trades that occur in the CLOB Continuous Trading Session are not disseminated on the public trade messages and do not update the last sale price, daily volume and turnover, or other trading statistics.

(5)   The designation is applicable to board lot orders and board lot portion of mixed lot orders.

> **Commentary**: The unique trading key provided by the Member for Self Trade Management is intended for use only on buy and sell orders for accounts that may result in trades where there is no change in beneficial or economic ownership.

5.14 SELF TRADE PREVENTION

An optional feature that prevents two orders from the same broker from executing against each other based on unique trading keys defined by the broker. Three self trade prevention features are available on Alpha.

(1) Cancel Newest Self-Trade Prevention

An optional feature that prevents two orders from the same broker from executing against each other based on unique trading keys defined by the broker. An active order is rejected instead of trading against a resting order from the same broker with the same unique trading key.

(2) Cancel Oldest Self-Trade Prevention

The Cancel Oldest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys. The passive order will be cancelled and the active order will trade up or down to its limit, booking any remaining volume if securities.

(3) Decrement Largest and Cancel Smallest Self-Trade Prevention

The Decrement Largest and Cancel Smallest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys. If both orders are equivalent size, both orders will be cancelled. If orders are not equivalent in size, the smaller order will be cancelled and the larger order will be decremented by the size of the smaller order. If the larger order was passive, the remaining volume will continue to rest in the book; if the larger order was active, the balance of the order will trade up or down to its limit, booking any remaining volume if eligible.

5.15 UNATTRIBUTED ORDERS

(1) Members and Electronic Access Clients may enter orders on an attributed or unattributed basis.

> **Commentary**: When an order is entered in an Alpha order book, the identity of the Member will be disclosed to the trading community for attributed orders and will not be disclosed for unattributed (anonymous) orders.

DIVISION 3 — Pre-Open Session and Opening Auction

5.16 SYMBOLS ELIGIBLE FOR THE OPENING AUCTION

Symbols eligible for the opening auction will be determined by the exchange and communicated to Members of Alpha. Market and limit priced orders can be entered but will not be executed until 9:30am. The Calculated Opening Price (COP) is calculated, displayed and updated continuously from 7:00am to 9:30am. The COP is determined as the price where the most shares can trade at the price closest to the previous day's closing price. Orders priced more aggressively than the current COP are displayed at the COP price instead of revealing their true limit price. Market priced orders are also displayed at the COP instead of revealing their unconditional market price. Limit orders that were previously booked as good 'till cancelled or good 'thru date also participate. Odd lot orders do not participate in the opening auction. Odd lot orders with a price equal to or better than the opposite side of the first continuous session quote will auto-execute at the price of that quote against the odd lot dealer.

(1) Market On Open Allocation
Allocation is guaranteed for most orders that are priced at or better than the COP as of 9:30am (with a few exceptions). Undisclosed portions of iceberg orders have the same priority as disclosed portions. The general matching of orders is still performed sequentially with first allocation based on best price/same broker/latest time with the specific rules outlined below

(2) Guaranteed orders
Aggressively priced displayed limit orders that are better than the COP and displayed market priced orders are both guaranteed to trade fully in the opening. Non-displayed portions of these orders will contribute to COP formation but the non-displayed portions are not guaranteed. A guarantee means that the security will not open unless the guaranteed portions of these orders are completely filled. In the event that the guaranteed portions of orders are not filled the security will not open until either more liquidity is provided to offset the guaranteed portions of orders or (after a delay) the guaranteed orders themselves are either removed or price adjusted. All orders not filled during the opening are subsequently booked in the continuous market at their limit price and are then eligible to trade throughout the day in the continuous market.

5.17 SYMBOLS INELIGIBLE FOR THE OPENING AUCTION

During the pre-open session cancellation of orders is permitted, order entry, amendment or matching is not permitted. At the end of the pre-open session the stock group will transition into the continuous trading session.

DIVISION 4 — CONTINUOUS TRADING SESSION

5.18 ESTABLISHING PRICE AND TIME PRIORITY

(1)   An order entered in the CLOB at a particular price will be executed in priority to all orders at inferior prices.

(2)   An order at a particular price will be executed prior to any orders at the same price entered subsequently in time, and after all orders at the same price entered previously ('time priority').

