



EQUITIES TRADING NOTICE

Q3 2017 TRADING ENHANCEMENTS

Toronto Stock Exchange, TSX Venture Exchange, TSX Alpha Exchange

TMX Group is pleased to announce details pertaining to a number of enhancements to the On-book Dark trading functionality of Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV), as well as the introduction of a new order type for use in the Opening auctions. These changes are subject to regulatory approval.

Below is a summary of the enhancements scheduled to become effective in Q3 2017.

The scheduled deployment to our Gateway Testing Environment (GTE) on June 23, 2017 will only include the IIROC order designations and the addition of an extra value to the TSX Exchange Admin tag.

A subsequent notice will be issued announcing the anticipated GTE and Production dates for the bundled On-book Dark enhancements and the introduction of the Limit on Open (LOO) order type.

Updated order entry and feed specifications reflecting these enhancements are now available through the TMX Equity Markets Documentation Portal at <https://www.tcbdata.com/tmxequitymarkets/login.cfm>

An updated Order Type and Functionality Guide will be published in the coming weeks to reflect these changes where necessary.

Enhancements to TSX and TSXV On-book Dark offering functionality*

**subject to regulatory approval*

The TSX and TSXV On-book Dark functionality will be enhanced to accommodate three new Dark pegged order types, as well as introduce a Dark sweep capability.

TSX/TSXV will be modifying how the current Minimum Quantity (MinQty) functionality operates, removing the 20 board lot requirements and discontinuing the priority benefit that the Min Qty instruction provides.

A new Minimum Order Size instruction will be introduced to provide the ability to trade only with dark counterparties that meet the minimum order size.

Current Iceberg functionality will be enhanced by providing participants an option to randomize the refresh size for the displayed quantity within a specified range.

Details were included in the [Request for Comment](#) published on April 27, 2017

Feature	Description
Dark Pegged order types	<p><u>Primary Peg</u></p> <ul style="list-style-type: none"> • Pegs to the same-side Protected NBBO. • Offsets will be allowed and can be aggressive or passive but must be entered in valid tick increments. <p><u>Market Peg</u></p> <ul style="list-style-type: none"> • Pegs to the opposite-side Protected NBBO • Only passive offsets will be allowed, will default to one-tick inside the opposite-side Protected NBBO and must be entered in valid increments. <p><u>Minimum Price Improvement Peg</u></p> <ul style="list-style-type: none"> • Will provide the minimum required price improvement except where this is a half trading increment the order will peg to the same side NBBO

Feature	Description
Dark Sweep	<p><u>Seek Dark Liquidity® (SDL®) only</u></p> <ul style="list-style-type: none"> • An IOC or FOK order that will only execute against resting dark liquidity. <p>The following options are allowed on an SDL order:</p> <ul style="list-style-type: none"> • Option 1 - Trade against dark resting orders at prices up to and including one tick inside the opposite side Protected NBBO (or the order's limit price if less aggressive). • Option 2 - Trade against dark resting orders at prices up to and including the opposite-side Protected NBBO (or the order's limit price if less aggressive).

Feature	Description
Minimum Quantity and Minimum Interaction Size	<p><u>Minimum Quantity (MinQty)</u> Available for all dark orders and will be enforced on both active and passive fills.</p> <p>Active fills: MinQty determines the minimum aggregate volume that must be filled (regardless of the size of each individual fill) in order to execute actively.</p> <p>Passive fills: MinQty allows the resting order to be filled against a contra-side incoming order if the passive order will receive a fill of at least the MinQty size.</p> <p><u>Minimum Interaction Size (MIS)</u> Specifies the minimum size that a contra order must meet or exceed in order to execute against it. MIS will only be available for use with dark orders (pegs, dark limit orders and SDL orders). Incoming MIS orders will not execute against passive Lit orders.</p>

Feature	Description
'Random refresh size for displayed quantity on an Iceberg	<ul style="list-style-type: none"> • <u>Display Range:</u> Participants will be able to specify a +/- volume range which, when applied to their displayed quantity will establish the ceiling/floor for randomization of the refreshed display size • When a new iceberg is entered, or an existing iceberg refreshed, it will be given a random display volume within the user supplied range • The random value must be a multiple of a boardlot and the lower end of the range must be at least one boardlot

TSX/TSXV Opening Auction functionality enhancement*

**subject to regulatory approval*

A new 'Limit on Open' order type will also be introduced for use in the Opening Auction, to provide participants the option of specifying that their limit orders are only eligible to participate in an opening auction.

Details were included in the [Request for Comment](#) published on April 27, 2017.

Feature	Description
Limit on Open (LOO) order type	<p><u>Limit on Open (LOO) order type</u></p> <ul style="list-style-type: none"> • LOO orders will only be permitted to trade in the opening auction, with any unexecuted portion being cancelled immediately before the commencement of the continuous trading session.

IIROC Amendments Respecting Designations and Identifiers

TMX marketplaces will implement changes to support the guidance set forth in IIROC Notice 16-0123, requiring all orders entered on a marketplace to contain the appropriate order designations required under section 6.2 of UMIR.

Feature	Description
Bundled Order Designation	<p>Clients placing orders that bundle together client, non-client and/or principal orders must designate these orders accordingly.</p> <ul style="list-style-type: none"> • TMX will introduce a new value 'BU' to Account Type tag for this purpose
Derivative-related Cross Designation	<p>Participants entering a pre-arranged cross to offset a trade in a related derivative instrument must designate the cross accordingly.</p> <ul style="list-style-type: none"> • TMX will introduce new value 'D' to Cross Type, indicating a Derivative-related cross, for this purpose. <p><i>Note: Derivative-related crosses must respect the TBBO, are subject to cross interference, and set the National Last Sale Price (NLSP).</i></p>
Bypass Marker Transparency	<p>The bypass order marker must be a non-public marker for bypass orders that are not part of a designated trade.</p> <ul style="list-style-type: none"> • The bypass tag will be a private tag on all TMX broadcast feed messages other than those resulting from a Bypass Cross.

Other Miscellaneous

A new value will be added to the TSX Exchange Admin tag to identify orders that establish a new NBBO price level based on certain criteria established by the TMX marketplace. This field will provide additional information to users about their orders that set a new price level.

For additional information regarding this announcement, please contact the Account Management Team.

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