(3)   An undisclosed portion of an order does not have time priority until it is disclosed.

(4)   An order loses its time priority if its disclosed volume is increased

5.19 ALLOCATION OF TRADES

(1)   Crosses may be entered without interference from orders in the CLOB at that price.

(2)   A tradable order entered in the CLOB will be executed in the following sequence:

    (a)   against offsetting orders entered in the CLOB by the same Member, according to the time of entry of the offsetting order, provided neither order is an unattributed order; then

    (b)   against offsetting orders in the CLOB according to time priority.

DIVISION 6 —Order Protection Rule:

The following features are supported by Alpha related to the Order Protection Rule (OPR):

    (a)   Directed Action Order (DAO)

The private DAO marker is an implicit or explicit order instruction as defined in NI 23-101. Orders are considered to be DAO by Alpha for all Alpha orders provided directly to the order entry gateway from a Member's system, or if the explicit DAO marker is provided. DAO orders trade or book without any attempt to protect better-priced orders on away markets. The responsibility to prevent trade-throughs for orders considered DAO is assumed by the Member.

    (b)   Protect Cancel

These orders will execute to the extent possible at the NBBO before cancelling any residual volume that would trade at a worse price than available on another marketplace, or unintentionally lock/cross the market.

(c)   Protect Reprice

These orders will execute to the extent possible at the NBBO before adjusting the price of any residual volume that would trade at a worse price than available on another marketplace or unintentionally lock/cross the market. Orders will be re-priced to one tick from the opposite of the NBBO (NBO-1 for buy orders and NBB+1 for sell orders).

PART VI.   Odd Lot Dealers

DIVISION 1 — Odd Lot Dealers

6.1   RESPONSIBILITIES OF ODD LOT DEALERS

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

(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 Approved Trader employee(s) as its Odd Lot Trader(s). The Odd Lot Member may assign the performance of their responsibilities for trading in their Assigned Securities to Electronic Access Clients or Approved Traders of Electronic Access Clients. (The UMIR exemptions applicable to "marketplace trading obligations" only apply with respect to the Market Maker's odd lot activities.)

(3)   Each Odd Lot Member may be assigned and maintain a number of securities in their odd lot inventory.

(4)   New Members will be invited to apply to participate in odd lot trading of said securities at the discretion of the Exchange.

(5)   If an Odd Lot Member is requested by the Exchange to withdraw from the pool of Odd Lot Members, the Exchange will provide the Odd Lot Member with no less than 6 months notice before the Exchange reassigns the odd lot inventory to another Odd Lot Member or to a new Member.

(6)   If an Odd Lot Member wishes to give up any part of its Odd Lot Inventory, it must give the Exchange not less than 60 days notice of its intention to withdraw its services.

(7)   The method of allocating and/or reallocating odd lot securities between Odd Lot Members will be determined by the Exchange.

(8)   A name change and/or symbol change of an issue will not be considered, for purposes of odd lot inventory allocation, as a new security.

DIVISION 2 — TRADING IN THE ODD LOT BOOK

6.2   SESSIONS, DATES AND TIMES FOR ODD LOT ORDERS

(1)   Odd Lot Orders for opening auction eligible symbols may be entered , modified or cancelled during the Pre-Open Session.

(2)   Odd Lot Orders for opening auction ineligible symbols may cancelled but may not be entered or modified during the Pre-Open Session.

(3)   Odd Lot Orders may be entered and executed during the Continuous Trading Session.

6.3   CONTINUOUS TRADING SESSION.

(1)   Incoming Odd Lot Market Orders will auto-execute at the time of order entry, at the National Best Bid and Offer price (sell orders at the best bid and buy orders at the best offer).

(2)   Incoming Odd Lot Limit Orders
   (a)   with price equal to or better than the National Best Bid in the case of a sell order, or National Best Offer in the case of a buy order, will auto-execute at the time of order entry, at the National Best Bid or Offer price, respectively, and
   (b)   all other Odd Lot Limit Orders will be booked in the OLOB.
   (c)   Odd Lot Limit Orders booked in the OLOB will be:
      (i)   executed at their limit price against contra Odd Lot Orders, or
      (ii)   auto-executed in a similar manner as described in Subsection 6.3(2)(a) once the limit price has met or exceeded the opposite-side of the National Best Bid and Offer.

(3)   For Mixed Lot Orders,
   (a)   the round lot portion will trade in the CLOB using regular CLOB matching mechanism, and
   (b)   the Odd Lot portion will be handled in the same manner as described for Odd Lot Market Orders and Odd Lot Limit Orders in Subsections 6.3(1) and (2), respectively.

6.4   OPENING SESSION

(1)   Odd Lot Orders do not participate in the opening auction.
(2)   If trades are executed in the Opening,
   (A)   Odd lots orders with a price equal to or better than the opposite side of the first National Best Bid and Offer quote determined at the start of the continuous session quote will auto-execute at the price of that quote against the odd lot dealer.

PART VII.   Clearing and Settlement

7.1   CLEARING AND SETTLEMENT

(1)   All trades on the Alpha Systems will be reported, confirmed and settled through the Clearing Corporation pursuant to the Clearing Corporation's rules and procedures, unless otherwise authorized or directed by Alpha.

(1)   A Member must clear and settle all of their Alpha trades by: self-clearing as a participant of the Clearing Corporation; or maintaining a clearing and settlement arrangement with a carrying broker, custodian or other institution that is a participant of the Clearing Corporation.

(2)   Except in circumstances where the transaction is settled outside Canada or where the Member and the settlement agent are not participants in the same securities depository, the client or settlement agent shall use the facilities or services of a securities depository for the affirmation and settlement of all depository eligible transactions, including both book entry settlements and certificate based settlements.

(3)   A Member shall provide a client, by electronic, facsimile or physical means, a confirmation as soon as possible on the next business day following execution, with respect to the execution of any order, in whole or in part, for the purchase or delivery of securities where payment for or delivery of the securities is to be made to or by a settlement agent of the client, and shall indicate that the trade occurred on Alpha.

(4)   Members shall obtain agreement from their clients that the client will provide instructions with respect to the receipt or delivery of the securities to the settlement agent promptly upon receipt by the client of the confirmation referred to in Section 7.1(4) and that the client will ensure that its settlement agent affirms the transaction in accordance with National Instrument 24-101.

7.2   SETTLEMENT OF ALPHA TRADES

(1)   Unless otherwise provided by the parties to the trade by mutual agreement, trades of securities on Alpha must settle on the date fixed for settlement by the exchange on which the security is listed.

7.3   WHEN SECURITY DISQUALIFIED, SUSPENDED OR NO FAIR MARKET

(1)   Alpha may postpone the time for delivery on Alpha trades if:
(a)   the security is delisted;
(b)   trading is suspended in the security; or
(c)   Alpha is of the opinion that there is not a fair market in the security.

(2)   If Alpha is of the opinion that a fair market in the security is not likely to exist, Alpha may provide that trades on Alpha be settled by payment of a fair settlement price and if the parties to an Trading Contract cannot agree on the amount, Alpha may at its discretion fix the fair settlement price after providing each party with an opportunity to be heard.

7.4   FAILED TRADES IN RIGHTS, WARRANTS AND INSTALMENT RECEIPTS

(1)   Should fail positions in rights, warrants or instalment receipts exist on the expiry or payment date, purchasing Members have the option of demanding delivery of the securities into which the rights, warrants or instalment receipts are exercisable, any additional subscription privilege, and any subscription fee payable to a Member, that may be available, such demand shall be made before 4:00 p.m. on the expiry date.

(2)   Where a demand has been made in accordance with Section7.3(2), payment by purchasing Members for:

(a)   the rights, warrants or instalment receipts shall be in accordance with normal settlement procedures, but delivery of the rights, warrants or instalment receipts, as the case may be, is not required; and

(b)   the securities into which the rights, warrants or instalment receipts are exercisable and payment for any additional subscription privilege shall be made upon delivery of the securities.

(3)   Where a demand has not been made in accordance with Section7.3(2),, settlement shall be in accordance with normal settlement procedures, but delivery of the rights, warrants or instalment receipts, as the case may be, is not required.

7.5   DEFAULTERS

(1)   If a Member against which an Alpha trade is closed out under the Clearing Corporation's rules and procedures fails to make payment of the money difference between the contract price and the buy-in price within the time specified, the Member concerned shall become a defaulter, and Notice of such default shall be provided by Alpha to each Member.

(2)   A Member failing to make delivery to the Clearing Corporation of securities and/or a certified cheque within the time limited by the rules governing the Clearing Corporation may be adjudged a defaulter.

7.6   DELIVERING MEMBER RESPONSIBLE FOR GOOD DELIVERY FORM

(1)   The delivering Member is responsible for the genuineness and complete regularity of the Traded 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 cheque in lieu thereof, if a replacement certificate is not available.

(2)   A Member that has received delivery of a certificate that is not acceptable as good transfer by the transfer agent shall return it to the delivering Member, which shall make delivery of a certificate that is good delivery or of a certified cheque in lieu thereof.

7.7   DELISTED SECURITIES

(1)   Any open orders on a security that will no longer be listed on its applicable exchange will be cancelled after the end of the Continuous Trading Session on the day preceding the delisting.

PART VIII.   Application of UMIR

8.1   APPLICATION

(1)   The provisions of UMIR as amended from time to time apply to trading on the Alpha Systems and form part of Alpha Requirements.

(2)   Any investigations and enforcement actions concerning a violation of a provision of UMIR will be conducted by the Market Regulator following the procedures set out in UMIR.

PART IX.   Appeals

9.1   APPEALS OF DECISION

(1)   A Member or any other person adversely affected by a Decision, other than a Decision of the Market Regulator, may appeal such Decision to Alpha's Board of Directors (or a designated committee thereof).

> **Commentary**: Appeals shall be conducted according to the procedures established by the Alpha Board.

(2)   A Member or other person who has appealed a decision pursuant to Subsection (1) may appeal the decision of the Alpha Board by following the arbitration procedures set out in the Member Agreement and/or by appeal to the securities regulatory authority.

(3)   A Member or any other person adversely affected by a Decision of the Market Regulator may appeal such Decision pursuant to the provisions of UMIR.

PART X.   Administration

10.1 METHOD OF NOTIFICATIONS

(1)   Unless otherwise specifically provided in any Alpha Requirement, Notice shall be sufficiently given and be reasonably expected to come to the attention of such person if:
    (a)   delivered to the person to whom it is to be given;
    (b)   delivered to the last address of such Person as recorded by Alpha or any recognized self-regulatory organization; or
    (c)   mailed or sent electronically, including e-mail, to such person.

(2)   Alpha may change the address of any person on the records of Alpha in accordance with any information believed by Alpha to be reliable.

(3)   A Notice delivered in accordance with this policy shall be deemed to have been given when it is sent.

(4)   Alpha will provide Notice of updates to this Trading Policies within 30 days prior to the change and provide the link to the updated or newly added section.

10.2 COMPUTATION OF TIME

(1)   In computing the time when a Notice must be given for the doing of anything or taking any proceeding under any provision of an Alpha Requirement, the date of giving of the Notice or of such event shall be excluded and the date of the meeting, hearing, doing of the act or taking of the proceedings shall be included.

(2)   Where the time limited for a proceeding or the doing of anything under any provision of an Alpha policy or requirement expires, the time so limited extends to and the thing may be done on the next day following.

10.3 WAIVER OF NOTICE

(1)   Any Person referred to in Section 10.1 may waive any Notice required to be given to such person and such waiver, whether given before or after the meeting, hearing or other event of which Notice is required to be given, shall cure any default in giving such Notice.

10.4 OMISSION OR ERRORS IN GIVING NOTICE

(1)   The accidental omission to give any Notice to any person or the non-receipt of any Notice by any person or any error in any Notice not affecting the substance thereof shall not invalidate any action or proceeding founded thereon or taken at any hearing held pursuant thereto.

10.5 WITHDRAWAL OF APPROVAL AND CHANGES IN ALPHA REQUIREMENTS

(1)   Any Alpha Approval and any Alpha Requirement may at any time be changed, suspended, withdrawn or revoked by Alpha, with 30 days' Notice unless otherwise provided in these Trading Policies, agreements or as required by circumstance subject to the rule approval process of the securities regulatory authorities.

(2)   Each Member and each Approved Trader will comply with such change, suspension, withdrawal or revocation and any Decisions made by Alpha.